

The Historical Role of Copper Mining in the Zambian Economy and Society

From colonialism to nationalisation

One of world's largest sources of copper ore is found on the border of Zambia and the Democratic Republic of Congo, in a region known as the Copperbelt. Since the first commercial mine was opened at Roan Antelope (now Luanshya) in 1928 copper mining has dominated Zambia's economy. Under British colonial rule Northern Rhodesia (now Zambia) was understood by the authorities principally as a source of mineral wealth to support much more significant industrial, social, educational and governmental infrastructure in Southern Rhodesia (now Zimbabwe). The mines were owned and managed by two private companies, the Roan Selection Trust and the Anglo-American Corporation

When Zambia won its political independence in 1964 first President, Kenneth Kaunda, and his United National Independence Party (UNIP) set up great hopes for development. Central to these hopes was the rapid growth of the copper industry, driven by favourable world prices through the late 1960s and early 1970s. Mining had transformed the Copperbelt from an area of bush to a dynamic urban and industrial region, and with independence and the growth of the sector, Zambia was seen as the model for a continent moving rapidly towards political and economic independence, industrialisation and an end to poverty. In 1969, Zambia was classified a middle-income country, with one of the highest GDPs in Africa, three times that of Kenya, twice that of Egypt, and higher than Brazil, Malaysia, Turkey and South Korea (18). By 1973, Zambia had an urban population of 1 million out of a total population of 4 million. 750,000 were in waged employment (19).

In 1968 President Kenneth Kaunda raised concerns that, from independence, the two companies that owned the mines had put in little new money. The companies claimed that the royalty system by which they were taxed dissuaded investment. The Government responded in 1969 by announcing the nationalisation of the mines. The Constitution was amended through a referendum. All rights of ownership of minerals as well as exclusive prospecting and mining licenses reverted to the state. The mining companies were forced to give 51% of shares in all existing mines to the State. The two nationalised companies were combined in 1982 to form Zambia Consolidated Copper Mines (ZCCM)

Kaunda's philosophy, of 'Zambian humanism' focused on developing the potential of the indigenous population and a series of ambitious five-year National Development Plans aimed to direct the profits of newly nationalised copper mines towards building hospitals, schools and universities and providing subsidies to state-owned manufacturing companies and consumers. The colonial authorities had made little effort to develop educational and health infrastructures and at independence less than 0.5% of the Zambian population were estimated to have complete primary education. The country had just 107 graduates (20). Since independence, during the years of good international copper prices, mining contributed over 50% of the country's foreign exchange and two-thirds of the central government revenue (21).

The economic role and social functions of ZCCM

The mines also made a direct contribution to making the Copperbelt the most developed area of Zambia. As early as 1929, the private mining companies had become responsible for the provision of sanitary and orderly compounds to house employees (although European quarters had added facilities, such as electric light and water). The mine managements also supplied food rations for their employees, providing maize-meal, millet, rice, beans, meat, fresh vegetables, peanuts and salt on a weekly basis. Hospitals with competent medical personnel were provided in all mining settlements. The companies also provided recreation clubs for employees with many sporting and entertainment activities.

ZCCM was seen as a reflection of the state's developmental philosophy and supplied amenities much wider in scope than those offered during the colonial period, including free education for miners' children, alongside subsidised housing and food, electricity, water and transport. ZCCM literally operated "a cradle to grave" welfare policy, even subsidising burial arrangements for the dead. Although the system is often referred to as 'paternalistic', it should be remembered that these services were not all initiatives from the top-down. In many cases improvements in terms and conditions and in the condition of living quarters were demanded by the powerful Mineworkers Union of Zambia (MUZ) (22).

The mines did not just look after their workers, they provided services to the whole community. The company managed the environment in the mine townships, maintained the roads and collected refuse as well as providing cafeterias, bars and social clubs dotted over the mine townships. They encouraged the growth of economic and social activities dependent on miners' incomes, such as shops, farms to supply food to the mine areas and other industrial activities. Youth Development Schemes helped youths in the compounds identify the skills they could pursue and formalise as careers. Women's clubs concentrated on home-craft. Social casework agencies were charged with investigating social conditions in the townships. By the time of privatisation, ZCCM had one or two hospitals at each of its operating division. In towns like Nchanga and Konkola there were no government hospitals and non-mine employees and their dependants relied on mine hospitals for access to medical services.

The crisis of the ZCCM model

Although major progress was made in the first decade of independence, developments slowed when the price of copper collapsed after the first oil crisis in 1974, forcing Zambia to borrow in order to maintain social provision. After the second oil crisis in 1979, interest rates shot up and Zambia was thrown into a severe debt crisis. For twenty years the economy collapsed at an internationally unprecedented rate as copper prices continued to fall relative to the price of imports. Between 1974 and 1994, per capita income declined by 50%, leaving Zambia the 25th poorest country in the world (23).

Throughout the economic crisis, ZCCM was treated as a 'cash cow', milked without corresponding investment in machinery and prospecting ventures, and the mines suffered from little investment, as had been the case before 1969. With little investment in exploration and drilling, and a lack of spares in equipment and machinery, no new mines were opened after 1979. The ore bodies within the existing mines were found deeper and deeper and the cost of production went up. ZCCM production collapsed from a high of 750,000 tonnes in 1973 to 257,000 tonnes in 2000 (24).