Economic Nationalism In Latin America And Africa In The Twentieth Century: A Comparison

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Abstract

This paper investigates the drivers of economic nationalism through a comparative-historical analysis of the expropriations of foreign property in Africa and Latin America during the twentieth century. Our application of the selectorate theory of political survival points to two major differences between both continents. First, while many expropriations in Latin America aimed to redistribute income among members of the lower and middle classes, those carried out in Africa were done to redistribute the expropriated properties among members of the domestic elite. Second, African countries not only nationalised foreign multinationals, but also 'indigenised' properties of foreign merchants to distribute them among domestic ones. Indigenisation did not occur in Latin America. We argue that these differences result from (a) the longevity of nation-states and the need new rulers had to legitimise their power in new nations, and (b) a longer tradition of labour unionism in Latin America in contrast to Africa.

Keywords: Economic nationalism; nationalisation of foreign property; indigenisation; Africa; Latin America; selectorate theory.

1. Introduction

In today's international discourse, economic nationalism is often presented as a phenomenon belonging to the past. However, the expropriation of foreign property by the governments of Argentina and Venezuela, or the political battles in Zimbabwe about indigenisation legislation, shows that economic nationalism has not lost any of its appeal in the populist political debates in developing and emerging countries (Business Daily, 2010; Economist, 2012). While some journalistic contributions have warned of the return of economic nationalism, in the field of international political economy scholars have recently begun to argue that nationalism has taken on new guises, but nevertheless remains an important political and economic force in many countries (Economist, 2009). Eric Helleiner was one of the first to argue that economic nationalism shifted away from the content of policies towards a general strategic intent (Helleiner, 2002). While Harmes put forward the idea that neo-liberalism and economic nationalism are not binary opposites, d'Costa's long-run Indian case studies shows how nationalism changed its associated policies from an inward looking to an outward looking variety (d'Costa, 2009; Harmes, 2012). Reich (1992) takes issue with the perception that economic nationalism is either theoretically redundant or practically impossible. Finally, Berríos, et al. (2010) study the case of expropriations in the Latin American hydrocarbon sector to challenge the perception that they have driven by political ideology and posit that more cold calculations in economic policy have been the main determinants. These recent studies present clear conceptual arguments of why nationalism is still a significant phenomenon in the international economy today, even beyond the well-publicised cases in Latin America and Africa.

Yet our understanding of the 'old' economic nationalism is far from complete. Moreover, a better insight into the drivers behind nationalist policies in the past may actually provide further insight into the emerging ‘new’ economic nationalism. For example, Berríos, et al. (2010) in their analysis of Latin America’s presidents’ predisposition to expropriate foreign investors conclude that the “debate should focus less on ideology and rhetoric and more on the policy and economic situation that has driven presidential decision […] This is not to say that politics are fully subsumed by economics. Economic conditions, however, do condition political responses” (p.693). We concur with this analysis, and argue that economic conditions influence the formation of political conditions. Moreover, they conclude their historical review of Latin American nationalization by arguing that recent expropriations have followed a pattern similar to that of the 1960s and 1970s (Berríos et al., 2011).

Our paper seeks to extend some of the recent debates on economic nationalism, past and present, by a historical comparison between several country cases from Latin America and sub-Saharan Africa. Here we focus on those countries that carried out major expropriations of foreign investors. For the analysis we use the selectorate theory of political survival because we believe that it has the potential to explain the economic and political dynamics of economic nationalism. And even though at present, ‘old’ economic nationalism may be increasingly replaced with newer forms, neither the ‘old’ nor the ‘new’ economic nationalism is very well understood. . In the absence of major social and structural change in these economies, the underlying drivers or nationalism are likely to remain similar.

In this paper we conduct a comparative-historical analysis for the case of Sub-Saharan English-speaking Africa and Latin America during the twentieth century, which offers new insights into the relationship between economic conditions and political survival. Although historical comparisons have a long tradition in historical scholarship, they have rarely been employed by historians in recent years as the field has turned towards cultural history. Nevertheless there is growing interest in the social sciences in this methodological approach (Mahoney, 2004). We base our approach on the influential work of Theda Skocpol and Margaret Somers (1980), who identified three distinct methodologies within historical comparisons: parallel demonstrations of theory, contrast of contexts, and macro-causal analysis. In the first, the starting point is a theory that is applied to a wide selection of cases, and shows its usefulness by ordering the evidence. The opposite is true for the contrasting of context, where cases of similar phenomena are chosen in order to show how they differ. The final approach seeks to make “causal inferences about macro-level structures and processes” which could lead to new historical generalisations. May hybrid strategies exist that merge different logics of comparison. While our cases show both similarities as well as differences, we seek to understand what makes them different in order to extend our knowledge of the phenomenon of economic nationalism, and thus contribute to works in political economy that seek to understand the causality behind this complex political and economic idea.

We find two main differences between economic nationalism towards foreign multinationals between both continents. First, the actions taken by the African governments were mostly oriented to benefit the domestic elite formed after the decolonization process. For the Latin American case, on the contrary, most actions from governments against multinational corporations were taken in alliance with the labour movement, labour-oriented political parties, or groups representing mass insurrections. Second, besides expropriation of foreign multinationals the African governments also followed a process known as *indigenization*, which is defined as the transfer of wealth out of the hands of foreigners (often small or medium sized businesses) to local citizens. Nationalization and indigenization are frequently used interchangeably, or not applied consistently.

We argue that the different approach taken by the African and Latin American governments to foreign capital responds to the following two characteristics: First, the different degree of consolidation of nation-states in each continent, and, second, the longer historical tradition of a political left in Latin America in contrast to the African continent. We develop our analysis in the light of the selectorate theory, which studies the logic of political survival of different types of political regimes. This theory has the advantage that it allows an effective comparison of countries with very different backgrounds, and analyses economic policies as part of a wider political strategy. We also consider each region’s and countries’ particularities in terms of social structure, economic and political institutions, and interrelation between social classes, domestic firms, and foreign multinational corporations.

The paper is structured as follows: the next section introduces the nature, range and timing of expropriations on both continents, before discussing existing interpretations of economic nationalism. Following this, we apply selectorate theory to the historical record, and then focus on two issues that emerge from the analysis: the role of state formation in Latin America and Africa, and the political importance of organized labour.

2. Nationalism and multinational corporations in Africa and Latin America

The chronology of economic nationalism and actions against foreign multinational corporations differs between Latin America and Africa for the simple fact that the Latin American nation-states were established almost two centuries before their African counterparts.

The relationship between the Latin American governments and foreign investors has gone through several stages. After their independence in the 1820s, most Latin American countries went through a process of consolidation of their nation-states that included fragmentation of previously existing countries, civil wars, and political instability. It was only until the 1870s that the currently existing Latin American nation states consolidated themselves with political constitutions and relatively clearly defined borders with their neighbours. The ruling elites of these new countries believed that the next necessary step was economic growth, which they believed was possible through exports of natural resources and foreign direct investment. This led to an open-door policy in most nations to multinationals investing in infrastructure, utilities, and natural resources (Bértola and Ocampo, 2012). By the first decade of the twentieth century, Latin America was the world's largest recipient of foreign direct investment outside the US and Europe (Taylor, 2007). Foreign investors played a crucial role in promoting the exports of goods such as oil, copper, bananas and nitrates. The export-led growth economic model led some countries to specialize on the export of one or two goods and permitted others (like Mexico and Argentina) to enjoy spectacular growth rates for several decades. The perceived benefits of foreign investment led most governments in the region to write very foreign business-friendly legislations to encourage the firms to stay and others to come while at the same time aided these foreign firms by repressing labour resistance (O'Brien, 1999).

The friendly relationship between the Latin American governments and foreign firms gradually changed after World War I and particularly during the 1920s and 1930s. The negative effect World War I had on Latin American exports, the global crisis generated by the Great Depression, and the rise of labour-linked political parties in the region led to an increasing scepticism towards laissez faire economics, free trade, and what many considered a corrupt 'anything goes' system that had benefited foreign firms at the expense of the welfare of the Latin American population. During this period the continent witnessed some of the by then world's largest expropriations of foreign property as were the cases of the Bolivian and Mexican oil industries in 1937 and 1938 respectively. As the twentieth century went on, governments imposed more and more restrictions on the operations of foreign investors and highly publicized expropriations took place later on such as the ones in most Cuban economic sectors after the 1959 revolution, the properties of Standard Oil Company (New Jersey) in Peru in 1968, and the copper mines in Chile in 1972. Latin American expropriations were highly important at that moment, representing at least half of all expropriations between 1975 and 1977 (Sigmund, 1980). At the same time, several governments invested heavily in the creation of state-owned companies to operate in sectors previously controlled by multinational corporations.

When looking at the case of the African countries, in many countries, the initially friendly relationship with foreign capital deteriorated rapidly, often within the first decades of independence (with the important exception of relatively investor-friendly countries such as Cote d'Ivoire and Botswana, as well as Kenya for some of the time period). However, in contrast to Latin America before World War I, African states were rarely major recipients of foreign direct investment (with the exception of Nigeria), and most investment went into enclaves that focused on the extraction of raw materials. Despite the limited impact these investments had on wider populations, they were crucially important to government revenues – as successors to colonial states, the public purse dependent heavily on taxes and tariffs on imports and exports.

The temptation to gain control of a limited number of foreign establishments became noticeable within a few years after gaining independence.

According to a United Nations report in 1974, of the 875 expropriations that took place in 62 countries since 1960, the majority occurred in new countries of sub-Saharan Africa (United Nations, 1974). A sizeable proportion involved British investment, mostly in Africa (49 percent), followed by the Middle East (19 percent) and Latin America (8 percent) (Boyd, 1988; Jones, 1996). Within Africa, the majority of expropriations both by number and by estimated size took place in Nigeria, Zaire, Ghana and Kenya (mostly indigenization with some nationalization) (Rood, 1976). Other African countries focused mostly on nationalization, here it is worth distinguishing between states that mostly nationalized mines – Mauritania, Sierra Leone, Senegal and Togo – and socialist states: Zambia, Tanzania, Uganda, Ethiopia, Somalia, Congo, Benin, Malagasy Republic, Guinea and Mali. Other states took minor or no action, but other than Cote d'Ivoire and Cameroon, none of them were economically very important (Rood, 1976). Similarly to Latin America, economic nationalism was accompanied by government support for state-owned enterprises in a variety of sectors, from infrastructure to mining, retail and even manufacturing.

Certain countries like Nigeria suffered from internal competition between regions, while others were heavily dominated by charismatic and often iconic independence leaders, whose political visions had a significant long-term effect on the emerging countries. Much of that early leadership was autocratic, and in a significant number of countries military coups occurred (especially in the 1970s and 1980s) (Nugent, 2004). Although civil wars or other forms of internal repression were common, warfare between countries or border disputes were surprisingly rare, considering the often arbitrary nature in which these states were carved out during the colonialist expansion of Britain, France, Belgium, Portugal and Germany in the nineteenth century.

3. Why expropriation? Existing interpretations

The consensus in international business and politics, as well as many business and economic histories, is that less developed countries (LDCs) intended to take control of their economy by reducing the influence of foreign multinationals, especially if their presence was linked to imperial expansion or informal influence. This matched contemporary interpretations, for example put forward by the United Nations Commission on Transnational Corporations (UNCTC) (United Nations, 1983). Yet more recent studies of expropriations come to different conclusions as they focus more on the political and institutional contexts within which these decisions take place.

In their classic studies on expropriation Raymond Vernon and Louis Wells maintained that after doing their initial major investments multinationals face an increasingly vulnerable bargaining position with respect to the host government – the government can change the rules and the company cannot just pack and leave without incurring significant losses. The more the multinationals invest in fixed assets, the lower its bargaining power vis-à-vis the host government. Therefore, expropriation was possible and easier to be done by host governments when the foreign multinationals had decreased their bargaining power (Fagre and Wells, 1982; Vernon, 1971). David Fieldhouse even went so far to imply that economic nationalism and expropriations were a form of ‘economic decolonisation’ which firms fell prey to, just like the colonial administrations a decade or two earlier (Fieldhouse, 1986, 1994).

Stephen J. Kobrin explicitly assumed that all states that expropriated during the postcolonial wave from 1960-1980 followed a unified strategy of gaining control over foreign investment. He also added that expropriations of foreign property could be economically rational decisions and not just the result of populist policies or nationalist fever. In the early times of development of a particular sector an underdeveloped country might have needed foreign capital. However, as long as technology becomes more available and the local labour force is increasingly familiar with the business, governments do not need multinationals anymore and a decision to expel them makes sense (Kobrin, 1980, 1984). Michael Minor assumed that the process of taking control had been completed in the 1980s, and as a result expropriations ceased (Minor, 1994). Nevertheless, on assessing the situation in 1983, the United Nations Committee on Transnational Corporations was critical, because control, “in the sense of key decisions taken at enterprise level and in accordance with local needs and priorities, not subject to the approval of the parent company”, was not achieved by most developing countries through these programmes (United Nations, 1983). While this interpretation questions how successful a strategy to achieve control was, other scholars pointed to the existence of domestic redistributional struggles as the main engine determining expropriation actions (Biersteker, 1987; Collins, 1974).

This aspect forms the basis of more recent studies analysing expropriation of foreign property under the light of neo-institutional theory, which have focused on the type of regime engaged in these actions. Roughly, they argue that expropriation will more likely occur in countries with dictatorial regimes because the lack of checks and balances permits a ruler to act arbitrarily and change existing contracts. Without significant political opposition, these authors maintain, rulers have a stronger temptation to take over the rents generated by foreign firms (Henisz, 2000).

The historical record points in a similar direction. We argue that the issue of control was the *ostensible* motivation, but in reality served as a legitimization device vis-à-vis international public opinion. The real drivers of expropriation programmes were domestic, and rooted in struggles between different social groups around the distribution of the rents generated by the expropriated foreign investor or industry. As we show in this paper, the different social composition of the two regions we analyse led to different political struggles and strategies around how to conduct this distribution. This means that we do not believe that the main determinant for a government to act against foreign firms relies on the fact that the ruler has dictatorial powers or not.

4. Selectorates and expropriations in Latin America and Africa

Some case-based research has questioned that taking control of foreign investment was the main motivation for expropriations in less developed countries (Decker, 2008; Maurer, 2013). Governments had complex and conflicting reasons for expropriations, driven by different factions and complicated by international pressure. Latin America and Africa showed markedly different trends in this regard, both in terms of timing and the type of expropriation decrees. We conduct our comparison using the selectorate theory of political survival developed by a group of scholars led by Bruce Bueno de Mesquita (2005). Although this theory was not developed to explain expropriations per se, it tells us why different types of economic policies emerged.

The theory of political survival posits that the rationale behind economic policies rulers or ruling parties develop is to ensure the loyalty of those groups that guarantee said ruler or ruling party's political survival. This means, a ruler might support an economic policy that does not favour the economy, but ensures his/her political survival. Bueno de Mesquita et al. (2005) defined two different groups he claims are involved in the political process of any country. The first one is the *selectorate*, which they define as the "set of people whose endowments include the qualities or characteristics institutionally required to choose the government's leadership and necessary for gaining access to private benefits doled out by government's leadership" (p.42). The second one, is the *winning coalition*, which is the "subset of the selectorate of sufficient size such that the subset's support endows the leadership with political power over the remainder of the selectorate as well as over the disenfranchised members of the society" (p.51). The other selectorate members have the prospect of belonging to the winning coalition at some point. According to him, democratic pluralistic countries tend to have large winning coalitions, while autocratic countries have small winning coalitions.

The selectorate theory provides us with a useful conceptual framework to conduct analyses of expropriation of foreign property in a comparative perspective. Following this theory's rationale, we would assume that the decision by a government to expropriate or increase taxation on foreign property in order redistribute wealth among its citizens is determined by the size of the political coalition that put (and kept) the ruler in power. Presidents that came to power through rigged elections (or no elections) are supported by a very small but powerful coalition. When this is the case, the president will not distribute the rents generated by foreign firms as a public good but as a private good and the rents generated by this sector will be used to keep the small coalition (high ranking military or traditional elite members) loyal to the regime. Under these circumstances, the president has no incentives to extract too much from the foreign oil companies, but just enough to distribute among the members of his coalition. On the other side of the spectrum, a president supported by a large political coalition will use the rents generated by the foreign firms as a public good rather than as a private one. In the following sections we analyse the expropriations in Latin America and Africa in the light of that theory and explain how the age of the nation-state and the tradition (or lack of it) of a comparatively powerful labour movement affected the rulers' strategies for political survival.

4.1 Selectorates and expropriation of foreign property in Latin America

Latin America went from an open door policy to foreign investors between the 1870s and the 1920s with a gradual shift towards policies seeking to control their activities in the decades afterwards. In most cases, these actions came after dramatic political changes or economic changes (often resulting from external shocks) that precipitated political ones. For the most important actions of governments against multinational corporations we find a change in the size of the government's selectorate (from a small one to a larger one) preceded these government actions. More importantly, the expropriation policies were explicitly oriented to benefit the members of the larger coalition ensuring the rulers' political survival.

For the late nineteenth century and early twentieth century we have several clear examples of foreign business-friendly governments supported by small coalitions. One example that fits squarely in that description is the regime of Mexico's Porfirio Díaz (1876-1910), a general that ruled his country with an iron fist but who achieved to make of Mexico one of the world's largest recipients of foreign direct investment with which the country grew at rates of around ten per cent a year. Díaz kept himself in power by distributing the country's wealth as private goods to the members of his winning coalition. As one study describes him, "Díaz realized that in order to co-opt potential opponents he needed to reward them with rents. He also realized that in order to generate those rents he needed to promote investment. Promoting investment necessarily required that Díaz specify and enforce property rights as private, not public, goods" (Haber, Razo, and Maurer, 2003, p.47). This meant the creation of a complex system in which the national and regional elites economically benefited from the operations of foreign investors. Some foreign oil companies, in particular were the main beneficiaries of the system created by Díaz. We find a similar case with Venezuela's Juan Vicente Gómez's long dictatorship (1908-1935), where the president used the wealth generated by foreign oil companies to reward the loyalty of a small group of military men and landowners who received oil concessions they later sold to the foreign companies. Gómez's business-friendly regime went so far that at some point he even let the foreign oil companies to write the national oil legislation themselves (McBeth, 1983). In Central America, the US banana multinational United Fruit Company also benefited from a similar scenario, in which several military rulers (some of them in power for decades) awarded the firm generous long-term concessions in exchange for the economic stability banana exports provided and rents for those countries' small landowning class (Bucheli, 2008). Finally, some other countries had a type of government that was not as a one-man-rule as the ones described for Venezuela, Mexico, or Central America, but that were highly exclusionary as well, such as the pre-1920s republics of Chile, Colombia, Peru, and Argentina, which had a voting system that permitted the political participation of only members of the well-to-do classes. In these countries, particularly in the first three, foreign multinationals (especially in oil and mining) received long-term concessions with low taxes. In all the abovementioned cases, the governments were highly committed to protect the multinationals' interests from the threats of labour activism existing then.

Starting in the 1920s, many Latin American countries went through a series of dramatic political changes that affected the until then existing ruling coalitions. The most dramatic case was probably the one of Mexico. In 1910, Mexico's Díaz was overthrown in a revolution initially led by members of the elite who had not been favoured by Díaz's system, but which was followed by a nation-wide popular uprising starting a civil war between different revolutionary factions. In 1915, the revolutionary faction led by Venustiano Carranza took power in Mexico City and started creating a new institutional framework. As predicted by the selectorate theory, Carranza had to create new institutions that guaranteed a new distribution of public goods in order to build his own coalition. He did so by approving a new constitution in 1917, which changed Díaz's legal framework in the oil industry and declared the state the owner of the nation's subsoil. This initiative, naturally opened grounds for the expropriation of the foreign oil firms' subsoil properties. In 1920, Álvaro Obregón, one of Carranza's generals, overthrew Carranza. In his first months in power, Obregón faced numerous rebellions and conspiracies by several military men. As a defence, Obregón allied himself with peasant and labour union organizations, which became his main political allies, and the country's largest workers' federation (the CROM in its Spanish acronym) became a vital player to the president's survival (Haber et al., 2003; Bucheli and Aguilera, 2010). By making this move, the government had clearly changed its winning coalition from the one existing in the Díaz era. In the following years, the government continued solidifying its relationship with the unions in a process that peaked with the election of Lázaro Cárdenas in 1934. Cárdenas' winning coalition was organized labour, so he created mechanisms to transfer rents to unions and created a number of state owned enterprises and government agencies that provided lucrative jobs to crucial allies. Finally, in 1938 the government decided to support the oil labour unions in a conflict they had with the multinationals. When the foreign companies refused to follow a Supreme Court decision that obliged them to comply with the workers' demands, Cárdenas expropriated all their assets and transferred them to a new state-owned monopoly strongly controlled by the unions (Maurer, 2011).

Less radical but equally important were the changes taking place in Venezuela after the death of Gómez in 1935. The new military governments attempted to approach the growing middle class by making the oil multinationals improve working conditions. However, the new dictators' political survival still depended on a small but powerful coalition, which meant that the new rents extracted from the oil industry fell in hands of a small group of individuals. This situation led a group of young reformist officers to stage a coup in 1945 and transfer power to elected civilians. The new government was led by the Acción Democrática (AD) party, which received its main support from oil workers. The AD government increased taxation and forced oil companies to improve labour conditions, while at the same time invested in social welfare. In 1948, the AD government was overthrown in a military coup that started a ten-year dictatorship in which labour was repressed and the government returned to a model of distribution of oil rents among a small coalition. In 1958, another coup brought democracy and AD back to power. In this new period, AD decided to enlarge its coalition (beyond oil workers) by raising the budget of the military, respecting the landowning oligarchy property rights, and cutting taxes to the industrial sector. All these reforms were not financed through taxation to domestic actors, but to foreign corporations (Lieuwen, 1970; Tugwell, 1975). Throughout the 1960s, the AD government continued increasing taxation on foreign firms to continue assuring the loyalty of its ever-growing constituency. Finally, AD (supported even by opposition parties) decreed the nationalization of the oil industry in 1976 and created a new state-owned enterprise that subcontracted the foreign firms.

The expropriation of foreign property in the Chilean mining and telecommunications sectors by Marxist president Salvador Allende in 1972 received worldwide attention because of leaked information that showed a conspiracy between the US government, foreign multinationals, and the Chilean elite to overthrow this elected president (Gustafson, 2007). The events that led to this expropriation show how they responded to a change in the government's political coalition. The mining and telecommunications multinationals arrived in times when Chile was an oligarchic republic in which only the well-to-do had the right to vote (Aylwin et al., 1983). These firms received generous long-term concessions with quasi-monopolistic rights. Constitutional changes in the 1920s permitted political participation for a wider segment of the population leading to the creation of middle-class and working class-oriented political parties. As long as the country industrialized and urbanized, these parties increased their popularity in contrast to the traditional parties representing the large landowning class. Between 1932 and 1973, Chile was ruled by coalitions of parties representing the middle and working classes. During this period, Chile's per-capita spending in social welfare was one of the highest in the world and the country innovated in the creation of social security (before the US). In 1962, the centre Christian Democratic Party (which believed in state intervention in the economy and social welfare) won the elections with strong middle class and labour union support. Its political platform included what they called the "Chileanization" of the copper industry (meaning a transfer of half the shares from the multinationals to the state) and a nationalization of the telecommunications industry. The slow pace of social reforms, the fact that neither the Chileanization nor the nationalization were never implemented, and an economic crisis that limited the government's ability to keep up with social spending led most labour unions (rural and urban ones) and part of the middle class to support Salvador Allende for the 1970 elections. Once in power, Allende expropriated both the copper and telecommunications industries among others and started a process of income redistribution. Allende faced a fierce opposition from the middle class, the domestic elite, conservative elements of the armed forces, and the US government that culminated in a military coup led by General Augusto Pinochet in 1973, who reversed most expropriations except for the one in the copper industry.

The Peruvian case shows a pattern similar to other countries. Oil corporations arrived in the early twentieth century during the long authoritarian regime of Augusto Leguía (1908-1912; 1919-1930), who strongly believed that the road to prosperity consisted of specialization in primary goods exports, foreign investment, and strong leadership. Leguía was overthrown in a military coup that brought civilians to power. Between the 1930s and the 1960s, the increasingly popular left-wing party APRA (which had as its main constituency the working class, segments of the middle class, and the rural indigenous peoples) challenged the legality of the existing oil concessions and promised to expropriate them if elected. Although they did not win the presidency in elections, APRA was one of the major forces in Peruvian politics. In 1968, rebel army officers wanted to capitalize on existing discontent against foreign oil multinationals and in this way also reduce APRA's popularity took power and embarked on a policy of massive welfare spending targeted to the lower classes and an agrarian reform to distribute lands among poor peasants. Their most significant action was the expropriation of the properties of the International Petroleum Company (a Standard Oil of New Jersey's subsidiary) (Thorp and Bertram, 1978). Although some authors argue that economically speaking the government did not gain much from the expropriation, it showed the masses that they were willing to re-distribute wealth through these actions, assuring popular support to the military junta (Goodsell, 1974; Ingram, 1974).

In general terms, we find for Latin America a pattern we summarize in Table 1. The level of industrialization affected the relationship between governments and multinationals depending on the coalition size of the countries' rulers. As we show there, for the case of Central America and Peru there were lower levels of industrialization than in other countries where an industrial elite organized itself in business groups to coordinate their activities with the state and defend their interests from labour unionism. Although the table mentions cases we do not analyze in this paper, it shows the variety of situations existing in Latin America during the twentieth century.

[INSERT TABLE 1 AROUND HERE]

4.2 Selectorates and expropriations in Africa

The expropriations that occurred throughout the African continent did not follow the same pattern. This was first pointed out by Rood, who categorised African countries on the basis of the extent and kind of expropriations they carried out (Rood, 1976). Here two of Rood's categories are important: the four leading countries to expropriate (Nigeria, Kenya, Ghana, Zaire) and the socialist states (Uganda, Zambia, Tanzania, Ethiopia, and Somalia, although the latter was minor). For the leading expropriators, it is noticeable that in all cases, they carried out comprehensive indigenisation programmes, while their nationalisations were selective (if massive). In socialist states, the opposite held true: nationalisation was comprehensive, and indigenisation was usually achieved through nationalisation.

We argue that these differential outcomes in terms of political programmes is not incidental, but the result of different political processes, with different interest groups driving the process, identifying different private sector groups as targets, in pursuit of different objectives (see Table 2). Considering the predictions from selectorate theory, one would expect that indigenization, which allowed the private acquisition of foreign-owned assets and shareholding, would qualify as redistribution through private goods. Conversely, as nationalization allowed appropriation of rents by the state, which could then redistribute on a national basis, the theory predicts nationalization to be associated with larger coalitions.

What is problematic in the case of African expropriations is that the cases of Tanzania and Zambia (nationalization) compared to Nigeria and Ghana (indigenization) suggest a different pattern. This has already been noted by Wilson, who argued that the type of expropriations favoured by the government depended on the size of the indigenous private sector (Wilson, 1990). In countries such as Nigeria and Cote d'Ivoire which had influential groups of businessmen, indigenization was favoured, while countries such as Tanzania and Zambia, where domestic capitalists were few, nationalizations driven by the interests of bureaucrats were more common. This matches Thomas Biersteker's account that indigenous businessmen lobbied very strongly for the first indigenization decree in Nigeria (Biersteker, 1987). Hence, the size of the coalition, if a very unstable one, could be said to be larger for the West African cases, because expropriation decrees reflected the joint interests of bureaucrats, businessmen, and small-scale traders in the informal economy. In the East African cases, the ruling coalition is arguably smaller, because nationalization reflected the interest of different groups of bureaucrats and politicians.

The major difference between the African and Latin American cases is really the level of industrialization, which in turn affected which sectors were affected. The African economies discussed here were significantly less developed, and depended mostly on the export of commodities and raw materials in terms of the formal economy, and on trade and commerce in the informal sector. Hence expropriations targeted companies in these sectors.

[INSERT TABLE 2 AROUND HERE]

In order to show what kind of ruling coalitions were driving the programmes, and what their objectives were, we will first discuss the West African cases, and then the situation for socialist regimes in East Africa. It is important to note that the African continent comprises of over fifty states, and making generalizations is even more difficult than in the case of Latin America. There are important distinctions in terms of colonial legacies in terms of language and institutions (Anglophone, Francophone, Lusophone, and Ethiopia and Eritrea), between settler and non-settler economies in terms of institutional development and inequality, and then the differential trajectory of South Africa, with its legacy of Apartheid and the only industrialised economy in sub-Saharan Africa (Austin, 2008). These differences are not represented by our cases selection , instead countries were identified on the basis of Leslie Rood's categorisation of major types of expropriation programmes (Rood, 1976).

Ghana, the first sub-Saharan African British colony to gain independence in 1957, only began expropriations after the first head of state had been overthrown in 1966. This was closely tied to political instability: from a short military caretaker regime, in 1969 the country was briefly returned to democracy, only to suffer another military coup in 1972. As a result of this turbulent political history the expropriation programmes fall into two distinct time periods: an early phase from 1968 to 1969, and a later phase from 1972 to 1977. The earlier decrees were minor, and not relevant to major Western investors, as the caretaker regime was as pro-Western as its democratic successor. The main target were clearly small firms, run by Lebanese or other African nationals (Hoogvelt, 1979). The later phase showed a significant shift both in terms of who drove the policies as well as which firms were targeted. In 1972, the private gold mines were partially nationalized. This was followed by full or partial indigenization in 1975, as well as nationalization of significant export earners such as gold and timber.

Ghana's military regimes needed to ensure public support from various interest groups, most notably small shopkeepers, alienated lower middle classes, and skilled employees in management. In the later stages, government sought to extend direct control to their main sources of income from the gold mining and timber export sectors, as well as the support of more medium-sized businesses and investors by redistributing some wealth from the formal sector of the economy. However, by the far the most consistent pressure since the days of Nkrumah's reign were applied to companies in terms of their employment practices. Expatriate immigration quotas were successively restricted, and firms were at pains to show that they hired, trained and promoted Ghanaians into responsible positions within the firms. This suggests that urban, well-educated, salaried or professional middle classes were amongst the most important interest group for the military government to consider. Hence in the case of Ghana, the selectorate was a more of a mid-size coalition, but not one to which redistribution of public goods could easily be applied. Nigeria's experience was similar both in terms of political instability and selectorates. An important difference was however that the military regime was more powerful, and that the country suffered from major internal divisions, which were exacerbated by the discovery of major oil and petroleum deposits in the Niger delta. After the country became independent in 1960, it adopted a federal democratic system that from the beginning suffered from regional rivalries and political tensions. In 1966 the democratic government was violently overthrown, and ethnic tensions led to the secession of Eastern Nigeria under the name of Biafra. The ensuing civil war lasted from 1967 to 1970, and the Niger delta, where most oil production took place, was returned to the federation.

At the end of the civil war, the government partly nationalised the three largest commercial banks (all foreign). In 1972, the first Nigerian Enterprise Promotion Decree (NEPD 1) showed the same pattern of redistribution to domestic business owners as in Ghana. The government negotiated separately over partial nationalisations with the oil companies. With the new, post-1975 military government under Olusegun Obasanjo, the performance of NEPD 1 under the previous military regime was judged unsatisfactory. Hence in 1977 NEPD 2 was announced, but its influence was short-lived, and by 1981 the democratic government reclassified several industries to attract foreign investment.

To understand the motivations behind the NEPDs, it is important to consider the lobbying by African businessmen especially for the first NEPD, from which many stood to gain significantly from expropriating Lebanese and Western multinationals (Bayart, 1993). Public criticisms of NEPD 1 focused on redistributive issues, especially the highly oversubscribed public issues that led to the concentration of wealth with a few already affluent individuals. Thomas Biersteker (1987) estimates that about 20 individuals or family groups took up the majority of shares (Collins, 1974; Forrest, 1994). The selectorate here was clearly several elite groups that controlled formal private and public sectors through ownership or employment, and thus held the highly fragmented federation together.

In East Africa, both Tanzania and Zambia espoused forms of African socialism, and experienced greater political stability as the result of the long-term autocratic rule of their independence leaders. In Tanzania, Julius Nyerere ruled from 1961 until he stepped down in 1985. During this time period, he oversaw one of the most comprehensive attempts to convert his ideology into reality on the ground through a national scheme of village collectivisations known as *ujamaa*, whose original intention appeared to be public redistribution of assets and services to small-scale collectives (Nugent, 2004).

Nyerere announced the Arusha declaration in 1967 as a result of his concerns over the power of his party and the wider government bureaucracy. Party members were unsurprisingly not enthused by a programme partly designed to curb their influence and control of resources, and to gain their support he “announced a series of nationalisations guaranteed to garner public sympathy” (Nugent, 2004). This played well with a long-standing anti-foreign undercurrent within the party, as the ultimate losers of the policy were Asian and European businessmen. Here public enthusiasm was employed as a ‘psychic gain’, as argued by Breton for the Canadian case, in order to smuggle in other measures that went against the interests of the party and the bureaucracy (Breton, 1964).

The effects were economically disastrous: manufacturing declined between 1978-1985 from 13.5 to 6.9 percent of GDP – which was also shrinking over the time period. While the country maintained democratic elections during the time period, the elected parliament was fairly powerless, while a small coalition of bureaucrats and party members retained significant influence (Nugent, 2004). Although Nyerere’s approach to nationalization was clearly populist and intended to gain the support of a larger coalition, this was ultimately unsuccessful. Hence despite its intention of public redistribution, Tanzania’s experience showed that nationalization benefitted mostly a narrow coalition of party members and civil servants.

The nationalizations of the copper mining companies in Zambia received a significant amount of attention in the general media and scholarly literature (similar to the nationalization of copper mining in Chile). Zambia became independent in 1964 under the leadership of Kenneth Kaunda, who remained the head of state until 1991. Its economy and its government were highly dependent on the performance of the highly cyclical copper industry (Burdette, 1977). Although there were other private sector companies, most were either resident expatriate or foreign-owned, and the copper firms dwarfed other investment in the country. Zambian-owned enterprises were extremely limited, as they had been restricted from trade during the colonial period, with the exception of “African locations”. As part of the government’s decision to localise the economy, in 1968 and 1969 Kaunda requested partial nationalization of foreign firms, in return for adequate compensation. At the same time, several parastatals were created to oversee the performance of the public-private joint ventures. These were staffed by well-educated, younger professionals, for whom there were no obvious openings in the civil service and the party ranks, and who were paid higher salaries in the parastatals than could be achieved in the regular civil service (Burdette, 1977).

With a surprise announcement in 1973, the government fully nationalised the two copper mining joint ventures. Importantly, they also placed the supervision of mining under two ministries, although this function was previously performed by a parastatal. The managing directors were now government appointees, no longer multinational managers. These later expropriations were preceded by economic and political instability, and a power struggle between an alliance of party members and civil servants, and a younger technocratic elite in charge of business and the parastatals. The latter had dominated the earlier partial nationalization, while in the later deals were prompted by these internal political divisions within the government. Hence the Zambian nationalizations were driven by extremely narrow and competing coalitions within the public sector, and the spoils of expropriations were distributed as private goods to sections of the civil service.

How can we explain that the Latin American cases follow the predictions of selectorate theory, while the African cases sit uneasily with the prediction that nationalizations, as a form of public redistribution, should be based on larger coalitions? It is important to highlight the different levels of political and economic development, as well as industrialization, between most Latin American and African countries. African expropriations were always attended by the redistribution of private goods, either to the public and the domestic private sector, as was the case of indigenization programmes, or solely to the public sector (in some cases only to certain groups within the civil service), which was the objective of nationalization. For the latter, the absence of significant domestic business was indicative.

Hence the African cases highlight how redistribution of expropriated property can be done in the detriment of a small group to the benefit of another small coalition. In our comparison of economic nationalism on two continents, we have found that coalition size depends on two important variables: the nature and longevity of states and the role of economic development, industrialisation and unionisation for the political economy.

5.1 Discussion: Consolidation of the nation-states in Latin America and Africa as determinants of expropriation policies

One important element we need to consider when comparing Africa and Latin America is the process of creation of nation-states in each region. Most Latin American countries gained their independence in the 1820s and since then started a long process of consolidation of their nation-states, which included fragmentation of previously existing countries, civil wars, and political instability. After the 1880s, the first stage of the process was almost concluded and for the following century the continent did not suffer major wars that redrew its political map. The nation-state project also included economic policies promoting exports and investment in infrastructure that improved internal communications (such as railways or telegraphs), which was done mainly through foreign capital. This means, by the time the first actions against foreign capital started these countries had existed as such for more than a generation and the policies of legitimization of the nation-state before the domestic population had been carried out by the same authoritarian regimes that promoted foreign direct investment in the past.

The legitimacy pressures that African states faced were of a different order from those of Latin American states. With the exception of Ethiopia and Liberia, African states emerged out of colonial administrative units, most of which reflected international diplomacy and a pattern of exploration and subjugation that bore little similarity with pre-existing political, ethnic or social divisions. Due to its low level of economic development, there were few examples of territorial states in Africa prior to colonial expansion in the nineteenth century. Thus the colonial languages were frequently the only joint language spoken, although in East Africa Kiswahili was significant, and elsewhere European languages were localised as Krio/Creole and Pidgin. The majority of former British and French colonies gained independence in the 1960s, yet few of them had actually experienced profound resistance. Rather in a managed process of a transfer of power, nationalists were co-opted by colonial administrations, in some cases this process was complicated by the existence of powerful white settler communities, especially in East and Southern Africa.

Hence one cannot speak of nation-states in Africa. With colonial borders still largely intact fifty years after independence, African countries contain ethnic, religious, sectional and social conflict on a limited economic base, through periods of poorly managed economic decline. The peculiarities of economic nationalism on the African continent have to be viewed in this context. Economically nationalist policies did not just reflect attempts by the government to gain political legitimacy through building coalitions – nationalism was still concerned with the fundamental institutional legitimacy of the state in its territorial and organisational aspects. This legitimacy required that the various interests groups, especially the urban and educated residents who most heavily depended on the state's infrastructure, would be able to make a living as a result of the provision made by these political structures.

Considering the significant promises that had been made by colonial governments as well as nationalist politicians in terms of economic and social development that was to come with independence, expectations were high. Unfortunately, the economic basis of colonial states had always been thin and depended on a narrow export and import economy, with government operations funded by customs duties. Colonial economies were based on cash-crop agriculture (cocoa in Ghana and Nigeria, palm oil and kernels in Nigeria, cereals in Tanzania) and export of sub-soil minerals (copper in Zambia, tin in Nigeria, gold in Ghana). Hence economic nationalism in Africa has to be understood in redistributional terms, similar to Latin America, but where not only political but institutional survival was frequently at stake.

This is particularly clear in the West African cases of Ghana and Nigeria. Both countries instituted reasonably consistent and large-scale indigenisation programmes, most of which coincided with a time period of political upheaval and military dictatorships. In these cases, indigenisation appears to have been a tool to ensure the support of different groups in the economy – politician-businessmen, commercial entrepreneurs, both large and small-scale, high-skilled employees in managerial positions, and in some cases organised labour – by redistributing the wealth held by foreigners, both resident Lebanese operating more small-scale enterprises and, in the later stages, the larger-scale foreign multinationals. By the mid-1970s, indigenization programmes either contained or were accompanied by nationalizations in certain sectors in West Africa – timber and gold in Ghana, petroleum and banking in Nigeria – which were clearly of great importance for government revenue.

While Nigeria followed a capitalist path of development, and Ghana vacillated between different approaches after the abandonment of Nkrumah's plans, both countries experienced significant political instability that preceded their expropriation programmes, which were carried out either by military regimes or a succession of short-lived democratic governments interspersed by military juntas. By comparison, Tanzania and Zambia experienced greater stability, yet their decision to adopt forms of African Socialism was not economically successful despite greater political calm. Their governments, and especially the decision to nationalise business, can be viewed as populist promises to transform colonial economies by making the surplus accessible to the whole of the country. However, in the final analysis, it mostly supplemented the income of the bureaucracy.

The actions taken by the African governments towards foreign capital did not simply seek to increase domestic control over a particular industry, but, more importantly, to shape public opinion and legitimize their own existence. With expropriations came either the ability to gain consent for a populist programme of national transformation (usually through nationalisations), or the continued support of various significant interest groups that challenged political authority (usually through indigenisation). What was not the case in African countries on the whole was a reasonably political secure, if autocratic, government that was committed to a programme of state capitalism, as we have seen in many South East Asian countries. Equally, coalitions between labour unions and governments as was common for Latin American expropriations did not occur. Industrialisation was negligible, and unions were either not relevant or controlled by government. The upwardly mobile working population was more likely to be involved in small-scale entrepreneurship, possibly in the informal economy (especially in West Africa), or, to a lesser extent, in cash-crop farming. The groups with the biggest political clout were urban and educated, working for the civil service or large state-owned or foreign corporations. Thus, given the social structure of the African nations and the winning coalition governments depended on, nationalizations did not aim to redistribute rents among a large segment of the population, but among a relatively small one. A similar trend was observable for West Africa, where it was the pressure to Africanize positions within business and create more jobs through state-owned enterprise that was a significant yet often overlooked by-product of indigenization programmes.

[INSERT TABLE 3 AROUND HERE]

In sum, for the African case we see that nationalizations could be used to ensure the loyalty of a small winning coalition, and were in fact tools for the redistribution of private goods, as opposed to Latin America, where they were associated with public redistribution. Hence when comparing the Latin American with the African cases, significant differences appear (see table 3). The level of industrialization had a direct impact on which sectors were affected by expropriations. But importantly, the country's age whether it had established legitimate political and economic institutions directly influenced the size of political coalitions. But this was not the only factor that determined coalition size (which is a major determinant of political stability). The level of industrialization is also a good indicator of how significant organized labour was for the political process. The next section will discuss in how far this was different for Africa and Latin America.

5.2 Discussion: Labour Union Tradition as Determinant of Nationalist Policies

In our previous sections we showed how while most nationalist policies in Latin America were oriented to promote income redistribution among a large winning coalition composed by organized labour or middle classes, the African ones aimed to redistribute foreign property among those of the ruling elites of the by then newly created countries. One reason, we argue above, was the stronger need the new rulers had to legitimize their power in countries that had still not consolidated themselves as nation-states. In this section we show that another reason for the difference between both continents was the maturity and role played by the organised labour movement in each continent.

The Latin American left has a long tradition that goes back to the late nineteenth and early twentieth century. In several countries, however, organised labour activism started among those working for the foreign companies who combined their class struggle with a nationalist discourse of defence against foreign exploitation. Clear examples of this type of development include the labour movement in the Mexican, Colombian, and Venezuelan oil industries, labour activism in the banana plantations of Central America and Colombia, or the labour unions in the Chilean mining industry. Most 1910s and 1920s Latin American unions were informed of the ideology and actions of their European counterparts and shared their same vocabulary, literature, and long-term goals. This was partially the result of activism of Italian and Spanish anarchist and communist immigrant workers, the actions of political leaders such as Peru's APRA's founder Victor Raúl Haya de la Torre, and the writings of a number of Latin American Marxist intellectuals such as Peru's Carlos Mariátiegui among many others. The Latin American left and the labour movement benefited from constitutional changes such as the ones taking place in Chile after 1924, which legalised their activities. With the law on their side, during the twentieth century Chilean copper unions became one of the strongest voices favouring stronger control of foreign investors and nationalization. In fact, according to some scholars, it was the labour unions the ones that shaped the political discourse that justified the 1972 nationalisation (Vergara, 2008). After 1920, the Mexican revolutionary government institutionalised labour unions to the level of making them integral part of the political party that ruled Mexico for the seventy years after the Revolution started. Venezuela's AD party also changed the law to make labour activism easier after it took power in 1945. This was partially a reward to the several decades-long labour activism in the oil industry. Once AD took power, they portrayed the oil labour unions as heroes of a national struggle against imperialism and a sell-out elite. In short, labour unions were a crucial segment of the selectorate of those Latin American rulers who eventually embarked in nationalisation programmes. Certainly, nationalisation did not generate the widespread income redistribution many labour activists wished for. In fact, as happened with the case of the Mexican state-owned oil company union, it could create a new privileged group among some union members. Nevertheless it helped certain rulers to reward the loyalty of their winning coalition and in this way assure their political survival.

It is worth noting that the most extreme case of mass expropriation took place in post-1959 Cuba, a country with no previous tradition of strong unionism. This does not contradict our main hypothesis, however. As Albertus and Menaldo argue, the expropriations conducted under Fidel Castro's leadership sought to reward its own constituency of revolutionaries in order to ensure the survival and stability of the regime (Albertus and Menaldo, 2012).

Unsurprisingly, labour unions were not as relevant in Africa a continent where only very few countries had achieved a significant level of industrialization. But this was not the only reason why unions failed to achieve significant political influence. African governments inherited colonial states with their elitism and large social divides – which were now no longer based on racial division, but whose socio-economic structure did not change. Thus the new elites took over positions previously held by white expatriates, yet once these were filled, there were no obvious avenues for younger graduates. This pressure fed into demands for Africanization, and an extension of the state itself or its influence over the economy to assuage those demands (Decker, 2008). Yet the income opportunities that these groups were familiar with were not obviously tied to capital, business and economic growth. However, before the transfer of power was completed, or indeed even contemplated, nationalist politicians collaborated with unions as well as some consumer boycotts to challenge the colonial state. The nationalists' ability to negotiate and subdue labour unrest was crucial to raise their visibility vis-à-vis the colonial administration; and this ultimately made them heir apparent (Cooper, 1996). So why was the power of unions so short-lived?

While strikes were in some cases protests about working conditions (for example the 1946 strike at the gold mine at Obuasi in Ghana), there was already some concern by colonial officials and foreign investors that these may be co-opted for political ends (Decker, 2004). In the 1950s, this became reality in Ghana and Nigeria, although very soon the interests of unions and nationalists diverged as to what were the goals of the protests. Unions became suspicious of siding with nationalists, and many declared their intention of only striking on account of workplace-related, not political, grounds. In Zambia, the powerful Mineworkers' Union similarly stayed a-political (Burdette), but this was also due to the fact that the union was dominated by white settlers, who resisted the Africanization of the mines' workforce (Burawoy, 1972; Butler, 2007; Sklar, 1975).

After independence, unions did mobilize against the new African governments. Development policies sought to increase the savings rate, in some cases by compulsory savings (Ghana under Nkrumah), or else by depressing domestic incomes of farmers (through crop pricing by state monopolies) or keeping wages low. Yet as terms of trade shifted against African countries, pressure on lower incomes led to general strikes, in Ghana in 1961, and in Nigeria in 1964. The Nigerian strike of 1964 had its roots in the events of the previous year. The government-appointed Morgan Commission enquired into the national minimum wage and suggested a complete overhaul of the existing colonial wage structure. The report moreover advocated reductions in various allowances and rent subsidies for high earners (Diamond, 1988). The 1964 strike was caused by the delay over the publication of the rather critical Commission report. What is interesting here is that the joint committee of trade unions, which organised the strike, did not just suggest raising minimum wages but also substantial cuts to the maximum incomes.

No cuts were implemented, and the strike ended with salary increases in the order of 25 to 30 percent, although well below those demanded in the Morgan report, which were granted retroactively to the beginning of the year. However, inflationary pressure and the power of the informal economy soon wiped out any financial gains almost entirely. Market women raised their prices, often by margins higher than the pay increase, small firms dismissed unnecessary staff and government increased import duties by 50 percent (Diamond, 1988). Thus incomes were further squeezed by raising the cost of consumption, which disproportionately affected low earners.

Apart from those high earners in the civil service, politics and private sector, another group whose power was highly visible in the West African cases, were (mostly female) entrepreneurs in the informal economy, providing basic staples and imports to the population, as well as small domestic producers benefiting from the tariff barrier. Especially the earlier indigenization decrees, which targeted resident minorities, especially Lebanese in West Africa, as well as some aspects of nationalization in East Africa focusing on Asians, were geared towards removing the dominance of these ethnic groups in the small enterprise sector. It is in this sector that the social equivalent of the Latin American working class existed: low income middle class aspirants with an insecure economic base were small-scale entrepreneurs that were not organized in obviously modern forms, but rather through more traditional channels. While those operating at a larger scale and more within the formal economy were organized in chambers of commerce, which were, especially in the case of Nigeria’s first indigenization decree of 1972, important drivers of expropriations, the influence of market women is harder to locate institutionally, nevertheless palpable.

Thus the power of labour unions in Latin America was not readily visible in the African cases. In Tanzania and Uganda, the process of expropriations was noticeably driven by a small coalition based in the various organs of the state (party, civil service, and state-owned enterprises). In West Africa, coalitions were larger and included domestic business, as well as (mostly female) entrepreneurs in the informal economy. This led to expropriation by indigenization in Nigeria and Ghana, as it allowed redistributing to poorly organized, nevertheless powerful, sectional interests. In contrast to Latin America’s more union-driven expropriations, larger coalitions were neither large enough, nor well-organized enough, to facilitate redistribution through public goods in the same manner.

5. Conclusion

This paper compares the determinants of expropriation of foreign property in Latin America and Africa during the twentieth century. During the wave of nationalisations of the 1960s and 1970s and the current new expropriations wave of the early twenty-first century both Latin America and Africa played a major role. Our historical study finds significant differences in the way nationalisations were carried out in each one of these two continents. Existing explanations have glossed over these differences. By applying selectorate theory we show that these differences are significant in terms of challenges to political stability, which have long-term implications for economic growth. First, nationalisations started in Latin America much earlier than in Africa (1920s and 1930s versus the 1960s and 1970s) for the simple reason that the African countries did not exist as nation-states before the 1960s. Second, while in Latin America the most nationalisations were oriented towards redistributive policies aimed to benefit the working class represented in the labour movement, the African ones redistributed the expropriated wealth among the members of the newly created countries' elites. And, third, the African governments also followed a process known as 'indigenisation', which consisted on expropriating assets of foreign merchants among domestic ones. This type of nationalisation did not take place in Latin America.

We show that in both continents nationalisation policies were consistent with the rulers' strategies for political survival. The Latin American case fits more closely the type of prediction one would make by using the selectorate theory of political survival as analytical tool. For the pre-1920s period, most Latin American authocratic rulers opened the doors to foreign investors and used the rents generated by their operations to buy the loyalty of their small but powerful winning coalition. When these regimes were replaced by others with a wider popular support, the process reversed: governments expropriated foreign property in order to appropriate these rents and redistribute them among their winning coalition, often with close links to organised labour. The creation of new African nations in the 1960s did not mean the arrival of governments with a large winning coalition. As a result, the autocratic regimes that replaced the previous colonial ones used the expropriation mechanism as a tool to consolidate themselves in power by giving the benefits of the expropriated industries to an inner circle composed by powerful families and individuals. This did not mean that the African governments did not think about the need to benefit a larger selectorate composed by the citizens of these new countries. This is why they used indigenisation of foreign property, which benefited people from the middle class at the expense of not highly powerful foreigners. In this sense, we see the strategies developed by the African governments still consistent with selectorate theory, however these cases highlight that there are nevertheless important differences between small and very small coalitions that have a direct impact on the political process.

We argue that the difference between both continents rely on the following facts. First, there is a big difference in terms of the chronology of the creation of the nation-states between Latin America and Africa. While the former republics had consolidated themselves by the late nineteenth century, the latter started the process in the 1960s. We see among the African rulers a similar behaviour to that found among the Latin American founding fathers regarding the use of the expropriated property of former colonial powers. The first Latin American elite appropriated Spanish and Catholic property for their own well-being in a similar fashion to what we find in Africa in the twentieth century. New leaders of new countries needed to consolidate themselves in power by making it sure that other powerful individuals in the country would not try to overthrow them. Second (and related to the first point), by the time the Latin American governments acted against the foreign companies the political left and labour unionism had had a relatively long time to develop and mature. This had been partially the result of industrialisation and a decades-long process of insertion of foreign capital. On the contrary, labour unionism in Africa was weak and therefore did not play a significant role in the nationalisation process.

At the time of this writing these two continents are witnessing a new wave of nationalisations. If our analysis proves correct, we would expect that the new process taking place in Africa could resemble the one happening in Latin America years before because African states are more consolidated. However, as a result of the economic crisis of the “lost decade” of the 1980s, African economies have only returned to their 1960s level in the 2000s, and labour activism remains negligible (with the important exception of South Africa). With a wider participation of the population in politics, African governments might try to create a wider winning coalition through expropriation, and the more stable democracies are now under significant pressure to deliver public goods such as physical infrastructure, education and health services. The recent role played by labour unions in some nationalisation debates in South Africa or the land redistribution among members of Robert Mugabe’s political party can be considered evidence of a revived strategy for political survival through nationalisation (South Africa) and indigenization (Zimbabwe). More importantly, Southern Africa was decolonized later than East and West Africa, and there are some indications that they are undergoing similar postcolonial transition processes as the rest of Africa experienced in the 1960s and 1970s (Decker, 2010).

Regarding Latin America, the nationalisation policies have been carried out by governments who have encouraged unionisation of different sectors of the economy or were union leaders themselves in the past (such as Evo Morales in Bolivia or Luiz Ignacio "Lula" da Silva in Brazil). Venezuela's late Hugo Chávez justified his expropriations arguing that the previous economic order only benefited the elite, something that has certainly helped him to keep his impressive popularity among his country's lower class. Berríos et al. (2010) already made an important contribution by showing how the differences between left-wing presidents such as Chávez and Morales on one side and "Lula" and Michelle Bachelet on the other did not respond to the fact that the latter were more "mature" or less radical than the former, but rather Lula and Bachelet were lucky to rule countries in which the expropriations took place before they took power. When comparing actual policies, Berríos et al. (2010) show not significant differences between the "more" or "less" radical Latin American leaders. We contribute to their point by showing how these policies respond to strategies of political survival.

This paper shows the benefits of a long-term comparative study that takes into account particular country and industry cases. The selectorate theory can help us to go beyond accepted dichotomies such as democracy and dictatorship to analyse government behaviour. The comparison also forces us to take into account issues such as the formation of the nation state and labour organisation to understand why not all expropriation policies in LDCs follow the same political and economic logic. Indeed our historical analysis shows why economic nationalism features so prominently in the political process of developing countries. While in the contemporary international economy, many successful emerging countries have changed the actual content of nationalist policies, their primary function remains: to ensure stable political coalitions in countries that have significant resource constraints.

Table 1: Government coalition size and industrialization levels: relationship between governments, domestic elite, and multinational corporations.

	Economy with relative industrialization	**Economy with low levels of industrialization**
Government supported by a small political coalition	*Government*: Friendly policies towards foreign investors. Policies oriented towards import substitution and export of primary goods. Presence of state-owned firms that do not threaten private sector. *Local elite*: Supportive of protectionist policies. Partnership with MNCs *MNCs:* Seek partnership with government and elite with proposals consistent with industrialization and export efforts. *Cases:* Chile under Pinochet; Brazil in the 1960s.	*Government:* Friendly policies towards foreign investors. Export-oriented policies. *Local elite*: Direct individual approach to ruler or MNCs. Seeks rents from MNCs' operations. *MNCs*: Direct approach to ruler and local elite. *Cases:* Central American Banana Republics; Venezuela during the Gómez administration; Mexico under Díaz.

Government supported by a large coalition	*Government*: Policies to restrain economic power of foreign investors. Policies oriented towards import substitution industrialization. State owned firms take over activities in hands of domestic and foreign investors. *Local elite*: Organization in business groups, employers' organizations, and opposition political parties. *MNCs*: Alliance with elite *Cases*: Argentina under the Radical Party	*Government:* Redistribution policies. *Local elite*: Informal alliance with MNCs. Resistance against re-distribution policies. *MNCs*: Alliance with elite and home government against redistribution policies. *Cases:* Peru during the left-wing government of 1968.

Table 2: Types of Economic Nationalism in Africa

	Mainly Indigenization	**Mainly Nationalization**
Targets	Lebanese, some multinationals	Asians, multinationals
Drivers	Indigenous businessmen, some government departments	Ideological socialist government
Rationale	Political survival	Populist support
Country cases	Nigeria, Ghana	Tanzania, Zambia
Prediction selectorate theory	"Redistribution as private goods"	"Redistribution as public goods"
Size of coalition	Larger (business lobby, government departments)	Smaller (government departments)
Level of industrialization	Not industrialized	Not industrialized
Sectors affected coalition	Raw materials, trade	Raw materials

Table 3: Comparing political coalitions and expropriations in Latin America and Africa

	Latin America	**Africa**
Level of industrialization	Some	None
Sector of expropriation	Raw materials/utilities	Raw materials/trade
Countries' age	Old	Young
Selectorate coalition size	Large	Small

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