

# The Micropolitics of Mining and Development in Zambia: Insights from the Northwestern Province

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**Abstract:** After two decades of economic stagnation, Zambia witnessed sustained economic growth in the period 2002-2008 due to investments in the country's all-important copper mining sector. This article analyzes the political forms that took shape during the copper mining boom, bringing into view the new entanglements of capital, labor, civil society, and the state. It draws on ethnographic work in the Solwezi District of Zambia's North Western Province, where the opening of two large mines since 2004 placed it on the map of copper extraction. The article argues that the interlinked processes of structural adjustment and the privatization of mining in the 1990s significantly weakened the country's historically strong labor unions. Though still important as political actors within the workplace, the unions representing mineworkers are less salient in the arena of the broader civil society. Instead, loose networks of assorted groups have coalesced around the issue of capital's developmental impacts, namely the mechanism of Corporate Social Responsibility, making this a pivotal site of the emergent politics of mining. These and other more "formal" political contestations forced the state to revisit the neoliberal mining framework that was negotiated with and tilted in favor of capital, only, however, to be confronted with a changed landscape of possibilities as the world economy nosedived in 2008.

## Introduction

This article is interested in the politics of copper mining in Zambia a decade after the near-total privatization of the sector in the 1990s. It is based on research conducted there at the height of a sustained boom marked by high copper prices and new investment in mining; a period roughly from 2002 to 2008. The boom consolidated the shift away from state-led mining—with a direct and "thick" association with the wider society—to a privatized industry with a substantially weaker relationship, as the state retreated from the sphere of production through the 1990s.

<sup>1</sup>There is a fairly sizeable literature detailing the contours of structural adjustment and the politics around it.<sup>2</sup>However, few ethnographic accounts are available on Zambia's post-privatization politics of mining.<sup>3</sup>This paper brings into view the contestations around the emergent entanglements of mining capital, labor, civil society, and the state.

I make three main arguments: first, while labor activism remains an important element in Zambian politics, it faces serious challenges due to shifts in the relations of production after privatization. Consequently, and at the very least, labor now has a significantly lesser impact on politics outside the workplace than has been the norm historically. Second, a key terrain of

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contestations around mining today is the civil society and here pungent critiques of the status quo are emerging around the institution of Corporate Social Responsibility (CSR). In the post-privatization scenario, “development” channeled through CSR is what links mining capital and local communities. Its rather emaciated form makes CSR easy to ignore as mere window dressing; an epiphenomena of sorts.<sup>4</sup> In doing so, however, there is a danger of overlooking the purchase CSR has on the ground, where it has become an important site of politics of and about development. Finally, despite “regulating its own withdrawal” the Zambian state remains an important arena of claim-making for oppositional politics and has to negotiate their demands while simultaneously balancing its espousal of the neoliberal agenda.<sup>5</sup> It recently responded to the rising tide of critique from the civil society by revisiting its lopsided agreements with mining capital. I discuss the politics around this response to situate the Zambian state in the broader context.

As a new mining enclave, one moreover that is the product of the post-privatization political economy, Solwezi District in Zambia’s North Western Province is an apt window into emergent political forms. Two relatively large copper mines—Kansanshi and Lumwana—have started operation there in the last six years; together employing more than 7,000 workers. The district headquarters, also called Solwezi, is at the center of these developments. By 2007, its population had grown to somewhere between 120,000 and 150,000; up more than three times from the year 2000.<sup>6</sup> This transformation is visible in the influx of allied activities—like engineering and transportation—and supporting services both formal (banks, mobile phone and internet companies, retail, etc) and informal (such as taxicabs, street vendors, and sex workers), making the place a frontier of extractive capitalism.<sup>7</sup> This article draws upon my ethnographic work in Solwezi between September 2007 and May 2008, which included interviews with a cross section of actors and the observation of social life.

Though empirically focused on Zambia, the processes this article identifies are of a more general character. Privatization through the structural adjustment of state and economy occurred across the continent, and the emergent political geometries outlined here will likely be resonant to those researching similar contexts elsewhere. I begin though by briefly discussing the two paradigms that form the background for the empirical material.

### **State Developmentalism**

To begin, the leaders of newly independent Zambia (1964) were keen to allay fears of capitalists and settlers related to a slide to a form of Soviet-styled controlled economy. The country’s first president, Kenneth Kaunda, insisted that his political philosophy of “humanism” did not include any kind of radical state-led appropriation of capital or private property.<sup>8</sup> Instead, political energies after independence were to be directed towards the Zambianization of the state, that is, the progressive replacement of British and other expatriates by indigenous Zambians. It is thus of some interest and was a surprise when industries, particularly the key mining industry, were nationalized between 1968 and 1971 as part of the so-called Mulungushi Reforms. In the words of a commentator, with this move Kaunda turned from being “the favourite with the West...into self-styled ‘humanitarian socialist.’”<sup>9</sup> The reasons for this transformation were both internal and external. The frontier of the war between Black Africa

and settlers in Southern Africa had moved all the way up to the Zambian borders with the proclamation of independence by Southern Rhodesian settlers. Given that a substantial chunk of capital in Zambia was in the hands of the whites—including the largest copper mining company, Anglo American Corporation—Zambian leaders were anxious about the gap between their rhetoric of Pan-Africanism and this embarrassing reality. Internally, and faced with growing challenges to the ruling United National Independence Party (UNIP), the nationalization of the economy promised a party-led access to resources that could be channeled to fashion a strong one-party state, which duly materialized in December 1972.<sup>10</sup> In addition, the country's strong labor unions had demanded greater material rewards of political independence than those they perceived were being handed to them by private capital. Nationalization was then also a means to mollify the unions, and as early as 1969 state employment had risen from 22,500 in 1964 to over 51,000.<sup>11</sup>

As world prices of copper soared through the 1960s, the Zambian state nationalized copper mining in the name of Africanization and national development. Thus was born the Zambia Consolidated Copper Mines (ZCCM). ZCCM was a vertically integrated firm run by state bureaucrats and technocrats and was responsible for all operations from mining to smelting and refining to transportation. Crucially, it internalized the reproduction of the workforce as well—schools and colleges, and clinics and hospitals now operated under the umbrella of the mining parastatal. All in all, ZCCM followed a “cradle to grave” policy of social welfare, a model that anthropologist James Ferguson called “socially thick.”<sup>12</sup> It is for this reason that the ZCCM era is to this day fondly remembered by workers and Zambians at large, a theme to which I return below.

Increasingly then, access to resources was tied to a privileged access to Kaunda's UNIP. This system depended heavily on the surplus obtained from the export of copper, and the ability of the party to remain in power was therefore tied to the performance of Zambian copper on the world market. Copper prices were high at the time that the one-party state was created in Zambia but fell sharply in the mid-1970s. This was the result, among other things, of the oil shock and a generalized downswing in the world economy and proved tragic for the Zambian economy, which it brought down like a house of cards.<sup>13</sup> In the late 1980s, a coalition comprised of “trade unions, students, academics, the business community and parliamentary back-benchers” came together under the banner of the Movement for Multiparty Democracy (MMD), and called for the establishment of multiparty democracy.<sup>14</sup> Faced by the articulation of bilateral and multilateral donors *and* the growing MMD-led opposition, UNIP had to accede to these demands. Multiparty elections were held in 1991 and Frederick Chiluba, labor leader and ex-president of the Zambia Congress of Trade Unions (ZCTU), was installed as the President of the Republic. Though Kaunda had flirted with structural adjustment, it was under Chiluba that large-scale privatization took hold and fundamentally reconfigured the Zambian state and economy.

### **The Mechanics of Privatization**

As the mining sector moved from crisis to crisis through the 1980s there was a palpable sense of impotence due to Zambia's economic decline and a feeling of inevitability related to structural adjustment. There seemed little that Zambians could do in the light of the worldwide crisis and the neoliberal turn.<sup>15</sup> The last point was provided further cogency by the widespread notion of

“footloose” capital. This was the idea that globalization had led to the so-called hypermobility of capital and those less-mobile entities like state and labor had no option but to accept neoliberal reforms for the sake of a continued flow of capital through their territories and workplaces.<sup>16</sup> Further, and for Africa, the way out of the debt crisis of the 1970s was through a set of political and economic “conditionalities” proposed by Western countries and international financial institutions.<sup>17</sup> The result was that workers and unions were faced with an impossible choice. They were asked to choose between an impending economic collapse on the one hand and a negotiated framework where they would have to willingly accept precarious work conditions while containing militancy among the rank and file in the interest of macroeconomic survival.<sup>18</sup> The previous social contract linking the state-led industries (particularly the ZCCM), workers, and society at large was disbanded. In its place, relations between the state and mining companies came to be negotiated through documents known as Development Agreements (DAs), and capital and local communities were now linked through Corporate Social Responsibility (CSR). I discuss these in this section.

The Mines and Minerals Act of 1995 was the principle mechanism that paved the way for the dismantling of ZCCM and the sale of individual mining companies. In place of a uniform tax regime and code of conditions within which private mining companies were to operate, the Act provided for the negotiation of unique DAs with each company. Several state officials who represented the Zambian people behind these closed doors have since been the subject of corruption charges. The companies that they negotiated the DAs with, however, have not been held similarly accountable. In their landmark study on the trajectory of this give-and-take, Fraser and Lungu have shown that the DAs provided extremely favorable conditions to capital, including low regimes of taxation, tax breaks, and relaxed labor laws.<sup>19</sup> They have also convincingly argued that throughout the process, representatives of the international financial institutions, namely the World Bank and the International Monetary Fund (IMF), constantly pressured the Zambian state into expediting the sale of mines.<sup>20</sup>

As for the institution of Corporate Social Responsibility (CSR), it has come a long way from the early admonition it received from Milton Friedman, the key intellectual forbearer of neoliberalism. According to Friedman, CSR—or the idea “that business has a social conscience” and takes seriously its responsibilities for providing employment, eliminating discrimination, avoiding pollution and whatever else may be the catchwords of the contemporary crop of reformers”—was “unadulterated socialism” and compromised the true “welfare” to society that would ensue if *all* enterprises were engaged in making as much profit as possible.<sup>21</sup> Interestingly however, as Friedman’s free-market ideology has been universalized in the last three decades, his views on CSR are largely defeated. CSR has emerged as a key concept within the shifting configurations of capital and society.<sup>22</sup> But contra Friedman one could argue that it is precisely the advance of neoliberalism that has led to the rise of CSR as a sort of Polanyian “double movement” in the era of privatization.<sup>23</sup> The African state has retooled, of which the retreat from social spending has been a key component.<sup>24</sup> This is the backdrop for demands on capital to contribute towards the provision of social services over and above the payment of taxes. This is a further result of pressure from civil society groups in the West, who monitor the social effects of multinational capital in African and other Third World countries considered too weak or corrupt to be able to do so on their own.<sup>25</sup> Additionally, it has been argued that

responsible corporations are likely to do better in the stock market, although there is no consensus on the universality of this correlation.<sup>26</sup> What is clearer is that in the way mining capital operates in Zambia today, CSR is an important facet of its “social license” to operate in the country.<sup>27</sup> To that extent individual companies have to engage with it, though there is unevenness in its actual practice corresponding to the size of the companies and their respective origins.<sup>28</sup>

As CSR is widely understood today, there is a sense that private firms should “run their affairs, in close conjunction with an array of different ‘stakeholders’, so as to promote the goal of ‘sustainable development’. This goal has...three dimensions, ‘economic’, ‘environmental’ and ‘social.’”<sup>29</sup> I believe that this definition is apt, for these terms have become common currency today both in corporate presentations *and* in the vocabulary of Zambian civil society groups. A survey of the various mining companies in Zambia reveals that most have a social responsibility (or community development) department, have set up ‘stakeholder’ forums that meet regularly, and are legally obliged to undertake environmental assessments on an ongoing basis.<sup>30</sup> It is therefore imperative to pay attention to the practices of CSR. In what follows, and to ground this general discussion, I present evidence of the concrete processes and relations that have emerged in Solwezi, investigating the themes of labor activism, politics of CSR, and the responses of the Zambian state respectively.

## **The Micropolitics of the Boom**

### *Labor Activism*

The first component of the emergent mining-society relationship to discuss is the position of workers and unions in the different frameworks. From very early on, mineworkers have been — by and large — the most radical element of the Zambian working class. This was on account of “a consciousness of their unwarranted exploitation, the inequitable distribution of the revenue generated by their hazardous labour, and the importance of this labour in the strategically important copper mining industry and, through it, national development.”<sup>31</sup> The African Mineworkers’ Union, established in 1949 was strong and militant, and was a major contributor to the struggle for independence.<sup>32</sup> Workers’ participation in the struggle was driven in part by the fact that they were the direct losers of the various color bars that were in place during colonial rule. In the state-led mining era, though unions were formally incorporated, their collective strength and continued militancy ensured that despite the parasitic nature of the one-party state, a considerable proportion of the surplus was redistributed to the workers and through them their extended families.<sup>33</sup> There was also a considerable expansion of social infrastructure like education and health, in addition to state support for sports and creative enterprises.<sup>34</sup>

Speaking of the contours of the union movement in the period of neoliberal transition, numerous blows throughout the 1990s meant that it has declined significantly in numerical and political terms. Ironically enough, workers are themselves implicated in this process, having supported the economic liberalization of the economy under the structural adjustment program in the 1990s.<sup>35</sup> The results though were disastrous: between 1986 and 2001, the umbrella organization of trade unions, the Zambian Congress of Trade Unions (ZCTU), declined in membership from close to 350,000 to 250,000.<sup>36</sup> In more recent years, there has been an

expansion of mining activities, resulting from record prices for copper driven in large part by the industrialization of China and India, and the regional emergence of South African capital. This new investment, however, is of a very different kind, engendering labor regimes that are contractual, unorganized, and low paid; reflecting in part, the movement towards such labor practices occurring more generally, that is, the “shift from an economy characterized by the stable long-term employment typical of factory workers to one marked by flexible, mobile, and precarious labor relations.”<sup>37</sup> According to Ian Mkandawire, the Vice President of the MUZ, more than half of the close to 70,000 Zambian mineworkers were nonunion and contractually employed in 2006.<sup>38</sup> It is within this context that the new mining boom is situated when unions are historically at their weakest.

Beyond the numbers, the shift from the vertically-integrated parastatal to several private companies linked to a plethora of smaller contractors has changed the concrete conditions under which workers must organize. Consider the arrangement at the large-scale Kansanshi mine in Solwezi. Here, operations are divided into three distinct parts, each of which is carried out by different limited companies that are owned completely or in large part by the Canadian First Quantum Mining Limited (FQML). The three main parts of copper mining are undertaken by the distinct companies; namely: 1) mining, which is the excavation of the ore from the open pit and transportation to the crusher, 2) the conversion of the ore into copper concentrate or processing, and 3) at Kansanshi there is a separate acid plant division, which produces sulphuric acid for use in processing and for sale regionally. In terms of the structure, the mining division is incorporated under First Quantum Mining and Operations (FQMO), a wholly-owned subsidiary of the parent company; the acid plant under FQM Zambia’s Bwana-Lonshi Division (also 100 percent owned by FQML); and processing at the mine is undertaken by Kansanshi Mining Plc, which is 80 percent owned by FQML.<sup>39</sup>

Such organization of the labor process has important implications for workers. The employers of the three sets of workers are different, which is critical because wages and conditions of work must be separately negotiated with each company. While those employed directly by Kansanshi have company officials at hand, the Bwana Mkubwa Division—which employs acid plant employees—is headquartered near Ndola in the Copperbelt Province, about 200km away. In addition, the conditions of service differ—Kansanshi workers are on two-year contracts while FQMO and Bwana employees are hired on a permanent basis. The latter, however, get paid lower wages as a sort of trade-off for greater job security. On the other hand, because of their precarious contracts activists in the Kansanshi Mining Plc are under not inconsiderable pressure to temper oppositional politics.

Workers in each division have their contracts negotiated separately, which is important because a smaller group of workers enter into each separate capital-labor negotiation than they would under a single company. The Mineworkers Union of Zambia (MUZ), which is the largest of the mineworkers’ unions, has a similarly organized structure with different units representing workers in the mining, acid plant, and processing division respectively.<sup>40</sup> According to a union activist at Kansanshi: “When it comes to the miners, we are divided because we have different contracts; but the managers, they are meeting together.”<sup>41</sup> His point was that even though the employers are different, their bargaining strategies are derived from

the point of view of the parent company as a whole, while workers must bargain separately with their immediate employer.

Beyond job security, activism is also related to the respective level of skill. Those in the mining division have the most generalizable set of skills—many can work as machine and truck operators in other mines and even different industries but those engaged in work in the acid plant or processing are less mobile because there are only a handful of large copper mining companies like Kansanshi that house these facilities. Many smaller mines simply extract ore—where again they require operators—and transport it to the larger ones for processing. All of this leads to uneven political stakes. Workers that I spoke to were well aware of this unevenness and considered those in the mining division as the most radical and more likely to consider strikes and stoppages than others. In the specific cases when they indeed engaged in such actions, however, the talk of labor solidarity across the workplace was not necessarily translated into action. In 2007, for instance, workers in the mining division went on strike for better wages, were not joined by others, got isolated, and invited the wrath of the company and the state. President Levy Mwanawasa had planned to visit Kansanshi that month but refused to go to the mine until the striking workers went back to work; strongly denouncing their action. The isolation faced by each unit is further illustrated by the fact that when the processing plant employees carried out a protracted struggle for a new contract in early 2008, others did not join them because they had already secured theirs. Once again, the state did not waste time in intervening—the Deputy Minister for Labor camped in Solwezi and ordered the parties to keep matters solely on the negotiating table, a thinly veiled attempt to deter the unions from mobilizing workers on the matter, an act that must necessarily happen “off the table.”<sup>42</sup>

My discussions with union leaders and members further suggest that workers in the branches owned by the Copperbelt-based units are mostly brought to Kansanshi on a temporary basis. Contrarily, those employed in the processing plant are permanent employees of Kansanshi Mining Plc and live in Solwezi; many are also long-time residents of the area. According to a union organizer, “when the mine opened they said local people should benefit...the indigenous should have an upper hand. They don’t have enough copper in Bwana, so they’re sending [workers] to Kansanshi. People from Copperbelt are replacing us from North Western Province....In the end people from here will find themselves out of the gate.”<sup>43</sup> Similar issues have also emerged at the newer Lumwana copper mine. In response to localist demands, the mine implemented a recruitment system that reserved various unskilled and semi-skilled positions for the “indigenous” ethnic group—the Kaonde—and placed three Kaonde chiefs as gatekeepers of this system.<sup>44</sup> The result is a politicization of ethnicity such that job-seeking “outsiders” make allegations of discrimination and “tribalism,” creating divides that unions must bridge.

The above insights reveal real challenges that mineworkers face in the privatized mining set-up. Instead of a single vertically-integrated mining company, as in the halcyon days of state ownership, they are employed by a number of private firms. Furthermore, these companies may be organized as separate corporate divisions. This adds another layer to the negotiations workers must undertake; balancing their differential skills, origins, and material stakes in place. In general, and despite these and other instances of labor activism in Solwezi, it was noticeable how rarely this activism traveled out to community-level organizing. What has been termed “social movement unionism” was largely absent from Solwezi.<sup>45</sup> Instead, a vibrant critique of

mining and development emerged outside the workplace, and in which unions played only a marginal role.

### *Corporate Social Responsibility and Social Critique*

As workers—especially mineworkers—have declined numerically and politically, the critique of the new paradigm of mining and society is increasingly occurring around the perceived inadequacy of capital's developmental activities. Myriad political forces, including NGOs, religious institutions, and unions pushing for a greater redistribution of mining revenues increasingly find themselves coalescing around CSR. Contrary to Shamir's argument related to the progressive deradicalization of CSR in the North, there has been grassroots radicalization around it in Zambia in the 2000s.<sup>46</sup> I elaborate this assertion in this section.

Generally speaking, CSR is designed to ensure the fulfillment of capital's basic ethical and environmental standards. In Zambia, however, it is a significantly broadened concept associated with charity, donations, and capital's contribution to the creation of physical and social infrastructure in the specific localities in which it operates. This phenomenon has a clear logic. Copper mining has been and remains the country's all-important industry, but even the low-level of taxes accruing to the central government filter down to particular localities only via the national budget. This implies that the places where mining is located do not necessarily gain a higher share of the revenues than the rest of the country. This fact has spawned some interesting politics of regionalism in the Copperbelt Province in the past, where many have bemoaned their disproportionate contribution to the national treasury without adequate compensation in the form of development funds.<sup>47</sup> The upshot is that demands for local development are directly aimed at the mining companies and coalesce around CSR since it is the mechanism through which capital undertakes its specific forms of local development.

Viewing the matter from the vantage point of Solwezi, both Kansanshi and Lumwana have a department that is responsible for undertaking CSR activities. The former in fact set up the Kansanshi Foundation in 2006 with a mandate to co-ordinate developmental activities with the relevant state departments and the community. Lumwana on the other hand has a department for corporate responsibility headed by the social sustainability manager. Despite similarly structured CSR frameworks, however, the perception of the two mines' developmental effects and efforts diverge: Lumwana is widely considered to be much greater contributor to Solwezi's development than Kansanshi. This is a result of both the material practices of the respective companies and the discursive strategies through which they articulate their place in Zambian development. As for the latter, the following words of Lumwana's managing director are relevant: "We did not just take over ZCCM mines like others, but Lumwana had a dream that it has slowly brought to life...It is not only bringing massive investment, but jobs, expertise, and opportunities for Zambia. Others are merely plundering what Zambians built...other investors rape and pillage and sell what's left over...We took risks, others just bought mines for cheap."<sup>48</sup> The managing director here implicitly draws upon the wounds of structural adjustment and privatization that are still fresh for ordinary Zambians. The hurried sale of mines, mediated by corrupt officials, left thousands of workers unemployed while money for social services dried up. Zambians therefore hold deeply disturbing memories of the 1990s, and the mostly foreign companies that bought the public mines are widely disliked.<sup>49</sup>

Kansanshi's trajectory is of a more common kind. Bought from the state by Phelps Dodge, the mine passed ownership until finally being sold to FQML for a pittance (\$27.5 million).<sup>50</sup> FQML realized over \$3 billion in revenues from Kansanshi in the period 2006-2008, amounting to almost \$2 billion in operating profits.<sup>51</sup> The CSR activities carried out by the Kansanshi Foundation—which generally comprise of digging bore wells, refurbishing and building school blocks, and the construction of a market in Solwezi—total less than \$1 million a year.<sup>52</sup> The gap between the unprecedented windfall and concrete development in Solwezi is widely resonant and many are dissatisfied by the company's CSR practices.<sup>53</sup> This is firstly because its expenditure represents a miniscule fraction of the profits, a fact of which locals are well aware. Second, it is essentially piecemeal in nature, without any substantial contribution like a hospital, school, or stadium. Third, some of the Foundation's work—cloaked as CSR—is really for its own benefit. For instance, boreholes have been dug ostensibly to provide water to villages around the mine. But an official in the local water supply agency reckoned that these have been strategically placed to monitor groundwater levels at the mine, which has a long history of flooding. Further, a civil society activist once said to me that Kansanshi was good only for the police. This remark puzzled me and its meaning was revealed only later when I was told by a local police official that thefts from the mine—actual and attempted—accounted for a high proportion of all illegal activities in the area and that the local police had been equipped by the Kansanshi Foundation through its CSR funds. Clearly, CSR here is directed towards keeping the growing headache of ore and concentrate theft from the mine in check.

Kansanshi also attracts brickbats on account of the class character of its developmental practices. The company has built homes, pools, a gymnasium, and even golf course, but to the annoyance of workers and Solwezi residents, these are for the use of those high up on the mine's organizational structure. Given that there is a degree of overlap between race and the division of labor at the mine, these words of a Kansanshi worker are perfectly understandable: "This is apartheid...Kansanshi has created a new Cape Town."<sup>54</sup> This discursive connection is all the more pertinent because many expatriate managers at Kansanshi are from South Africa. Lumwana, however, is orthogonally portrayed. It has built houses—for all categories of workers—at its company town. The upshot is that Lumwana is perceived as being closer to the ZCCM model than Kansanshi and for that reason is considered better.<sup>55</sup> The critique of Kansanshi is clearly observed at public meetings related to the developmental impacts of mining. Consider the case of a forum organized by the newly constituted North Western Chamber of Commerce. This is a collective of several local businesses and contractors who, in the main, seek business from the two large mines of the region. This meeting was termed "Doing Business with Lumwana and Kansanshi" and drew over a hundred people. Three expatriate Kansanshi managers and one from Lumwana gave presentations at the meeting. Each stressed how their respective mine was "empowering" local people by giving them contracts, even though each acknowledged that there were limitations to this goal because the companies, in the final analysis, sought to source the cheapest possible goods and services. During the event, the bulk of Kansanshi's time was taken by a manager responsible for procurement, and he started with an emphatic appeal in a thick Afrikaner accent: "Be proud! Be proud and sell your company to me." Thereafter, his intervention was directed mostly at explaining why exactly Kansanshi does not purchase more of its materials from local contractors. On the other hand, Lumwana's representative repeated his company's resolve to

develop the region, placing emphasis on the construction of the town. “We are in the bush...we are not five minutes from Kitwe or Ndola [towns on the Copperbelt],” he averred. In the discussion that ensued, successive speakers made similar distinction between the two mines. A speaker said, “Kansanshi, they’re useless...my hat off to Lumwana for building a proper town.”

To be sure, Kansanshi's place in the pecking order is not helped by the conduct of its expatriate employees. The president of the Kansanshi Foundation, for instance, was briefly in prison on charges of assaulting a local worker on his farm. Another expatriate employee caused anger among locals when he uprooted an electric pole to acquire the wires he needed to pull his vehicle out of a ditch, plunging entire neighborhoods in Solwezi into darkness.<sup>56</sup> But these are merely some particularly embarrassing occurrences for the company; the point is that the practice of Kansanshi's CSR is a much narrower definition of the copper mines' place in the wider society than Zambians have been accustomed to. It is for this reason that the public relations manager of Kansanshi has to consistently step in to defuse fiery confrontations between civil society representatives and the company. At a much publicized CSR event in March 2008, Kansanshi donated a refurbished SUV to the police in Solwezi. The event threatened to take an ugly turn, however, after it was revealed by a speaker that the company had buried tens of disused vehicles on its property. Participants thereafter questioned Kansanshi's representatives on the issue by making two criticisms. The first was related to the fact that this practice caused an environmental hazard for workers and nearby residents. The second criticism was that the incident revealed Kansanshi's careless attitude towards locals—the company had chosen to bury the vehicles instead of donating them to the community; thereby showing disregard for the uniquely Zambian skill of creatively reusing discarded items. The public relations manager had to step in and clarify but his arguments failed to gain purchase with the crowd and the issue of the buried vehicles dominated the media coverage of what was otherwise supposed to be a picture-perfect CSR event.<sup>57</sup>

It is at such moments that contentions around CSR as the dominant link between mining and society are most clearly revealed and become a critique of mining as such. Solwezi is just one site where the critique of privatized mining has emerged from the civil society. There is little doubt that this process is of a general kind in mining towns, and forceful—organized and more spontaneous—demands for a more substantial developmental paradigm of copper mining are resonant in localities like Solwezi. It is to this growing chorus that the state responds in contingent and often contradictory ways. To these I turn next.

### **The State Response**

Among other things, neoliberal cosmologies prescribe that the state enact and enforce mechanisms to make its territory attractive to capital. As discussed above, important elements of this task in Zambia were the lopsided Development Agreements (DA) negotiated by the state with capital that instantiated a lean regulatory framework and low taxes. During the mining boom that forms the context of this paper, this neoliberal framework was coming into question. The state—*qua* political party in a multiparty democratic polity—in turn responded to popular sentiments that were increasingly articulating demands for greater national control over

resources and their extraction.<sup>58</sup> An analysis of recent politics around the state's reformulation of the policy framework of mining reveals how this process unfolded in Zambia.

Despite undertaking a comprehensive structural adjustment of state and economy, the benefits promised were not apparent to many, even though the mining sector witnessed a substantial boom in the 2000s, and copper production reached an all-time high. This was a direct outcome of the fact that the DAs with mining companies were signed from a position of weakness. Copper prices in the early 1990s were at historic lows, the state was under huge foreign debt, and the consensus was that prices would remain low for the foreseen future.<sup>59</sup> But by 2003 prices had rebounded and Zambia had attained the Highly Indebted Poor Country (HIPC) status, leading to new investment and debt-cancellation respectively. The feeling of "impotence and inevitability" highlighted above now started to give way to incipient popular demands asking the state to revisit the DAs. It was in this context that in its 2008 budget the Zambian government announced sweeping changes to the country's tax structure, which by extension made individual DAs with companies redundant as far as the tax-regime contained within them was concerned. A new windfall tax tied to global copper prices was introduced, mining royalties were increased to 3 percent from the hitherto 0.6 percent, accompanied by the reintroduction of withholding taxes on interests, royalties and management fees, and an increase in corporate income tax to 30 percent from 25 percent.<sup>60</sup>

The state's actions can be located with respect to the wider dissatisfaction with the neoliberal regime of accumulation, seen, among others, in the increasing base of the opposition Patriotic Front (PF). The PF enjoys overwhelming support on the Copperbelt Province, where it has secured a large majority in the last two presidential elections (2006 and a mid-term election in 2008 due to the erstwhile President's death), in addition to winning every single parliamentary seat. Most recently, an alliance of the PF and another opposition party (United National Democratic Party) defeated the ruling Movement for Multiparty Democracy (MMD) candidate in a Solwezi by-election; the first such occurrence in what has long been an MMD stronghold. Opposition to the MMD has strengthened through espousal of a critique of the post-privatization political economy.<sup>61</sup> The ruling party had to counter its growing irrelevance in the Copperbelt and beyond. This was an important part of the reason for the announcement of the new taxes and with it, the reexamination of the neoliberal compact. Having said that, and while the formal opposition political parties are important, their antagonistic relationship to the party in power is of a more general kind and moreover is not disconnected from the micropolitics of mining at concrete localities. In places such as Solwezi, mining capital faces daily critique to which opposition parties themselves are in a way responding. To that extent, an exclusive focus on national party-politics is less well suited to uncovering the particularities constitutive of broader political articulations, such as that against neoliberal orthodoxy in Zambia during the boom.

For their part, mining companies reacted guardedly to what amounted to the state's repudiation of the DAs. While the Chamber of Mines expressed disappointment and warned of impending layoffs, individual companies did not present a united face, in part because each wished to privately negotiate with the state to avoid public confrontation with the party in power.<sup>62</sup> Some mines—most notably the Konkola Copper Mines (KCM)—decided in due course to comply with the reconfigured tax regime, but others refused to accept the new taxes, arguing that the DAs were legally-enforceable. The most vocal among the latter group was First

Quantum Minerals, which repeatedly insisted on the sanctity of the DAs and threatened to take the Zambian state to court. Backed by opposition parties and the civil society, however, the government initially stood firm on the matter.

Interestingly, Lumwana continued to draw upon its discursive distance from other mines to insist on the unfairness of the taxes and the need for the state to respect the DA, if only for Lumwana. The managing director insisted that if Lumwana were “put in the same basket as other investors” its promise to develop the North Western Province and the country would be compromised. He stated that the new windfall taxes were justified for the mines that took over existing ones and made a windfall but were unjust for Lumwana because it was an entirely new project, adding that his company had spent a million and a half dollars a day, employed thousands of Zambians, and renovated many schools and clinics in the neighboring rural communities. All of this was before a single pound of copper had been mined, which meant that it was a serious investor and needed to be treated with special concern. In contrast to Kansanshi that has better grade ore, at Lumwana the concentration of the copper is very low—less than a fourth of the Kansanshi ore. Changes in tax regime would in this scenario push costs up, shift the bottom-line, and make it increasingly unprofitable to operate the mine. The mine life, put another way, would shrink by as many as fifteen years from the estimated thirty-seven, *ceteris paribus*. This careful articulation proved effective. While other mines were unequivocally directed to pay the new taxes, uncertainty prevailed over Lumwana's position. Later, however, even Lumwana had to accede to the taxes but only after they were substantially diluted.

The tax episode illustrates the contingent negotiations taking place within the state regarding its developmental role and relationship to capital. Its resolve to implement the new tax regime was in part an attempt to fashion a more developmentalist framework—that is, expanding its revenue base for the program of national development—*within* a privatized mining set-up. At best this led to mixed results, with government having to ultimately concede defeat at the hands of the world commodity markets. Following the housing meltdown in the US and with the global economy collapsing into recession, copper prices tumbled in late 2008. Between August 2008 and February 2009 they dropped from over \$4/lb to less than \$1.5/lb. As companies began to cut hours (Kansanshi), lay-off workers (KCM), or shut-down completely (Luanshya), the government backtracked on the introduction of the new taxes. In the main though, the state acted too late to make any substantial recovery from the profits hitherto accumulated from copper extraction. One does not know what the future holds for copper prices or for the social critique highlighted in this paper. What is clearer is that Zambia's inextricable ties to global capitalism continue to condition the menu of available options that are being internally negotiated and reworked between capital, state and society.

## Conclusion

The 1990s witnessed a shift in Zambia from the developmentalist framework presided over by a one-party state to the neoliberalization of the economy and a simultaneous move towards multiparty democracy. In so doing, the relations between state, capital, labor, and society were substantially changed to favor capital. The regulatory and tax framework was separately and secretly negotiated between the state and capital, and Zambia implemented one of the leanest—

attractive, in corporate parlance—tax regimes in the world. In the same period, the number of formally-employed workers and their organizational strength was significantly reduced, while the hitherto developmental link between mining and society was reshaped via the weaker institution of CSR. However, considering these shifts from the vantage point of the mining boom in Solwezi, while these contours were clearly discernible, the process of the reconfiguration was neither smooth nor complete.

Formally employed workers and their unions remain an important part of the political landscape; their position is however significantly weaker than before. It is easy therefore to be overly pessimistic about progressive change in Zambia given the historical strength of unions. Such a reading, however, risks missing entire micro politics of mining and development that is underway in several places in Zambia. Here, the sharpest critiques of mining capital increasingly pivot on civil society-led politics around CSR, which creates several points of rupture in the status quo. The Zambian state responded to this political emergence by announcing significant changes to the tax regime, but its measures were stunted by the unfortunate alliance of oppositional mining companies and the collapsing world price of copper. By late 2008, several mines laid off workers and a few closed down entirely. Since then the prices have rebounded, nearing \$4.50/lb. in February 2011, but the political momentum pushing for a new political economy of has dissipated. It will take renewed efforts and organizing of the kind highlighted in this paper at multiple sites to reinvigorate such a movement.

#### Notes:

- 1 Ferguson 2005; Lungu and Mulenga 2006.
- 2 See Craig 2001; Larmer 2007; Larmer and Fraser 2006; Rakner 2003; Simutanyi 1995.
- 3 Notable exceptions include the recently published Fraser and Larmer 2011.
- 4 This is precisely the phrase used by a fellow researcher in Zambia when we discussed the issue of CSR.
- 5 Sassen 2006, p.269.
- 6 Central Statistical Office 2001; and Personal Communication, CSO Solwezi Branch 2007.
- 7 See Tsing 2005.
- 8 Kaunda 1966.
- 9 Cohn 1968, p.341.
- 10 Gertzel, Baylies, and Szeftel, 1984, pp.1-28.
- 11 Rakner 2003, p. 46.
- 12 Lungu and Mulenga 2006, p. 37; Ferguson 2005.
- 13 Burdette 1988, p. 95.
- 14 Rakner 2003, p. 63.
- 15 Larmer and Fraser 2007.
- 16 See Cox 1993.
- 17 Abrahamsen 2000.
- 18 See Catchpole and Cooper 2003, p.13.

- 19 Fraser and Lungu 2007.
- 20 See also Silwamba 2007.
- 21 Friedman 1970.
- 22 Carroll 1999.
- 23 Polanyi 1944, pp. 136-228.
- 24 Carmody 2007.
- 25 Kapelus 2002, pp. 277-78.
- 26 See for opposing views, Drucker 1984 and Cochran and Wood 1984.
- 27 Lungu 2008.
- 28 Haglund 2008.
- 29 Henderson 2001, p. 15.
- 30 This is the picture one gets from the survey of the various—large—mining companies in Zambia: Equinox; First Quantum Minerals; Konkola Copper Mines; and Mopani Copper Mines. KCM succinctly summarizes its notion of CSR by saying that it “is committed to the principles of sustainable development” – which it takes to mean “development that meets the need of the present without compromising the ability of future generations to meet their own needs” because it believes it is fundamental to its long-term success.  
(<http://www.kcm.co.zm/sheq.php>).
- 31 Larmer 2006, p. 295.
- 32 Larmer 2005; Parpart 1983.
- 33 Cliggett 2003.
- 34 Lungu and Mulenga 2006.
- 35 Simutanyi 1995, p. 825.
- 36 From Rakner 2003, p. 98 and Larmer 2002, p. 117.
- 37 Hardt and Negri 2004, p. 112.
- 38 Personal communication 18 July 2006.
- 39 The rest of Kansanshi Mining Plc is shared between a group of international investors and ZCCM Holdings, which is owned by the government of Zambia.
- 40 In recent years, several workers have broken from the MUZ and formed the National Union of Miners and Allied Workers (NUMAW), which has a significant strength on the Copperbelt.
- 41 Personal communication 18 May 2008.
- 42 “More Riots...” 2008.
- 43 Personal communication 14 April 2008.
- 44 Negi 2011.
- 45 “Social-movement unionism implies an active strategic orientation that uses the strongest of society’s oppressed and exploited, generally organized workers, to mobilize those who are less able to sustain self-mobilization: the poor, the unemployed, the casualized workers, the neighbourhood organizations” (Moody 1997, p. 59).
- 46 Shamir 2004.
- 47 See Larmer, 2007.

- 48 Personal communication, 28 February 2008.
- 49 See Ferguson 1999; Larmer 2006.
- 50 Kansanshi Fact Sheet: [http://www.first-quantum.com/i/pdf/Kansanshi\\_Fact.pdf](http://www.first-quantum.com/i/pdf/Kansanshi_Fact.pdf)
- 51 First Quantum Minerals Ltd, 2008 p. 17.
- 52 Kansanshi Foundation 2007.
- 53 See Kalaluka 2007.
- 54 Personal communication 17 March 2008.
- 55 During interviews, informants often made comparisons between private mining companies and their memories of the ZCCM-era as a conceptual tool to grasp the present. Many remembered that time fondly and spoke about the provision of good housing to workers, quality education for children, and how the Zambian football teams regularly competed for continental championships. In short, Zambians continue to evaluate the changing mining-society relations through the template of the country's developmentalist past.
- 56 He was subsequently released upon the payment of settlement to the worker (Mulaliki 2008).
- 57 *Times of Zambia* 2008.
- 58 See Larmer and Fraser 2007; Negi 2008.
- 59 Scott 2009.
- 60 Lungu 2008.
- 61 Larmer and Fraser 2007.
- 62 Mulowa 2008.

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