Harold K. Hochschild and the Copper Industry in Central Africa

Report prepared for the Board of the Adirondack Experience

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Summary

The Adirondack Experience was established with money from Harold K. Hochschild, who had a longstanding connection with the region from his childhood and had a close personal interest in its history. The wealth Hochschild used for his philanthropic efforts was derived from his long involvement in the metals industry as a senior executive in the American Metal Company. He worked at the company for 44 years and was on the board for 58 years.

During this time, the company was transformed from a relatively small subsidiary of a metal trading firm into a large mining company with mines and smelters around the world. The crucial step in this transformation was the investment in copper mines in Zambia (then a British colony, Northern Rhodesia). Hochschild was centrally involved in making this investment.

In 1930, American Metal purchased a majority stake in the Rhodesian Selection Trust which owned two large copper mines: Roan Antelope Mine and Mufulira Mine. These mines constituted the largest share of American Metal’s business and profits from 1930 to 1956, the year before Hochschild retired. Profits from these operations financed American Metal’s expansion around the world.

These mines quickly became hugely profitable enterprises and much more profitable than the rest of the copper industry. This profitability was based both upon the size of the copper deposit and on the low wages paid to African miners who constituted the large majority of the workforce. Tens of thousands of African men endured harsh working conditions, rudimentary housing, violence and disease to extract copper. Under the colonial system imposed on the region, many had little choice except working in the mines.

American Metal and the Rhodesian Selection Trust helped support and finance colonial rule until the mid-1950s. This policy changed under the influence of Harold Hochschild, who was skeptical of colonial rule. He pressured the mines to reduce racial discrimination in the workplace and supported anti-colonial African political leaders at a time when few individuals in big business did. This was a principled stance, though it was one influenced by a pragmatic aim to ensure political stability for mining operations.
Introduction

This report investigates and explains the main source of the wealth of Harold K. Hochschild which was used to establish the Adirondack Experience. Hochschild was a leading figure in the copper industry for several decades in the twentieth century as an executive in the American Metal Company. In this position, he was involved in a relatively risky investment in new copper mines being developed on the Copperbelt and this investment became highly lucrative.

The Copperbelt is a heavily industrialized mining region along the border of what is now Zambia and Democratic Republic of Congo. Mines were established there in the mid-1920s and are still being mined today. American Metal invested in two mines in 1930: Roan Antelope and Mufulira. In the 1950s, two more were developed: Chambishi and Chibuluma (see the map below). The company retained majority shares in these mines until 1969, when the mining industry was nationalized.

This report is divided into ten sections, including this introduction. The first sections provide political and economic background in the region, an overview of American Metal and the context for the Copperbelt investments and the details of this investment along with Hochschild’s own role in this decision. The following sections focus on the mines themselves. Profitability provides an overview of the profits generated by these mines and focuses on Roan Antelope Mine, in which American Metal had its largest interest. The section on management details American Metal’s involvement beyond investing, namely in the selection of management personnel and providing strategic advice. This is followed by an examination of the working and living conditions on the mines and shows how low wages helped make the mines highly profitable. The final section assesses Hochschild’s political role in the region by looking at the struggles over the ‘color bar’ and colonial rule.

Financial figures are provided in both US Dollars and Pound Sterling. Figures in American Metal reports and correspondence are sometimes provided in dollars, as the company was based in New York, and sometimes in pounds, as the mines were located in a British colony. Generally, American Metal’s corporate structure was complex, with overlapping shareholding held with several ‘associate companies’ and this makes calculating the company’s income from its investments challenging. In several places, figures are provided with their present-day value. These are estimates made using inflation calculators provided by the Bank of England and US Bureau of Labor Statistics and my own calculations.

Finally, a note on terminology. American Metal went through various corporate iterations during this period. For ease of reference, the company is referred to as American Metal throughout, rather than the American Metal Company, American Metal Climax, AMAX, etc.
Sources

The main sources for this report are archival documents from the United States, Britain and Zambia along with contemporary newspaper reports and relevant secondary literature.

These archival sources are primarily the personal papers of Harold Hochschild and other individuals closely connected with the American Metal Company. Harold Hochschild’s papers, together with those of his brother Walter, are housed at the American Heritage Center at the University of Wyoming. However, these are a relatively slim collection for someone who occupied such a prominent position in industry.

Hochschild’s own papers are supplemented by the papers of Ronald Prain, also housed in the American Heritage Center. Prain was managing director and then chairman of Rhodesian Selection Trust from 1943 until 1972 and corresponded extensively with Harold Hochschild. Prain’s papers are particularly useful as he was both a colleague for many years and a close personal friend of Hochschild.¹ Much of the material from the period before Prain was appointed was sourced from the Selection Trust papers at the London School of Economics.

Other key individual sources are the papers of Frank Taylor Ostrander and Winifred Armstrong. Taylor Ostrander was extremely politically well-connected, both in the United States and Southern Africa, served as Hochschild’s political adviser in the 1950s and 1960s. Armstrong was an economist and advisor at American Metal and acted as an advisor to Hochschild for some years after he retired.

Information on life and work on the Copperbelt mines was sourced from archives in Britain and Zambia, both the national archives and the mining industry archives maintained at Zambia Consolidated Copper Mines in Ndola.

There are important limitations to these sources. Little of Hochschild’s correspondence before 1945 has survived and this makes his direct involvement in the Copperbelt mines during the interwar period more difficult to assess. More broadly, the papers of American Metal are not available to researchers and may no longer exist as the company itself ceased to exist. The company merged with the Cyprus Mines Corporation in 1993 and was then bought by Phelps Dodge in 1999. Phelps Dodge was itself purchased by Freeport McMoRan in 2007. Previous enquiries to Freeport McMoRan about the survival of the American Metal archive have gone unacknowledged.

A full list of sources is provided in the bibliography at the end of this report.

¹ Interview with Bob & Blaikie, 1 March 2023.
Harold Hochschild (standing) and Ronald Prain (with cigar), London, 1972. (Prain Papers, Photo file).
Political and Economic Background

Copper mining has taken place in the Central African Copperbelt for centuries and continues today. The earliest mines date to the fourth century and the output was traded over a wide geographical area. The onset of the colonial period in the 1890s, however, constituted a significant change in this long history, in terms of both the scale and in the control of mining operations.

The region that became Zambia was seized by the British South Africa Company in the 1890s. This was a private company established by the imperialist business magnate and politician Cecil Rhodes, who assumed there was mineral wealth in the region similar to the gold and diamonds discovered in South Africa. The company acquired a Royal Charter from the British Government and under this charter took control of large swathes of land in modern-day Zambia and Zimbabwe.

In 1890, agents from the British South Africa Company signed vague treaties with a ruler, the Litunga, in western Zambia and subsequently used these to claim sovereignty and mineral rights over a 290,000 square mile area. This territory was termed Northern Rhodesia. The company, however, could not turn a profit on the territory and in 1924 reached an agreement to hand over Northern Rhodesia to the British Government. The territory was a British colony for the next forty years.

This proved to be a hasty decision. Only two years later, prospecting efforts along the border between Northern Rhodesia and Belgian Congo (today Democratic Republic of Congo) located one of the largest copper deposits in the world. Over the border, a Belgian firm Union Minière du Haut Katanga had been operating large-scale copper mines since 1911 and the deposit continued underneath the newly-established border. These copper deposits proved so extensive that almost a century later they are still being mined.

Prospectors had been searching for copper as the expansion of colonial rule coincided with a huge expansion of the copper industry. The United States was at the center of this expanding industry as the world’s largest copper producer. Globally, by the 1920s, new mines were largely financed from the United States and the production and distribution of copper was largely controlled by American firms.

The Copperbelt was rapidly drawn into this expanding global industry. A patchwork of mining claims held by prospectors and small companies was rapidly consolidated and two multinational mining companies soon came to control all mines on the Copperbelt: the Rhodesian Selection Trust (RST) and Rhodesian Anglo American. This remained the case until 1969 when the industry was nationalized. This represented an abrupt change in the long history of copper production in the region. Control over production and distribution had been wrested from African rulers and was firmly in the hands of foreign mining companies.

From the mid-1920s, four large underground mines were developed on the Copperbelt: Nchanga, Nkana, Mufulira and Roan Antelope. Three smaller mines were developed after the Second World War: Bancroft, Chambishi and Chibuluma. These mines were producing 10% of world copper output by the late 1930s and 15% of world output by the late 1960s, when copper production peaked at 700,000 tons annually.

RST owned and operated four mines: Chambishi, Chibuluma, Mufulira and Roan Antelope. Roan Antelope and Mufulira were subsidiary companies of RST and each had their own board of directors. Chambishi and Chibuluma were owned directly by RST, which in turn was majority owned by the American Metal Company.
The other mines were controlled by Rhodesian Anglo American, which was a larger company and itself a subsidiary of the South African mining conglomerate Anglo American, one of the world’s largest mining companies.²

The two companies were not competitors in any meaningful sense and rapidly established close and usually cordial relations. They collaborated closely over production, labor, housing, transport, power and corporate policy. Wages and working conditions were uniform across the industry, regardless of which company owned the mine. This remained the case throughout the colonial period and after Zambian independence.

Zambia became an independent nation in 1964. The independence struggle was comparatively peaceful, certainly compared to elsewhere in the region, but was protracted. This was partly because in 1953 the British Government had federated Northern Rhodesia with two neighboring territories Southern Rhodesia (Zimbabwe) and Nyasaland (Malawi) to form the Central African Federation. This was done to strengthen colonial control over the region and to bolster the political power of white settlers. Although Northern Rhodesia was never a settler colony, Southern Rhodesia was and Britain granted considerable political autonomy to a Federal Government elected by white voters. As will be discussed below, the mining industry played an important role in supporting the creation of the Federation.

² Despite the name, it was not an American firm. The ‘American’ in the company’s name reflects the fact there was substantial American investment in the company when it was established in 1917.
The American Metal Company

The American Metal Company was formally established in 1887, but its origins stretch back much further. That year, the company was incorporated with a capital of $200,000 divided into 2,000 shares that were held by three companies located in each of the financial centers of the metal industry: Metallgesellschaft in Frankfurt, Germany, Henry R. Merton & Co. in London and Ladenburg, Thalmann & Company in New York.

These three companies represented longstanding overlapping commercial and family ties between financiers and traders of non-ferrous metals initially centered around Hannover. The New York branch was established by Berthold Hochschild – Harold Hochschild’s father – who had been sent to the city in 1886 for this precise purpose. Berthold was later president (1911-17) and chairman (1917-24) of American Metal.

In this period, and for many years after, the company remained effectively a family business buying and selling metals to supply European industrial consumers. In 1914, there were less than 40 total shareholders and most principal shareholders were related to each other. This convivial arrangement was brought to an end by the outbreak of the First World War, which severed links between the London and Frankfurt associates and led to the dissolution of Henry R. Merton & Co. The entry of the US into the war in 1917 was a further blow and ended the connection between American Metal and Metallgesellschaft. Harold Hochschild later commented “the group’s business was founded on its internationalism and on a continuing and close personal association between the leaders of the three companies,” and those leaders assumed this would continue. The outbreak of war “shattered this illusion.”

The war had another important consequence for American Metal: it forced a change in business strategy. Until 1914, its strategy had relied on an important difference in law across the Atlantic, namely that the US prohibited the formation of cartels while Germany did not. This meant European consumers could form a buyers’ cartel but American mining firms could not form a producers’ cartel, and Metallgesellschaft profited handsomely from this. American Metal functioned primarily as a supplier to Metallgesellschaft.4

Producer cartels were legalized in the US in 1918 and this legal change made metal trading less lucrative. The initial certificate of incorporation limited the company’s activity to metal trading and processing as direct involvement in mining was thought to be too risky. This now changed and American Metal proceeded to take a direct stake in mines and smelters in the United States, Mexico and further afield.

This change in strategy was the background to the decision to invest in the Copperbelt mines and Harold Hochschild was closely involved in this new strategy as he occupied a succession of senior positions in the company for several decades. He joined American Metal in 1913 and became a director in 1916. He was appointed company president in 1934 and then in 1947, following the death of Otto Sussman, he became company chairman and held both positions until 1950, when Walter Hochschild became president.5

As chairman, he oversaw the merger between the American Metal Company and Climax Molybdenum, a company which American Metal had helped establish, to form American Metal

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Climax in 1957. The same year, Harold retired as chairman and was replaced by Walter, though he continued to sit on American Metal’s board until 1974. He also continued to attend company meetings, especially those with political figures, and provided advice to RST on strategic and investment decisions until the late 1960s.
Investment in the Copperbelt

American Metal was involved in the Copperbelt mines almost from the beginning of industrial mining. This involvement was primarily via investment though, as discussed in the following section, the company was also closely involved in the appointment of managerial personnel.

Much of the early prospecting work had been organized and financed by the American-born mining engineer Alfred Chester Beatty. In 1914, Beatty had established a company in London to manage and finance his various interests in the mining industry, the Selection Trust. The company had a wide range of interests in gemstones and metal industry, though none on a large-scale.

In 1920, the Selection Trust purchased a small share in the Bwana Mkubwa Company, which had prospecting rights in the Copperbelt and then formed its own subsidiary to prospect in the region. American Metal had been searching for investment opportunities in the metals industry and in 1925 loaned £200,000 to Bwana Mkubwa in exchange for a ten-year copper sales contract, giving them the right to purchase any copper produced by the mine.6

Company president Otto Sussman subsequently visited Southern Africa in 1927 looking for investment opportunities and was highly impressed with the Copperbelt. In October that year, American Metal made its first direct investment in the Copperbelt by purchasing 14,000 shares in Roan Antelope, giving it a small stake in the company (the company had issued 2.4 million shares).7 More importantly, American Metal helped Roan Antelope secure financing from the New York markets after investors in London proved unreceptive.

In 1928, Beatty formed the Rhodesian Selection Trust (RST) as a subsidiary of the Selection Trust to run all the company’s Copperbelt properties. Again, American Metal bought shares to secure a modest stake in the new company after a positive report from Harold Hochschild, who had travelled to London in June 1928 to look at the latest prospecting reports.8 At the same time, American Metal also tried to buy the Bwana Mkubwa Company, which had been sold to Anglo American, for £1 million but were rebuffed.9

Beatty lacked sufficient capital to finance deposits on this scale and this provided an opening for American Metal. Initially, the Selection Trust sought to finance the development of the Copperbelt mines through the sale of existing assets, but found these sales would incur a substantial tax bill. Instead, in September 1930, Chester Beatty executed a complex financial maneuver in conjunction with American Metal whereby the London-based Selection Trust was dissolved and its assets transferred to a new Selection Trust incorporated in Toronto. Harold Hochschild was appointed as president of this new Selection Trust.

The crucial detail of this new arrangement was that in October 1930 the American Metal Company acquired a 50.6% stake in RST and a 30% stake in Roan Antelope Copper Mines in exchange for 333,100 shares in American Metal and $1 million. The Selection Trust thus became the largest single shareholder in American Metal, holding 25% of the company. This shareholding remained the case until 1969.

In 1933, with the anticipated tax difficulties resolved, a new London-based Selection Trust was formed and the assets from the Toronto-registered Selection Trust were transferred to this

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7 Selection Trust Ltd (No 2) 1926 to 1930 and Copper in Northern Rhodesia, 1949. Selection Trust G/44.
company. The reincarnated Selection Trust in London had no representation from American Metal on its board as American Metal had no remaining stake in the company. Control over the Copperbelt mines had been transferred from the Selection Trust to American Metal.

This deal set the fortunes of American Metal and Harold Hochschild for the next two decades. Taylor Ostrander later reflected that it would “transform the company into something very different in the future from anything that [American Metal] had resembled up to this time.”

RST was not a subsidiary company and this fitted with American Metal's historical approach of creating close financial, institutional and personal ties while maintaining legally separate companies. RST was officially referred to as an ‘associate company’ by American Metal, part of a network of firms in which American Metal had interests. Internally, however, as Adam Hochschild noted, “everyone referred to the whole network as ‘the Company’.”

Harold Hochschild was closely involved in negotiations to purchase RST and crisscrossed the Atlantic several times during 1930. He arrived in London on 3 July 1930, stayed for two weeks before returning to New York, then remained in New York only five days before sailing back to London. After five days in London, he again returned to New York on 26 July for discussions with senior colleagues. Hochschild was in London again twice in August 1930 before negotiations concluded. These trips represented a substantial investment in terms of time. Passenger liners took five days to cross between New York and Southampton and the frequency of Hochschild's trips points to the importance of this deal.

None of American Metal’s other ‘associate companies’ were on the same scale as the Copperbelt mines and it essentially placed the company’s fortunes in one basket. One historian of the industry termed it “probably the riskiest single strategic decision ever made” by a US metals firm. The decision was so contentious that one senior partner in American Metal, Carl Loeb, resigned. Beatty replaced him on the board, another indication of the growing overlap between the two firms.

Initially, it appeared that the investment had been a disastrous one as the plunge in copper prices at the onset of the Great Depression in 1930 proved not to be a temporary dip. The investment decision had been based on the assumption that copper demand would swiftly recover but prices remained low for several years. Hochschild glumly reported in 1932 that “the market is on a toboggan. It is practically impossible to sell any metal” and that American Metal faced severe financial difficulties.

American Metal declared financial losses in 1931, 1932 and 1934 and had problems repaying a $20 million loan the company had obtained from a syndicate of New York banks to develop the Copperbelt mines. According to Taylor Ostrander, Hochschild’s actions narrowly averted bankruptcy for the company as he managed to secure a new loan from Lloyds Bank in London to refinance the loan before it was due. His success in negotiating this new loan meant he was appointed company president in 1934.

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14 Letter from Harold Hochschild to Alfred Chester Beatty, 30 October 1930. Selection Trust HIST/137.
16 ‘American Metal Reports Deficit’, *New York Times*, 20 February 1935
Total direct investment by American Metal in the mines had reached $11.75 million by 1934 and this injection of capital kept Roan Antelope from closing during the Great Depression. However, Mufulira Mine was closed for two years as part of efforts to shore up copper prices by cutting production and around 4,000 people were made redundant from the mine.

World markets gradually recovered and copper prices rose again in the mid-1930s. Roan Antelope began paying dividends to shareholders in 1935 and both RST and Mufulira began dividend payments in 1937. All three continued to pay dividends each year, with the exception of three years during the Second World War, until the industry was fully nationalized in 1974. The rate of dividends was largely decided by American Metal.

By 1949, American Metal’s total investment in the Copperbelt had reached $21 million. In the 1950s, the Copperbelt mines became highly profitable and the investment became significantly less risky. Expansion of the industry was financed by retained profits, rather than from loans raised by American Metal. The company also utilized its political connections to secure financing from the US Government to develop Chibuluma Mine in the early 1950s.

Profits from the Copperbelt mines financed other investments in Southern Africa. In 1946, American Metal took a minority interest in Tsumeb Mine, a copper mine in Namibia and expanded production at O’kiep Mine in South Africa, in which it had taken a minority interest in 1937. This came to be a controversial investment as apartheid intensified and Namibia was under South African occupation in this period. By 1965, Zambia represented only 60% of American Metal’s investments in Africa, the other 40% in South Africa and Namibia.

American Metal’s investment decreased sharply in 1969 when the Zambian Government partially nationalized the mining industry by buying a 51% stake in every mine. Negotiations were fairly brief and the Zambian Government agreed to pay RST $370 million ($1.81 billion in 2023 dollars). This was a good deal. The company secured an agreement to transfer 50% of this figure out of Zambia by 1970 and the remaining 50% by 1971.

The Zambian Government did not initially take a direct role in the industry and awarded RST a contract to continue managing its mines and marketing the copper produced from them. In 1973, the government cancelled these contracts and took direct control of the mining industry. American Metal brought a dispute over this to the World Bank’s International Centre for the Settlement of Investment Disputes and won. Consequently, the Zambian Government paid American Metal $34 million in 1974.

The involvement of American Metal in the Copperbelt was consequently greatly reduced after 1973 and the company steadily reduced its remaining investments. The company sold its remaining stake in Zambia’s copper mines to ITM International in 1984, a company owned by a Zambian businessman.

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18 Memorandum to Harold K. Hochschild, 28 December 1949, Taylor Ostrander Box 3.
20 Memorandum to Harold Hochschild, 28 December 1949. Taylor Ostrander Papers, Box 3.
21 Memorandum to Harold Hochschild, 1 November 1955. Taylor Ostrander Papers, Box 39i.
22 Harold Hochschild was vice-president of the O’kiep Copper Company. ‘International Mining Interests to Finance O’Kiep Copper Company in South Africa’, New York Times, 17 June 1937.
23 Statements to the Press Regarding African Investments, 1 April 1965. Taylor Ostrander Papers, Box 9a.
25 Cunningham, Copper Industry in Zambia, 274-75.
Profitability of the Copperbelt Mines

The world copper industry experienced several booms and busts between the 1920s and 1970s and consequently the profitability of the Copperbelt mines varied drastically. The mines never lost money though and produced annual profits from 1932 until 1974. Much of these profits were remitted from the country as dividends.

Both Roan Antelope and Mufulira very quickly became profitable enterprises during the 1930s as the copper industry revived with international re-armament. However, while the industry benefitted from rising international tensions, the outbreak of the Second World War in 1939 curtailed profits.\(^{27}\) As copper was critical for the war effort, the British Government established a scheme to purchase the Copperbelt's entire output at a fixed price of £62 a ton and raised taxes on the mining companies. Since the Copperbelt constituted most of American Metal's business, the company's net profits declined by one-third between 1940 and 1945.\(^{28}\)

It was only after the Second World War that American Metal's investment in the Copperbelt mines really paid off. Post-war reconstruction and strategic stockpiling of the metal after the outbreak of the Korean War triggered a major boom in copper prices.

This boom was particularly pronounced for the Copperbelt mines as a result of a peculiar pricing anomaly. In 1947, the British Government abandoned the fixed price for copper purchases and instead adopted the US dollar price of copper on the New York market. This decision had enormous consequences when the British Government devalued Pound Sterling by 44% against the US Dollar in September 1949. The Sterling price of copper immediately leapt up and the British Government had committed to buying the entire output of the Copperbelt mines. Production costs of these mines were primarily in Sterling so were unaffected.

The result was a bonanza for American Metal. Income from Roan Antelope increased by 250% between 1950 and 1956 while income from Mufulira increased by 133%. Net profits also increased as RST moved its domicile from London to Northern Rhodesia in 1953 and taxes in the latter were lower. This means profits rose even more than income.\(^{29}\) By 1952, dividends from the Copperbelt mines provided the majority of American Metal's income, and this reached 69% of the company's income in 1953 and 67% in 1954.\(^{30}\) Figures for 1955 and 1956 may have reached 80% of American Metal's income. Moreover, these dividends were exempt from US taxation as they had already been taxed in Northern Rhodesia.

In general, returns on investments in copper mining were not high and appear to have been lower than the return on non-mining stocks. The continual discovery of new deposits and opening of new mines put a downward pressure on profitability of existing mines. An important exception to this general trend is the Copperbelt mines. The return on investment of African copper mining companies was on average 7.3% annually, almost two times higher than the average for the whole copper-mining sector.\(^{31}\) American Metal's return on its Copperbelt

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29 *Investments (Africa)*, 1955. Taylor Ostrander Papers, Box 39i.
investments was even higher during the peak years of the copper boom (1950-56) averaging 16.7% annually.\textsuperscript{32}

American Metal’s largest shares were in Roan Antelope as it held a one-third stake in the mine and a controlling interest in the parent company RST.\textsuperscript{33} Profits for the mine are shown in the figures below and illustrate two important points. First, the mine was always profitable. Second, these profits were sometimes spectacular.

**Figure 1: Roan Antelope Copper Mines, Net Profit After Tax\textsuperscript{34}**

![Figure 1: Roan Antelope Copper Mines, Net Profit After Tax](image1)

**Figure 2: Roan Antelope Copper Mines, Net Profit After Tax (inflation adjusted)\textsuperscript{35}**

![Figure 2: Roan Antelope Copper Mines, Net Profit After Tax (inflation adjusted)](image2)

\textsuperscript{32} Navin, *Copper Mining and Management*, 276.
\textsuperscript{33} American Metal’s share of Mufulira’s profits was smaller as Anglo American held a one-third interest in the mine.
\textsuperscript{34} Annual Reports, Roan Antelope Copper Mines, 1932-61. Selection Trust G1/12-1.
\textsuperscript{35} Calculated using the Bank of England Inflation Calculator. Available at: [https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator](https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator)
Adjusted for inflation, total profits from Roan Antelope Mine alone from 1932 to 1961 were £1.48 billion. Estimating the profitability of the entire industry is more complicated. In April 1960, Ronald Prain reported that from 1931 to 1959, the gross profits of RST had totaled £234 million, minus taxes of £88.7 million, resulting in net earnings of £145.3 million. Shareholders had received in total £75.2 million in cash as net dividends.36

The other crucial detail is that during the boom a large share of these profits were remitted as dividends. Between 1950 and 1955, Roan Antelope made net profits of $57.9 million and $36.5 million of this was paid out as dividends to shareholders.37 Annual dividends remitted from Northern Rhodesia equaled approximately one-quarter of the total value of exports in this period. It represented an extraordinary and sustained outflow of money from the colony.

Little of this money was re-invested in Northern Rhodesia. The colonial administration received only a small portion of taxes and, even by colonial standards, Northern Rhodesia was a territory with an extractive economy. One good illustration of this is education. Only a handful of secondary schools and one technical institute that admitted African students were built during the colonial period. At independence, there were only an estimated 1,200 African secondary-certificate holders and 100 university graduates in the entire country.38

Dividends from these investments came at a particularly opportune time for American Metal because much of the rest of the business had suffered during the war. Production of lead, silver and gold by subsidiaries owned by the company all declined between 1939 and 1947, though zinc output rose. Several of its subsidiaries terminated their operations.39

These dividends enabled American Metal to diversify and dramatically expand its business during the 1950s. This meant that a crash in copper prices and fall in profits from 1957 did not undermine the company. American Metal bought into potash in New Mexico and Saskatchewan, developed a copper-nickel mine in New Brunswick, invested heavily in its molybdenum mine in Colorado, opened manufacturing plants in Michigan and Mississippi, bought a stake in Canadian tungsten mines and acquired interests in iron ore in Australia.40

Rapid expansion and lower copper prices meant that by 1961, total dividend income from African sources constituted only 20% of American Metal’s net income.41

The fact that American Metal’s own archive is not available makes calculating Harold Hochschild’s own share of these profits difficult. His promotion to company president in 1934 made him one of the highest earners in New York, with an annual salary of $24,000 ($512,000 in 2023 dollars) and approximately 4% of the company’s shares.42 He was the largest single individual shareholder in American Metal at the time. Promotion to chairman in 1947 bought a modest salary increase. That year, Hochschild gave an affidavit in support of a visa application by Esther Prain, the wife of Ronald Prain, in which he stated his income was “in excess of $50,000 per annum” ($654,000 in 2023 dollars).43 Press reports suggest he continued to hold around 3-4% of American Metal’s shares during the 1950s.

40 Bernfield and Hochschild, 3 ‘American Metal Climax’, 13.
Managing the Mines

There were broadly two stages to the involvement of American Metal in the management of the mines. The first stage was in recruiting senior managerial and technical personnel from the United States to staff the new mines in the 1920s and 1930s. The second stage was in providing advice and recommendations on major decisions related to strategy and investment. Harold Hochschild was at the center of this as a board member of American Metal, RST, Roan Antelope and Mufulira and continued to provide advice until the late 1960s.

Most of the managerial and technical staff at Roan Antelope and Mufulira were supplied by American Metal when the mines opened. This meant that while American Metal had little direct involvement in managing day-to-day operations, the company had selected most of the people who did. This included RST’s managing director from 1930 to 1943 Arthur Storke, the managers and Roan Antelope and Mufulira.44 Even before American Metal bought a majority stake in RST, Beatty expressed “our indebtedness to the American Metal Company who have put at our disposal from the start their highly skilled and experienced staff.” 45 Hochschild strongly supported the policy of recruiting managerial staff from North America and repeatedly advised RST to continue it.46

Underground staff at Roan Antelope Mine, 1932. Most of these men were recruited by American Metal. (Horizon Magazine, November 1959)

American managerial staff, in conjunction with RST directors, made decisions when the Copperbelt mines were established that had lasting consequences for the industry. This included the decision to establish a racial division in the workforce known as the ‘color bar’. Race was the basic principle for organizing the labor process. Work regarded as unskilled was

44 Letter from Otto Sussman to Alfred Chester Beatty, 8 May 1929. Selection Trust HIST/137.
45 Roan Antelope Copper Mines Limited, Third Annual General Meeting, 8 December 1930. Selection Trust G/50.
46 Letter from Harold Hochschild to Ronald Prain, 13 January 1950. Prain Papers, Box 1, File 2.
performed by African men, who performed almost all manual work and constituted around 80% of the total workforce. White workers were recruited to perform skilled, technical and supervisory work and there was a clear racial division of authority. No African worker could have authority over a white worker.

Similar kinds of racial division were enforced in mining camps around the world. Most newly-recruited managers had long experience in copper industry in North America, Latin America and Africa and were following what they regarded as long-established practice. This kind of racial division was well-known in South Africa’s mining industry, but unlike in South Africa, there was no government legislation that enforced this ‘color bar’ in Northern Rhodesia. The mining companies chose to introduce it. Even in 1953, an American mining engineer on the RST board warned that African and white workers should not be employed on the same jobs.47

Mine manager used crude rules of thumb to determine if a work task should be performed by an African or a white worker. At Roan Antelope Mine, for example, one mine manager explained the system of organizing work to a visiting colonial official as follows: “in ordinary manual labour” a white worker could do “four times the work of an average African and in more advanced types of work the proportion was six to one.” This meant that it made economic sense to employ African workers for manual labour, as their wages were less than a quarter of the wages for white workers.48

The other area of American Metal’s involvement in managing the mines was in providing advice and recommendations across a broad area of company policy. There is considerable surviving correspondence between Harold Hochschild and Ronald Prain between 1940 and 1962 on dividends, investment possibilities, shareholding company reorganization, managerial appointments, working costs, and industrial relations.49 Whenever news with any bearing on the Copperbelt operations reached him, Hochschild would write to Prain or others at RST to enquire, politely but pointedly, why he had not been informed.

Hochschild advised on strategic decisions but usually sought to persuade or pressure RST into taking his preferred course of action, rather than forcing it using American Metal’s position as majority shareholder. RST almost always did follow the advice offered and there is only one instance of RST disagreeing, which was over the question of domicile.50

Since the Copperbelt mines were American Metal’s largest investment for many years, Hochschild kept a sharp eye on financial matters. When RST shares dipped on the London Stock Exchange, for instance, he wrote immediately to ask why.51 He also carefully guarded the investment against any possibility of a takeover from another mining company, and successfully rebuffed efforts by the copper giant Phelps Dodge to engineer a takeover.52

One of the key financial issues in the postwar period was the question of RST’s domicile. The company was registered in London and the landslide victory of the Labour Party in the 1945 election had brought about significant changes. Large sections of the economy were nationalized, including the coal industry, and taxes were increased to finance the new welfare

47 Notes on a Trip Made to O’Okiep, Tsumeb and the Copperbelt. Selection Trust G/73.
49 There is a break in this correspondence from January 1943 to July 1945 in the period Harold Hochschild served in the US Army.
51 Letter from Harold Hochschild to Ronald Prain, 3 July 1945. Prain Papers, Box 1, File 1.
state. Hochschild worried that RST would become an attractive target for nationalization and that new taxes and capital controls were cutting into American Metal’s dividends.

Hochschild pushed consistently for RST to shift their domicile from London to Northern Rhodesia to reduce taxation, arguing that for American Metal, “the best procedure with respect to taxation would be for the companies to be domiciled in Northern Rhodesia.” The “all important” issue with a new domicile, as Hochschild saw it, was the convertibility of the large dividend from RST into US dollars. RST initially resisted this as Prain and others worried about political stability in Northern Rhodesia, but soon acquiesced and RST’s domicile moved from London to Lusaka (the capital of Northern Rhodesia) in 1953. This proved a major boost to profitability as taxes were consequently lowered in the peak years of the copper boom.

53 Memorandum on Domicile – Rhodesian Companies, 25 April 1951. Prain Papers, Box 1, File 2.
54 Letter from Harold Hochschild to Ronald Prain, 4 May 1951. Prain Papers, Box 1, File 2.
Working and Living Conditions on the Copperbelt

The Copperbelt mines were large employers and RST was the second-largest employer in the territory, behind Anglo American. Within 10 years of opening, almost 18,000 people worked at RST’s mines, and this reached 21,000 people in the postwar period. Working conditions were harsh in the first decade of operations but gradually improved in the 1950s under a new corporate policy of paternalism.

As discussed above, RST and Anglo American established a segregated labor force and this basic fact governed work and life on the Copperbelt mines. Race determined employment, wages, working conditions, food, housing and healthcare. White workers received much higher wages, better housing and longer leave allowance. This remained the case until the early 1970s.

African workers were recruited from across the region. Forced labor practices had largely ceased by the time the Copperbelt mines opened in the 1920s and the mining companies emphasized that the African workforce was a ‘voluntary’ one, in the sense that Africans were not recruited as indentured workers or violently coerced. There was deliberate implicit coercion, however.

In 1901, the colonial administration had imposed what was known as a ‘hut tax’ that were payable only in cash and this was done explicitly to induce people to work in newly-established colonial enterprises. There were few opportunities to earn cash wages other than working in the mining industry and this effectively forced African men to migrate to the mines. This tax remained in place until Zambian independence in 1964.

Employment ‘ticket’ issued by Roan Antelope Mine to African employees (ZCCM 16.2.7F)

Wages for African workers were low until the early 1950s. Wages were paid in both cash and food rations through a ticket system where each worker who completed a shift would be issued with a ticket and after 30 tickets were paid. Any African worker deemed to have underperformed was issued with a ‘scoff ticket’, which entitled them to food rations but no wages, and African workers found to be “absent without reason are rounded up and brought
before an Official for punishment," according to Roan Antelope’s official regulations. \(^{55}\) Shifts were sometimes ten hours long and working hours did not include time spent traveling underground, so miners could spend the majority of their day underground.

In 1935, underground workers at Roan Antelope were paid an average of 1 shilling, 4 pence per shift (equivalent to £6.46 in 2023 figures) while surface workers received 8 pence per shift (equivalent to £5.91 in 2023). \(^{56}\) A government investigation in 1942 found that wages were below the minimum required to feed, house and clothe a family of four people. To survive, many African workers resorted to cultivating food or brewing traditional beer to supplement the rations they received.

Wages increased rapidly in the postwar period after African mineworkers formed trade unions in 1948 and rising copper prices encouraged the companies to acquiesce to wage demands. Average annual wages rose from £35 (£1980 in 2023 figures) in 1946 to £123 (£2706) in 1954 and to £245 (£4233) by 1962. \(^{57}\) Rising wages did prompt some concern from Hochschild. In 1954, he wrote to Prain to encourage further mechanization arguing “the more we can reduce our dependence both on European and on African labor, the better off we will be.” \(^{58}\)

These wage increase meant that African mineworkers were among the best-paid manual workers on the continent by the early 1960s. Nevertheless, wages were still low by global standards. In 1960, labor costs represented only 36% of total production costs on the Copperbelt mines, but represented 67% of production costs in Chile, one of the other major copper producers. \(^{59}\)

Housing for African employees at Nchanga Mine, 1951 (Royal Commonwealth Society)

Higher wages were part of a new corporate policy of paternalism adopted by RST and Anglo American in the 1940s. This involved improving health, housing and welfare facilities of mine

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55 Native Labor Gang Books & Time Tickets, Roan Antelope, 4 April 1939. ZCCM 16.2.7F
56 Native Wages and Clothing Bonuses, October 1936. ZCCM 12.7.3A.
57 Northern Rhodesia Chamber of Mines, Year Book 1956 + Year Book 1957.
58 Letter from Harold Hochschild to Ronald Prain, 7 May 1954. Prain Papers, Box, File 3.
employees, alongside better pay. Subsequently, RST publicly referred to its “enlightened approach to operations” and claimed that the company’s aim was “to be the best employers of labor in Rhodesia. They deliberately set a benevolent paternalism as their goal.” RST thus did more than mine copper and in the 1950s established a miniature welfare state on the Copperbelt.

In the late 1920s, RST constructed company towns alongside the mines and housed their entire workforce, African and white. These towns were racially segregated and the first housing constructed for African workers was rudimentary. African men recruited in the 1930s were housed in single-roomed huts with around 3m² of floor space. Housing shortages meant that two or three men often occupied the same room in this period.

Larger and more durable housing was constructed after the Second World War. In the 1950s, two and three-roomed houses with a shower room and latrine were constructed with concrete bricks and iron roofs for married workers. By 1957 at Mufulira, housing for married African workers had stoves, built-in shelves, larger rooms, steel windows, sinks, and lavatories, and electric lighting.

Aerial view of Mufulira Mine and surrounding company town (in author’s possession)

Towns remained racially segregated, however. When a new company town was constructed for Chibuluma Mine in 1952, £1,586,000 allocated to construct 500 houses for white workers, while £682,000 was allocated to construct 3,000 houses for African workers. The locations of

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the new townships were carefully selected by RST to minimize contact between the African and white workforces outside work.\(^{62}\)

Healthcare facilities and workplace safety improved in the 1950s. Both had been poor in the 1930s and 1940s. There was no sick pay, little or no compensation for workplace accidents and not even first aid was provided in the first few years of mining. Accidents in this period suggest an inhumanity on the part of the mining companies. In 1940, an underground collapse at Mufulira Mine killed 16 miners and RST made no effort to identify the names of the dead African miners, who are referenced only by their work numbers in the subsequent accident report. Only the white miners killed and injured are named.\(^{63}\)

Accident rates gradually declined. In 1941, 119 Africans who worked underground at Roan Antelope were killed during the year (0.83% of the total workforce). By 1954, this had fallen to 42 deaths (0.25% of the total workforce).\(^{64}\) Sick pay was introduced in the early 1950s and compensation for death or serious injury was increased.

An unknown number of mineworkers contracted industrial diseases in this period. The prevalence of industrial diseases is difficult to evaluate because evidence of this was deliberately suppressed by the mining companies. This was sometimes done blatantly. The manager recruited by American Metal for Roan Antelope Mine actively hid evidence that there was a risk of silicosis – a debilitating and terminal lung disease – from government inspectors. Company policy altered in the late 1940s and a comprehensive testing regime for industrial diseases was introduced and some compensation was provided for sufferers who were unable to work.

There were other dangers at work. African mineworkers were often subjected to harsh and humiliating procedures. In the 1930s, for instance, some Africans were stripped naked and weighed on payday to estimate the quantity of food rations required. Violence by white company officials was used to discipline and punish African workers for minor infractions and to increase the pace of work. While officially prohibited by company policy, in practice violent punishments were tacitly condoned. One good indication of this is that individuals convicted of inflicting such punishments were rarely sanctioned or fired during the 1930s and 1940s.

A government commission investigating a strike by African mineworkers at Mufulira in 1935 found that severe beatings inflicted by one company official were a contributing factor to the dispute. The colonial administration pressured RST to dismiss the man. RST refused outright and made a point of praising his “excellent record in handling natives.”\(^{65}\)

A letter from Kwafya Kombe, a miner at Mufulira, in 1940 gives an idea about the experiences of Africans working underground:

> Even though the African is educated [he] is... like a monkey to the Europeans. All the Africans who are at work at [the] mines are treated like this: when an African is carrying a very heavy load, [and] a European is coming behind him without the notice of an African, the European kicks him. When the African says ‘What’s the matter Bwana?’ now the Bwana says, ‘shut up, get away,’ and gives the African a very hard blow.\(^{66}\)

\(^{62}\) Ibid.  
\(^{63}\) Accident in 660 Stopping Area, 7 November 1940. The National Archives, CO 795/122/20  
\(^{64}\) Letter from H.R. Finn to Harold Hochschild, 11 March 1955. Harold Hochschild Papers, Box 1, File 4.  
\(^{65}\) Frank Ayer to Chief Secretary, 21 December 1935, TNA CO 795/82/7.  
Violence and harsh procedures in the workplace diminished with the new corporate policy of paternalism and because the African workforce became more assertive after the formation of a trade union in 1948. These two trends were linked. The threat of strike action encouraged a paternalistic policy while this same policy entailed recognition of trade unions and the principle of collective bargaining.

RST were initially highly suspicious of trade unions and sought to prevent them from being established on the mines, even for white workers. Industrial relations were thus often confrontational and unpredictable. Anger over low wages provoked wildcat strikes by African workers in 1935 and 1940 and in both cases the strikes were violently repressed. Soldiers shot dead six strikers at Roan Antelope Mine in 1935, and 17 strikers were killed during the 1940 strike. An unknown number were injured and no effort was made to identify all the casualties. The mining companies also had the leadership of the white mineworkers’ arrested and deported during the Second World War.

RST’s recognition of the African mineworkers’ union and the beginning of collective bargaining in 1951 brought about more stable industrial relations. There were several bitter strikes during the 1950s and 1960s but no repeat of the open violence of earlier decades. Official recognition of trade unions was part of Britain’s new postwar colonial policy, though RST only grudgingly accepted this. Hochschild subsequently attributed the fact that “the efficiency of per man on the Copperbelt is relatively poor” partly to “Government support for labor organizers.”

Recognition of trade unions also did not rule out a return to repression. In September 1956, both mining companies collaborated with the colonial state to suppress a strike by African mineworkers in a period when copper prices reached an all-time high. 55 strike leaders were arrested and exiled to rural areas several hundred miles from the Copperbelt where they were kept without trial for several years.

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67 Riot Deaths, 3 April 1940. The National Archives, WO 276/203.
68 Letter from Harold Hochschild to Henry de Witt Smith, 2 November 1949. Prain Papers, Box 1, File 1.
Contesting the Color Bar

Although it was the mining companies that first established a ‘color bar’ that restricted skilled work to white workers, the white workers recruited to the copper mines soon found it was in their interests to defend it. Both RST and Anglo American sought a flexible color bar where they could assign different job categories to African or white workers as they (the companies) saw fit. White workers sought a fixed color bar permanently reserving specific kinds of work on a racial basis. This provoked several years of disputes on the mines.

In 1941, the white mineworkers’ union succeeded in imposing a more fixed color bar in the workplace following a major strike. Both companies had agreed to this to avoid further disruption to production during wartime but once the war ended they began pushing for its removal. Hochschild’s opposition to the color bar was motivated both by ethical reasons and concerns of over cost implications.

Negotiations over the color bar proved lengthy and fruitless. American Metal began pressuring RST to take action over the color bar as a matter of urgency from 1949. While there were clear cost implications, as African workers were paid much lower wages, Hochschild stressed the ethical dimension of removing the color bar:

> In this country, at least, public opinion has swung to the view that it is the duty of management to take ethical considerations into account in labor relations. I mention this only because it seems to me that the color bar issue has a strong ethical aspect and that it is heavily weighted in favor of the Africans.69

Historians have debated the role of ethical considerations in determining corporate policy towards the color bar. RST have generally been praised for this ethical stance, though other historians have been more skeptical and argued that “corporate policies concerning the job color bar were shaped by the mining industry’s changing cost structure and profitability.”70

The turning point for Hochschild appears to be a visit he undertook in 1949 to all the mines in Southern Africa in which American Metal had financial interests along with the operations of Union Minière du Haut Katanga in Belgian Congo. He subsequently sent a lengthy confidential memorandum circulated to company executives at American Metal and RST where he stressed “in my view all other problems on the Copperbelt, general and particular, are overshadowed by the inevitable conflict between the European and native labor unions.” This conflict, he argued, would be over the color bar.71

What had impressed Hochschild was the success of Union Minière’s program to train African workers for skilled jobs and replace white workers in their Katanga operations. “In their mines and plants one rarely sees a white man unless one searches for him,” he noted. In contrast, RST employed over 2,000 white workers and their standard of living “seem to me proportionately higher than any I have ever come into contact with... the various ranks of Europeans seem to live on a more luxurious scale than their counterparts in any American community.”72

This represented a significant labor cost for the companies. The total wage bill for white employees was double the total wage bill for African employees, even though white employees

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69 Letter from Harold Hochschild to Ronald Prain, 8 May 1950. Prain Papers, Box 1, File 2.
71 ‘Visit to the Rhodesias’, 22 October 1949. Prain Papers, Box 1.
72 Ibid.
were less than 20% of the workforce. Ending the color bar would be cost-effective as well as moral.

Hochschild was also concerned about the potentially destabilizing impact of future protests by African mineworkers over the color bar. He was convinced that it was only a matter of time before the color bar was dismantled and argued that the situation in Katanga amounted to “a preview of the inevitable.” What mattered was how the color bar was removed and Hochschild persuaded American Metal to take a stronger stance with the argument that it was better to face an expensive strike in 1955 than a revolution in 1960.

Assured of resolute support from their majority shareholder, RST pressed for a harder line in negotiations over the color bar. It is notable that Anglo American took a more conservative and cautious position and discussions between the two companies were sometimes fraught. In a 1953 memorandum, Anglo American emphasized that while they favored gradually raising the “ceiling of African employment” (that is, the color bar) and “we do not contemplate a removal of that ceiling in the foreseeable future.” Anglo American were highly apprehensive about the reaction of the white mineworkers’ union to any proposals to alter the color bar.

Walter Hochschild’s response to this was succinct and he and Harold held the same position. Waiting, he pointed out, would cost the companies’ “credit and African goodwill” and this goodwill “cannot be measured in £.s.d’s [pounds, shilling and pence].” The companies, he continued, “will have to take sides, and it seems obvious which side.”

In May 1954, RST unilaterally terminated the recognition agreement they had with the white mineworkers’ union. The consequence was that the union would lose its right to collective bargaining, unless it offered concessions on the color bar. The union rapidly folded and agreed to allow African workers to perform an array of semi-skilled jobs on the mines that had been done exclusively by white workers. This was followed by a similar agreement in 1959 opening up more jobs for African workers.

RST claimed victory and received considerable positive publicity from this. Indeed, this was the only aspects of Hochschild’s involvement in the Copperbelt mines mentioned in his obituary.

However, it is important to note that the racial division of labor was only altered, not removed. African and white workers were deliberately not employed in the same job and at Zambian independence RST and Anglo American engineered a scheme to ensure this would continue after independence. Racial segregation only finally came to an end on the mines in the mid-1970s.

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73 Letter from Harold Hochschild to Ronald Prain, 8 May 1950. Prain Papers Box 1, File 2.
74 Cunningham, Copper Industry in Zambia, 195.
75 Memorandum on the Labour Position on the Northern Rhodesian Copperbelt, Anglo American Corporation, 2 March 1953. Walter Hochschild Papers, Box 1, File 1.
76 Memorandum from Walter Hochschild, 13 March 1953. Walter Hochschild Papers, Box 1, File 1.
Harold Hochschild’s Political Role

Harold Hochschild had unusually liberal politics for someone of his background and position. Already in the late 1920s, he was a substantial donor to the US Democratic Party and later in life publicly revealed his inclusion on President Nixon’s ‘Enemies List’ due to his opposition to the Vietnam War. This liberalism is evident in his role in the Copperbelt mines as he provided support and encouragement to anti-colonial nationalist leaders at a time when few others in big business did. This support, however, was strongly tinged with pragmatism.

The political arrangements governing the Copperbelt changed significantly following the Second World War. Colonial control was first strengthened with the formation of the Central African Federation. This grouped Northern Rhodesia with neighboring colonies Southern Rhodesia (Zimbabwe) and Nyasaland (Malawi) under a government elected by white settlers in these colonies. Advocates of Federation claimed it represented a ‘partnership’ between white settlers and Africans, with white settlers leading economic and political development for mutual benefit. In fact, it aimed at strengthening white domination over the region and disintegrated in 1963 in the face of an increasingly powerful African nationalist movement. This led to the independence of Zambia in 1964 under a nationalist government led by Kenneth Kaunda and the United National Independence Party.

Hochschild played a modest but important progressive role in these events by persuading RST to publicly back the political transition to independence as a necessary and positive development and by facilitating political connections for Kaunda. He conveyed a positive impression of Kaunda to leading political figures at a time when many, including the British Government, sought to demonize him as a political extremist.

This role was possible because Hochschild was very well connected politically, both in the US and abroad. He had accepted the invitation of Allen Dulles, then director of the CIA, to join the board of the new African American Institute and then served as chairman until 1964. The Institute was partly funded by the CIA and sought to build connections between the US and political figures in newly-independent African states.

Hochschild held and often repeated the standard colonial view that African peoples were primitive and backward. In one article, for instance, he claimed that “most of the natives had never even seen a wheel” before RST opened copper mines, though Africans in the region had mined and processed copper for centuries. He also argued that Africans were inherently lazy and only worked long enough to earn sufficient money “to enable him to return to his native village to live there in relative idleness for a year or two.”

However, he did not draw the same political conclusions from these views that many of his contemporaries did, i.e. that this supposed backwardness justified African societies being ruled by European colonial powers for a more or less indefinite period. In fact, he was skeptical of colonial rule, and this was informed by his experiences in China and India.

Hochschild was cautiously optimistic about the Federation initially but astute enough to realise that most of the advocates of ‘partnership’ were insincere. After a week on the Copperbelt in

79 For instance, he was invited to attend the 1959 Bilderberg Group, an informal annual meeting of business and political leaders. Bilderberg Conference, 18-20 September 1959. Prain Papers, Box 1, File 5.
81 Interview with Adam Hochschild, 20 February 2023.
September 1952, he note to Prain that “those of its advocates who count on it to retard the African’s rate of advance are doomed to disillusionment.”

Hochschild’s optimistic hopes that the Federation would produce economic development and political stability were shared by RST. The company provided considerable financial support for the preparations for Federation and financed the main white settler party, the United Federal Party, from 1953 until 1959. The Copperbelt mines were the largest industry in the new Federation and RST and Anglo American the biggest investors. As Prain boasted in 1953, the Copperbelt mines had made Federation possible.

His support continued until the mid-1950s. American Metal officials helped author a report by the Department of Commerce encouraging US investment in the Central African Federation and helped with public relations when the Federation came under criticism internationally. Company press releases discussed other economic possibilities in the Federation in glowing terms and encouraged other American firms to invest there. Hochschild even tried to find an American publisher willing to launch a new newspaper in the Federation that would back the government. Company policy was that financial support should be used to secure political stability.

In early 1956, the US State Department invited Roy Welensky for a five-week tour of the United States and Canada and American Metal provided significant support, arranging meetings, press interviews and covering some of his costs. Taylor Ostrander was assigned to accompany him for the entire trip and make introductions to leading political and industry figures. At the end of the trip, Hochschild hosted him for the weekend at Eagle Nest and the two corresponded warmly afterwards.

This is a good example of Hochschild’s political pragmatism. Welensky was the most prominent settler politician in Northern Rhodesia and, at the time, was expected to become the next Federal Prime Minister, which he duly became in November 1956. The US trip was a major boost to Welensky’s profile internationally as he addressed the US Senate and gave multiple press interviews. Welensky was a consistent advocate of colonial rule and had been one of the main advocates for Federation.

Hochschild also maintained close friendships with white liberals in Southern Africa, including former Southern Rhodesian Prime Minister Garfield Todd, whom Hochschild hosted at Eagle Nest on at least one occasion. American Metal financed the liberal pressure group the Capricorn Society, which advocated for reducing racial segregation but opposed a universal franchise. RST also financed the liberal United Rhodesia Party established by Todd, though party attracted little support from the overwhelmingly white electorate and failed to win a single

82 Letter from Harold Hochschild to Ronald Prain, 1 November 1952. Harold Hochschild Box 1, File 3.
86 Memorandum for Harold Hochschild, 28 November 1955. Taylor Ostrander Papers, Box 39i.
87 Press Release, 29 March 1956. Taylor Ostrander Papers, Box 39i.
88 Chronological File, F. Taylor Ostrander, 1 May 1956. Taylor Ostrander Papers, Box 39i.
89 Interview with Adam Hochschild, 20 February 2023.
seat in the 1958 Federal elections. This meant RST were financing two of the main parties contesting this election.

RST also made loans to the Federal Government and Hochschild encouraged this policy as a way of winning government favor and dissuading new taxes on the industry. Consequently, RST made a £2 million loan to the Northern Rhodesia Government and a further £1 million loan to the Nyasaland Government for development schemes. Both these loans were interest-free.

The Nyasaland Government used part of this loan to finance the police prior to a violent crackdown on African nationalists. In 1959, the Federal Government declared a state of emergency to clamp down on African nationalism. Nationalist parties were banned, hundreds of political activists were imprisoned without trial and in Nyasaland 20 unarmed demonstrators were shot dead on the first day of the emergency. Police killed a further 31 people in the colony during protests over the following days. A subsequent British Government investigation concluded that Nyasaland had become “a police state” during this period.

It is not clear if Hochschild was aware of how this money was used, but he was confronted about it by Dr Hastings Banda, a nationalist leader in Malawi and later the country’s first president, in Washington in 1960. Banda had been among those detained without trial during the emergency and sharply criticized RST for providing loans to finance repression.

The occasion for this confrontation was a dinner arranged by the African American Institute for Kenneth Kaunda and Hastings Banda, with Hochschild sat between them. This was a remarkable event. Only a few months previously, both men had been in prison for their political activities. Hochschild’s assessment of the Federation had changed in the mid-1950s as African opposition grew and he now swung support behind Kaunda and his United National Independence Party.

American Metal and RST sought to persuade the British Government to support Kaunda in the interests of securing an orderly transition of power. By 1961, RST publicly announced that the company was, “preparing when the time comes, and the British and the local governments have faced up to this, to work and mine and live under an African government.” At this time, the British Government officially insisted that the Federation would continue and there was no prospect of independence for Northern Rhodesia. Anglo American, in contrast with RST, continued to support white settler politicians and other mining companies in the region, notably Union Minière, colluded with efforts to undermine newly-independent African states. RST’s stance was unusual.

American Metal and Hochschild also assisted Kaunda in the US, as the 1960 dinner suggests. It is remarkable how Kaunda quickly established excellent political connections at the highest levels in the United States. Only a few months after being released from prison, he was hosted at the White House for discussions with President Kennedy and met with an array of prominent political figures and civil rights activists on successive trips to the United States. American Metal and Hochschild drew on their political connections to make introductions and arrange...
meetings for Kaunda, both with US politicians and at the World Bank. Hochschild hosted Kaunda at Eagle Nest on at least one occasion.⁹⁶

There is other evidence of pragmatism shaping Hochschild’s politics. While Zambia constituted American Metal’s largest investment, there were other substantial investments in Namibia and South Africa. Here, the possibility of African nationalist parties taking power was remote. It does not appear that Hochschild made connections with exiled anti-colonial nationalists from Namibia or South Africa, though he maintained friendly contacts with white liberals in South Africa.⁹⁷ Indeed, Hochschild specifically denied to Prain that American Metal had funded the American Committee on Africa, one of the first anti-apartheid groups in the US.⁹⁸

American Metal’s public statements about their mines in Namibia and South Africa contrast sharply with public statements about the color bar on the Copperbelt mines which emphasized the ethical dimensions of the issue. Tsumeb and O’kiep maintained an even stricter color bar in the workplace. Statements stressed the company was only a minority shareholder and:

It is an obvious and accepted principle of international business that the operation of foreign investments must conform with the laws and regulations of the country in which the investment is located…

[international business] must of necessity run their businesses strictly on the basis of non-involvement in politics.⁹⁹

This corresponds with Adam Hochschild’s memories of the “ready response” that company officials had to criticism of their operations in Namibia: “Well, that particular mine is managed by another company in the joint venture, and we don’t always see eye to eye with them.”¹⁰⁰

The evidence suggests that it was only several years after he retired that Hochschild first took an active interest in politics in Namibia. In 1967, he helped co-ordinate international pressure on South Africa to mitigate the sentences of 37 Namibian nationalists convicted in South Africa. The men faced the death penalty under the newly promulgated Terrorism Act.¹⁰¹ From the mid-1960s, he also provided support for detained political activists in Southern Rhodesia and provided financial support to educate some of their children.¹⁰² These efforts were coordinated by officials at American Metal and the lines between Hochschild’s own activities and those of the company are unclear in this period.

⁹⁶ Interview with Adam Hochschild, 20 February 2023.
⁹⁷ Ibid.
⁹⁹ Statements to the Press Regarding African Investments, 1 April 1965. Taylor Ostrander Papers, Box 9a.
¹⁰⁰ Hochschild, Half the Way, 205.
¹⁰¹ Memorandum to Harold Hochschild, 13 December 1967. Winifred Armstrong Papers, Box 6, File 3.
Conclusion

The major source of Hochschild’s wealth in the period he was president and chairman of American Metal was the Copperbelt mines owned by the company. From 1930 to the mid-1950s, these copper mines constituted the largest share of American Metal’s business. Investment in these mines had a much higher rate of return than investment in other sectors of the mining industry and these dividends financed the global expansion of American Metal during the 1950s.

Hochschild played a central role in making the investment in Rhodesian Selection Trust (RST) and in managing it in the years that followed. Initially, this investments was a highly risky decision as it placed the company’s fortunes in a single source. Risks were substantially reduced during the copper boom in the post-war period when further investments in the Copperbelt mines could be sourced from profits. The use of other profits to diversify American Metal’s holdings points to Hochschild’s business acumen. For one, it ensured the company was largely unaffected by the downturn in copper industry in the late 1950s.

This diversification was possible because during the boom years (1950-56) American Metal decided to distribute the majority of profits as dividends and relocated RST to a jurisdiction with lower taxes. Hochschild had advocated for this consistently after taxes were increased in Britain in the 1940s.

This decision left Zambia poorer as wealth from the industry left the territory. There is not sufficient space in this report to detail the poverty experienced in Zambia over the last century. Needless to say, many Zambians have not received many benefits for being at the center of the world copper industry over that time. Wealth from copper largely accrued elsewhere.

One important reason why the mines were so profitable is because labor costs were low. This meant that the mines could generate profits even during the Great Depression when competing copper mines in North America closed down or sharply reduced output. Wages paid to African workers were low and remained substantially lower than other copper mining regions even after wage rises in the 1950s.

RST had an enormous influence over its workforce as it not only employed them but also provided housing, food and healthcare. The company decided early on that race would be the determining factor for deciding the standard of what the company provided and the wages it paid. Working and living conditions were harsh and often brutal during the 1930s and 1940s. The situation improved with the new policy of paternalism in the 1950s, though this policy was partly introduced because booming prices meant RST could afford it.

The political role of American Metal and Hochschild changed markedly over this period. Broadly, corporate policy was concerned with political stability. By the 1930s, copper mining had become capital-intensive with long timescales required to secure a return on investment. This made ensuring political stability a key concern. American Metal and RST provided political and financial support both to colonial and anti-colonial leaders. It is revealing that Hochschild hosted both Roy Welensky, a hardline supporter of colonial rule, and Kenneth Kaunda, an anti-colonial nationalist, at Eagle Nest within a few years of each other.

The mining companies benefitted from colonial rule but did break with the policy of supporting the colonial government before any other section of big business. In this respect, Hochschild was remarkably far-sighted. Support for African political aspirations was underpinned by a degree of pragmatism. He wanted good relations with any future government in the territory and advised a course of action accordingly. Nevertheless, his actions in supporting African
nationalists helped secure a peaceful transfer of power at independence, something that eluded most other countries in the region.

It is likely that Hochschild’s actions were motivated both by ethical considerations and a desire to preserve American Metal’s investment costs. That he continued to offer personal and financial support to anti-colonial nationalists after retirement suggests that he did develop a genuine political commitment. This was perhaps the case that business-related pragmatism led to a real concern.
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