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Introduction

On 24 October 1964, the landlocked British protectorate of Northern Rhodesia emerged as the independent Republic of Zambia under the administration of the United National Independence Party (UNIP) and its first black nationalist President Kenneth Kaunda. As the largest producer of copper in the developing world and holding more than a year’s GDP in foreign reserves, Zambia was widely seen as one of the wealthiest – and most likely to succeed – of the new democracies emerging from colonial Africa.\(^1\)

However, as this chapter will show, under UNIP’s first six years of administration it altered the formal institutional underpinnings of the country’s political economy so dramatically that by 1970 political exclusivity precluded many of its citizens from benefiting from the economic advantages they had inherited at Independence. For example, UNIP formally revoked the property rights of many of Zambia’s most successful business owners; it legislated against ‘non-Zambians’; and it created a state-controlled monopoly over the mining industry. While each of these formal changes will be shown to have played their own direct role in restricting economic growth, the chapter argues that it was a deeper informal institutional transformation that ultimately had a more persistent impact on Zambia’s economy. Specifically, it argues that the systemic reduction of constraint on President Kaunda and the resulting political exclusivity raised public expectations of him as a type of political and economic Aristotelian prime mover, which in turn increased policy uncertainty. It argues that, as a result of having both the scope and motivation to react to the sometimes short-termist demands of Zambians, Kaunda raised investors’ perceptions of risk and thus steadily restricted Zambia’s access to financial capital.
UNIP’s political context

Before investigating the formal institutional changes brought about by the newly independent government, it is necessary to understand UNIP’s motivations for altering existing institutional qualities. Two dominant sources of pressure on the new government emerge from the literature: firstly, a worker-driven demand to increase their share of the country’s copper wealth through higher wages, and secondly, a struggle within UNIP for control of the State and the resources under its control. Added to these established arguments this book proposes a third, namely the Zambian electorate’s heightened expectations of Kaunda and UNIP’s ability to deliver prosperity, as a result of their perceived monopoly on political and economic power.

With respect to the first, the journalist and author Richard Hall at the time argued that UNIP’s failure to successfully address the gap in wages between indigenous Zambians and foreign workers was at the centre of a persistent tension between UNIP and local workers, a tension that Anirudha Gupta argued ultimately developed into a political struggle between UNIP and the trade unions for control of the mineworkers.2 By 1965, the level of industrial action and violent unrest this tension caused on the Copperbelt was such that it warranted Parliament to form a committee to investigate its causes and propose a solution. The committee concluded in April 1966 that foremost amongst 12 causes of violence it could identify were union leadership, the number of unions, and racial discrimination in employment. Unsurprisingly, the report recommended the unions be consolidated into a single organisation and that a policy of ‘Zambianisation’ (positive discrimination in favour of Zambians) be strictly pursued.3 More surprisingly perhaps, the report further recommended that:

a lot of Trade Union education should be done and this education should be based on Patriotism. It is further recommended that this education should be compulsory.4

Many of the committee’s recommendations were supportive of the unions’ objectives, which were primarily to overcome historically exclusive employment practices inherited at Independence and most evident in more senior roles, including corporate management and the Civil Service. But together with the committee’s recommendation to limit and re-educate union leadership, it signalled a more exclusionary tone from senior policy-makers. Two months later, the Government of the