

The Political Economy of Two Copperbelt Mining Booms

Miles Larmer (University of Sheffield)

Introduction

What will be the consequences of the contemporary boom in the prices of copper and cobalt on the political economy of Zambia? For the majority of the Zambian population, the current boom represents their first experience of a period when the mining industry has been a benefit and not a burden. Until around 2004, Zambia had experienced almost thirty years during which its profound economic dependency on the mining industry came to be perceived as a major cause of its economic decline. As most of you will know, during this period Zambia went from being one of Africa's richest countries, with visions of becoming a 'modern', 'developed' country – as illustrated in the work of James Ferguson – to one of the continent's poorest and most indebted countries. The current mining boom appears to represent a clear break from this period, which is generating new and challenging questions for analysts, politicians, civil society organisations and, most importantly, Zambians themselves.

I want to suggest that one of the ways in which we might understand some of the dynamics and potential outcomes of the contemporary mining boom is through an analysis of the country's last boom. The establishment of what was then Northern Rhodesia's copper mines in the late 1920s transformed what had been a colonial backwater into one of sub-Saharan Africa's most important producers of strategic minerals. The mines were not however consistently profitable; the global depression of the 1930s led to a drastic curtailment of mine development and the laying off of many of the industry's recently recruited migrant workers. Demand during World War Two was sustained by the post-war long boom and, except for a brief but significant downturn in the late 1950s, kept the mining industry profitable and expanding until the early 1970s.

Throughout its existence, the industry, and Zambia's own fortunes, have been closely tied to global mineral markets and corporations – yet the consequences of its periodic booms and slumps have had profound consequences for Zambia and its people. As this paper will argue, however, the historical evidence suggests that there has never been a direct or causal relationship between the fortunes of the mining industry on the one hand, and the general prosperity of Zambia or Zambians on the other.

In the 1950s and 1960s, those with political control over Northern Rhodesia, and those who sought to gain control over it, had competing visions of how the wealth generated from mining would be utilised for contrasting 'development' plans. Whilst the Federal authorities directed mining revenue to support the agricultural activities and living standards of white farmers, mostly in Southern Rhodesia, Zambian nationalists envisaged the utilisation of the same revenue to construct a state designed to achieve 'development' for their supporters. However, even nationalists were divided about how to convert the country's apparently abundant mineral wealth into sustainable development, economic diversification, and increased living standards. The ways in which they sought to address these challenges and the conflicts which arose from their attempts, may provide lessons for those seeking to ensure that

development, diversification and higher living standards arise from the contemporary mining boom.

The first mining boom and the distribution of revenue

Two of the most important, interrelated, questions emerging from the current mining boom relate to the appropriate level of taxation to be applied to the mining industry; and the appropriate distribution of that revenue to support what is again becoming known as 'national development'. I want to emphasise here that it has never been the case that mine profitability has automatically meant that large revenues flow to the Zambian state or its predecessor. From the advent of the mining industry, the vast majority of mine revenue flowed straight out of Zambia and into the coffers of the international companies which owned the mines. The Northern Rhodesian state received little direct income from Anglo American and Roan Selection Trust until the period shortly before independence – the colonial administration remained small and marginal to development initiatives.

Generally, the late colonial period saw a boom in developmental spending in Africa, as Britain and France sought to justify their colonial possessions to an increasingly sceptical world. Northern Rhodesia was not immune to this change, but it was evident to critical observers that the main beneficiaries of such developmental largesse were not black Africans. The establishment of the Central African Federation in 1953 ensured that the vast majority of state revenue flowed to the Federation's capital in Salisbury and to the Federation's white settler population, who were, until the early 1960s, generally envisaged as the drivers of agricultural development. Indeed, a great deal of the limited social services available in colonial Zambia to Africans were provided not by the state but by the mining companies to their employees and their families; and these were not of course provided out of goodwill, but in response to specific demands by militant and recently unionised mineworkers.

Grievances arising from this particular distribution of mining wealth were therefore central to the specific shape that Zambian nationalism took in the 1950s. Of course, African nationalism in Northern Rhodesia had much in common with parallel movements across the continent - the primary demand of their leaders was indigenous control of political institutions rather than the wholesale redistribution of wealth. Nevertheless, the particular vision of African nationalists for a post-independence Zambia was framed in an assumed context of mine profitability. Nationalist thinking developed in direct opposition to Federation, and mobilised support specifically around the issue of capturing a significant share of the revenue generated by mining and utilising it for 'national development'. This was reinforced by attempts by both the Northern Rhodesian African National Congress, and later the United National Independence Party, to mobilise unionised mineworkers as an organised force to achieve independence. Such attempts were however undermined by a lack of consensus regarding the *specific* distribution of mining revenue; popular mobilisation for nationalist aims necessitated leading politicians making promises to various communities about the benefits they would gain from government spending after independence (funded largely from mining revenue).

On the eve of Independence, UNIP, assisted by the outgoing British colonial authorities, successfully negotiated the transfer of the British South Africa Company's mining royalties to the new Zambian state. This symbolised what was to become, in

the initial period after Independence, an effective alliance between the UNIP government and the international mining companies that would ensure expansion of the industry, with both the companies and the government taking their carefully negotiated share of an ever increasing pie. This was the core strategy of Zambia's first development plans - the 1964 Seers Report envisaged that rural investment would be funded by mine revenue, but also accepted that the value realised by Zambia's copper would continue to be set by the London Metal Exchange. Seers' recommendations were uncritically adopted in the economically orthodox first national development plan: the strategy was to increase production, in cooperation with RST and Anglo. The danger identified by Seers was not the continued profits of the mining companies, but instead that mineworkers' wages would rise, thereby threatening the accrual of income to the state. Seers noted with concern the rapid increase in wages since the mid 1950s, and stressed the need to control wages in order to channel funds into development. Attempts to do so resulted in a wave of wildcat strikes after independence, as organised workers sought to realise the rewards they believed would result from their leading role in the struggle for independence. Mine companies and the state worked together to curtail and suppress the demands of mineworkers, who were viewed as 'wage setters' for the wider labour force.

Now, it can be argued that what scuppered this alliance, and led to partial and then more complete nationalisation of the mining industry, were conflicts within the UNIP leadership which arose in large part from the limited success of the ruling party in meeting the expectations of its rank-and-file supporters for the post-Independence transformation of their living standards, expectations that arose from the promises made by nationalist politicians in rallying their support for the independence movement. The UNIP archives reveal that, in much of the country, local party officials were besieged by angry complainants bemoaning the lack of real development in their villages. Were these 'unrealistic expectations'? Perhaps, but they contributed to intra-UNIP conflict in a very real way.

Faced with such demands, UNIP local leaders claimed in their defence that there was an unfair regional distribution of resources, which flowed from their lack of adequate representation at national level. In the party's Bemba-speaking strongholds in particular, such demands were fuelled by a belief that the leading role played by Copperbelt and Northern Provinces in the nationalist struggle was not being adequately rewarded, and that wealth generated by Bemba-speaking mineworkers was not being fairly distributed. Ultimately, the challenge by leading Bembas at the 1967 UNIP Conference at Mulungushi, which led in the short-term to Simon Kapwepwe becoming Zambian Vice President, and in the long-term to the breakaway of Kapwepwe and his followers into the UPP five years later, can be traced back to both inter-regional competition over the distribution of government revenue funded by mining, and to the populist political measures adopted by Kaunda to respond to this challenge, primarily nationalisation. I am convinced that Kaunda's motivations for the initial stage of 51% nationalisation in 1969 were primarily political, an attempt to both assuage some of the Bemba-speaking radicals who were increasingly agitating for more aggressive nationalist policies, and to outflank the supposedly radical Kapwepwe, whose lieutenants wanted to challenge Kaunda for the UNIP leadership, and who were busy mobilising support for such a challenge.

Whatever the motives for nationalisation, it is evidently the case that political independence, and national ownership of the mining industry, did not equate to effective control over it. Nationalism and nationalisation were ultimately ineffective in controlling Zambia's segment of a global industry where supply and demand, and the price which resulted at the London Metal Exchange, lay outside their control.

What lessons arise from such experiences for Zambia's current mineral boom? Frustrations arising from the failure to channel mineral wealth into effective development are at the heart of current debates around the mining industry. Very few Zambians have yet suggested nationalisation in any form as a solution to the very similar frustrations that have arisen in recent years, finding clear expression in the 2006 election and the discourse around the mining tax regime. The specific nature of the new tax regime is in some respects an attempt to overcome the 'national' limitations of previous efforts: in particular, the windfall tax, because it is linked to the LME price, targets the international value of copper and cobalt, rather than the far lower value of these goods at Zambia's border [John Lungu has explained this in more detail]. In addition, there are interesting emergent proposals for the Zambian state to take a share in international mining companies on an international basis, rather than (as in the 1960s and 1970s) doing the same on a national basis.

A second major difference lies in the nature of the contemporary Zambian political class, and their relations with a very different generation of mining companies. The leading role played by Andrew Sardanis in the 1969 nationalisation was indicative of the inexperience and limited capacity of Zambians to negotiate successfully with Anglo and RST. It is generally agreed that the settlement of 1969, and particularly that of 1973, represented significant victories for the mining companies and created expensive burdens for the Zambian state. In comparison, Zambia's current Ministry of Finance, as well as the significant role played by the National Assembly's Economic Affairs Committee in negotiating with the mine companies, has demonstrated a far greater expertise and awareness, freed perhaps from some of the constraints of crude nationalist thinking. In comparison to the consistently unified positions adopted by the effective cartel of Anglo and RST, the modern mining companies, with their diverse origins and capital composition, have been publicly divided in their reactions to the mining tax proposals, enabling the government to play them off against each other with some success. It remains to be seen, however, whether the Zambian government can turn these strengths into a sustainable advantage; much will hinge in practice on perceptions of the distribution of the increased income generated by the new tax regime, in the likelihood that expectations will again prove unrealistic.

Thirdly, union organisation is evidently far weaker than in the 1950s and early 1960s, when the mineworkers' union won concessions by articulating its demands in relation to the international mining economy and mobilising its members in highly effective industrial action. Whilst the current mining unions have been devastated by privatisation and retrenchment, there are signs of a modest recovery in both union membership and in industrial action, with wage demands again being framed in relation to LME copper prices. The latter, often in the form of violent and disruptive wildcat strikes, is reminiscent of earlier periods, and it may be that the new mining companies are, like their predecessors, coming to see effective union structures as a strength rather than a weakness, providing an outlet to relieve pressure and acting as a restraining influence on rank-and-file workers.

The mining boom and the politics of regionalism

I have already highlighted the fact that increased mining revenue has the potential to lead to heightened conflict over its distribution. In the previous boom, such conflicts arose on both a vertical basis - between mineworkers and the government, for example - and on a horizontal basis - between ethnicities and regions; but most commonly on a combination of both, intertwined and inseparable in the minds of those who saw themselves as accordingly disadvantaged. Populist ethno-regional political demands for additional government funding and/or representation reflected the perception of many Zambians that their poverty resulted from the wealth of others, illegitimately accrued by means of preferential access to state, party and parastatal appointments and the resources such appointees controlled.

This was reinforced by the profoundly uneven nature of development in Zambia, where the vast majority of state revenue was generated in one small region of the country. Elsewhere in post-colonial sub-Saharan Africa, debates regarding the appropriate distribution of such income to the region and populace producing the valuable resource, fuelled not only political difference, but even armed conflict and secessionist politics - for example in Katanga and Biafra.

Although Zambia has never experienced such an extreme movement, the Copperbelt's disproportionate centrality to the economy, and its consequent need for a particular form of representation in central political decision-making, has been a significant factor in Zambian politics since the 1950s. ZANC, and subsequently UNIP, originated from a Copperbelt coalition of labour leaders with (largely) Bemba-speaking intellectuals from the Chinsali area, but there were consistent tensions between labour and political leaders regarding the utilisation of mining revenue and control of the labour force required to generate it, beginning in the 1950s and continuing through the 1960s and early 1970s. Whilst UNIP sought to oppose the national interest represented by the 'party and its government' to the vested interests of the mine labour force, many mineworkers believed that revenue which accrued to the government and party was consumed by a state-based elite and not redistributed to the rural poor, as UNIP claimed. Nationalisation of the economy in general and the mining industry in particular in the late 1960s reinforced this perception, and this was an important theme in the politics of the UPP in both its legal and subsequent underground manifestations. Discontent regarding the political marginalisation of the Copperbelt and Bemba-speaking Northern Zambia continued throughout the 1970s and 1980s, and was a factor in the province's leading role in the establishment of the MMD in 1990, in which organised labour of course played a leading role.

For most of the last three decades, the potential for class/regional populist expression has been tempered by the unprofitability of the mining industry; the Copperbelt, although still politically important, experienced a decline in both its economic and political centrality. It is striking, nevertheless, how rapidly a new Copperbelt populism has emerged with the return to profitability of the industry in recent years. Michael Sata in many respects symbolises the link between the two periods. Sata, a political operator who has always understood the importance of both mining and labour over Zambian politics, first emerges into public view in the years before independence as a prominent leader of various trade unions, including the Young Trade Unionist group in 1964; such organisations sought to claim the affiliation of

workers, competing to deliver their allegiance to various political parties, usually undermining more established union structures in the process. In the early 1960s, Sata was euphemistically known as a ‘consultant’ to various companies on the Copperbelt, offering to solve (and possibly ‘break’) strikes on behalf of management. He was subsequently an organiser of the United Mineworkers’ Union in Nchanga and Bancroft, despite having never worked as a miner. He apparently aligned himself with the United Progressive Party, cropping up in the South African Embassy in London in August 1971, presenting himself as the representative of Kapwepwe, and appealing for South African assistance to the UPP’s efforts – it is doubtful in my view whether Sata’s move was endorsed, and it is entirely possible he was acting as a UNIP agent provocateur.

Although his political base subsequently shifted to Lusaka, where he was UNIP District Governor in the 1980s, Sata helped organise the MMD’s presence on the Copperbelt in the early 1990s; when he established Patriotic Front in 2001, he utilised his existing contacts amongst retired mineworkers, many who had held prominent positions in both the mineworkers’ union and local MMD structures. Sata has spent much of the last six or seven years revitalising the dormant but never extinguished discourse of Copperbelt populism, that the wealth generated by the region and its workers was being stolen by a corrupt alliance of Lusaka-based ruling politicians and their allies in international mining companies, a discourse which has had continuous purchase since UNIP’s early organisation in the late 1950s. As I’ve tried to suggest however, it is a discourse which has significant political purchase only when the copper price is high, and which is therefore dependent on both the vagaries of the international mineral price and the capacity of local politicians to take advantage of it.

Given such tensions, Zambian politicians have generally done a good job of containing regional dissent within the country’s borders. In the late 1950s, it was by no means certain that the colonial borders would necessarily form the basis of the post-colonial state then being envisaged by a variety of actors, nationalist politicians and Federal authorities amongst them. As well as the familiar story of Barotseland’s resistance to its incorporation into an independent Zambian state, the early 1960s witnessed the machinations of Federal politicians including Roy Welensky, South African leaders, some leaders of the African National Congress, and the Katangese secessionist government of Moise Tshombe; the feasibility of their variously imagined alternative post-colonial states was usually tied up with and dependent on the incorporation and utilisation of mineral wealth to underwrite a new, conservative and/or western-aligned state in central Africa. Valentine Musakanya tells us that in his meeting with the then deposed Tshombe shortly before Zambian independence, Tshombe proposed the merger of Katanga into Zambia, again seeing the creation of a unified state based around a ‘greater Copperbelt’ as a feasible project. Such ideas dovetailed with enduring imaginings of a reconstituted Lunda-Luba empire in which Bemba speakers would restore their historical prestige, an idea which found some expression amongst some supporters of the UPP and its successors.

It may be fanciful to suggest that the current minerals boom may fuel a renewed movement for autonomy or the regional redistribution of political power. But, during my recent visits to both the Copperbelt and Lubumbashi, discontent regarding central political control of mining revenue in Lusaka and Kinshasa found some expression in secessionist, autonomist and ethnically based forms. The Bemba-speaking Chief

Executive of a leading mining company with operations on both sides of the border explained to me that there was a need for Bembas, excluded from the Mwanawasa government after the 2006 election, to reassert themselves politically so as to ensure that the benefits of the mining boom flow not to the current central government in the form of the higher mining taxes, but rather to the Bemba-speaking Copperbelt which produces that wealth. Meanwhile, there are signs in Katanga of a resurgent movement for self-determination, seeking to feed off the widespread discontent with unaccountable foreign-owned mining companies, whose operations lead to environmental destruction, labour exploitation and social discontent, but whose gains flow only to the government in Kinshasa 2,000kms away.

Mining booms, diversification and the urban-rural question

One of the other central questions in Zambian historiography, in which mining booms and slumps have also been central, is the relationship between urban and rural areas. Zambia's unusual early (in comparative African terms) urbanisation was shaped by the growth of the Copperbelt in the 1930s and 1940s, and reinforced by the stabilisation of African labour in the late colonial period. Migrant and then relatively settled Copperbelt residents were the subject of intensive sociological study by the Rhodes Livingstone Institute in the 1950s, and were identified by them as representing a new type of urban African. I don't want to rehearse here the arguments over whether these findings were accurate, or if they overstated the extent of 'real' urbanisation, the Ferguson-Macmillan debate with which many of you will be familiar. It is clear, however, that Copperbelt Zambians, whilst developing distinct urban cultures and outlooks, were never separated in any meaningful sense from their rural kin and areas of origin: indeed, as I've argued elsewhere, what really defined Zambia was not urbanisation per se but the dynamic exchanges between town and village that it enabled - in terms of people, resources, ideas, opportunities etc -, and which continually reshaped both urban and rural areas.

From Independence, however, UNIP adopted the anti-urban rhetoric of Rene Dumont, arguing that 'authentic' development was that which took place in rural areas, and replicating colonial anxieties regarding the dangers of urban migration. UNIP sought consciously to channel the profits earned by mining into economic diversification, particularly in rural areas. Whilst the copper price remained high, significant funds were channelled into loans for emergent farmers to boost production. In practice however, UNIP was unable to turn mine income into significant and sustained rural development. Agricultural loans were widely regarded as non-refundable rewards for political support, and were subject to significant political manipulation. Agricultural exports remained stagnant, and domestic food production struggled to keep pace with the growing population.

Simultaneously, relatively prosperous mineworkers channelled significant remittances to their areas of origin, arguably achieving significantly more rural development in those areas than the government did during the same period. Mineworkers and the wider Copperbelt population commonly believed that the revenue generated by their labour ended up in the pockets of state bureaucrats, whilst doing nothing to reduce the poverty of their rural kin. There is here a wider question about whether states can really play a successful role in bringing about economic diversification and sustainable development; neo-liberalism had sought to answer this question in the negative, but it is striking how many Zambians hold to the idea that it is the

responsibility of the state to at least coordinate the achievement of sustainable development, however that is defined; and that, if previous governments have failed to achieve this, it is not because states are incapable of doing so, but rather that their political leaders did not have the national interest at heart.

There is, then, no inevitability that additional revenue earned by the mines will enable either economic diversification or rural development. Additional income flowing to the state can simply feed the growth of the central state and its potential for patronage, if there is no effective democratic accountability or control over those funds. Has Zambia's democracy developed sufficiently to enable such accountability, to enable a popular debate over how additional mine revenue will be utilised, without degenerating into ethno-regional conflict? The forthcoming Presidential election may provide some indication of this.

What is clear, however, is that, historically at least, effective rural development tends to be sidelined in periods of mining profitability. Here is the irony: in periods of prosperity, diversification is rhetorically emphasised but not acted upon, because the state's requirement for revenue is satisfied. In periods when mines are unprofitable, there is a greater urgency in attempts at diversification, but the means to achieve it are not available.

Conclusion

The central, rather modest point I want to make is that the outcomes of mining booms are in no way predetermined. We can observe two rhetorical tendencies currently at work in Zambia, and elsewhere in Africa and indeed more widely, in places where the mineral price boom is impacting on politics and society: on the one hand, there is the assumption that mining revenue will lead to development and societal progress, whilst on the other, the 'resource curse' argument presupposes that mining revenue will intensify state-based elite accumulation, otherwise known as corruption, and a loss of effective state accountability. Both arguments are, I want to argue, overly deterministic and unhelpful in understanding both the historical and contemporaneous realities we want to discuss in the next two days.

In practice, the outcome of any mineral boom is uncertain, and the meaning of any 'development' that flows from it is always politically contested; one person's development is usually another's lost opportunity. The high copper prices of the 1950s were seen by many white settlers as their source of a good colonial life, but they also enabled African nationalists to imagine a very different outcome, the industrialised country in the heart of Africa with living standards to match those of parts of Europe. The early 1960s saw a victory for a particular nationalist vision of a politically independent Zambia, but struggles for meaningful economic independence continued. Contestation over mine revenue and the promise it held for prosperity and development continued within Zambia, between different regions of the country, between different classes, between rural and urban areas, and between different political parties and factions of the one-party state. This contestation declined and became less important in the 1980s and 1990s, during a period when Zambia's mines came to be seen as more of a liability than a resource. Today, however, as I've tried to illustrate, many of the older questions regarding the utilisation of mine revenue for development, and how to balance the aspirations and demands of different actors -

mine companies, mine workers, communities and the state - are again being raised in new forms.

What I think is most different, however, about the contemporary boom from the previous one, is that Zambia is more of a *functioning* democracy than it has ever been. As Alastair Fraser and I have argued, this is not primarily the result of the adoption of formal multi-party democracy in 1991, and not at all a reflection of donor pressure for political accountability, as some might believe. It certainly results in part from the achievement of debt relief in 2005, which has enabled national politicians to at least consider the possibility of setting their own development agenda, in a way which, in a context of structural adjustment, has been effectively unthinkable for much of the last 20 years. More than anything, however, it reflects a popular political aspiration, which developed in the Copperbelt in the 1940s and 1950s, spread to the wider rural and urban population, and which has survived both one-party authoritarian rule and economic liberalisation - that the Zambian people should be the primary beneficiaries of the country's internationally significant mineral wealth, and that they must be prepared to act politically to ensure that such a circumstance is brought about. The current mineral boom, taking place in a context of a competitive electoral system, an increasingly free media and a society in which such a discourse can be fairly openly expressed, provides at least the opportunity for such aspirations to be realised in part, notwithstanding the many potential pitfalls and problems, some of which I've tried to illustrate through historical precedent. What happens next will undoubtedly be determined in part by the actions of the international mining companies and the traders on the London Metal Exchange, reflecting as they do the vagaries of the international economy. Politicians and state officials may likewise seek to evade such questions, or alternatively play upon them in forms which increase inter-regional and ethnic tensions. But the Zambian people will also have a significant say in determining whether the mining boom results in some form of meaningful development, or simply economic growth alongside sustained poverty.