Zambia's second subordination

re-colonisation through neo-liberalism

Glenn Adler traces the roots of Zambia's subordination within southern Africa.

Zambia's relations with the international economy have turned full circle. Exactly 100 years ago, white domination was asserted over what is now Zambia by Cecil Rhodes' British South Africa Company (BSAC). More than 25 years ago an independent Zambia attempted to regain control over its economy through nationalisation. This eventually led to profound economic crisis and fuelled the pro-democracy resistance to Kenneth Kaunda's one-party state.

Today, influenced by western countries and international donors, Frederick Chiluba's MMD government pursues a neo-liberal economic programme, based on privatisation and liberalisation. Ironically, Rhodes' South African heirs are the main beneficiaries of the sell-off of state assets. The Zambian trade unions - champions of democratisation and the MMD - now find themselves tied to an economic policy that leads to Zambia's resubordination within a region once again dominated by South Africa.

Recolonisation holds important threats for Zambian unions. It also has important implications for regional solidarity efforts by the South African labour movement.

Colonial domination

In the early 1890s the BSAC won concessions from African chiefs, who granted the company rights to administer and mine vast stretches of present-day Zambia. BSAC claims were consolidated into two protectorates, which were united in 1911 to form Northern Rhodesia.

At first little was done to develop the great mineral wealth of the territory. Northern Rhodesia supplied food and cheap labour for mines in Belgian-controlled Katanga to the north and the BSAC's mines in Southern Rhodesia. The company built railways and telegraph lines, knitting the territory more tightly into its southern African empire.

Britain's Colonial Office took control of Northern Rhodesia in 1924, but the BSAC retained its mineral concessions. These proved enormously valuable after prospectors discovered vast underground deposits in what was to become the Copperbelt. Two foreign companies led the way: Rhodesian Selection Trust, dominated by American interests, and Anglo American Corporation, one of the direct heirs to Rhodes' mining empire. In 1930/31 four new copper mines opened on the Copperbelt, which soon became the engine of the Northern Rhodesian economy, accounting for 90% of all exports.

South Africa was closely involved in the mines' development, providing capital, technology, and skilled labour. The mines stimulated the growth of a vast new labour force, dominated at the top by skilled expatriate miners and engineers and at the bottom by migrant black miners from throughout southern Africa.

Black miners, angry at the poor pay and hazardous working conditions, led a series of major strikes in the 1930s and 1940s. In 1949, they successfully organised an independent union, the Northern Rhodesian African Mineworkers Union. Under pressure from British colonial authorities (and the ruling Labour Party in Britain), the mining companies recognised the union. It has remained the cornerstone of the Zambian labour movement.

The mines were immensely profitable, but the bulk of the surpluses were transferred out of the country into their foreign owners' accounts. The lion's share of what was spent inside the country benefited the tiny white settler population. In 1950, for example, the colonial government spent 30 times more on the education of white children than it spent on black children.

Cecil John Rhodes straddling the continent – a Punch cartoon of 1892. (History of Africa, Kevin Shillington, Macmillan, 1989)

Resistance

These inequalities, combined with the persistent denial of political representation, sparked African political opposition. Organisations that developed in the 1940s consolidated in 1951 into the Northern Rhodesia African National Congress (ANC), to fight white settlers' efforts to gain direct rule over the colony. Their resistance failed. In 1953 Britain – now under Conservative Party rule – created the Central African Federation, granting self-rule to white settlers in the three colonies of Northern Rhodesia, Southern Rhodesia and Nyasaland.

This sparked a massive increase in resistance. In the aftermath of the Mau Mau rebellion in Kenya and in the face of mounting protest in Northern Rhodesia and Nyasaland, Britain accepted that African independence was inevitable. The Central African Federation was broken up, leading to elections in Northern Rhodesia in 1964 and victory for Kenneth Kaunda's UNIP, which had broken away from the ANC five years before.

Independence, nationalisation, and the single party state

Kaunda became the first president of the newly independent Zambia The country soon took up a leading solidarity role in southern African liberation struggles and in the Non-Aligned Movement.

However, Zambia remained dependent on copper exports, and on an economy firmly woven into a region dominated by the remaining settler colonies, Rhodesia and South Africa. Skilled labour, manufacturing inputs, coal, petrol, even its main source of electricity came from the south.

It was in response to this situation that Zambia embarked on nationalisation and import substitution. These desperate attempts to lessen dependence received little support from the leading western capitalist countries. Instead solidarity came from the socialist bloc. The Chinese financed and helped build the Tanzam railway which linked Lusaka to Dar es Salaam, giving the land-locked country its first access to a port not under white settler control. A Yugoslavian firm built a hydro-electric station that helped lessen dependence on Rhodesian electricity, and Tanzania assisted the export of copper and the import of petrol by land across the countries' shared border.

Nationalisation was a crucial component in this strategy, with the copper mines – nationalised in 1970 – representing the largest prize. It was hoped that nationalisation would stop the repatriation of profit, estimated to be nearly £100-million in the ten years prior to independence. If redirected towards development, such revenues could redress the legacies of colonialism and finance the start-up of state-owned companies to diversify the country's manufacturing base. These included firms in textile and glass, as well as Nitrogen Chemicals of Zambia, which produces fertiliser and inputs to the mining industry formerly produced in Rhodesia.

But nationalisation was not without its problems. It occurred on terms favourable to the departing multinationals, who were bought out at generous market rates, and continued to hold a minority stake in the nationalised Zambian Consolidated Copper Mines. Meanwhile, the government used up significant foreign exchange reserves in buying up its majority share. Soon after the take-over world copper prices collapsed, throwing Zambia into a debt trap and recurring balance of payments crises

In time, nationalisation would lead to state ownership of more than 80% of the economy. For a time it generated some diversification in the economy and funded an ambitious state welfare programme. However, economic crisis in the late 1970s – sharply falling copper prices, the twin oil shocks, and steeply rising interest rates – put paid to the strategy. In practice, 'Zambianisation' provided rapid enrichment for a narrow stratum of citizens, while encouraging widespread cronyism and inefficiency, especially after UNIP instituted a single party state in 1972.

In the midst of chronic balance-of-payments crises from the late 1970s the government accepted a series of IMF-sponsored adjustments, which resulted in the rolling back of the welfare system. Combined with increasing political restrictions, these problems provoked widespread frustration, which from the mid-1980s emerged as increasingly organised protest.

Full circle

The ZCTU stood at the forefront of these struggles, galvanising popular mobilisation through consistent criticism of both structural adjustment and the slide towards dictatorship. Labour helped launch and support the MMD as the 'most progressive party' in the 1991 elections. However, the MMD was a broad church, and its economic thinking was shaped largely by middle class and business elements. Labour found itself on the outside looking in on a government bent on rapid liberalisation.

In practice this meant a massive increase in the power wielded by foreign corporations and an especially robust role for South African business. Many South African companies - including some who had been bought out on very favourable terms by the Zambian government during the phase of nationalisation - are returning to buy up companies at firesale prices. Anglo American, Anglo-Vaal, Pepkor, Afrox, Kynoch and Sasol - to name a few - have either bought or have expressed interest in these firms.

Liberalisation has reversed the emphasis on *delinking from southern domination* that was a hallmark of Zambian nationalism for 30 years. Moreover, international agencies - from the IMF to bilateral aid organisations such as the United States Agency for International Development (USAID) - now wield influence unmatched since the days of direct rule by the British Colonial Office.

These processes of resubordination have produced significant challenges to labour in Zambia and to solidarity efforts by labour allies outside the country. They have led to retrenchments and have fuelled internecine battles between unions in the public and (newly privatised) business sector. Hopes for negotiated tripartite compromises on economic policy are weakened by the increasingly expatriate character of ownership: who represents 'Zambian business' when the largest stakeholders reside outside Zambia's borders? Who is able to take decisive - and binding - action on business's - or indeed government's - behalf? In the light of its strong criticism of the previous policy of nationalisation and its qualified support for structural adjustment, what approach does labour now adopt to address the shortcomings of adjustment?

There are lessons to be learned by South African allies as well. South Africa is not a neutral participant in regional development, but is increasingly powerful as an investor and employer. South African unions need to tread carefully in their dealings with labour allies in the region, to avoid being typecast as the new regional hegemon's junior partner. Unions must find ways of differentiating themselves sufficiently from South African employers and the South African government, whose behaviour and motives may well appear suspect in the eyes of Zambian workers and trade unionists. It is insufficient to act on the basis of national interests alone, to view Zambia as part of this country's hinterland, since South African business interests are directly implicated in Zambian unions' current problems. It is crucial to maintain a regional and historical perspective, to be aware of the ironies of history that have restored South Africa to a position of regional dominance.

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