‘Reaction and Resistance to Neo-liberalism in Zambia’

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Introduction

In April 2005, 49 workers were killed in an explosion at the BGRIMM explosives plant in the town of Chambishi, in Zambia’s Copperbelt. Days after the country’s worst industrial disaster for 30 years, the Chinese-owned company was unable to confirm the exact death toll, because most of those employed were casual workers whose names were not recorded by the company. There was widespread anger at the fact that casual workers, paid between US$15 and US$30 per month, could be employed in such a hazardous working environment. Ministers of the Movement for Multi-Party Democracy (MMD) Government criticised the company, and the Ministry of Mines froze the issue of any new mining licences. A national day of mourning was declared to mark the funerals of the deceased. At the funeral, family members of those killed expressed their anger not only at Chinese company executives, but also Government Ministers. Police beat back protestors attacking the Government’s failure to properly regulate companies that, over the last ten years, have been sold to foreign investors.¹ BGRIMM was previously part
of the vast copper mining state company, Zambia Consolidated Copper Mines (ZCCM). ZCCM, which was broken up and sold off in the late 1990s, had a relatively good safety record enforced by a powerful Mines Safety Department. Whilst the Department still has the same legal powers to ensure safety in the mines and related workplaces, it is widely suspected that their new owners are able to evade such controls through the bribing of low-paid government inspectors. The suspension of mining licences reflects widespread suspicions that international mining companies acquired their assets through less than transparent means, an issue explored by this paper.

The BGRIMM protests can be understood as part of the current Zambian discourse around neo-liberal economic polices, which this paper aims to assess. It locates the origin of these protests in the impact of economic liberalisation programmes implemented by the ruling Movement for Multi-Party Democracy (MMD) since 1991. The paper studies the privatisation of the economically strategic copper mining industry, exploring the linkages between a secretive and corrupt privatisation process, and its human consequences for mineworkers, their families and communities. It finds that the International Financial Institutions (IFIs) sought to implement privatisation regardless of legal requirements, social consequences, and the future sustainability of the mining industry. It surveys the development of opposition to privatisation amongst civil society organisations,
particularly trade unions, and seeks to identify emerging Zambian alternatives to neo-liberalism, including new models of popular control of strategic economic resources, and a renewed authoritarian nationalism that feeds on popular resentment of the effects of neo-liberal policies. It also explores the problematic relationship between civil society’s current initiatives for constitutional reform and democratic accountability, and popular demands for economic and social justice.

**Selling the Zambia National Commercial Bank**

In December 2002, trade unionists, civil society organisations and opposition political parties held a demonstration in Lusaka against the proposed privatisation of the Zambia National Commercial Bank (ZNCB), and two other state-owned companies. Initiated by the Zambia Union of Financial and Allied Workers (ZUFIAW), which represents ZNCB employees, the march was only granted a police permit after strike threats were made. By the time it took place, however, the demonstration had been transformed into a victory parade: days earlier, the National Assembly had voted against privatising ZNCB, reversing the declared policy of President Mwanawasa’s MMD government. Senior Government figures subsequently confirmed that they had cancelled plans to sell all three companies.²
In March 2003, however, Government ministers announced that the ‘commercialisation’ of ZNCB would take place. This would involve the sale of 49% of shares; \textit{de facto} control of the bank would be transferred to the private partner, which would run it according to commercial criteria.\textsuperscript{3} The reason for the Government’s \textit{volte face} was clear; the International Monetary Fund (IMF) had publicly declared that retaining the ZNCB and the other companies in state ownership would be a direct breach of Zambia’s Poverty Reduction Strategy Programme (PRSP). Under the PRSP, Zambia, as a Highly Indebted Poor Country (HIPC), was seeking relief of about half its US$6.8 billion debt. This relief, the IMF made clear, was now under threat.\textsuperscript{4}

Such experiences, replicated in other African countries, challenge the claim by IFIs and donors that the HIPC/PRSP process is based on local participation and on an anti-poverty approach. The Zambian state has in practice, limited such participation when this threatens to conflicts with donor priorities. Increased public awareness of the willingness of the IFIs to disregard democratic accountability has created a popular debate over privatisation that encompasses the nature of neo-liberal economics, the workings of the global economy, and the position of Zambia within it. This marks a significant break from what has been a generally secretive process of economic policy-making in Zambia since Independence that, notwithstanding the claims of successive governments to be
seeking national economic independence, has in fact been, and continues to be, decisively shaped by, and designed to serve the interests of, foreign private and state economic interests.

**Neo-liberalism in the 1990s**

In the public debate over privatisation, material evidence is provided by Zambia’s own experience of IMF-influenced structural adjustment policies. These were first implemented in the early 1980s by the one-party regime of Kenneth Kaunda’s United National Independence Party (UNIP). The resulting cuts in state funding of health, education, and food fuelled the rising discontent which led to the establishment of multi-party democracy in 1991, and the electoral defeat of UNIP by the MMD. Despite this, the MMD Government, led by the former Chairman General of the Zambia Congress of Trade Unions (ZCTU) Frederick Chiluba (previously a leading critic of IMF-influenced policies), implemented one of the most radical programmes of economic liberalisation in sub-Saharan Africa. Exchange controls were removed, major cuts were made to public expenditure, and more than 250 parastatals, representing c.85% of the Zambian economy, were privatised.

The result has been a massive contraction in the economy, and a marked decline in employment and living standards. State companies, established to provide
essential goods in a closed economy, were unable to compete against the products of multinational corporations that now had unrestricted access to Zambian markets. Most have now either closed or dramatically reduced output, and formal sector employment has halved as a consequence. Workers retrenched from such companies have frequently not received the terminal benefits to which they are legally entitled. Dramatic reductions in real terms spending on education (from 1992-96, an average 2.5% of GDP was spent on education, and average real spending per student fell from $118 in 1983 to $50 in 19965) have substantially reduced access to, and the quality of, primary and secondary schooling. The introduction of increased user fees for health, water and sanitation services, insisted upon by donors as the price of ongoing financial support, has substantially and adversely affected the quality of Zambian life. Life expectancy has fallen to the mid 30s, fuelled by the rapid spread of HIV/AIDS (roughly one in five Zambians is HIV positive). Zambia has slid to 143 of 161 countries in the Human Development Index.6

Although economic liberalisation has not benefited the vast majority of Zambians, those with access to capital have taken the opportunity to further enrich themselves through the privatisation process. Zambian businessmen, many of whom accumulated their initial wealth through links to state capitalism in the 1970s and 1980s, have used the same links to acquire smaller parastatals through
the opaque processes of the Zambia Privatisation Agency (ZPA). Examples of the sale of such companies to prominent political figures have been highlighted in the independent press, and in a major international study of the privatisation process.\textsuperscript{7} The revenue from some major privatisations, such as the $14.8m paid for the Zambia Sugar Company, has not been accounted for.\textsuperscript{8} Legislative loopholes enabled a minority of Government-appointed ZPA Board representatives to hold meetings at short notice, and make decisions without the knowledge of other board members.\textsuperscript{9}

Whilst most observers acknowledge that some job losses and company closures were inevitable, Zambian critics believe this was significantly worsened by the implementation of the privatisation process, and the influence of the IFIs on this. Joyce Nonde, the ZUFIAW General Secretary who initiated the December 2002 demonstration, expresses the labour movement’s perspective:

…we are told IMF, World Bank, were pushing…over 200 plus institutions [into] private hands, and our expectation was that implementation was going to be done properly. For example, there’s going to be [a] study of each and every institution. What does this institution do for the country, how do we privatise it, what will be the effects of privatisation?…Also you are supposed to analyse the people who are buying it. Are they capable, what is their track record? You know, we expected so much to be done, but what did we see? Everything was done in a hurry. There was asset stripping, and there was selling of institutions at a very low price to dubious people; and the workers who were laid off were not paid, they were just thrown into the streets. As I’m
talking now a lot of them have not been paid. You can imagine yourself, having worked for 30 years in an institution, and going away with nothing. What are you doing, you’re creating poverty…the country has gone backwards, in terms of poverty, in terms of unemployment, and so on and so forth. And there’s no person who’s interested in saying, privatisation has worked…it’s not the policy of privatisation itself, it’s correct, there’s nothing wrong with it, but it’s the way it was done, and the way it’s being done. That’s not the way we expect it to be done, and we blame the IMF and World Bank for having put conditionalities and making the Government rush, into selling these things. They are actually to blame, partly to blame. They are taking advantage of this weak Government, which is looking for money.  

Thus, whilst the IMF promotes privatisation as a solution to the corrupt manipulation of state-owned resources in the past, Zambian critics see the flawed form of privatisation imposed by the IFIs as primarily responsible for the parlous and corrupted state of the contemporary Zambian economy.

**The privatisation of Zambia Consolidated Copper Mines (ZCCM)**

It is impossible to overstate the historical dominance of copper mining in the Zambian economy. For fifty years, international copper sales provided the majority of domestic product (60-70% during the 1960s) and Government revenue (90-95% in the same period). The decline and stagnation of the copper price, over which the Zambian state has no influence, has been the most important factor in the country’s economic decline, and its resultant dependency on Western donors and IFIs.
The sale of ZCCM, the vast mining conglomerate in which the state held a 60.7% share, was therefore crucial to the overall success of the privatisation process. The privatisation of ZCCM was shaped at every stage by Zambia’s dependent relationship with the IFIs and international mine capital. At decisive points in the process, the World Bank and IMF intervened to influence the future ownership of Zambia’s primary economic resource. Not coincidentally, mine privatisation breached the requirements of Zambia’s Privatisation Act for transparency in bidding processes and awards, consultation with stakeholders, and due regard for social and environmental impact. This contributed to the failure of the sale to realise significant revenue, which was to have been used to clear part of Zambia’s vast debt.\textsuperscript{11}

In the early 1990s, whilst the privatisation of other state-owned companies proceeded, debate took place regarding the appropriate way to privatise the then profitable copper mines. The Anglo American Corporation (AAC), the South Africa-based international mining conglomerate, had been one of the two sole owners of the Zambian copper mines from the 1920s until partial nationalisation in 1969. AAC retained a 27.3% share in ZCCM throughout the 1980s and 1990s, and was thus well placed to bid for some or all of the mines, and to shape the overall privatisation process. AAC retained a written veto on the sale of ZCCM.
assets, and was the obvious buyer should ZCCM be sold as a single unit. The Government was however reluctant to place the key asset of Zambia’s economy in the hands of a single international corporation, and sought external advice on alternative approaches.

Reports by external development advisers, funded by the World Bank, recommending the unbundling of ZCCM into smaller companies, and their sale through a competitive bidding process. A rump ZCCM would retain minority shares in each resultant company, and the Government would keep a minority share in ZCCM. The Government, the donors, and AAC approved this recommendation, and ten packages were advertised for sale by the ZPA in February 1997. AAC’s initial reluctance regarding unbundling was overcome by a written guarantee that they would acquire Konkola Deep, the as yet undeveloped mine project that was the jewel in ZCCM’s crown. Whilst this enabled the process to proceed, it also removed the most valuable asset from competitive bidding, substantially reducing potential revenue.

In June 1997, with bidding underway, Chiluba appointed a Privatisation Negotiation Team (PNT) headed by Francis Kaunda, Chairman and Chief Executive of ZCCM in the 1980s. Francis Kaunda had been a UNIP loyalist (and a member of the ruling party’s Central Committee), and was for that reason
removed from his ZCCM position as soon as the MMD came to power in 1991. He had, however, retained strong personal links with senior officials in international mining concerns, and quickly brought these to bear in his new role. His enduring friendship with senior AAC Executives is described in his recent book about the privatisation process. A single bid for the largest package, including the Nkana and Nchanga mines, by the ‘Kafue’ consortium of four major international mining companies, was initially accepted by the ZPA. However, negotiations between them and Francis Kaunda’s team became drawn out, as the international copper price fell. A final bid by the Kafue Consortium was rejected by the PNT in 1998, throwing the privatisation process into confusion.

The World Bank was certainly concerned; a 1998 donor Consultative Group meeting was cancelled, not for human rights concerns as was officially stated, but because of failure to complete the sale of ZCCM. $238m of pledged balance of payments support was withheld for the same reason, at a time when the copper mines were making increasing losses that were being borne by the state. The AAC now sought to use the Government’s parlous economic position to acquire mine assets at an advantageous price. As the Afronet/CBE/RAID report makes clear,

… it was not until the company, from this position of strength, had negotiated and signed a memorandum of understanding with the Government over the purchase of Nkana, Nchanga and Konkola on 24
November 1998, that the donor community indicated that it would consider the approval and release of funds.\textsuperscript{14}

Following this agreement, the IMF agreed in principle to a new phase of its Enhanced Structural Adjustment Facility (ESAF), with subsequent payments dependent on ongoing progress in the sale of ZCCM.

During 1999-2000, AAC benefited from donor/IFI pressure on the Government, eventually purchasing Nchanga and Nkana mines for $18m (the Kafue Consortium had offered $131m, albeit for a somewhat different package of assets, two years before).\textsuperscript{15} AAC was able to secure substantial additional concessions to Zambia’s already liberalised tax regime, including a 20-year tax holiday on the remittance of profits and dividends. It also succeeded in shifting the costs of compensating 3,000 workers made redundant on the eve of sale (which was finally completed in March 2000) to the Government-owned ZCCM-Investment Holdings.

Notwithstanding these concessions, AAC pulled out from Zambia in January 2002, with the mines, under the name Konkola Copper Mines (KCM), effectively reverting to state ownership. Despite widespread predictions that KCM would collapse, its Zambian management successfully returned the company to profitability. Despite their evident effectiveness, the Government rejected a
proposed management buy out in 2004, instead selling a majority share in KCM to Vedanta Resources for US$25m, an amount it recouped in its first three months of operations.  

International influence over the Zambian economy could have been used to raise important questions as to whether the mine privatisation process was likely to benefit Zambia. In fact, in the context of increasing losses, every action of the IFIs was designed to place the mines in the private sector as rapidly as possible, regardless of the consequences for income generation, living standards, and the future sustainability of the mining sector.

**Luanshya before and after privatisation**

The consequences of this approach can be seen in the current parlous state of the town of Luanshya in the Copperbelt. Luanshya’s mine complex was the first major ZCCM asset to be sold. Under the established bidding process, the ZPA had negotiated with the Canadian-based First Quantum mining group, and it was expected that they would acquire the Luanshya assets. With the entry of Francis Kaunda’s PNT, however, First Quantum’s preferred bid was suddenly replaced with that of Gokhul Binani’s group of companies, disregarding the tendering and consultation processes required by the Privatisation Act. In July 1997, Binani was
awarded the Luanshya concession for $30 million, establishing the new Roan Antelope Mining Company of Zambia (RAMCoZ).

Gokhul Binani initially impressed local MUZ officials when he visited the mine for the first time. There were promises of investment of $69 million, and the construction of new plant. Luanshya miner Anton Kaluba:

> Mr Binani, the time he had came in, as a pioneer of buying the first mine here in Zambia, he showed a good name for the first six months or so… we thought we were going to have better life. But then…later on we discovered that, this man was no more or less like a conman.\(^\text{18}\)

The mine was asset-stripped; existing machinery was dismantled and removed, and the smelter furnace was allowed to break down. Binani had taken on many of the costs of the loss-making ZCCM, initially agreeing to employ all 6,240 employees, and taking on responsibility for company amenities such as health centres. Binani was however either unable or unwilling to cover these costs, and sought in private negotiations with the Government to reduce them. RAMCoZ also breached its agreement with the MUZ to pay ‘terminal benefits’ to retiring and retrenched workers. By 1998, it was clear that these were not being paid. When the union raised this issue with RAMCoZ management, MUZ Branch Chairman Cameron Pwele was dismissed.\(^\text{19}\) His sacking prompted an eight-day strike, violently repressed by security forces, in which two people died. The strike
achieved Pwele’s reinstatement, but not the payment of terminal benefits. Binani appears to have believed it could behave with impunity in breaching its agreement with MUZ and its creditors because of its close relationship with Chiluba. It is widely acknowledged, and a former senior RAMCoZ Executive confirms, that the MMD received regular payments from the new owners, in *de facto* exchange for evading its responsibilities. 20 $35 million of Binani funds, ostensibly to purchase the mine and to pay terminal benefits, were initially paid into a ZCCM account in Belgium. These then disappeared, and their whereabouts remains unknown. It is widely suspected that Chiluba and/or other members of his administration salted these funds away in offshore bank accounts.

In 1998 the Copperbelt Energy Company, owed millions of dollars in unpaid bills, drastically reduced electricity supply to RAMCoZ, making normal operations impossible. Other contractors gradually withdrew services, and in October 2000, receivers were sent in to recover Binani’s debts. 21 Chiluba now publicly turned on Binani, successfully ridiculing him as an Indian with no expertise in mining, in so doing deflecting from the collusion of the State in Binani’s purchase of RAMCoZ, and its subsequent *modus operandi*. Under the receivers, mine operations initially continued, but in March 2001 the lack of power supply led to flooding, and the suspension of normal mining operations.
The Government receiver now took responsibility for the payment of terminal benefits, and the salaries of the 2,500 employees who were retained to maintain essential mine services. The Government, however, struggled to locate funds for these purposes; in 2002, employees went without pay for seven months. A series of court cases, interspersed with violent strikes and demonstrations, finally secured the payment of benefits to some retrenched miners, a process completed in 2003.

In a town that owes its existence solely to the mine, the legacy of Binani’s disastrous administration of RAMCoZ manifests itself in every aspect of life in Luanshya. Former miners and their families survive through a combination of subsistence farming and basic informal trading. Most town centre shops have closed down, with trade taking place from unhygienic pavement stalls and run-down markets. Transport services are virtually non-existent. The municipal council, which derived most of its income either directly or indirectly from the mine, is penniless and unable to provide the most basic services appropriate in a town the size of Luanshya. Its own workers have gone unpaid for long periods. Many miners’ houses now lack electricity, water, and sanitation services. Their families are unable to eat more than once a day. Luanshya’s hospital and clinics are unable to buy drugs and other supplies, and local MUZ officials report that since the mine closed, there has been a tripling in the daily number of deaths in
the mine townships. Crime rates, unsurprisingly, have soared. Many of those still working in Luanshya are employed to guard the mine, to prevent the looting of scrap metal by impoverished ex-miners. The Government has recently deployed armed paramilitary police to guard the mine in an attempt to prevent such petty theft. The fact that those who asset stripped the mine and destroyed the livelihoods of thousands of mineworkers have meanwhile gone unpunished, is an irony not lost on the people of Luanshya.

In 2003, J&W Investments, a company based in Switzerland, signed a contract with the Government to take over RAMCoZ. As the then Minister of Finance Emmanuel Kasonde proudly announced, one of the reasons the J&W bid had succeeded was because of its financial backing by Lakshmi Mittal, the international financier and businessman. Mittal is believed to have provided a substantial part of the funds for the original Binani bid, and Pwele fears that Mittal has effectively been given the Luanshya mine to prevent a major law suit over the closure of RAMCoZ. Production in one part of the mine restarted in 2004, but only one-third of the mine workforce has been re-employed.

Former Branch Chairman Pwele, now the local MP, is critical not only of Binani and the MMD, but also of the complicity of the MUZ leadership in the privatisation process. MUZ head office officials insist that, given the threat to the
very survival of the mining industry in the late 1990s, they had no alternative but to accept the accelerated privatisation process. Senior MUZ officials did attend meetings where information about potential buyers was shared, but the prior consultation supposedly guaranteed by the Privatisation Act did not take place.\textsuperscript{25} Some branch officials in post in the late 1990s point to the exclusion of the union from the tendering and negotiation process, arguing that if they had been present, some concessions granted would not have been made.\textsuperscript{26} They describe the corruption of ZCCM officials (for example, Binani executives giving boxes of expensive suits to Ministry of Mines officials), and insist that MUZ did complain about this.\textsuperscript{27}

Many MUZ members remain suspicious that union officials were themselves recipients of graft linked to the privatisation process, in particular in the sale of ZCCM’s vast housing stock. Chiluba won significant electoral support amongst miners in 1996 by announcing that all ZCCM’s 40,000 houses would be sold to sitting tenants, the vast majority of whom were miners. Major irregularities are known to have taken place in this process, with prominent ZCCM Board members and Executives, and top MUZ officials, acquiring one or more high cost houses at bargain prices.
The national MUZ leadership has been unable to visit Luanshya for fear of physical attack by discontented members. In 2003, the local MUZ office was partly gutted by in an arson attack assumed to have been committed by angry miners. Elsewhere, thousands of discontented MUZ members have joined the breakaway National Union of Miners and Allied Workers (NUMAW); once one of Africa’s most powerful unions, MUZ is now apparently in terminal decline.

Cameron Pwele believes the MUZ leadership secretly agreed that Luanshya miners could be dismissed without being paid their terminal benefits, and blames the union’s weakness on its close relationship with the MMD, a legacy of the pro-democracy movement of 1991:

I differed with them [MUZ leaders] because, they became a Government. They were supporting MMD. And they left the workers in the dark. They stopped thinking about the workers, because they thought they were Government, and they could do anything. Anyone who could speak on behalf of the workers became an enemy.

The union movement under the MMD

There is now increasing acknowledgement in the union movement that the union movement was weakened by its close relationship with the MMD in the 1990s.

Leonard Hikaumba, President of the ZCTU:

I think the first few years of MMD in power, you know we had given them the benefit of the doubt. Most of the people in Government came from our movement, including the President. They had made an appeal in 1991. They wanted people to sacrifice, and we agreed, all of us. In
most of the campaigns, the question was asked ‘Are you ready to sacrifice?’, we said ‘yes’…And that sacrifice, in order to give chance to the Government was also perceived as a weakness on our side, because even on things that we could have fought against in the previous administration, we allowed them to go...[Now]…we said, ‘Look, for how long are we going to sacrifice?’

Privatisation, and civil service ‘reform’, has reduced union membership from a peak of 358,000 in 1990, to less than 240,000. Having placed its hopes in the Chiluba administration, and lacking any ideological base from which to scrutinise the MMD’s policies of economic liberalisation, the union movement’s disarray, particularly over appropriate policy towards privatisation, culminated in a split in the ZCTU in 1994, with four major unions including MUZ and ZUFIAW breaking away. Three of these rejoined in 1999; in the context of increasing popular disillusionment with the MMD, the union movement has gradually recovered some of its former autonomy and militancy, albeit with a greatly reduced influence. This is reflected by an increasing number of public sector strikes challenging deteriorating pay and conditions, and the non-payment of terminal benefits to retrenched workers. The ZCTU has, meanwhile, become increasingly critical of structural adjustment policies, producing an important survey of their impact in Zambia in 2001.
The fall of Chiluba

This rising level of industrial action took place alongside an increasing wave of opposition to Chiluba and the MMD. Under UNIP, unions and the churches were the only sections of civil society that successfully resisted their total incorporation into the one-party state. Although the MMD has displayed authoritarian tendencies, multi-party democracy has provided the space within which credible and politically active civil society organisations, and the independent media, have grown in reach and influence. These have played an increasingly important role in deepening democracy, challenging corruption, and providing a powerful critique of neo-liberalism and its practical impact.

Chiluba’s attempt to set aside his Government’s own democratic reforms in order to stand for a third term in office was successfully resisted in 2001 by a combination of civic groups combined in the Oasis Forum, and mass actions by students and the wider urban population. Chiluba stood aside, but helped engineer the election victory of his chosen successor Levy Mwanawasa that December. Mwanawasa received 29% of the vote in a poll condemned by international observers as rigged. The many opposition parties newly represented in Parliament did not initially offer any substantive alternative to the MMD’s policies.
Mwanawasa deflected attention from his dubious accession to office by riding the wave of popular desire to see those responsible for earlier MMD corruption brought to justice. In July 2002, Mwanawasa capitalised on a major illegal demonstration calling for Chiluba to be put on trial, successfully appealing to Parliament for the removal of his immunity from prosecution. A series of legal challenges culminated in the Supreme Court’s confirmation of this decision in February 2003, and Chiluba’s subsequent arrest. He was initially charged with 96 counts of theft by public servant, totalling $40m. Other investigations promised to provide insights into corruption in ZCCM during privatisation: former ZCCM Executives have been questioned about the loss of $102m through the sale of cobalt at uncompetitive low prices. A commission of inquiry was launched into the sale of ZCCM houses.

Whilst the removal of Chiluba’s immunity, an unprecedented event in sub-Saharan Africa, has rightly been heralded as a significant blow for democratic accountability, it is now clear that the charges against him will not expose the wider nature of corruption in the 1990s. Firstly, Mwanawasa’s own election benefited from the MMD’s illegal use of state resources, such as the purchase of 100 vehicles used during the campaign. Funds were ‘borrowed’ from the ZNCB in dubious circumstance to support the election campaign. Opposition leaders have pursued an ongoing case against Mwanawasa’s election in the Supreme
Court. Secondly, the large number of charges originally brought against Chiluba has now been reduced to six test cases involving the theft of $500,000. Whilst there are reasonable fears that the scale and complexity of the case against Chiluba would have meant a perpetual delay in bringing about justice, the result is that there will be no legal examination of the complicity of multinational companies in corruption.

A new unionism?

The trade union movement, significantly weaker than in the past, is nevertheless revitalising itself under a younger leadership less tied to the MMD. ZCTU President Leonard Hikaumba was President of the large Civil Servants’ Union of Zambia (CSUZ) during the rising wave of public sector pay disputes of the late 1990s, in which unions found themselves in direct conflict with the MMD’s implementation of IFI-designated cuts in Government expenditure and state employment. These culminated in a significant victory in June 2001, when public sector workers won an 80% pay increase after a two-month strike. Having been elected on an explicitly militant platform, Hikaumba has been comparatively confrontational towards the Government, for example in supporting the ZNCB privatisation protest (unthinkable under his predecessor). He sees the IFIs as key to the current privatisation debate:
I think the driving force behind this is the IMF and World Bank. When we look at the Government’s role, we find that for these institutions, they [the Government] are the people who were convinced by the IMF, that if we are to continue getting assistance, then these companies must be privatised.39

Joyce Nonde questions the motivations of the IFIs in the following terms:

…these people also want to have a hand, to be in control of countries, to be powerful. I’m sure they knew we were making mistakes… But they wanted to take advantage of that, so that we continue to be perpetual beggars… They sell these companies, most of them have been bought by foreign investors, and we have seen…where most of the managers and owners are from abroad… you tell the country to liberalise everything, foreign exchange and so on. I make money today, I change it into forex and send it out of the country. That doesn’t mean you are there to help the country, so they have their own agenda.40

Nonde’s personal experience of PRSP ‘participation’ challenges donor claims that they are locally owned:

I did attend PRSP meetings. You go there, you have your own ideas. There come the Government officials with an already documented paper, and that we know, has an input of IMF and World Bank. And you know, as you are discussing, this guy has already made up his mind, of what should be written there… Ministry of Finance people. And you can see that this one person is one-track minded, this paper has to be sold, OK? And in fact, at one point I stopped going there, because I felt it was a waste of time. These things, they can say consultation, they bring you together, but they’ve already made up their minds on the way they want to move… you find that things don’t work, because they are imposing
certain ideas on you, they’re not letting you come up with what you want.41

Nevertheless, neither Nonde nor Hikaumba support continued state ownership of parastatals. Both point to the ZNCB’s constant manipulation whilst in state ownership; the MMD’s drainage of ZNCB to fund its 2001 election campaign is widely acknowledged. Nonde, in seeking alternatives to both corrupt state ownership and sale to foreign private capital, is exploring concepts of popular control through the distribution of shares to ZNCB workers and customers, and seeking to learn from alternative forms of non-profit management of strategic national assets in other countries. Hikaumba stresses the importance of strengthening regional trade union linkages through the Southern Africa Trade Union Coordinating Conference (SATUCC) and internationally through the International Confederation of Free Trade Unions (ICFTU), in order to share experiences of privatisation and potential alternatives to it, within the context of globalisation.42

**Mwanawasa’s neo-nationalism**

The MMD Government, seeking to both satisfy its international creditors and disarm popular discontent, is also following international trends. The phrase ‘public-private partnership’ has been used to describe its proposed ‘commercialisation’ of the ZNCB, which, as Nonde stresses, would mean the
closure of ZNCB’s unique network of rural branches with the consequent loss of jobs and services, and the introduction of the minimum balance requirements that already exclude the vast majority of Zambians from opening accounts with commercial banks.43

Such proposals nevertheless resemble models of semi-privatisation attempted by UNIP in the late 1980s. One of the most notable features of Mwanawasa’s administration has been an increasing tendency to reflect Kaunda’s nationalist mode of governance. Whilst anti-Western rhetoric was not absent in the 1990s (Chiluba attacked Western interference when donors highlighted human rights violations), there has been a significant shift under Mwanawasa, evidenced not only in Government statements, but also in some policy changes, such as a ban on the use of foreign currencies in Zambian shops and businesses. In 2002, the revelation that US and Canadian food aid was genetically modified (GM) led the Government to reject the food aid (Zambia was the only southern African country to do so), requesting that the WFP instead donate non-GM food. Whilst many prominent Zambians insisted that GM maize was less dangerous in the short-term than the threat of starvation, popular support for the Government decision reflected anger about Zambia’s apparent inability to decide its own policies.44
Mwanawasa has subsequently sought to raise his own nationalist credentials by associating himself with Kaunda and his legacy. Whereas Chiluba harassed Kaunda, Mwanawasa has hailed him as an elder statesman, publicly consulted him on policy, and presented him with the country’s highest award in January 2003. The state-controlled media has echoed this in its hagiographic approach to Kaunda. This also reflects Kaunda’s renewed popularity amongst many Zambians, particularly a younger generation with little memory of his administration. Given the widespread discontent with the Chiluba administration, nostalgia for his predecessor, and a selective memory of his achievements, is unsurprising. It also reflects the regional prominence of Zimbabwean President Robert Mugabe’s anti-Western, anti-imperialist rhetoric. Of course, Mwanawasa’s administration does not approach that of Mugabe in its violence or repression. Nevertheless, whilst much of civil society is critical of the abuse of human rights in Zimbabwe, Mugabe’s vilification of international interference, and his condemnation of Western double standards on free elections and human rights, resonate with the anger of many Zambians at the impotence and dependency of their country on Western capital and aid, and the comprehensive failure of neo-liberal policies. Whilst it survives, Mugabe’s regime provides an undeniable example of an alternative to neo-liberalism.45
In this context, Mwanawasa has used the power of moral exhortation on Zambians to grow more food, appearing on television to insist that all Government ministers should run their own farms.\textsuperscript{46} He has repeatedly decried political plurality for its detrimental effects on ‘development’, represented (as it was under UNIP) as an unproblematic technical issue, and calling for national unity to achieve it. In 2003, Mwanawasa undermined Zambia’s first genuinely multi-party Parliament through the appointment, against their parties’ wishes, of nine opposition MPs as Government ministers, justifying this as the most effective utilisation of human resources. He pays lip service to consultation with civil society, but has alienated its goodwill by creating a Government-dominated Constitutional Reform Commission (CRC), which was boycotted by many civil society organisations. In 2004, a one such organisation critical of the CRC process was de-registered by the authorities without consultation.\textsuperscript{47}

Whilst not a substantive break from neo-liberal policies, Mwanawasa’s populist attempt to shift the blame for their consequences from his administration to external agencies reflects the rising level of popular discontent with the enduring dominance of Zambia’s economy by foreign capital. Mwanawasa’s administration has also sought to distance itself from the IMF, which in June 2003 suspended a $100m ‘poverty-reduction credit’ after the Government unexpectedly declared a $125m budget deficit.\textsuperscript{48} The Government is periodically squeezed between IMF
strictures on spending, and pressure from increasingly confident public sector
unions demanding further salary increases. A strike by civil servants in mid-2003,
prompted by the Government’s reneging on its collective agreement, a decision
reversed after the IFIs pointed out that they were not included in the annual
budget they had approved. As Finance Minister Ng’andu Magande explained,
‘We are running the country but the budget is controlled by donors’.49 The strike
was declared illegal, and union representatives were harassed by the police.
Whilst the strike was unsuccessful, the dispute was an important element in
disrupting the Government’s financial management, and its consequent failure to
reach the HIPC completion point by the original date of December 2003. The
budget announced in January 2004 imposed a salary freeze on public sector
workers, as part of efforts to remain within HIPC spending limits. This prompted
a major demonstration and a public sector general strike, to my knowledge the
first ever called by the trade union movement, in February 2004.50 The final
completion of HIPC in April 2005 has already prompted calls by unions that the
stringent controls on public sector wages can now be removed.

Mwanawasa’s neo-nationalism is also expressed in the Government’s vacillation
over privatisation. Following his Government’s forced reversal of the ZNCB
privatisation, Mwanawasa criticised those calling for privatisation ‘for the sake of
it’. Proposals for the commercialisation of ZNCB have been presented as
alternatives to privatisation that will meet the needs of all Zambians.\textsuperscript{51} In February 2005, ABSA announced that it had withdrawn from negotiations to purchase ZNCB. It is impossible to conclude conclusively that this was the direct result of popular pressure. However, popular opposition to the sale, and its likely consequences, appears to have forced the Zambian Government to persuade potential purchasers to meet a number of social obligations, primarily the maintenance of unprofitable rural branches. This, and the lengthy negotiations that resulted, appear to have influenced the withdrawal of ABSA’s bid.\textsuperscript{52} The sale of ZNCB was effectively removed as a pre-condition for HIPC, and it now appears unlikely that the other companies earmarked for privatisation will be sold in the near future. However, the IFIs still expect Zambia to complete the partial sale of ZNCB. The ZPA recently issued a new call for expressions of interest in the purchase of a 49% share of ZNCB.\textsuperscript{53} A battle may have been won, but the war goes on.

\textbf{Neo-liberalism and its Zambian discontents}

Growing popular criticism of neo-liberal economic policies has led some opposition parties to begin to reflect the critical position of many civil society organisations. The increasing popularity and profile of Michael Sata’s Patriotic Front (PF) party, particularly amongst former MMD supporters on the Copperbelt, is based on Sata’s populist attacks on IMF-influenced economic
policies, and his call for a return to limited national economic protectionism. Sata, who served in Kaunda’s last Government, and who was a key member of Chiluba’s administration in the 1990s, has reinvented himself as an advocate of poor workers; he was a prominent presence on the anti-privatisation demonstration.

Such populist, nationalist discourses also find purchase amongst prominent unionists, who express a preference for the sale of national assets to Zambian rather than foreign capitalists. Hikaumba, who advocates the protection of, and the provision of incentives for, local investors, insists:

We feel that, whatever class to which these people might belong, definitely they will have an interest in the development of Zambia, because Zambia’s their country, and they’ve no other country they can go to.54

In fact, Zambian businessmen overwhelmingly use the liberal foreign exchange rules to invest most of their capital in overseas stock markets, and their record of taking over privatised companies is no better than their international counterparts. Nevertheless, the enduring belief that Zambian capitalists will tend to act morally and with regard to the national interest, has not been eroded, and indeed has been reinforced, by the popular understanding of neo-liberalism. It is likely that such
nationalist tendencies will continue to feed on popular discontent with IFIs and the hypocrisy of Western policies on aid, trade, and human rights.

Conclusion

Zambian civil society organisations, in their search for alternatives to neo-liberalism, are in many respects at a crossroads. Much of their analysis reflects that of the anti-globalisation/anti-capitalist movement, and their understanding of the complementary relationship between IFIs and multi-national capitalism, rooted as it is in Zambians’ own devastating experience of implemented neo-liberalism in the 1990s, is frequently acute and profound. Their most progressive representatives are seeking to strengthen grassroots participation in developing alterative social and economic policies based on the experience of rural and urban Zambians, and expressing these in more active campaigns. At the same time as increasing their own legitimacy by strengthening communication with their constituencies, some are seeking to break out of a comparatively isolated national analysis, to learn from the experiences of those facing similar issues in southern Africa and the wider world.

However, the focus of prominent Zambian civil society organisations has most recently shifted away from a critique of neo-liberalism, and towards constitutional reform. In December 2004, 68 Zambians, including 12 MPs, were arrested and
charged with unlawful assembly, for their part in a demonstration calling for the new Constitution to be introduced before the next elections, due in 2006.

Zambia’s Constitution is certainly in need of reform: the proposed reforms will limit Presidential powers and strengthen those of Parliament, as well as requiring the President to be elected by at least 50% of voters. Constitutional reform would, argues Lucy Muyoyeta of the prominent NGO Coordinating Committee (NGOCC), provide Zambians with a more explicit framework of freedoms within which they could pursue their social and economic rights. It is noticeable, however, that there was no popular mobilisation for the demonstration at which these arrests took place, a fact which enabled the authorities to arrest virtually all those present. Civil society activists are pessimistic about mobilising mass support over the issue.

The return to multi-party democracy in 1991 led to a deepening, rather than an alleviation, of poverty in Zambia. It is therefore unsurprising that most Zambians are sceptical that reforms to Zambia’s relatively ‘choiceless democracy’ will enable a political system that begins to address their own parlous economic situation. Civil society organisations will need to demonstrate the link between democratic reform and economic change, if they are to achieve the level of popular mobilisation necessary for their campaign to institute constitutional reforms before the 2006 elections to succeed.
The enduring legacy of nationalism, and Kaunda’s essentially moral world view, casts a long shadow across the Zambian polity. Chiluba’s corruption is commonly explained by judgements about his personality, rather than in the context of the vast unaccountable power of the Zambian Presidency. Such problems can therefore be solved by the election of politicians who have the nation’s interest at heart, and by the identification and attraction of ‘good investors’.58 In fact, the acquisition of wealth through semi-legal or illegal avenues and company-state linkages has been at the heart of capital accumulation in Zambia since Independence (and, given the dubious legality of the treaties signed by Chiefs with the British South Africa Company in the 1890s, well before that). The exploitation by senior UNIP officials of parastatals management positions in the 1970s and 1980s, was succeeded in the 1990s by the utilisation of the privatisation process for the dubious acquisition of individual companies, and the payment of bribes for preferential treatment by prospective Zambian and international purchasers of particular assets. This does not demonstrate a peculiarly African or Zambian propensity for graft, but rather the peripheral position of Zambia in the international economic order. Throughout this period, the consequent priority of the Zambian ruling class has been to enable the continued outflow of wealth in the form of copper and loan payments to international markets. The colonial legacy of a mono-economy dependent on an uncontrolled international markets, and highly limited indigenous private capital
formation, means that state-based accumulation is a result, rather than a cause, of
Zambia’s economic marginalisation and the severe poverty of most of its
people.59

Privatisation, particularly of ZCCM, highlights the central role played by an
effective alliance of donors and those sections of multinational capital that have
an interest in the Zambian economy. As this paper has sought to demonstrate, the
disastrous social and economic outcomes of the implementation of extreme neo-
liberalism in the last decade have been decisively shaped by this alliance. ‘Aid’
(most of which funds donor repayments, rather than social assistance) has been
withheld at decisive moments to weaken the bargaining power of the Zambian
state, to undermine the legal right of civil society organisations to influence the
privatisation process, and to enable new investors to flout their social obligations.

Given the severely limited influence of the Zambian state over this process, and
the overwhelming evidence of foreign influence over the national economy, it is
unsurprising that Zambians tend towards essentially nationalist explanations for
their suffering, and for nationalist solutions to alleviate it. Thus, a limited recent
tendency towards state economic intervention, and the protection of Zambian
investors from foreign competition, finds support amongst trade unionists like
Hikaumba who are otherwise critical of those in power. Yet the implementation
of such nationalist policies in the past not only failed to address the fundamental problems arising from Zambia’s position in the world economy, and inequality within Zambia; they also provided a populist justification for increasing state control over individuals and collective expressions of popular opinion. Such authoritarian tendencies, reminiscent of the one-party state era, have already manifested themselves in Mwanawasa’s administration. It is to be hoped that Zambian civil society in general, and the labour movement in particular, can avoid such nationalist pitfalls, and begin to challenge the underlying basis of national and international political and economic power that is the ultimate cause of their grievances.

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3 The Post, 4 September 2004, 29 September 2004, 13 October 2004
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6 Saturday Post, 24 August 2002
7 Afronet/CBE/RAID report, passim.
8 Afronet/RAID/CBE report, p61
10 Interview with Joyce Nconde, 13 March 2003
11 This is a conclusion of the Afronet/RAID/CBE report. I am indebted to RAID’s Patricia Feeney for additional information on this subject; the conclusions drawn are my own.
12 Kaunda, F, Selling the Family Silver: the Zambian Copper Mines Story, Printpak Books (KwaZulu Natal, 2002).
13 Afronet-CBE-RAID report, p173
14 Ibid
15 Kaunda, ‘Selling the Family Silver’, p84
16 The Post, column by Sikota Wina, 26 April 2005
18 Interview, 16 December 2002
19 Interviews with Henry Mukuka, Luanshya Mpatamatu sub-Branch Chairman in 1998, 16 December 2002; and Cameron Pwele, 17 March 2003
20 Anonymous Binani executive, above
21 Kelvin Kachingwe, article in Times of Zambia, 23 January 2003
22 discussions with George Mulenga, MUZ Organising Secretary, December 2002
24 Pwele interview; former RAMCoZ executive
26 for example, Monica Ngulube interview, 28 February 2003
27 MUZ National Trustee Evelyn Musonda interview, 27 December 2002
28 Pwele interview
29 ibid
30 Leonard Hikaumba interview, 10 March 2003
31 This point is made by Austin Muneku, ZCTU Director of Research, various discussions 2001 and 2002
33 www.post.co.zm
34 For example, the European Union Election Observation Mission, see www.eueu-Zambia.org for reports
35 The Post, 6 August 2003
36 The Post, 21 March 2003
37 The Post, 12 October 2004
38 I am grateful to Andy Wynne for highlighting the importance of this strike to me
39 Hikaumba interview
40 Interview with Joyce Nonde, 13 March 2003
41 Nonde interview
42 Hikaumba interview
43 Nonde interview
44 See for example The Post, 12 August 2002.
45 Sympathetic and supportive views of Mugabe and Zanu-PF were found in numerous discussions during recent visits to Zambia.
46 ‘Feeding the Nation’, ZNBC TV, 13 March 2003
47 BBC World Service Focus on Africa, 16 November 2004
48 bbc.co.uk, 21 July 2003
49 The Post, 18 July 2003
50 The Post, 19 February 2004
51 See for example, The Post, 10 May 2003, Mwanawasa meeting with World Bank Country Director Paul Schafer
52 ZNBC TV, 10 April 2005
53 Advertisement in The Post, 12 April 2005
54 Hikaumba interview
55 Discussions with Lucy Muyoyeta, Lusaka, December 2004
56 ibid
58 Nonde interview
59 Recent discussions with John Craig have helped clarify this point.
60 For example the banning of demonstrations by striking civil servants: The Post, 11 September 2003
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