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Z A M B I A

by

PROFESSOR B. COCKRAM

WARNING

Members are reminded that this address was given in a private meeting and that any statements or declarations made by the Speaker may be repeated but must not be linked with the Speaker's name nor with the name of the Institute.

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JOHANNESBURG

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ZAMBIA

I drew attention in June to the compulsion or temptation - I am not sure which it was - which led Zambian ministers to be the first to proclaim the failure of existing sanctions against Rhodesia, possibly in order to be able simultaneously to demand more drastic ones. They undoubtedly felt the compulsion, which most African governments feel, to be in the van of Pan-Africanism, to appear to be leading the crusade which seems still to have the greatest emotive appeal to Africans. This also had the advantage of depriving their internal opposition of the chance to criticise them for not doing so, a chance which they would certainly have taken if they could. There was the temptation to believe that if only others could be stimulated to do more, they themselves would be enabled to take action which might be decisive. They were also well aware that if the United Nations or Britain could be driven into taking more drastic action, and calling upon Zambia to participate fully, then they would have at least some claim on both to be compensated for the losses which action against Rhodesia would inflict on Zambia's economy.

I suggested that four considerations had decided Zambian ministers at that time to throw caution to the winds and take the initiative:

(1) the likely ending of the British-American airlifts which meant that they had to find an alternative;

(2) the increase in the price of copper, 40% of which they had decided to appropriate by additional taxation, and from which they believed that they would, if necessary, be able to finance their own airlift (or to pay the additional cost of sending out their exports by other routes;)

(3) the freeing of considerable freight capacity on the Benguela Railway as the result of a decision which the Congo government had just taken to route all Katanga copper via the Congo rail and river route. This seemed to offer them an alternative railway to Rhodesia Railways, and one which had the advantage of halving the distance which the copper had to be carried by sea; and

(4) the possibility, if the U.N. or Britain could be persuaded to help, of obtaining overseas capital and technical assistance for

   (a) an all-African route to the sea, even if it involved building a longer railway to reach a port, Dar-es-Salaam, still further up the east coast. The application of sanctions against

Rhodesia, and a consequent boycott of Rhodesia Railways might, they hoped, lead the World Bank to disregard the economic arguments against the railway to Dar-es-Salaam, in view of the political advantages which its construction might be held to offer; and

(b) the improvement of the road route to Dar-es-Salaam, of which use would also have to be made until the proposed railway could be completed.

Indeed, the Zambian government hoped to be able both to eat their cake and have it: to gain the political advantages of spearheading the attack on Rhodesia, and possibly bringing the latter to its knees, and the economic advantages of obtaining, mostly at the expense of others, the alternative rail and road routes to the sea which would free Zambia from its existing dependence on Rhodesia Railways.

The plan was plausible, but it contained built-in weaknesses -

(i) the new railway, surveys showed, could not be completed until 1970, too late therefore in all probability to decide the future of independent Rhodesia.

(ii) the British-American airlift did come to an end almost immediately, and both governments declined to continue it, pointing - as expected - to the ability of the Zambian government to pay for any airlift they needed from their 40% rake-off from the increase in the price of copper. This is what Zambia has had to do and four Lockheed Hercules freighters are flying 12 hours a day, 7 days a week, to carry copper from Ndola to Dar-es-Salaam, and bring back oil, at a contract cost of £1½ million. Unfortunately for Zambia it is doubtful if the air strips used would stand up to heavier traffic and freight rates inevitably fix a level to the volume of traffic which can profitably be sent by air.

(iii) the Benguela Railway, of which so much had been hoped, proved a disappointment: the Congo government reversed its policy decision not to use it, in order to export more of its own copper than the Congo river route proved able to carry, and then stopped the use of it altogether, in order to retain control of the copper during its dispute with the Union Minière Company. The result was that its customs officers, unable to decide which was Union Minière copper and which Zambian copper, simply stopped all freight cars before they crossed the Angolan border. An additional 1,100 waggons and 28 locomotives were ordered to increase the carrying capacity of the railway, but were late in arriving (the numbers have just reached 399 and 6), and Angolan rebels, not appreciating the niceties of African politics, have twice, in December and, recently, in March, interrupted all transport on the railway by attacking it with the simple objective of causing the maximum trouble to the government of Angola. As a result the railway has at times carried 10,000-12,500 tons a month, but at others considerably less. The statement by the Governor-General of Angola in December that "all Angolans were solidly behind Rhodesia" should have left Zambia under no illusions that the Portuguese would be making undue efforts to help them, and this time the railway has remained closed since 16th March. The damage may have taken three weeks to repair, and copper is already stockpiled at the coast so that the delay could be useful in enabling the port to be cleared, but it is more than likely that the Angolan authorities are glad to be able to bring pressure on Zambia to close its borders to all Angolan rebels as the price of being allowed to continue to make use of the railway. They have stated that the delay is solely due to the need to repair the damage caused by the rebels, but the opportunity is too good to waste. They have already secured new rolling stock, the track is being doubled and the line realigned near the Congo border, and,as the Portuguese see it, it is up to those who want to use the railway to help pay for improvements and to contribute to the internal security of Angola. It was reported this morning that Zambia may ask the U.N. to bring pressure on Portugal, but this would be unlikely to change either Portuguese policy or the tempo of repairs,

(iv) much was also hoped of the road route to Dar-es-Salaam, and a month ago freight was said to have reached a total of 13,500 tons, in and out, during the previous month, about equal to the traffic on the Benguela Railway. The surface was breaking up, however, towards the end of 1966, and so many accidents had occurred that petrol was forbidden to be carried in drums on trucks, trucks had to travel in convoys of twelve, and speed had to be reduced to a half. The oil was only to be carried in bulk lorries or steel tanks, and tenders were asked for the carriage of 1 million gallons a month. To compensate truck owners the Zambian government ordered all clothing, tyres, and,a nice touch, jewellery to be imported by truck via Dar-es-Salaam. But the bulk road-tankers have been slow to arrive, (by February only 24 out of 600 British trucks had been landed) and a Tanzanian order limiting road transport to African instead of Indian ownership has produced a degree of chaos at the Tanzanian end while suitable Africans are being sought to "front" for the existing owners. Meanwhile Afrikaner farmers have been compensating themselves for failure to sell their farms in Zambia, by making up to £1,000 a month driving their trucks on the 'Hell Route', and continue to deliver the bulk of what arrives by road. An attempt has been made to counter complaints about the extra freight costs by reducing nominal charges on general goods from £24 to £14 a ton, on copper from £23 to £20,and on oil from £16.10. 0. to £16. The new charges enable it to be said that the road route is "cheaper than Rhodesia Railways in most commodities;" but what is eventually paid by importers and exporters and what fails to arrive is another matter. I suspect that every sort of goods exported or imported via the road route can be bought in almost any quantity on the black market at Dar,

(v) the shorter route, though with a smaller capacity, by road to Malawi and thence down the Shiré railway to Beira, has been steadily useful, although it has so far carried only about 4,000 tons of copper a month. But relations between Zambia and Malawi, with their radical difference of approach to the Rhodesian problem, have led to mutual recriminations which have now reached such a degree of bitterness, that it is unlikely that Dr. Banda will for some time go out of his way to give any special help to the Zambian government, either over the expansion of the capacity of the Shiré route or anything else, and

(vi) the use of the alternative routes has increased overall freight costs by 50%. It has also led to periodical shortages. Only 4 million gallons of petrol a month have been imported by road and air, and at the end of December the shortage was critical, garages were empty, the rations of some firms had been cut by four-fifths, and there was widespread forgery of ration cards. Yet, as I mentioned a month ago, it was possible to cross the border into Rhodesia from Livingstone and fill up cars with whatever petrol their owners needed. Similarly Rhodesian millers have had to come to the rescue of Zambian bakers by arranging for an emergency supply of flour. Meat has been almost unobtainable because the Rhodesian farmers could find a better market in South Africa.

Zambia has therefore been forced to have recourse to other expedients. The railway to Dar has, for the nearer future, been replaced, to some extent, in Zambian planning by the project for an oil pipeline from Dar to Ndola which an Italian company (the E.N.I.) have agreed to finance to the extent of £11,070,000, repayable over 14½ years. It is also to be built by an Italian company, will be 1,069 miles long, is to be completed by September 1968, and will be capable of carrying 700,000 tons a year. Zambian's own needs are only 250,000 tons and, although these are growing at the rate of 15% a year, this will leave nearly two-thirds of the capacity to be used by the Tanzanian government for its own purposes. The history of Rhodesia Railways might have been a warning against the possibly competitive interests of the two countries, but this has been, and almost certainly had to be disregarded. Since the balance of the cost, £6 million, is being found by Zambia, Tanzania can be seen to have exploited its geographical advantage to the utmost: it will have the major share of the capacity of a pipeline more than capable of supplying all the needs of the southern section of the country without having to provide any part of the capital. For the future Syria has recently shown Iraq what an advantage a country crossed by a pipeline can have over both producer and consumer when their interests conflict. The pipeline may also prove to be even more costly to Zambia than the terms for its construction have implied because its existence will be bound to lead to further reconsideration of the railway, since the extensive and lucrative traffic in oil, which the latter might have expected to carry, will no longer be available.

Since, however, even the pipeline will not be ready until September 1968, Zambia has had to remain dependent upon Rhodesia Railways. In January they carried half of the 48,000 tons of copper exported. In February this dropped to 13,000 tons, but the drop was due to the need of the copper companies to give priority to the inward carriage of coal from Wankie, which had come to a standstill because of congestion at the border. The Rhodesian government has not sought to rub salt into the wounds left in mid-1966 by its successful insistence on prior payment of freight charges on exports carried by the Railways and Zambia's face had then been saved by arranging for payment through the overseas purchasers, and not the Zambian exporters, but Rhodesia had obtained its quid pro quo in that payment had to be in dollars or other external currencies. Similarly, in January, Mr. Smith stated that "it was in Rhodesia's interests to help Zambia to attain a high economic level. Consequently we are not prepared to do anything to stop the normal flow of goods through or from

Rhodesia to Zambia." Brigadier Dunlop, the Minister of Transport, in February promised all the help Rhodesia could give to improve the supply of coal from Wankie, and a South African company, Cargo Carriers, was allowed to be hired by the copper companies to transport, as from 1st March, between 1,200 and 1,500 tons a day from Wankie to Livingstone to get over the short of freight waggons. This involves a journey of 68 miles, twice daily, by 38 fully-laden trucks, and could only be regarded as a very temporary measure for "strip roads will never stand up to this kind of traffic. I can't see them lasting more than a month."

The delay and the working co-operation with Rhodesia which it involved gave the Zambian government the opportunity,not to revise its policy, but to take the necessary steps with Rhodesia to break up the joint transport undertakings of the two countries. The efficiency of the Zambian section of Rhodesia Railways had not been helped by the departure of 300 out of 1,300 expatriates, mainly Rhodesian, railwaymen, who had been working on it, or the departures reduced by the decision of the Zambian government to give 12 leading railway officials a week to leave. Although these railwaymen have, it is said, been replaced by an equivalent number of British or Indians, serving on contract, the latter need time to apply their skills effectively, and at present one-third of the locomotives are out of service, breakdowns are frequent, spares in short supply and maintenance depots understaffed. The situation is not likely to improve if, as seems probable, most of the remaining 900 Rhodesian railwaymen and officials decide to leave when the two sections are formally separated. But it was equally clear that the difficulties would not decrease if the railways were being run with the maximum of staff conflict. The co-operative attitude of the Rhodesian government led Mr. Kaunda to decide to allow the existing joint Railways Board itself to arrange the division of assets, although he said that he was unable to negotiate directly with a government which Zambia does not recognise. It was announced a week ago that "progressively, operational control will be taken over by the authorities established in each country" and that it would be complete by the 30th June. Over one of the two vital common services (the other is the supply of electricity from Kariba) therefore Zambia looks as if it will reach a working arrangement with Rhodesia. This is a step towards "de facto" recognition of the Rhodesian government and Mr. Kaunda admitted this by inference when he explained that the negotiations had been undertaken only after the U.K. government had failed to observe his deadline for the "legal authority" to complete negotiations with Zambia for the break-up of the Railways. The double-talk can be ignored: Mr. Kaunda laid down a condition which he knew that Britain could not in practice observe and then negotiated with the existing de facto authority.

Another agreed transport break-up has been that of Central African Airways. As a commercial company this did not present such difficulties for either government, but since it was the Zambian and not the Rhodesian government which was proposing to take away C.A.A.'s franchises, the aircraft have probably remained the property of C.A.A. and will be used for the operation of their Rhodesian services (unless they were originally purchased by the Zambian government or the government of Northern Rhodesia and only leased to C.A.A. a possibility which I have not yet been able to eliminate). No reference was made to the aircraft, however, in the announcement on 30th March that the contract to run the air services in future had been awarded to Alitalia. It was said to be worth £2 millions a year.

These break-ups have been agreed, but Zambia will continue for some time to pay a price in loss of efficiency. Rather than continue to operate the Kariba dam hydro-electric power station jointly with Rhodesia, e.g. by building the planned power station on the north side of the dam, the Zambian government also decided to proceed with the Kafue River dam and power scheme, which had been suggested and rejected when the Kariba alternative was considered to have greater advantages for Zambia as well as Rhodesia. It must therefore have been a great shock to them when the World Bank refused to participate in the scheme. Not only is this a direct rebuff but it could also be read as a warning that Zambia should not assume that in all circumstances the Bank would participate as planned in financing the railway route to Zambia, particularly when the pipeline will, as I have suggested, alter the financial returns which the railway can be expected to yield. In his announcement last night at Lusaka Mr. Wina, the Zambian Finance Minister, said that Zambia would seek alternative financing and she may be able to persuade another Italian consortium, like those which built Kariba and are building the Tanzania pipeline, to help. But Zambia is itself expected to provide a considerable part of the funds for such projects, its resources are dependent upon its ability to increase the exports of copper, and its bargaining position is steadily getting worse. The price here will be much greater than in the division of the joint railways and airways.

The transport difficulties have inevitably had serious effects on production in Zambia. In November 1966 copper exports were down from about 54,000 tons a month to 24,000 tons. On 1st January planned production of finished copper was reduced to 55% (31,000 tons). Exports to Britain dropped from £13 million to £10 million in the first two months of 1967. There were stockpiles of between 180,000 and 200,000 tons of concentrates and these were expected to increase by 50,000 tons a month until exports of finished copper could be increased. The latter, being less bulky and more valuable, could better pay the higher freight charges. The piles of concentrates were estimated, in January, to contain 60,000 tons of copper and to be worth £25 million. Even if freight had been available they could not have been exported, or reduced to the form of finished copper and then exported, because the congestion on the northern section of the Rhodesia Railways had made it impossible to bring in the quantity of coal, from Wankie in Rhodesia, which was needed to smelt them. Zambian ministers still forecast that coal from the new Zambian coalfield at Nkomdabwe will be ready in the necessary quantities (60,000 tons) by the end of May, but even if the mines achieve their target of production, the thermal value of the coal is low, and considerably greater quantities will be needed, so increasing the pressure on the existing overworked transport. The road over which the coal has to be hauled is difficult and may prove to be as liable to break-up as the road to Dar-es-Salaam. A mine manager recently told me that it was 'impossible.'

The reduction in copper production has been as unwelcome to the mining companies as to the government. The former have seen the price of copper increase by over a third to £600 a ton, only to fall back to £400, and were unable to take full advantage of the temporary price increases. Even so they increased their total profit during the year, on the sale of the smaller quantities exported. The government, in mid-year, decided to take 40% of the increase and was therefore also a loser, to the extent of two-fifths, by the reduction in exports. And the rise in price has faced both with the prospect of additional competition by encouraging mines in other parts of the world to increase their production: the Chilean government has reached an agreement with Braden, and the other copper companies, for the operation by the companies of a semi-nationalised industry; Phalaborwa in South Africa has been greatly helped in stepping up its production; and the Anglo-American Corporation have themselves been planning to participate in the exploitation of deposits at Akjoajit in Mauretania, where its own "Torco" process will be used to treat refractory ores and elsewhere in the world. It is planned to use the same process at Nchanga, Ndola, Bwana Mkubwa and possibly Kansanshi, but it is unlikely that more ore will need to be treated, by any process, so long as the existing production cannot be exported. As if the transport difficulties were not enough, the copper mining companies have also, as I have mentioned on a previous occasion, been faced with additional production costs, in the form of higher wages (22%), and increased pensions for African miners; skilled African miners now earn more than British coal miners; and it has been necessary to continue to employ all of them, even at a time of drastically reduced production, because of the risk otherwise of political trouble. Discipline has weakened since both European and African supervisors are unwilling to enforce it at the risk of provoking violence. And there would be an exodus of white miners if riots, such as those at Kitwe recently, should recur; as it is, it is difficult to keep up the number, let alone the quality of the 6,000 employed; they are dissatisfied with the refusal of the Zambian government to allow their pension fund to be moved to Bermuda or elsewhere; and the sympathy of many of them is with Rhodesia. It is said that "if the whites were sabotage-minded they could quickly wreck Zambia."

The Zambian government have themselves calculated that, one way or another, the cost of sanctions to Zambia was over £100 million in 1966. In an effort to strengthen a future claim for U.N. aid they asked, in February, for an U.N. technical mission to advise them how to cope with the problems which the application of sanctions had created. But the U.N. has itself no funds to dispense. They have finally accepted, in spite of the tighter conditions which the British government imposed, the British offer of £13.8 million in special aid which Mr. Kapwepwe, the Foreign Minister, had earlier described as "chicken-feed." It is now to be spent only on British goods or services, and not, for example, on an expensive airlift. It brings the total of British aid to £24 million, and it is unlikely that much, if any, further aid will be forthcoming. The rejection of Zambia's application for a World Bank loan for Kafue is therefore more than a danger signal; it could be the end of the easy money days.

If optimism has left Lusaka, so has the inclination for quixotic gestures. Zambia's initiative nearly a year ago was intended to bring U.D.I. to a quick end. Her own failure to cut off all imports from Rhodesia and all exports via Rhodesia Railways were important factors in enabling Rhodesia to survive. During 1966 Zambia imported goods worth £24 million from Rhodesia, a drop of £11 million, but the latter was less than one-third of the 1965 imports. In December the Zambian government denounced Britain for negotiating with Rhodesia and demanded, how seriously is a matter of speculation, immediate military sanctions. Instead came additional mandatory economic sanctions and the Secretary for Commerce and Industry mentioned in February 1967 a total cut of 65% to 70%, as Zambia's likely contribution. I have not been able to trace any new prohibitions to give effect to the additional cut which this would involve. In compensation Zambia, in 1966, imported an extra £16 million from South Africa which must, to some Zambians, have seemed like robbing Paul to pay Peter. In fact, it cannot but be apparent to Zambians, as to others that, so long as South Africa, Moçambique, Malawi and Botswana continue normal trade relations with Rhodesia (and I use the word 'normal' in both the usual and the South African sense), the possible eventual success of economic and financial sanctions is likely to be delayed beyond the time-table of practical politics. It must be becoming equally clear, that military sanctions will not be imposed because it is so difficult to see how they could be made effective without the certainty of war with South Africa in conditions which would make the participation of the U.S. and the U.K. most unlikely to be forthcoming. The reports this weekend of the chilling reception given by the U.S. Chiefs of Staff to Mr. Goldberg's arguments, have, in recent weeks, been backed by statements by British ministers that they have no intention of agreeing to sanctions against South Africa. Both are cold comfort for Zambia. Zambia itself cannot do much more without very serious effects on its economy; indeed, sanctions may already have set the economy back years. With inflation over 50% in a year, with only about a quarter of a million Zambians obtaining the benefits of the higher wages, and widespread unemployment among the others, most Zambians can be forgiven for wondering what exactly has happened to the "dolce vita" which they expected from independence.

Because there is little more which can be done by Zambia, either against Rhodesia, or to compensate for the difficulties and frustrations which it has experienced as the result of its Rhodesian policy, tension within the country is steadily growing. On the one hand there will be louder demands for Britain, or the U.N., to do something to end Rhodesian independence, but it will be indicated that Zambia, for its part, has done everything possible. On the other hand there will be more outbursts of violence by members of the United National Independence Party which supports the government. An opposition candidate was not allowed to stand at a recent by-election. The town clerk of Lusaka was sacked on the 30th March at the first meeting presided over by the Mayor, Mr. Whitson Banda, after his release from prison for contempt of court, and after he had made a speech alleging that there had been a conspiracy against the government by a few whites and attacking Mr. Colin Cunningham, a lawyer who had appeared for the plaintiff. Mr. Cunningham, the plaintiff and Mrs. Cunningham have subsequently fled for their lives to Salisbury. Most Zambians construe this as meaning that the party is above the law. The Lusaka section of U.N.I.P. has demanded the banning of the Times of Zambia, the only daily newspaper in the country, whose reporters were witnesses in the trial of Mr. Whitson Banda; if that should happen the government-sponsored weekly, Zambia Mail, might be turned into a daily and the press would be completely under government and party control. It is unlikely, in such circumstances, that any opposition political party will long survive, and Zambia can be expected to join the vast majority of African states which have opted for one-party rule. The ultimate result of excluding change by peaceful means must, in Zambia, as elsewhere in Africa, be change by revolution or coup d'etat when the tensions become too great. This could come either by a leftward move within U.N.I.P. or by the army taking over; what Sir Francis de Guingand has called Sandhurst vs. the London School of Economics. President Kaunda's son was recently photographed entering Sandhurst, but even accelerated African promotion is unlikely to keep Zambia's coup within the Kaunda family.

In spite of Britain's loan, the mere continuation of the Rhodesian conflict is causing a steady deterioration in Zambian/British relations. It is Britain which is blamed for failure, because the Zambian government has always believed and said that Rhodesia could only be beaten by force, that Britain alone had the necessary force to use, and that Zambia would have provided the base. The recall this weekend of both the High Commissioner and Deputy High Commissioner for Zambia in London have indicated the government's intention to make a clean sweep at their London office. All recent major contracts have gone to non-British firms. President Kaunda is steadily losing his external as well as his internal supporters, and he must sometimes wonder whether his fate is likely to be that of Sir Abubakar Tafawa Balewa or Dr. Nkrumah.

I had planned to talk about both Zambia and Britain this week, in the Rhodesian context. It proved to be impossible to deal with both in the time available, and I would therefore propose to defer examination of the condition of the British economy until next month.