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A HOSTAGE ECONOMY: THE IMPACT OF RHODESIA'S UNILATERAL DECLARATION OF INDEPENDENCE ON ZAMBIA, 1965-79

ABSTRACT

In November 1965, Rhodesia's Prime Minister Ian Smith announced a Unilateral Declaration of Independence (UDI), prompting the United Nations and the British government to impose economic and financial sanctions on his government. In the context of regional politics of decolonisation, the Zambian government interpreted UDI as a moral affront to African freedom, independence, dignity as well as posing a grave danger to the country's national security. They responded to the crisis by supporting international sanctions on Rhodesia and embarked on an exercise to extricate the economy from dependence on the illegal regime. This article traces part of these strategic initiatives employed by the Zambian government in response to UDI and illustrates how strict compliance to international sanctions along with economic disengagement severely strained the country's economic stability. It argues that although UDI immeasurably compromised Zambia's development efforts and brutally exposed the limitations and vulnerability of its economy, ultimately the government exploited the situation to its advantage by promoting the country's development agenda through establishment of alternative transport routes, new sources of energy and electricity, and import substitution industries. Economic diversification became a major priority of government policy in the wake of UDI. The article utilises evidence from the Zambian archives to investigate the nature and extent of the challenges and opportunities UDI imposed on Zambia's economy between 1965 and 1979. Until now, scholars have hardly interrogated this aspect.

Keywords: UDI, Zambian government, Southern Rhodesia, Economic Sanctions, Ian Smith, United Nations Security Council, TAZARA, Zambian economy

1. INTRODUCTION

On 11 November 1965, Rhodesia's Prime Minister, Ian Smith defied world opinion and announced his country's independence from British rule. The proclamation became internationally recognised as Rhodesia's Unilateral Declaration of Independence (UDI).¹ As the world's focus shifted to this political development, it immediately became a theme of intense scholarly attention. By the second half of the 1960s, several publications appeared which sought to explain the origins of this crisis.²

Smith's stubbornness, illustrated by his unwillingness to abandon UDI, prompted researchers to shift their focus to analysing economic and financial sanctions imposed on his government, paying particular emphasis on why the illegal regime failed to crumble under the weight of international sanctions.³ They concluded that the Rhodesian government survived partly because it responded appropriately to international sanctions⁴ and partly because the sanctions were "honoured more in the breach than in the observance".⁵

1 For the full text of the declaration, see, E Windrich, *The Rhodesian problem: A documentary record, 1923-1973* (London: Routledge and Keagan Paul, 1975), pp.210-211.

2 The immediate cause of UDI was failure of negotiations between Southern Rhodesia and the British government during the early part of 1965, but there is consensus among scholars that the origins of the crisis lay deep in the early history of Southern Rhodesia and particularly its political status and constitutional position in relation to Britain. Smith and his governing elite in the Rhodesian Front (RF) party longed to assert full authority and this could only be achieved by removing Britain's reserve powers over the self-governing colony. See K Young, *Rhodesia and independence: A study in British colonial policy* (London: JM Dent and Sons, 1969); J Barber, *Rhodesia: The road to rebellion* (London: Oxford University Press, 1967); BV Mtshali, *Rhodesia: Background to conflict* (London: Leslie Frewin Publishers, 1967); A Skeen, *Rhodesia: Prelude to independence* (Cape Town: Nasionale Boekhandel, 1966); F Clements, *Rhodesia: The course to collision* (London: Pall Mall, 1969); M Perham, "The Rhodesian crisis: The background", *International Affairs* (42), 1966, pp.1-16.

3 D Austin, "Sanctions and Rhodesia", *The World Today* 22 (3) 1966, pp.106-113; R McKineel, "Sanctions and the Rhodesian economy" *The Journal of Modern African Studies* 7 (4), 1969, pp.559-581; HR Strack, *Sanctions: The case of Rhodesia* (New York: Syracuse University Press, 1978), pp.237-238; J Galtung, "On the effects of international economic sanctions with examples from the case of Rhodesia", *World Politics* (19), 1967, pp. 378-41; TRC Curtin, "Rhodesian economic development under sanctions and 'the long haul'", *African Affairs* (67), 1968, pp.100-110; RB Sutcliffe, "The political economy of Rhodesian sanctions", *Journal of Commonwealth Political Studies* (7), 1969, pp.113-125; A Cohen, "Lonrho and oil sanctions against Rhodesia in the 1960s" *Journal of Southern African Studies* 37 (4), 2011, pp. 715-730.

4 DM Rowe, *Surviving economic coercion: Rhodesia's responses to international economic sanctions* (PhD, Duke University, 1993); S Ncube, "'We must adapt to survive': International sanctions, settler politics, and white tobacco farmers' struggles for economic survival in Rhodesia, 1966-1979", *African Economic History* 48 (2), 2020, pp. 67-91; McKineel, "Sanctions and the Rhodesian economy", pp. 559-581.

5 AS Mlambo, "'Honoured more in the breach than in the observance': Economic sanctions on Rhodesia and international response, 1965 to 1979", *South African Historical Journal* 71 (3),

The failure of international sanctions to resolve UDI and the continued intransigence of Smith compelled Africans to resort to armed struggle as the only viable and legitimate strategy of overthrowing his white minority regime. As a consequence of the ensuing armed confrontation between liberation movements and the Rhodesian armed forces, a huge corpus of literature on the “Bush War” emerged. The first set of written works were produced primarily by academics and independent researchers, but after the war ended, former participants on both sides of the conflict began to publish accounts of their experiences in the war.⁶

After UDI was resolved and Zimbabwe gained independence under black majority rule, research interest on the subject seemed to have diminished as scholars shifted attention elsewhere. In recent times, however, there has been renewed academic interest in UDI, prompted partly by the availability of British archival “records released into the public domain in accordance with the Thirty-Year Rule”.⁷ In September 2005, the University of Cambridge convened a conference to commemorate the 40th anniversary of UDI.⁸ Here, scholars presented papers for discussion on UDI and related subjects, but two were prominent and relevant to this article. The first was Ackson Kanduzza’s paper, which examined the popular and grassroots reaction to UDI in Zambia. Kanduzza insisted that despite huge economic challenges UDI posed to the Zambian government, the majority of Zambians trusted and readily supported their government in confronting the illegal regime because it continued with domestic policies and programmes for the people.⁹

2019, pp.371-393; AS Mlambo, “‘We have blood relations over the border’: South Africa and Rhodesian sanctions, 1965-1975”, *African Historical Review* 40 (1), 2008, pp.1-29.

- 6 See for instance, M Raeburn, *Black fire: Accounts of the guerrilla war in Rhodesia* (New York: Julian Friedmann, 1978); D Lan, *Guns and rains: Guerrillas and spirit mediums in Zimbabwe* (California: University of California Press, 1985); S Onslow, “War and interrogation: The Rhodesian bush war”. In: C Andrew and S Tobia (eds.) *Interrogation in War and Conflict: A Comparative and Interdisciplinary Analysis* (London: Routledge, 2014), pp.194-218; PHJ Petter-Bowyer, *Winds of destruction: The Autobiography of a Rhodesian combat pilot* (Newlands: 30° South Publishers, 2003); A Mutambara, *The rebel in me: A ZANLA guerrilla commander in the Rhodesian bush war, 1975-1980* (Pinetown: 30° South Publisher, 2014); F Chung, *Re-living the second chimurenga: Memories from Zimbabwe’s liberation struggle* (Stockholm: The Nordic Africa Institute, 2006); P Baxter, *Bush war Rhodesia, 1966-1980*, (Durban: Pinetown Printers, 2014); F Martin, *James and the duck: Tales of the Rhodesian bush war, 1964-1980* (Bloomington: Aurthor House, 2007); PL Moorcraft and P McLaughlin, *The Rhodesian war: A military history* (South Yorkshire: Pen and Sword Books, 2008).
- 7 CP Watts, *The Rhodesian crisis in British and international politics, 1964-1965* (PhD, University of Birmingham, 2006), p.2.
- 8 The conference which attracted a range of academics from around the globe was organised by the Centre for Research in the Arts, Social Sciences and Humanities.
- 9 AM Kanduzza, “Zambians against UDI in Rhodesia”. Paper presented at a conference on *UDI forty years on: Liberation, confrontation and cooperation*, University of Cambridge, 21-22 September 2005.

Secondly, Andrew De Roche's paper, titled "Some Zambian Responses to UDI, 1965-1973", examined strategies utilised by the Zambian authorities to confront UDI including advocating British military intervention, participating in the economic and financial sanctions on Rhodesia and seeking international help for defence and transportation. For De Roche, these strategies were subjected to severe political opprobrium by opposition members of parliament.¹⁰ This article appreciates the significance of domestic concerns or support of the government's policy towards UDI, but there is no integrated study which examines the nature and extent of UDI's impact on Zambia's economy.

Until now, academic discourse related to the impact of UDI on Zambia's economy has often been portrayed in negative terms.¹¹ This is hardly astonishing. Smith announced UDI barely a year after Zambia gained independence. With an infant economy and chiefly dependent on Rhodesia, Zambia is portrayed as a country which had not yet developed sufficient institutions and necessary infrastructure to help it cope with UDI.¹² Consequently, in the aftermath of UDI, Zambia had to struggle for economic survival.

Drawing heavily on primary sources, this piece acknowledges the unprecedented challenge UDI presented to Zambia's economic stability. However, it insists that the crisis precipitated by the Smith regime offered significant opportunities for Zambian authorities to extricate the economy from Rhodesia's dominance. They exploited the problems presented by UDI to advance, with renewed determination and vigour, the country's development agenda of diversification and import substitution which, ultimately, helped the country to significantly reduce its reliance on Rhodesia and become self-sufficient in key sectors of the economy such as energy, transport and communication.

10 A De Roche, "Some Zambian response to UDI, 1965-1973." Paper presented at a conference on *UDI forty years on: Liberation, confrontation and cooperation*, University of Cambridge, 21-22 September, (2005), pp. 7-8.

11 RL Sklar, "Zambia's response to UDI", *Mawazo* 1 (3), 1968, pp.11-32; RL Sklar, "Duty, honour, country: Coping with Rhodesia's unilateral declaration of independence", *Journal of Modern African Studies* 34 (4), 1996, pp. 701-714; DG Anglin, "Zambian crisis behaviour: Rhodesia's unilateral declaration of independence", *International Studies Quarterly* 24 (4), 1980, pp. 581-616; R Hall, "Zambia and Rhodesia: links and fetters", *Africa Report* 11 (1), 1966, pp. 8-12.

12 Sklar, "Zambia's response to UDI", pp.11-32; Sklar, "Duty, honour, country", pp.701-714; Anglin, "Zambian crisis behaviour", pp. 581-616.

2. STRUCTURAL LEGACY OF ECONOMIC RELIANCE

An evaluation of the challenges and opportunities UDI imposed on Zambia's economy cannot be fully appreciated without taking into account the historical economic arrangements established among members of the Central African Federation (CAF). It was in this context that Zambia's structural legacy of economic reliance on Southern Rhodesia was forged and fully manifested. Established in 1953, CAF was made up of three British territories of Southern Rhodesia, Northern Rhodesia and Nyasaland. During the federation, Northern Rhodesia was developed as an appendage of Southern Rhodesia's economic system – it exported labour to the agricultural and mining industries of Southern Rhodesia and provided it with a huge market for manufactured products.¹³ Northern Rhodesia depended on Southern Rhodesia in almost all the key sectors of the economy including electricity, energy, transport and communication.

Copper, the chief export of Northern Rhodesia, was not only crucial to the overall CAF economy in terms of its contribution to the region's total exports and Net Domestic Product (NDP)¹⁴ but was also dispatched by Rhodesia Railways through Southern Rhodesia to the seaport of Beira in Mozambique. The great bulk of Northern Rhodesia's imports came through the same route. Northern Rhodesia obtained coal needed for both industrial and power production from Southern Rhodesia. Petroleum products were shipped north by rail from a refinery near Umtali (now Mutare) in Southern Rhodesia. Electricity was supplied by the Kariba South Bank hydropower station. Although jointly owned by both Northern Rhodesia and Southern Rhodesia, the generating facilities and control centres of the interconnected system were wholly located in Southern Rhodesia.¹⁵

The federation was dismantled in 1963 and the following year, Northern Rhodesia and Nyasaland attained independence and became Zambia and Malawi, respectively. The rebellious colony renamed itself Rhodesia.¹⁶ Despite securing political control on 24 October 1964, the new Zambian government

13 *Economic report 1965* (Lusaka: Ministry of Finance, 1966), p.33; RB Sutcliffe, "Rhodesian trade since UDI", *The World Today* 23 (10), 1967, pp.418-422.

14 In 1955, it accounted for 94 per cent of the exports of Northern Rhodesia and 63 per cent of the total exports of the federation. See, H Munene, *Copper king in central Africa: Corporate organisation, labor relations, and profitability of Zambia's rhokana corporation* (London: Rowman and Littlefield, 2022), p.79.

15 *Third national development plan 1979-1983* (Lusaka: National Commission for Development Planning, 1979), p.253.

16 Although the RF government changed the name, the British and the international community refused to recognise it. In British imperial circles, the colony remained legally known as Southern Rhodesia until independence (apart from a few months as Zimbabwe-Rhodesia in 1979).

did not have effective control over the management and operation of the economy. Zambia had become so much an integral part of Rhodesia's economic matrix that its economic survival depended on Rhodesia.¹⁷

The full extent of Zambia's economic dependence on Rhodesia was revealed in 1965 following the announcement of UDI, a development which polarised the political positions of the two countries. In 1965, 1 075 647 tonnes of imports and exports, representing practically the whole of Zambia's trade through the ports of Beira, Lourenço Marques, Lobito and South African ports, was carried by Rhodesia Railways. Rhodesia itself supplied 33 per cent of Zambia's merchandise imports and took 93 per cent of its exports. Nearly all this trade was also transported by Rhodesia Railways.¹⁸ At the time of UDI, Zambia obtained 1 million tonnes of coal annually, representing more than 95 per cent of Zambia's coal requirements, from Wankie Colliery in Rhodesia. Sixty-eight thousand tonnes of coal were required to produce 58 000 tonnes of copper each month.¹⁹ Zambia imported 200 000 tonnes annually or 90 per cent of its oil and petroleum products from the Central African Petroleum Refinery in Umtali, Rhodesia while the Kariba South Bank hydroelectric power station supplied Zambia with most of its power requirements.²⁰ At the time of UDI, Zambia's economic dependence on Rhodesia was well established.

3. DEVELOPMENT OF THE CRISIS

In anticipation of UDI, Zambian leaders expressed worry about the potential harm the rebellion would inflict on the economy, based on their awareness of the extent to which the economy was tied to Rhodesia. The Zambian government was prompted to request for Britain's pre-emptive military action against Rhodesia to prevent Smith from usurping power through unconstitutional means.²¹ UDI presented the Zambian government with the problem of deciding the public attitude against the possible consequences on the economic future of Zambia.²² Against the backdrop of worry and anxiety about the impending crisis, Zambia's attitude on the eve of UDI was one of

17 LT Kapungu, *Rhodesia: The struggle for freedom* (New York: Orbis Books, 1974), p.66.

18 *Economic report 1966* (Lusaka: Ministry of Finance, 1967), p.19; *Economic report 1967* (Lusaka: Ministry of Finance, 1968), p.43.

19 *Africa confidential* 23 November 25 (1966), p.6; *Africa confidential* 20, October 15 (1965), p.3.

20 BV Mtshali, *Zambia's foreign policy: The dilemma of a new state* (PhD, New York University, 1972), p.230.

21 National Archives of Zambia (NAZ) CO17/1/5 Loc 6920 general papers prior to 1 May 1966 His Excellency President address at the national rally, Lusaka Saturday 23 October 1965.

22 NAZCO17/1/5 Loc 6920 general papers prior to 1 May 1966, *Unilateral Declaration of Independence: The political and security implications*.

appealing for international support and of presenting the question domestically as a matter transcending party interests and affecting national survival.

Rhodesia's response to Zambia's moves pertaining to a possible UDI operated on two levels. Publicly, Smith announced that he wanted to maintain good neighbourly relations between the two countries. However, in practice, his actions were contrary to his public statements. For instance, in a personal letter addressed to Zambia's President Kenneth Kaunda on 21 October 1965, Smith assured him that his government would never take a move calculated to destabilise Zambia's economy. While acknowledging Zambia's concerns, he reiterated that "the importance to Zambia of the copper mining industry is well recognised here, and we have no desire to impede it by interfering in any way neither with the normal supplies of coal and petroleum nor with the other services of this vital industry".²³ Despite assurances to "honour its obligations towards Zambia and to maintain existing trade relations", in practice, Smith's actions contradicted his friendly words. For example, a month before UDI, Rhodesian authorities seized 232 cases of arms and ammunition which were in transit and destined for the then ill-equipped Zambia Army.²⁴

Smith finally proclaimed UDI, a move considered an act of rebellion by the British government and the international community. On the same day, London imposed economic and financial sanctions on Rhodesia.²⁵ At the United Nations (UN), the Security Council passed a resolution condemning UDI and called upon all states not to recognise the illegal regime and to "refrain from giving it any assistance". On 20 November, the Security Council passed another resolution which noted the gravity of the situation caused by UDI. Terming the declaration "an act of rebellion" the continuance of which "constitutes a threat to international peace and security", the council called on all countries to refrain from recognising the illegal regime, to avoid any action assisting and encouraging it and "in particular to desist from providing it with arms, equipment and military material, and to do their utmost in order to break all economic relations with Rhodesia, including an embargo on oil

23 NAZCO17/1/5 Loc 6920 general papers prior to 1 May 1966, 'Letter from the Hon ID Smith, MP, Prime Minister of Rhodesia to His Excellency Dr KD Kaunda, President of the Republic of Zambia, 21 October 1965'.

24 See "His Excellency President Kaunda's address to parliament", *Zambia hansard*, no.5c, Daily hansard Thursday, 9 December 1965, official verbatim report of the debates of the second session of the first national assembly (resumed) (Lusaka: Government Printer, 1965), p.97.

25 For details on the nature of economic and financial sanctions Britain imposed on Southern Rhodesia and how Smith's government navigated through them, see T Nyamunda, "Money, banking and Rhodesia's unilateral declaration of independence", *The Journal of Imperial and Commonwealth History* 45 (5), 2017, pp.746-776; T Nyamunda, *Financing rebellion: The Rhodesian state, financial policy and exchange control, 1962-1979* (PhD, University of the Free State, 2015), pp.96-132.

and petroleum products".²⁶ The resolution also called upon Britain to quell the rebellion and the Organisation of African Unity (OAU) to assist in implementing the resolution. The action against Rhodesia was based on continuing recognition of British sovereignty and legal authority over the territory.

Britain's imposition of economic and financial sanctions on Rhodesia rested on its firm belief that "on the expert advice" available to Prime Minister Harold Wilson, the "cumulative effects of the economic and financial sanctions would bring the rebellion to an end within a matter of weeks rather than months".²⁷ The problem of the British response to UDI and particularly Wilson's behaviour has attracted much interest among academics. Philip Murphy argued that Wilson's public announcement of his refusal to use force to prevent UDI during his visit to Southern Rhodesia late in October 1965 was predicated on persuading Southern Rhodesia's African nationalist leaders to enter into meaningful talks with Smith's government.²⁸ Carl Watts, however, posits that Wilson "grossly exaggerated" the "military and political obstacles" to the use of force, insisting that with "sufficient resolve", he could have taken military action to prevent or quell the rebellion. Watts concluded that Wilson "believed in the utility of economic sanctions as a deterrent and, after the failure of deterrence, as an instrument of coercive diplomacy".²⁹ Although Wilson insisted on imposing economic sanctions rather than using force, Zambian leaders were utterly sceptical of the effectiveness of the sanctions policy to resolve the crisis. They felt imposing economic sanctions would not only prove futile but would ultimately damage the country's economy. This view was expressed in a memorandum at the Commonwealth Prime Ministers' Conference in Lagos in 1966:

Zambia considers the establishment of a rebel regime across the borders as a permanent threat to our [economic] security and we will do everything possible to remove this threat from the start Zambia ... is extremely doubtful whether economic sanctions will have the effect of bringing down the Smith regime within a

26 United National Independence Party Archives (UNIP) 14/1/14 press release 1967 Southern Rhodesia and the United Nations: The US position department of state, United States of America, reprint from the department of state bulletin, p.4.

27 NAZCO17/1/5 Loc 6920 general papers prior to 1 May 1966, 'Final Communiqué' meeting of the Commonwealth Prime Ministers, Lagos 1966.

28 P Murphy, "An intricate and distasteful subject": British planning for the use of force against the European settlers of Central Africa, 1952-65", *English Historical Review* CXXI (492), 2006, p.772.

29 C Watts, "Killing kith and kin: The viability of British military intervention in Rhodesia, 1964-5", *Twentieth Century British History* 16 (4), 2005, p.413.

time limit that will avoid serious damage to the Zambian economy including a severe if not complete curtailment of copper production and delivery.³⁰

Zambia's failure to persuade Britain to quell the rebellion through military intervention, and to secure a specific British commitment to aid to cover the cost to the country of sanctions, placed it in an invidious position.³¹ Despite expressing misgivings about the effectiveness of sanctions, Zambian authorities reluctantly, but in pursuit of their moral obligation towards the decision taken by the UN Security Council, joined international sanctions against Rhodesia in November 1965. Zambia declared economic war on Rhodesia, a decision that had serious repercussions on the country's economic stability.

In retaliation against Zambia's participation in the UN-sponsored trade embargo against Rhodesia, on 18 December 1965 Rhodesian authorities banned the shipment of oil and petroleum products to Zambia by preventing any movement of rail tanks. Smith took this action in an apparent move to create his country's oil reserves in the aftermath of sanctions. The following day, he announced a hundred-fold increase in taxes on coal exported to Zambia. In addition, the Rhodesian government demanded an advance payment of railway revenue in convertible currency.³²

The question of advance payment should be seen in the context of the machinery created to implement the UN Security Council's Resolution on Rhodesia. Prior to UDI, Zambia maintained a trade and payments system that was virtually free of restrictions. All imported goods originating from the Sterling Area³³ (Rhodesia, South Africa and Britain) were free from restrictions, that is, they were not subjected to any form of licensing. But when UDI was proclaimed, Zambia adopted a full system of licensing for all imported goods from all countries. Exchange control regulations were introduced to restrict payments to Rhodesia, and payments to the jointly owned services – Central African Airways, Central African Road Services,

30 UNIP7/23/5 Foreign statements, 1966 "secret" memorandum by the Zambian government: "Zambia's views on the Rhodesian situation" at the meeting of the Commonwealth Prime Ministers, Lagos 1966.

31 Sklar, "Zambia's response to UDI", p.13.

32 *Africa confidential* (3), 20 May 1966, p.1.

33 The sterling area was formerly a group of countries that kept most of their exchange reserves at the Bank of England and, in return, had access to the London capital and money market. After the devaluation of the pound sterling in September 1931, the United Kingdom and other countries that continued to maintain parity with sterling and to hold their reserves in London became known as the sterling bloc. See, "Sterling area: international economics" www.britannica.com, accessed 15 December 2022.

Central African Power Corporation and Rhodesia Railways.³⁴ As part of its contribution towards the UN economic and financial sanction measures, the Zambian government blocked the transfer of surplus railway revenue from Zambia to Rhodesia. For several months, the payments had accumulated in the Lusaka account while the current account for the railways in Salisbury reached a point of virtual bankruptcy. Hence, the Rhodesian authorities demanded advance payment of Rhodesia Railway revenue from the Zambian government.³⁵ Rhodesia's demand for advance payment of railway revenues was part of its overall strategy of what Tinashe Nyamunda referred to as Smith's attempt to "maintain a Balance of Payment (BOP) equilibrium" and to stockpile commodities.³⁶

4. CONTINGENCY OPERATIONS

The crisis precipitated by the oil embargo, disruptions in the coal supply and the demand for pre-payment of freight charges for copper exports had grave repercussions for Zambia's economy. It spurred contingency operations the impact of which on the national economy was far-reaching. The resulting petroleum shortage in the county led to a severe reduction in essential services and retarded the implementation of the Transitional Development Plan.³⁷ It also saw the introduction of a petrol and fuel rationing scheme throughout the country to ensure that everyone got a fair allocation of fuel and for the general maintenance of the economy.³⁸ The fuel crisis was so critical that at the beginning, the fuel ration for an average private motorist was less than a gallon (about 4.5 litres) per week. Some 13 commercial passenger flights were cancelled to save fuel, bicycle sales increased fourfold; diplomats parked their cars and began cycling while some people resorted to arriving at work on horseback.³⁹

34 M Bostock, The background to participation. In: M Bostock and C Harvey (eds.), *Economic independence and Zambian copper: A case of foreign investment* (New York: Praeger Publishers, 1972), p.110.

35 Bostock, "The background to participation", p.110.

36 Nyamunda, "Financing rebellion", p.116. It is important to note that Smith's hardline approach prior to and after UDI's announcement was emboldened by Portugal and South Africa's tacit and covert political, economic and military support. See, S Onslow, "A question of timing: South Africa and Rhodesia's unilateral declaration of independence, 1964-65", *Cold War History* 5 (2), 2005, pp.131-134, 145-152; T Nyamunda, "In defence of white rule in southern Africa: Portuguese-Rhodesian economic relations to 1974", *South African Historical Journal* 71 (3), 2019, pp.394-422.

37 Interview: Author with BF Kapulu, Lusaka, 4 April 2007.

38 *Times of Zambia*, 20 December 1965.

39 RC Good, *U.D.I.: The international politics of the Rhodesian rebellion* (London: Faber and Faber, 1973), p.110.

The fuel shortage severely strained the economy and inflicted misery on the general citizenry. This prompted the government to initiate weekly radio and television announcements to the nation in order to keep the public abreast with emergency measures government was putting in place in response to the crisis.⁴⁰ The public broadcasts served not only to inform and update the nation, but were also designed to instil a sense of confidence in the government and possibly to abate panic among the general populace.

In a desperate attempt to salvage the economy from total collapse, the Zambian government, in collaboration with and assistance from, the British, the United States of America (USA) and the Canadian governments, launched an international rescue operation involving the airlifting of fuel and petroleum products into the country. The operation started on 19 December 1965, a day after Smith's government terminated the flow of oil into Zambia, when the first British Royal Air Force planes carrying petroleum landed in Lusaka. Within the same month, the Canadian government joined the exercise using four Royal Canadian Air Force (RCAF) Hercules transport aircraft.⁴¹ The United States joined the rescue operation on 4 January 1966 when they dispatched a Pan-American Airline 707 which landed in Elizabethville, Katanga province in what is now the Democratic Republic of Congo (DRC), and unloaded 120 barrels holding 55 gallons of oil. The oil was transported into Zambia by road. Ten days later, an American Trans-World Airlines 707 joined the exercise. In an operation that lasted until 30 April 1966, the two American Boeing 707s flew fuel into Katanga, hauling 68 921 barrels containing 3.6 million gallons of oil. The transport costs alone for the oil topped \$1 per gallon.⁴²

Besides the assistance provided by the international community towards airlifting of fuel and other imports into the country, the Roan Select Trust (RST) Group of Companies, in co-operation with the Zambian government, established an airline in 1965, Zambian Air Cargo (ZAC), as an emergency measure designed to deal with the crisis precipitated by UDI. During an operation that lasted for three years, ZAC carried 150 000 tonnes of freight, about half copper and half essential supplies between the Copperbelt and the

40 *Zambia information services, press release* no. 313/66, speech by the Vice President on television Zambia and radio on Thursday 17 February 1966 at 7 pm; *Zambia information services, press release* no. 378/66, speech by the Vice President on television Zambia and radio at 7 pm on Thursday 24 February 1966; *Zambia information services, press release* no. 476/66, address by the Vice President on television Zambia and radio on Thursday 10 March 1966.

41 UNIP7/23/5, Foreign statements, meeting of Commonwealth Prime Ministers Lagos 1966, *Economic measures against Rhodesia* by the Commonwealth Secretariat, Federal Palace Hotel, 9 January 1966.

42 UNIP 14/1/14 Press release 1967 "Southern Rhodesia and the United Nations", p.5; A De Roche, *Black, white, chrome: The United States and Zimbabwe, 1953-1998* (Trenton: Africa World Press, 2001), pp.123-128.

port of Dar-es-Salaam in Tanzania. At its closure in 1968, it was noted that “the airline played a vital part in ensuring Zambia’s economic survival at a difficult time when the country was virtually under siege and the government wishes to express its gratitude to all those who helped to make this emergency venture a success”.⁴³

The oil airlifts certainly contributed immensely towards the maintenance of the Zambian economy during the critical period of fuel shortage. The exercise was a short-term measure intended to maintain the economy while alternative sources of energy supply and surface routes were being developed. In this regard, in May 1965, the National Coal Supply Commission (NCSC) was established with the twin objects of planning against the UDI crisis and the development of Zambian domestic coal resources to replace to the maximum possible extent coal imports from Wankie in Rhodesia.⁴⁴ Although it was known that coal deposits existed in Zambia at Nkandabwe, previous reports on its quality had been adverse. These and the availability of Wankie coal had led to the Zambian deposits being ignored. The investigations by Chartered Explorations Limited suggested that these old reports were unduly pessimistic and a decision was taken to undertake open cast mining operations at Nkandabwe, initially with the objective of creating a stock of 300 000 tonnes of coal. Actual mining started in February 1966 with a total production capacity of 1 600 000 tonnes.⁴⁵

Another aspect of contingency operations involved primarily the development of alternative routes through Tanzania to Dar-es-Salaam and Mtwara, through Malawi to Beira, and through the DRC to Lobito. The Great North Road (popularly known as the Hell Run due to the frequent accidents that occurred on the gravel road) was developed to bituminous standard in order to increase traffic capacity between Zambia and Tanzania. This was associated with the building up of port facilities in 1966 at Mpulungu on the south of Lake Tanganyika and the establishment of a transit depot at Isoka to which goods were transported from Tanzania by Tanzanian sub-contractors, and from which goods were transported by Zambian contractors to the line of rail. Equally, the Great East Road was tarred in order to efficiently handle Zambia’s export and import traffic to the east through Malawi to the Mozambican ports.⁴⁶

In May 1966, a transport corporation known as the Zambia-Tanzania Road Services Limited (ZTRS) was established jointly with the government

43 Speech by Sir Ronald L Prain OBE, Chairman of the RST group of companies, to the informal meeting of the shareholders in New York, 21 April 1969.

44 *Economic report 1966*, pp. 19-20.

45 *Economic report 1966*, p.20.

46 *Economic report 1966*, p.21.

of Tanzania and the Fiat Corporation of Italy. Operations began in June 1966 on the 1 930.8 km route from Dar-es-Salaam to Lusaka and the Copperbelt, without depots or staging posts and with minimum administrative personnel. By December, the fleet had increased to 239 Fiat truck-and-trailer units, each of 30-tonne capacity. Traffic included 7 154 tonnes of outward cargo, nearly all copper and 4 648 tonnes of inward cargo, mostly fuel. Initially, fuel was carried in drums or sealed rubber tanks, but both proved unsatisfactory and forced vehicles to operate at about half capacity. By the end of 1967, the transport organisation operated at its planned capacity of 450 units, including 100 of the steel tanker type, which eliminated the use of drums and rubber tanks. At its full capacity, the company carried 20 000 tonnes of cargo in either direction on a monthly basis.⁴⁷ The contingency operations were initiated as interim measures to deal with the emergency precipitated by the oil crisis and disruptions in coal supplies in the country. However, long-term development projects such as the Maamba Colliery, Tanzania-Zambia Mafuta (TAZAMA) Pipeline, Indeni Oil Refinery, Kariba North Bank and Kafue Gorge Hydroelectric Power Stations, and the Tanzania-Zambia Railway (TAZARA) were established later. Not only did they mitigate the country's energy and transportation problems but they laid a strong foundation for self-sufficiency in these sectors. These shall be discussed at a later section of this article.

The Zambian economy suffered heavy financial losses due to the crisis induced by UDI. The immediate post-UDI crisis necessitated the diversion of some financial resources from normal development projects to contingency planning related projects and operations. The exact financial costs incurred due to contingency operations were not revealed for purposes of national security.⁴⁸ The available statistics were based on estimates, but they revealed enormous expenditure. For instance, in August 1966, the Zambian government spent K10 400 000 (equivalent to £29 205 279)⁴⁹ on contingency operations.⁵⁰ The Minister of Finance gave the following expenditure as indicated in Table 1 on the following page:

47 *Zambia industrial bulletin* 1 (16), 1967, p.4; *Economic report 1966*, p.21.

48 *Zambia hansard*, no.7m, daily hansard Friday, 12 August 1966, p.667.

49 In June 1966, one sterling pound was equivalent to 0.3561 kwacha. The kwacha was called Zambian pound until the Bank of Zambia passed the Currency Act in 1967 which completely replaced the British pound with the Zambian kwacha bank notes and ngwee coins the following year. See "Treasury reporting rates of exchange as of March 31 1966, Treasury Department, Fiscal Service Bureau of Accounts" [www.govinfo.gov>pkg>pdf](http://www.govinfo.gov/pkg>pdf), accessed 15 December 2022; "Currency History-Bank of Zambia" www.boz.zm>currency history, accessed 15 December 2022.

50 *Times of Zambia*, 25 August 1966.

Table 1: Zambia's Expenditure on UDI in 1966

Items	Amount (K)
Subsidies	4 648 784
Aircraft: BAC 1-11	1 880 034
Hercules C-130	487 786
BAC 1-11 Ferry Flights	68 900
Road Transport: 25 Fiat tenders for tobacco, 100 Fiat trucks, 161 Leyland trucks, 800 Rubber-seal tanks	542 696
Zambia-Tanzania Road Services	233 500
Fuel: Storage	85 124
Storage at Isoka	46 000
Fuel-oil drums	96 386
Petrol rationing costs	17 258
Coal: Development of Nkandabwe	599 738
National Coal Supply Commission	3 244
Stockpiles of 33 000 tonnes	498 316
Other Stockpiles: Steel – 6 000 tonnes	596 316
Extra Customs Facilities	1 804
Contingency Planning Organisation	42 050
Sundry, including Security Guards	6 940
Total:	10 400 000

Source: *Times of Zambia*, 25 August 1966

By January 1968, the amount was estimated to have reached K47 640 000.⁵¹

The immediate post-UDI crisis also confirmed Zambia's vulnerability as a landlocked country and Rhodesia's unreliability as a transit state for Zambia's export and import trade. Given the landlocked nature of the

51 *Zambia hansasard*, no.13, 25 January 1968, official verbatim report of the debates of the fourth session (resumed) of the national assembly, 23 January - 4 April (Lusaka: Government Printer, 1968), p.43.

country and the hostility generated by UDI, Zambia adopted a vigorous effort to progressively extricate itself from economic reliance on Rhodesia and establish alternative trade routes through friendly countries. Evidence suggests that by 1968, the Zambian government had significantly reduced its trade with Rhodesia. For instance, Rhodesia's share in Zambia's imports dropped from 35 per cent in 1965 to 19 per cent in 1966. It fell further from 11 per cent in 1967 to a bare 6 per cent in the first half of 1968.⁵² The statistics demonstrate the extent to which Zambia's trade with Rhodesia declined, but they also reflected the government's robust attempt at diverting trade from the traditional southern route.

The exercise designed to secure alternative trade routes was extremely expensive and required huge financial resources which dislocated some development plans. Scarce resources were diverted from priority areas to developing and improving alternative trade routes. As a poor and developing country, Zambia lacked the capacity to meet basic human needs so much so that priority should have been given to this. However, due to the emergency precipitated by UDI, the Zambian government gave a high degree of importance to the development of alternative transport and communication networks. For instance, the First National Development Plan (FNDP) allocated K165 034 000 to transport and communications alone out of total government capital investment spending of K563 620 000 with local government and housing a very poor second with only K84 666 000.⁵³ This undoubtedly constituted a fairly high proportion of expenditure for a developing country where the immediate and basic needs for the majority still remained unmet.

UDI's impact on the economy was widespread. It affected every sector of the economy. In particular, the mining sector incurred huge production costs and a drastic reduction in the levels of production. These disruptive effects were noticeable given the importance of the sector to the Zambian economy. For instance, in 1965, copper, which constituted the principal foreign exchange earner (over 90 per cent), not only accounted for, on average, about 60 per cent of the country's Gross Domestic Product (GDP), but contributed on average 40 per cent of the total government revenue and accounted for about 17 per cent of the total number of people in paid employment.⁵⁴ In 1966, copper production costs rose by K19 million with the result that government lost revenue worth K13.4 million. Shortage of coal resulted in the reduction

52 UNIP1/3/3 Speeches, 1969, "Budget address" by the Vice President, SM Kapwepwe, delivered to the national assembly, 30 January 1969, p.3.

53 *First national development plan (FNDP) 1966-1970* (Lusaka: Office of National Development and Planning, 1966), p.288.

54 *MINDECO, Mindeco mining yearbook, 1976*, p.20; Zambia Hansard no.48, daily parliamentary debates of the fifth session of the third national assembly (Lusaka: Government Printer, 1978), p.638.

of copper production by 75 per cent. This meant a loss of 500 tonnes a day worth K400 000.⁵⁵ In the first half of 1966, the impact of the oil shortage gave rise to a drastic cut in copper production initially by 25 per cent and by the end of the year, production had dropped by almost 34 per cent. Between 1965 and 1969, the production cost of copper increased from K342 to K620 per tonne, an 81 per cent increase. The increase was largely attributed to surcharge on the Zambian imports and exports, and also on higher port charges.⁵⁶ Due to UDI, the copper mining industry suffered huge financial losses with the increased cost of production and the drastic reduction in production.

The rise in the cost of living was another of UDI's disruptive effects on the Zambian economy. This was largely reflected in increased domestic consumer prices of essential commodities. Available evidence shows that after UDI, the Consumer Price Index (CPI) for all items showed a continued rise in the cost of living of all income groups, with the lower income groups being the most affected. Between 1966 and 1970, prices of consumer goods for high- and low-income groups rose at an average annual rate of 5.5 per cent and 6.5 per cent respectively. Consumer prices for both income groups increased at an annual rate of around 6 to 6.5 per cent in 1972 and 1973.⁵⁷ The rise in the general level of domestic prices reflected the increasing costs of imports, underlined by shortages of essential commodities. In order to compensate for the increase in prices so as to protect the poorer sections of the community from the effects of inflation, the Zambian government spent huge amounts of money on subsidies. For example, expenditure on subsidies increased sharply from K4 million in 1965 to K16 million in 1966 and to K35 million in 1968. The estimated figure for subsidies stood at K70 million in 1975.⁵⁸ The policy of disengagement adopted by the Zambian government in the aftermath of UDI was given further impetus in 1973 when the Rhodesian government closed the border with Zambia, further disrupting the country's economy.

55 *Zambia hansard*, no.13, p.43.

56 *Zambia hansard*, no. 9, official verbatim debates of the third session (resumed) of the national assembly, 7 March – 16 March (Lusaka: Government Printer, 1967), p.25.

57 *Second national development plan (SNDP) January 1972 – December 1976* (Lusaka: Ministry of Development Planning and National Guidance, 1971), p.13.

58 *Second national development plan*, p.5.

5. 1973 BORDER CLOSURE

On 9 January 1973, Smith closed Rhodesia's border with Zambia, which meant that all movement of people and goods between the two countries were to stop from that date.⁵⁹ Smith's action was based on his conviction that Zambia was allowing its territory to be used as a 'terrorist' launching pad for guerrilla attacks on Rhodesia.⁶⁰ In his view, the decision to close the border was "not a deliberate effort to impose a boycott against Zambia" but an effort to get Zambia's leaders to "their senses".⁶¹ On the same day, a spokesman for the Rhodesian government announced that Zambia would still be allowed to export its copper through Rhodesia, but the Zambian government decided to close its side of the border and permanently abandon the southern route despite the reopening of the border almost a month later by Rhodesian authorities. Zambian leaders firmly believed that until a political solution was found in Rhodesia, the southern route would remain unreliable. Zambia's decision to permanently abandon the southern route was consistent with the UN sanctions applied on Rhodesia in 1965.⁶²

The border closure affected the entire structure of the Zambian economy. The blockade entailed a complete diversion of Zambia's export and import traffic from the southern route to other routes. It is important to underline this point in this context because despite embarking on efforts to develop alternative routes in the immediate post-UDI period, at the time of the border closure, a significant portion of Zambia's import and export trade still passed through the southern route. The alternative routes through Tanzania to the north and through Malawi to Mozambique in the east had not been sufficiently developed to efficiently handle the increased capacity of Zambia's export and import traffic.⁶³ At the time of the border closure, Zambia's import and export trade stood at approximately 900 000 tonnes and 400 000 tonnes, respectively, through the southern route.⁶⁴

59 UNIP/7/23/44 Cabinet circulars 1973-1974 "secret" cabinet office circular no.15 of 1973 from AM Milner, to all Permanent Secretaries, 9 March 1973. Circular caption border closure: permission to cross into and from Rhodesia on compassionate grounds.

60 C Chongo, *Decolonising Southern Africa: A history of Zambia's role in Zimbabwe's liberation struggle, 1964-1979* (PhD, University of Pretoria, 2016), pp.135-143.

61 *Africa research bulletin* 10 (1) 1973, p.2735C.

62 UNIP/7/2/26 United Nations Security Council, Distr GENERAL S/10896 5 March 1973. Report of the Security Council special mission established under resolution 326 (1973), p.16.

63 Interview: Author with M Chona, Lusaka, 16 March 2009.

64 UNIP/7/2/26 Contingency Planning Committee Reports 1973. "Top secret" report by MC Chona and LM Lishomwa on international assistance to Zambia, 26 March 1973.

A complete diversion of export and import traffic of such magnitude from the traditional southern route required rapidly increasing capacity on the alternative routes. This prompted the Zambian government to successfully negotiate with the Malawian government on the continued use of and increasing capacity through Malawi as a transit route for Zambia's foreign trade while the Tanzania-Zambia Railway (TAZARA) project was being developed.⁶⁵ The border closure presented a huge challenge to the Zambian government as it required huge financial resources to entirely divert export and import traffic. The UN Security Council team of experts estimated the cost of rerouting at K90 million while the Zambian government placed the figure at K112 million.⁶⁶ The costs were broken down as indicated in Table 2 on the following page:

65 UNIP/7/2/25 Record of the meeting between Hon AM Milner, MP, Secretary General to the government, and his delegation and Hon AK Banda, MP, Malawian Minister of Transport and Communication and Minister of Trade, Industry and Tourism, Blantyre, Thursday 22 February 1973.

66 UNIP/7/2/26 Report on international assistance to Zambia by MC Chona and LM Lishomwa, 26 March 1973; UNIP/7/1/15 State house papers, 1972-1973, Dr KD Kaunda, "Zambia shall beat the blockade: A challenge to the nation, March 1973."

Table 2: Estimated Cost of the Border Closure in 1973

Item	Cost (K)
1,200 heavy vehicles (various)	27 000 000
Drivers	4 800 000
Other manpower costs	2 300 000
Housing for additional manpower	1 484 000
Training costs	1 000 000
Workshop installations-Dar-es-Salaam route	2 000 000
-Malawi route	500,000
-other	1 900 000
Storage facilities	1 428 000
Handling equipment	626 020
Zambia Railways - 200 wagons	3 000 000
- 4 locomotives	1 100 000
Total:	47 138 020
Additional costs of handling normal traffic	35 900 000
Improvements of telecommunications	1 700 000
An airlift operation for seven months	28 000 000
TOTAL:	112 738 020

Source: UNIP7/2/26 Contingency Planning Committee Reports, 1973: Report on international assistance to Zambia by MC Chona and LM Lishomwa, 26 March 1973

The above table shows how the blockade placed an extra financial burden on the Zambian government. As in the immediate post-UDI period, the border closure equally affected the mining industry in terms of the increased cost of production and delayed investments in capital projects which translated into the loss of colossal amounts of revenue. For instance, due to the blockade, the Zambian government estimated an increase of 5 per cent to the capital expenditure of K90 million for the mining industry in 1974. In addition, as a result of investment delays in major capital projects, it was estimated that in 1973/1974, the planned increase in copper production of about 65 000 tonnes would be deferred, representing a loss of about K55 million in foreign

exchange earnings at a copper price of £500 per tonne.⁶⁷ The blockade also necessitated the reallocation of financial resources in the Second National Development Plan from previously planned projects to other emergency needs caused by the border closure.⁶⁸

Zambia's participation in the UN-sponsored sanctions against UDI and its offshoots expressed in the border closure drained huge financial resources from the Zambian economy. Between 1965 and 1976, it was estimated that Zambia lost a total of K478 million due to its participation in the UN mandatory sanctions against Rhodesia. During this period, Zambia received only K64 million from the international community as contribution towards defraying Zambia's costs.⁶⁹ The rerouting exercise alone during this period cost Zambia over K520 million. The continued closure of the border cost Zambia a total of K288 million between January 1973 and December 1976. The international assistance to Zambia in this connection was a paltry K40 million.⁷⁰

Equally depressing to the economy was the growing rise in the cost of living due to escalating domestic prices of basic commodities, thanks to the increased cost of imports for consumer goods arising from increased transport costs. For example, between 1971 and 1976, consumer prices for both low- and high-income groups registered significant increases, with an annual average increase of 9.6 per cent for low-income groups and 9.4 per cent for high-income groups. The prices of essential commodities shot up in 1977 when consumer prices rose by 22.7 per cent for low-income groups and by 18.5 per cent for the high-income groups over the previous year's level.⁷¹ In 1978, these domestic prices increased further. The average index of consumer prices for the first nine months of 1978 reflected an increase of over 20 per cent for low-income groups as compared with the price levels in the corresponding periods of the preceding years. The factors responsible for pushing up the domestic consumer prices were largely attributed to the costs of re-routing of imports and exports, congestion at the port of Dar-es-Salaam and generally transport problems that engulfed the country during this period.⁷²

67 UNIP7/2/25 Draft: Request for United Nations assistance. Annexure VII "effects of border closure on mining industry, costs and capital projects".

68 UNIP7/23/40 "Top secret" "The effect of the Rhodesian blockade on the SNDP projects and programs and on the Zambian economy; UNIP7/2/25 Draft: Request for United Nations assistance, Annexure VIII.

69 *Times of Zambia*, 7 December 1976.

70 *Times of Zambia*, 7 December 1976.

71 UNIP7/2/34 *Economic report 1977* (Lusaka: National Commission for Development Planning, 1978), p.3.

72 *Economic report 1978*, p.24.

The difficulties that engulfed the Zambian economy following the border closure should also be seen in the wider context of waning global economic fortunes engendered by an oil crisis and sharp fluctuations of copper prices on the world market. The period after the border closure witnessed a drastic and prolonged fall in copper prices, the lowest since UDI. This phenomenon considerably reduced the government revenue base from K339.2 million in 1974 to zero in 1977.⁷³ This created serious budgetary and balance of payments problems for the Zambian government. The economic problems precipitated by the border closure were thus compounded by the global economic recession.

The acute economic challenges Zambia experienced during this period also coincided with the collapse of the Portuguese dictatorship in April 1974 thereby opening a window of opportunity for a possible political solution to the Rhodesian conflict. Partly precipitated by FRELIMO's⁷⁴ military victory in Mozambique, the Carnation Revolution in Lisbon reconfigured regional dynamics of armed struggle and expanded the area of conflict in southern Africa. Although Smith's government had been propped up by South Africa's economic and military aid since UDI,⁷⁵ it faced a new political and military reality on its northeastern frontiers. Newly inaugurated President of Mozambique Samora Machel allowed ZANLA⁷⁶ forces to open a new front along the country's border with Rhodesia and to step up military operations against the Rhodesian government. Facing intense military pressure and the prospect of Rhodesia falling to the liberation forces, South Africa's Prime Minister, Johannes Balthazar Vorster, realised that the white supremacy regime in Rhodesia was indefensible. He thus initiated talks with Kaunda to try and secure a negotiated political settlement of the Rhodesian conflict. This heralded the beginning of what Douglas Anglin dubbed as *détente* in Southern Africa.⁷⁷ However, the *détente* exercise failed to materialise as Smith's regime

73 *Zambia Hansard*, no. 48kk, daily parliamentary debates Friday 17 March 1978, official verbatim report of the debates of the fifth session of the third National Assembly, p.3298.

74 The acronym stands for the *Frente de libertação de Mocambique*, the main liberation movement that fought Portuguese colonialism in Mozambique.

75 H Ellert, *The Rhodesian front war: Counter-insurgency and guerrilla war in Rhodesia, 1962-1980* (Gweru: Mambo Press, 1993), Chapter four.

76 The Zimbabwe African National Liberation Army was the armed wing of the Zimbabwe African National Union (ZANU), one of the two Zimbabwean liberation movements that waged an armed struggle against the Rhodesian government.

77 For a detailed analysis of the origins of *détente*, see, DG Anglin, "Zambia and southern African 'détente'", *International Journal* 30 (3), 1975, pp.471-503. In any case, diplomatic consultations between the two leaders had been going on since 1968 through an intermittent exchange of letters. See "Dear Mr. Vorster ... details of exchanges between President Kaunda and Prime Minister Vorster of South Africa", University of Zambia library's special collection Gov.Zam (02), 1971.

and the Zimbabwean nationalists disagreed on implementing a ceasefire, a key pre-condition to convening the constitutional conference.⁷⁸

The significance of the détente exercise was that it realigned the political forces in the region such that Rhodesia could no longer be defended by its only surviving ally, South Africa, but it also provided an opportunity for Kaunda to try and ease pressure on the country's economy by seeking an end to the Rhodesian conflict, which continued to adversely affect the economy. The failure to resolve UDI through the détente exercise meant a resumption of armed struggle by the liberation forces and further strain on Zambia's economy. Nonetheless, the Zambian government attempted to mitigate the economic problems unleashed by Smith's recalcitrant behaviour by promoting economic diversification and an import substitution industrialisation strategy.

6. UDI: STIMULUS TO ECONOMIC DEVELOPMENT

Despite the disruptive effects of UDI on the Zambian economy, the crisis helped the Zambian government to initiate projects that contributed significantly towards laying a strong foundation for the country's economic development. UDI compelled the Zambian government to pursue, with renewed determination and vigour, an industrial policy aimed at promoting import substitution industries. UDI galvanised Zambia's development effort at a breath-taking pace.⁷⁹ The government's strategy of disengagement pursued simultaneously with the policy of promoting import substitution industries and diversification not only created employment for the local people, but also transformed the economy from reliance on Rhodesia to a state of self-sufficiency in key sectors such as energy, transport and communication. Underlying these processes was an increased government participation in the economy.

The government's industrial policy of promoting import substitution industries was executed by enacting customs legislation (tariff protection) and through the operations of a wholly government-owned organisation, the Industrial Development Corporation (INDECO). The Zambian government secured control of INDECO in August 1964 when arrangements were concluded for the purchase of shares held by the Anglo-American Group, the British South Africa Company (BSAC), the Commonwealth Development Corporation and the Roan Select Trust (RST) Group. INDECO's objectives

78 UNIP 8/4/9 Political, constitutional and foreign affairs reports, 1975, 'ANC press statement'. *Zimbabwe news* 9 (1), 15 January 1975, see editorial "Genuine independence is our goal".

79 *Zambia hansard*, no.7], daily hansard Tuesday 9 August 1966 official verbatim report of the debates of the third session of the first national assembly (resumed) (Lusaka: Government Printer, 1966), p.482.

at this stage were specific and included promoting Zambian businesses, issuing loans, liaising between government and the private sector, promoting investment, holding, managing, and financing government investment in industry, and holding shares in and or managing certain industries (iron and steel, fertilisers, bags and sacks, cement, sugar, textiles, copper processing, leather processing and building materials). In short, it was government's policy during this early stage to develop state enterprises the hard way by confining the role of INDECO to that of promotion of joint ventures in many sectors, rather than that of forced participation.⁸⁰

However, after UDI, INDECO was transformed into an important instrument of government's industrial policy in Zambia. INDECO was required to establish a major road transport organisation to link the Tanzanian port of Dar-es-Salaam to the Zambian rail line and to construct an oil pipeline from Dar-es Salaam to Ndola. On 12 May 1966, Zambia-Tanzania Road Services Limited was set up (with INDECO and the Tanzanian government each holding 35 per cent equity and the balance held by Italian interests) to transport copper to Dar-es-Salaam and to bring in vital petroleum products on the homeward run. The TAZAMA Pipelines Limited (INDECO 67 per cent, Tanzanian government 33 per cent) was established on 8 December 1966 as a result of intensive negotiations to construct a 1 720 km pipeline for the transportation of petroleum products from Dar-es-Salaam to Ndola. The pipeline, which is 8" (approximately 20.3 centimetres) in diameter and buried throughout its length to a depth of several metres, was completed in September 1968. It put a final end to the petrol supply problems which had engulfed Zambia since UDI.⁸¹

Other notable projects that were established as part of the government's effort to extricate itself from economic reliance on Rhodesia included the Maamba Colliery, Indeni Refinery, Kafue Gorge and Kariba North Bank hydroelectric power stations, and TAZARA. The need to develop domestic sources of coal supply began in May 1965 following the establishment of the National Coal Supply Commission. Through this organisation, Nkandabwe coal mines were opened in 1966. Meanwhile, the search for other better deposits of coal continued. In 1966, the National Coal Board (NCB) was created to further develop and establish an independent coal mining industry

80 Bostock, "The background to participation", p.111.

81 *Zambia industrial bulletin* 1 (16), 1967, p.3. Andrew Cohen has provided a detailed analysis of the tendering process which culminated in the Zambian government awarding the contract to construct the pipeline to Snamprogetti, an Italian affiliate company of the Italian state industries group (ENI). Despite Roland "Tiny" Rowland's Lonrho intense interest in the project, the company lost the bid due largely to London's reluctance to fund it. See, A Cohen, "Britain and the breakdown of the colonial environment: The struggle over the Tanzam oil pipeline in Zambia", *Business History Review* (88), 2014, pp.737-759.

in Zambia. Following the dissolution of NCB, the coal industry was transferred to the Mining Development Corporation (MINDECO) which established its subsidiary, Maamba Collieries Limited, as an agency responsible for the production of coal. The development of Maamba Colliery witnessed an increase in coal production such that by 1971 coal imports from Rhodesia had been replaced by local supplies.⁸²

In 1973, INDECO commissioned the first national petroleum refinery at Ndola, the Indeni Oil Refinery. It was established with a total refinery capacity of 650 000 tonnes of crude oil per annum. Together with the strategic TAZAMA Oil Pipeline, which was completed earlier in 1968, the Indeni Oil Refinery contributed significantly towards eliminating the problem of rampant fuel shortages that had engulfed the Zambian economy following UDI. It assisted considerably in making Zambia self-reliant in the production of petroleum products. Other diversification efforts involved the construction of Kafue Gorge and Kariba North Bank hydroelectric power stations in 1972 and 1976 by Yugoslav and Italian firms, respectively.⁸³ These projects not only contributed hugely towards meeting Zambia's energy needs but also laid a strong base for the country to become self-sufficient in the energy sector.

TAZARA was established in June 1975 through a tripartite arrangement involving the Zambian government, the United Republic of Tanzania and the People's Republic of China (PRC). Earlier attempts by the Zambian government to engage Britain and the USA to help build the rail line proved futile. The railway line stretches from Kapiri Mposhi in Zambia's Central Province through the Northern Province to Dar-es-Salaam covering a distance of 1 860 km. The railway line made a significant contribution towards the mitigation of Zambia's transport problems.⁸⁴

In addition to the above major projects, the Zambian government established numerous manufacturing industries as part of its policy of promoting import substitution industries and diversification. They were designed to utilise local raw materials in the production processes in order to meet local demand. The idea was to substitute imported goods for locally manufactured goods. INDECO took a controlling interest in related industries such as textiles, fertilisers, explosives, beer, building materials, cement, sugar, tyres, wire and cable, bags, clay pipes as well as rural industries such as canning and a cotton ginnery.⁸⁵

82 *Third national development plan 1979-1983*, pp. 253-258.

83 *Third national development plan 1979-1983*, pp. 253-255.

84 *Third national development plan 1979-83*, p.273. For detailed analysis of the origins of this project see K Mutukwa, *Politics of the Tanzania-Zambia railway project: A study of Tanzania-China-Zambia relations* (Washington: University Press of America, 1977).

85 UNIP1/3/3, Speeches by His Excellency, the President Dr KD Kaunda, "His Excellency the President, Dr. Kaunda's address to the UNIP National Council at Mulungushi, 9 November

The policy of import substitution was not unique to Zambia, but was a common feature of newly independent states in Africa. Most of these countries adopted policies of import substitution as part of their wider industrial development strategies designed to protect and promote local industries.⁸⁶ In the case of Zambia, although it was government's policy to promote import substitution industries after independence, this strategy was given further impetus by UDI. In other words, in the aftermath of UDI, the Zambian government pursued the policy of promoting import substitution industries with renewed vitality and determination. Not only did the Zambian government pursue this policy after independence, but it also took over some of the already existing industries from private ownership through major economic reforms announced in the late 1960s.⁸⁷ Increased state participation in the Zambian economy engendered by the economic reforms raised INDECO's investment portfolio from one company in 1965 to 59 in 1968.⁸⁸ The growing number of state investments in industries held by INDECO reflected Zambia's determination to advance the country's development agenda despite economic challenges imposed by UDI.⁸⁹

Underlying this process of state investment in both new and old manufacturing industries was the creation of employment for the local people within the INDECO group. For instance, in 1965 employment within the INDECO group was less than 20 people but by 1969, the number had swelled to 20 000. In 1971, it was estimated that 38 200 people were employed in the manufacturing sector. By 1976, the manufacturing sector accounted for 13.3 per cent of total wage employment in the country as against 9.2 per cent in 1970, the largest in any sector and indicative of the rate of industrialisation.⁹⁰

Thus, far from seeing UDI entirely as a tragic episode, Zambian decision makers perceived UDI as an opportunity that could be turned to the country's advantage. This view was confirmed by statements from Zambian leaders. As early as 1966, Kaunda expressed optimism and determination to change the misfortune of UDI into a blessing.⁹¹ John Hatch noted that far from fearing

1968".

86 *Federation of Nigeria national development plan 1962-68* (Lagos: The Federal Ministry of Economic Development, n.d.); *Kenya's third national development plan 1974-1978 Part 1* (Nairobi: Ministry of Finance and Planning, 1974); WE Clark, *Socialist development and public investment in Tanzania 1964-73* (Toronto: University of Toronto Press, 1978), pp.10-15, 210-212 and 220-224.

87 BD Fortman (ed.), *After mulungushi: The economics of Zambian humanism* (Nairobi: East African Publishing House, 1969).

88 UNIP1/3/3, Budget address by the Vice President, Simon Mwansa Kapwepwe delivered to the national assembly, 30 January 1969.

89 UNIP1/3/3, speech by His Excellency the President, Dr. Kenneth Kaunda to parliament on the dissolution of the first national assembly and achievements over the past five years 2 November 1968.

90 *Second national development plan 1972-1976*, p.94.

91 J Hatch, "Zambia confronts Smith", *New Statesman*, 16 December 1966, p.895.

Rhodesia, Zambian ministers claimed that the crisis precipitated by UDI had stimulated them into finding new trade routes "which otherwise would have taken them much longer to develop".⁹² In August 1968, Justin Chimba, the Minister of Commerce, Industry and Foreign Trade, pointed to the remarkable progress in industrial development that had been made urgent by UDI. In October of the same year, Sikota Wina, the Minister of Local Government, said in parliament that through UDI, Zambia had entered maturity while the Minister of Works and Housing, Peter Matoka, said UDI had provided the impulse for already existing plans for the diversification of imports and exports. In July 1969, Vice President Simon Mwansa Kapwepwe noted that the completion of the maintenance base at Lusaka's International Airport marked "one more stage in our national progress toward self-sufficiency in the vital sector of aviation".⁹³ These statements clearly show that Zambian authorities fully exploited the crisis induced by UDI to advance the country's development agenda.

7. CONCLUSION

Existing scholarship on the impact of UDI on Zambia's economy tends to focus mainly on the adverse ramifications on the country's economic stability. While this is true, as this study has shown, the evidence reveals that Zambian leaders acknowledged the economic challenges unleashed by Smith's illegal regime, yet they appropriated the adversity created by UDI and turned it to the benefit of the country. Although diversification, promotion of import substitution industries and disengagement from economic dependence on the white south were part of the long-term policy priority of the Zambian government, the crisis precipitated by UDI provided the leadership with an opportunity to make urgent the implementation of these policies and programmes, which, ultimately, helped to advance the country's development agenda. Thus, UDI served a dual purpose. While its immediate ramifications were adverse in nature, the long-term implications for the Zambian economy were positive.

92 Hatch, "Zambia confronts Smith", p.895.

93 *Republic of Zambia, hansard no. 16*, daily parliamentary debates, 10 October 1968, p.131; UNIP1/3/3 1968 speeches by his Excellency the President, 'His Excellency the President's address to parliament on the dissolution of the first national assembly and achievements over the past five years, 2 November 1968'; *Zambia information services, press release no.217/69* 16 July 1969.