

**The Pluralist Paradox  
The Decline of Economic  
Interest Groups in Zambia  
in the 1990s**

Lise Rakner

**WP 2000: 3**

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## Summary

The dilemma facing new democracies attempting to implement political and economic reform simultaneously is that democratisation may undermine economic reform by encouraging political participation and empowering interest groups that are unlikely to benefit from reform. This paper compares interest group - government relations under one-party and multiparty rule in Zambia. Contrary to the assumptions of pluralist theory, the paper argues that the influence of interest groups *declined* as a result of political and economic liberalisation. The evolution of electoral politics resulted in the proliferation of civic associations and the weakening of corporatist links between the state and economic interest groups that had been granted some real influence in the previous authoritarian regime. This 'pluralist paradox' has meant, at least in the initial phases of multiparty rule, that interest group resistance do not constitute a significant threat to the sustainability of the reform programme, nor the electoral prospects of MMD.

**The Pluralist Paradox  
The Decline of Economic Interest  
Groups in Zambia in the 1990s**

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**Chr. Michelsen Institute** *Development Studies and Human Rights*

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## Contents

Part 1:	Introduction	1
Part 2:	The relationship between political and economic processes of reform	2
	The authoritarian phase	3
	The 'dual reform' perspective	3
	Interest groups do not matter – in fact they never did	4
Part 3:	Economic interest groups under one-party rule	5
	The influence of labour under the one party system	6
	Business interests under the one party state	7
	Agricultural interests under one party rule	8
	Economic decline and political opposition	9
	The transition to multiparty rule	10
Part 4:	Economic interest groups in the 1990s	11
	The influence of labour in the 1990s	12
	Business interest in a liberalised environment	13
	Agricultural interests under MMD rule	14
	The 1996 general elections	16
	5. Conclusion	16
	References	19



## Part 1: Introduction<sup>1</sup>

Political liberalisation is expected to lead to greater pluralism as new freedoms for associations will lead to a rise in the number of societal groups and new freedoms of speech will ensure that they have a voice. Over time, this is expected to create problems for a government wishing to maintain economic reforms, since they need to maintain political support to be re-elected and since we know that the electorate does not like to endure difficult economic restructuring, such as cuts in government spending. This is the dilemma facing new democracies attempting to implement political and economic reform simultaneously. Assuming that democratisation, at least temporarily, may undermine economic reform by encouraging political participation and empowering interest groups that are unlikely to benefit from reform, the academic and aid-related literature has over the past three decades presented various theoretical formulas to overcome this dilemma.

As one of the first countries in Sub-Saharan Africa, Zambia embarked on a process of simultaneously implementing political and economic reforms in 1991. The Movement for Multiparty Democracy (MMD), a coalition of trade unions, business' interests and intellectuals, won an overwhelming electoral victory over the single party for the past 17 years, United National Independence Party (UNIP). In the electoral campaign MMD committed itself to an ambitious economic reform programme. The peaceful transition to multiparty rule and the economic policies promoted by the new government made Zambia a 'model for Africa', both in the eyes of the international donors and much of the academic community (Bonnick 1997; Bratton 1992; Joseph 1992).

In November 1996 the second parliamentary and presidential elections were held within the multiparty constitution. Contrary to the experiences of the 1980s, the economic reform process begun in the early 1990s was not reversed as the MMD government approached the 1996 elections. The elections were carried out in a situation of economic decline. Despite five years of continuous economic reform, the record was exceedingly complex and mixed. On the one hand a foundation was laid for a shift from a state oriented to a market based economy. Despite several exogenous shocks and uneven implementation, none of the reform measures implemented in the 1990s were reversed. On the other hand, several key reforms were not implemented including civil service reform and the privatisation of the copper industry.<sup>2</sup> Partly as a result of uneven implementation, the Zambian economy did not experience any growth in the 1990s and from late 1993 onwards, the economic restructuring measures were criticised by interest groups, NGOs and opposition parties. Despite this, no opposition party offered an alternative to continued economic restructuring in their 1996 election campaigns. MMD was granted another five year term in office with an electoral majority comparable to the 1991 victory. The 1996 elections were considered flawed

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<sup>1</sup> Author's note: An earlier version of this paper was presented at the 1999 African Studies Association Meeting in Philadelphia. I thank Deborah Brautigam, Nicolas van de Walle, Arne Tostensen, Linda Cotton and David Simon for comments.

<sup>2</sup> An agreement for the sale of Zambia Consolidated Coppermines (ZCCM) was finalised in November 1999.



by many observers. The conduct of the elections proved that the Chiluba government was willing to compromise the rule of law and to exploit its majority position and control over government resources to maintain power. As evidence of democratic consolidation, these elections were, therefore, deficient. Nevertheless, based on electoral results and post-election surveys, observers have argued that the 1996 elections served as an indication of MMD's ability to convince voters that it should be granted an other five year term due to its successes in market liberalisation, transport and healthcare reform (Bratton and Posner 1999: 400).

This paper compares the relationship between the key interest groups representing agriculture, business and labour and government firstly, under one party rule in the 1980s and secondly, under multiparty rule in the 1990s. Contrary to the assumptions of pluralist theory, the paper argues that the influence of economic interest groups *declined* as a result of the combined effects of political and economic liberalisation. An immediate effect of economic restructuring was that the associations representing business, labour and agriculture experienced a decline in their membership. More surprisingly perhaps, the Zambian case indicates that the process of political liberalisation further reduced the influence of these associations. The creation of a large number of non-governmental organisations and 36 new opposition parties meant that interest groups representing labour, agriculture and business found it increasingly more difficult to be seen and heard in public fora which again reduced their ability to influence government. The associations' weakness in terms of membership density further reduced the government's incentive for consulting with, or yield to the interests of, these associations as they did not represent a significant electoral base. Thus, whereas political liberalisation re-introduced multiparty elections and civic liberties to Zambia, the process of political reform did not result in increased participation by interest groups in terms these groups' enhanced capacity to influence economic policy. Due to this 'pluralist paradox', the position of interest groups did not constitute a significant threat to the sustainability of the economic reform programme, or the electoral prospects of MMD.

The paper is organised in the following manner: Proceeding this introduction, part two discusses recent developments in the theoretical literature on the relationship between political and economic processes of reform. Part three analyses the relationship between the government and economic interest groups representing agriculture, business and labour in the one-party state. Part four assesses the relationship between interest groups and the MMD government in Zambia's Third Republic (1991-). The concluding section addresses the implications of the pluralist paradox witnessed in the first decade of Zambia's multiparty democracy.

## **Part 2: The relationship between political and economic processes of reform**

Do processes of political and economic reform interrelate? To what extent are democracies or authoritarian systems better equipped to undertake economic reforms intended to secure growth? These broad questions of research have always occupied political scientists and the role of interest groups have acquired a central place within this debate.

### *The authoritarian phase*

When an economic crisis unfolded in Latin America and Africa in the late 1970s, structural adjustment programmes were introduced by the International Finance Institutions and the issue of economic liberalisation was brought to the centre of academic attention. At this stage, democratic regimes were often deemed less able to undertake economic reforms than authoritarian ones (Lal 1983; Nelson 1990). The argument in favour of state autonomy when implementing structural adjustment reform was based in logic of collective action reasoning; gains of reform were considered to be defused and spread across a wide proportion of the population while the costs of the reforms were expected to fall on powerful constituents that had been the main beneficiaries of state intervention in the former economy. Thus, losers from reform were expected to solve the collective action problem by organising against the reforms even if their numeric size was inferior to the potential winning coalition (Haggard and Kaufman 1989). Based within this reasoning, authoritarian regimes appeared more able to insulate themselves from interest group pressure and this form of state autonomy was by many observers deemed necessary for reforms (Kaufman 1985). As the decade progressed, however, increasingly comparative research began to call the negative correlation between economic reform and democratisation into question. A number of new studies suggested that not only were many authoritarian regimes incapable of dealing with economic crisis, but also that many democratic regimes had capacity to do so (Remmer 1990; Bresser Pereira; Marawall and Przeworski 1993).

### *The 'dual reform' perspective*

After close to a decade of poor economic results and increasing internal opposition against corruption and the bad economic practices of many authoritarian regimes, a new focus on political and economic liberalisation emerged which assigned a vital role to civil society associations (Landell-Mills 1992; Johnston et al. 1993). Acknowledging both the changing political climate and the inconclusive evidence generated from comparative research, a new consensus emerged in the 1990s arguing that economic and political reforms could well be implemented simultaneously (Haggard and Webb 1994). Toward the late 1980s aid bureaucrats and policy makers began to argue that political reforms in fact was a necessary component for the realisation of economic growth through reform.

One of the main differences between the authoritarian argument and the new perspective, often referred to as the dual reform perspective, related to the role of interest groups in decision-making. The authoritarian perspective held interest group participation to be a hindrance for growth oriented reform policies. The new theories emerging in the early 1990s assigned a vital role to interest associations in order to achieve both economic growth and democratic sustainability. Within this perspective it was held that greater participation and involvement by affected social groups in policy making would ensure ownership, credibility and sustainability of the reform processes. Thus, the strengthening of the democratic processes and, with it, corporatist arrangements between groups and the political elite, was expected to secure economic reform processes. Rather than an obstacle, interest groups increasingly became

considered a vital channel of communication between the state and society (Robinson 1995). Arguably, however, in much of the theoretical literature, the potential dilemmas associated with interest group activity were still present. According to the dual transition literature appearing from the early 1990s onwards, the main challenge for transitional governments attempting to implement political and economic reform simultaneously was to achieve a balance between, on the one hand, meeting popular demands and, on the other hand, implementing market based reforms which spelt hardship and sacrifice (Haggard and Webb 1994; Nelson 1994; Bates and Krueger 1993). Increasingly scholars stressed the need to create constituencies of support for the economic reform measures. Joan Nelson characterised interest groups as 'janus faced'; from one perspective they were part of the fundamental core of democratic practice exercising voice and forming alliances. However, interest groups could also produce disastrous policies and threaten the ability of governments to make decisions (Nelson 1994: 150). Thus, the central question became how to initiate a process of reform in the face of reform resistant interest groups. If reforms could be implemented and sustained it was hypothesised that supportive coalitions would emerge. Perceiving themselves as beneficiaries of the economic reform measures, these groups could in turn provide the new democratic regimes with electoral support in up-coming elections. The dilemma of political and economic reform implementation could therefore be considered temporary.

Both the authoritarian perspective dominating the debate until the mid 1980s and the dual reform perspective which became dominant in the 1990s share a common conviction that interest group influence is potentially harmful for economic reform processes and further, that the interests of formal interest associations will be enhanced by the introduction of liberal political reforms. However, research in different empirical settings have recently begun to question the assumption that every country undergoing structural adjustment has to cope with a politically aroused anti reform civil society.

### *Interest groups do not matter - in fact they never did*

Basing their conclusions on comparative studies of reform implementation in eighth developing countries, Bates and Krueger find that organisations representing business and labour, perceiving reforms as potentially harmful to their interests, rarely were able to block reform:

"One of the most surprising findings of our case studies is the degree to which the intervention of interest groups fails to account for the initiation, or lack of initiation, of policy reform" (Bates and Krueger 1993: 455).<sup>3</sup>

Barbara Geddes' research based in Latin America paints a similar picture of passive or ineffectual civil society organisations. She finds that groups that have borne the cost of reforms, especially organised urban labour groups, have shown less capacity to exert political influence than observers expected. Based on these observations Geddes criticises the prevailing theoretical perspectives

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<sup>3</sup> However, as pointed to by van de Walle, while arguing that interest groups have little impact on the likelihood of reform, interest groups are throughout the study assumed to have a powerful impact on decision-making (van de Walle 1999).

for its singular focus on interest groups and classes without regard to the ways in which political arrangements affect whether or not interest groups are influential or not. Instead her research suggests that the groups with the best ability to postpone or stall processes of reform are located within the government and the bureaucracy (Geddes 1994, 1995).

Supporting this perspective, but based on African empirical evidence, van de Walle rejects the notion of interest groups in society blocking reform due to the continent's weak societal organisations and dominant, yet weak, central states. According to van de Walle, if interest groups were the main impediments to reform, policy reform should have advanced the furthest in Africa due to the continent's weak societal groups, but this is far from the case (van de Walle 1999). Walle locates the main obstacles to sustained economic reform within the state itself and the political institutions that link state and society. Finding that *continuity* rather than change is the main factor that needs explaining in Africa's political reform processes, Bratton and van de Walle ascribe the continuity to the deeply ingrained, yet informal, institutions of neopatrimonialism. In their view, the strong African tradition of rule by individuals through personal prestige and power has managed to accommodate itself to the economic and political changes. Interestingly, similar conclusions appear from Latin American and Eastern European cases studies (Hellman 1998; Gibson 1997). These studies have indicated that the politics of populism can be maintained while pursuing zealous economic liberalisation programmes.

The recent critique of the interest group perspective provokes debate on well established positions and points to important empirical shortcomings in the former models. The proceeding discussion will show that the Zambian case study supports the claim that interest groups only to a limited degree have shaped the reform processes within the multiparty constitution. However, deviating from the state centred arguments presented, the analysis will indicate that the interest group perspective was essentially correct when emphasising interest group resistance as a major obstacle to reform under the one-party rule. The paradox in the case of Zambia is that due to a combination of ideology, economic development objectives and the one-party state structure, formal interest groups were granted some real influence in the former one party regime. The transition to pluralist policies spelt an end to UNIP's humanist-cum-socialist ideology that had guided state society relations in the post-colonial era. Ironically, the weakly institutionalised formal system of democratic rule implemented by MMD in 1991 has served to weaken the influence of formal interest groups.

### **Part 3: Economic interest groups under one-party rule**

From the time of independence UNIP and President Kaunda sought to create a political system which enhanced the nationalist sentiments from the independence struggle. Due to the incomes generated from the coppermines, the nationalist government was able to implement a wide range of social services. As a result, a wide support base involving economic interest groups, the party and the civil service was created through redistribution of benefits to major social groups (Scott 1980). A process of nationalisation of all major sectors of the economy was begun in the mid-1960s. The aim to 'Zambianise'

all sectors of political and economic life brought interest groups representing labour, business and agriculture into a close, albeit conflictual, relationship with the state. Nationalisation as a political ideology was legitimised by reference to Kenneth Kaunda's philosophy of Humanism (Beveridge and Oberschall 1979).<sup>4</sup> Hawkins argues that the developmentalist state model, shaped within the realm of Humanism, created a constituency for the government among elements of society that could potentially threaten its power in the urban population including urban elites and unionised workers (Hawkins 1991).

The introduction of the one party state in 1972 brought Zambia close to a system of state corporatism as all interest groups were designated to belong to the state and only non-political associations were allowed to register outside UNIP.<sup>5</sup> State corporatism in Zambia sought to merge the institutions of the state with the party (UNIP) and interest organisations. These constitutional changes greatly affected associational life. As opposition parties were banned in a context of an increasingly more vocal political opposition, it became necessary to establish a new consensus for the continuation of UNIP's rule. According to many observers, this consensus was created through extensive use of patronage. Due to the incomes generated from the coppermines, the nationalist government was able to implement a wide range of social services (Scott 1980). As argued by Graham: "Access to the party system and the state resources that it controlled became the primary route to social advancement in post-independence Zambia" (Graham 1994: 152). This form of state corporatist structures, nevertheless, created a space for interest group politics.

### *The influence of labour under the one party system*

Due to its central location on the Copperbelt, UNIP sought to control the urban work force throughout the post-colonial period. Ironically, UNIP's attempt to incorporate interest associations to the party structure created a financially and organisationally viable opposition movement from a trade union movement that was characterised by internal splits and a weak financial situation at the time of independence. UNIP first sought to bring the trade union movement in line with its own development objectives through voluntary measures (Bates 1971). By 1970, the level of strike activity and worker militarism indicated that this strategy had not been successful (Meebelo 1986). The implementation of the Industrial Relations Act of 1971, which introduced mandatory affiliation to one central union congress and a policy of one-industry one union, should be seen in this light. The new IR represented a clear break with voluntarism as it strengthened the powers of the party and government through clauses regulating strike activity (Ibid). At the same time the organisational monopoly and automatic check-off facilities improved the financial situation of the Zambian trade union movement

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<sup>4</sup> The doctrine of Humanism was introduced by President Kaunda in 1967, the main points were published in two booklets entitled Humanism I (1967) and Humanism II (1974).

<sup>5</sup> Whereas the Western European model of societal corporatism implies a voluntary relationship between the state and interest groups, authoritarian regimes have often attempted to co-opt associational life through structures of state corporatism (Schmitter, P. and G. Lembuch (eds.) (1982).

significantly (Simutanyi 1996). Instead of gaining control over the unions through state corporatist measures, ZCTU became the most powerful non-state association in Zambia in the 1980s. In 1991 its membership of app. 350,000 workers comprised around 70 per cent of the total work force in formal sector employment. The urban work force, organised through the Zambia Congress of Trade Unions was both a political contestant to UNIP and a threat to the government's economic development project. From the mid 1970s onwards, ZCTU became the main opposition force in Zambia. This process culminated in 1990 when ZCTU lent its organisation structure to the MMD and became a central force in the 1991 political transition. As argued by a UNIP party official in 1991 when it was clear that MMD had ousted UNIP from power through utilising ZCTU's organisational resources:

"The party succeeded in creating a constitution which provided for unionship at all levels, and the number of unions were reduced to 19 which made it possible to group people into districts, which again became the nucleus of the ZCTU structure. This was the aim of UNIP, to create a strong and unified trade union movement and now, it is the base for the MMD".<sup>6</sup>

### *Business interests under the one party state*

Whereas the creation of a unified and politically vibrant trade union movement was an explicit political ambition of UNIP, its relationship to business interests was far more ambivalent. Due to the limited opportunities for Africans to enter into enterprise under the colonial administration, a Zambian entrepreneurial class was created with the support of the state in the post colonial period (Baylies and Szeftel 1982). According to Turok, objections to state intervention by capitalist minded Zambians were largely stilled as all classes wanted development and modernisation to proceed and it was evident that the state had sufficient capital to set this in motion (Turok 1989). Zambian businessmen became beneficiaries of state intervention and investments. The policy of state take-overs weakened the position of foreign capital and stipulated that certain sectors and scales of enterprises should be reserved for African citizens (Baylies and Szeftel 1982: 69). Limited incentives existed for business to be members of the two business associations existing at the time, the Zambia National Council of Commerce and Industry (ZNCCI) and the largely expatriate run Zambia Chamber of Commerce and Industry (ZACCI). However, the influence and ability to petition government of both organisations was limited due to the economic weakness of the private sector and the government's ambivalent attitude towards business (Beveridge and Oberschall 1979). The relationship between the state and business interests was therefore mainly based on individual responses and networks; businessmen remained UNIP members as it was easier to use party-ties to circumvent rules than to change the system. Thus, through a combination of state protection and individual negotiations, the business community was split into various individual entities acquiring profits within the state controlled economy (Gertzel 1984). While weak as an organisational force, private business increased its influence through large numbers of businessmen

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<sup>6</sup> Dr. K.J. Ngwisha, Director of the UNIP Research Bureau, cited in Rakner 1992: 97.

becoming members of parliament in the 1970s (Baylies and Szeftel 1984). As a result, private sector interests became expressed from within the party, which again served to intensify the conflicts between socialist and capitalist oriented members of the party.

### *Agricultural interests under one party rule*

Most accounts of Zambia's contemporary history relate the limited progress in agricultural sector development to the emergence of a strong and vocal urban interest lobby in the post colonial era (Gulhati 1989; Bates 1981). However, the agricultural policies implemented after independence were also based on rural policy objectives such as reducing the dominance of large scale commercial farmers, and an aim to ensure fairness, national unity and economic justice (Sandberg 1990). In 1971, the government implemented a system of uniform transregional crop-pricing with the intention of equalising the market position of all ethnic and regional groups and to ensure fair and adequate agricultural distribution. The national marketing arrangements provided benefits to the widely dispersed peasant farming population in the form of guaranteed prices, provisions for transport and storage. As the pan-territorial pricing system was structured as a welfare provision for small scale maize producers, the system served as a detriment to large scale commercial farming (Makgetla 1994).

The dualism between the commercial farming industry, largely consisting of whites, and the vast majority of small peasant farmers also manifested itself at the organisational level. The two main organisations representing agriculture until the political transition in 1991 were the Commercial Farmers Bureau (CFB), an association representing private, largely white expatriate commercial farmers, and the Zambia Co-operative Federation Unions (ZCF) representing mainly small scale maize producers. UNIP's centralising ambitions were perhaps best realised in the agricultural co-operative movement, institutionalised in the Co-operative Act of 1970. In the fashion of state corporatism, co-operatives were formed as a government policy, not on the basis of member interests'. Furthermore, the co-operatives were affiliated to UNIP and the legal framework allowed the government excessive powers to intervene in the daily operations of the co-operatives. The commercial farmers' association, CFB, had only limited influence during Kaunda's reign and the organisation's marginal role is illustrated by the fact that the Minister of Agriculture in 1980 declared CFB obsolete and discarded in favour of the government established ZCF.<sup>7</sup> Nevertheless, as in the case of business interests, government intervention in the rural economy was also received positively by many Zambian emerging rural producers and entrepreneurs who saw opportunities of entering into rural trading and farming through the exclusion of Asian and European producers. The policies of UNIP challenged the dominance of expatriate farmers in the food economy and many emerging Zambian entrepreneurs supported the policies of Zambianisation (Baylies and Szeftel 1982). Similarly to the developments within the business sector, commercial farming interests in Zambia split along a racial dimension where

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<sup>7</sup> The strength of the government vis à vis the organisation was further reflected in the response by the CFB spokesperson who reserved comment on the statement by the Minister of Agriculture (Sandberg 1990: 198).

African farmers to a large extent sought to increase their interest through UNIP membership. And while organised large scale agricultural interests were marginalised, producers enjoyed personal benefits from the government.

Thus, the UNIP government utilised different sets of policies towards the various sector interests. Yet at the individual level, a consensus formed around the principles of modernisation and state led capitalism which captured both business, farming and labour interests in the initial years after independence. This state-corporatist set-up was founded on high returns from the copper industry. As argued by Callaghy, this 'cozy' relationship between UNIP and societal interest groups was severely challenged by the economic decline of the mid-1970s (Callaghy 1990).

### *Economic decline and political opposition*

During the first ten years after independence in 1963, the Zambian economy expanded fairly rapidly with GDP increasing at an average of 2.3 per cent annually in real terms (World Bank 1984). However, Zambia's modest luck ran out in 1974 and according to estimates, the country experienced a 30 per cent decline in real per capita growth between 1975 and 1990. Among the nations in sub-Saharan Africa, Zambia suffered one of the greatest and most rapid economic declines starting in the early 1970s. The economic decline was caused by a sharp fall in copper prices on the world market coinciding with increasing prices of oil imports. The economic decline further coincided with the implementation of the one-party state constitution.

The combined effects of a hostile world economy, internal mismanagement and regional conflicts represented a formidable challenge to maintaining the consensus base toward the late 1970s. Despite the economic decline, the high consumption patterns created during the first decade after independence when income from copper was high, were not altered. The UNIP government instead attempted to finance trade deficits by foreign borrowing. Zambia entered its first Stand-by Agreement with the IMF in 1976. But the austerity measures introduced between 1976 and 1989 all failed to address the underlying structural weakness of the Zambian economy related to a wasteful state sector and inefficient agricultural production.

A large literature exists on Zambia's failure to implement structural adjustment policies. The majority of these analyses have explained the reform problems with reference to the strong resistance from the vocal trade union movement (Akwetey 1994; Gibbon 1992; Callaghy 1990; Ncube et al. 1987). In the period after 1983 the structural adjustment measures dominated the relationship between the trade unions and UNIP. Throughout the 1980s the trade union movement was the most outspoken opponent of the IMF measures. The trade union objected to the devaluation of the currency, the decontrol of prices and the auctioning of the Kwacha (Rakner 1993). According to observers, reform implementation in Zambia was stalled under the reign of UNIP government because the one-party regime lacked the capacity to insulate itself from the demands of its urban population (Bates and Krueger 1993; Callaghy 1990; Hawkins 1991). Others have sought to explain the failure of the economic restructuring measures with reference to the strong opposition to reform found within the ruling party and its bureaucracy (Bates and Collier 1993, Callaghy 1990). As both perspectives emphasise the



ideological orientation of UNIP, they are not mutually exclusive. The UNIP government, with its socialist orientation and ambitions of nationalisation, actively supported the creation of a strong and unified trade union movement. Maintaining close ties to workers' organisations, combined with a pronounced scepticism toward market and export oriented economic policies, were important ingredients in UNIP's ideological orientation. Similarly, the creation of farmers' co-operative units closely tied to UNIP ensured a channel of communication between the state and the small scale agricultural producers. The ideological resistance to economic restructuring by African policy-makers, bureaucrats and academics have largely been ignored in the literature on economic policy reform.<sup>8</sup> However, it is important to note that in the 1980s, neither top bureaucrats, trade unionists, nor politicians believed that an outward economic orientation would result in growth. The inward looking ISI strategy was justified by the fear of South Africa and the ideology of the front line states. Moreover, the structuralist economic ideas were widely supported by influential bilateral donors and development economists in the Western world as well (Helleiner 1986). There were therefore few independent sources in Zambia in the 1980s that had the capacity or inclination to challenge the economic policies of UNIP (Bates and Collier 1993). However, as the Zambian economy continued to deteriorate throughout the 1980s, the economic decline became the main mobilising factor against the one party regime. Former opponents of economic reform now campaigned against Kenneth Kaunda and UNIP on a ticket of economic liberalisation.

### *The transition to multiparty rule*

Archival sources demonstrate that ZCTU opposed the IFI initiated structural adjustment programmes as late as 1989 (Rakner 1993). This factor has been greatly overshadowed by the events that took place in 1990 when ZCTU and the trade union movement broke the near 30 year old alliance with UNIP and supported the Movement for Multiparty Democracy, advocating far more market-oriented economic policies than UNIP. It is important to appreciate the immensely felt need for change in the Zambian society and the fact that the economic situation had deteriorated so drastically that the crisis was better understood. It should also be emphasised that UNIP had already abandoned its own New Economic Recovery Programme and a structural adjustment programme had at least formally been in place since 1989. MMD was, however, at no stage a labour party but a coalition of interests. Whereas the main strength of the union was its organisational resources, the financial strength of the business community and commercial farmers gave these groups considerable influence over MMD's policies.

In 1991 MMD faced the challenge of institutionalising its own rule while transforming an economy that had been showing signs of decline for two decades. MMD also faced the same challenges UNIP had met at independence three decades earlier as the main cluster of the opposition forces now forming government were rooted in the developmentalist state model (White 1996). MMD's main challenge was that the social forces that had organised the transition to democracy were running the risk of being weakened by the actions of the new regime. As the next section will illustrate, at least in a short

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<sup>8</sup> I thank Nicolas van de Walle for bringing the issue of ideology to my attention.

term perspective, the influence of both business interests, labour and farmers over economic policies have declined as Zambia transformed from a system of state corporatism to pluralism.

#### **Part 4. Economic interest groups in the 1990s**

The MMD government enjoyed a grace period in the period after the 1991 elections in the sense that its relationship to key economic interest groups was characterised by a low level of conflict. Judging by the media coverage, level of civic unrest and strike activity, The MMD government also enjoyed much general support for its economic policies until the end of 1993.<sup>9</sup> During its first years in office, a wide range of economic restructuring measures were introduced, particularly in the area of macroeconomic stabilisation and liberalisation of trade and exchange rates (Mulaisho, Rakner and van de Walle 1999). In the initial years, interest associations representing labour, business and agriculture were invited to represent sector interests on various government committees. However, overall, the government did not attempt to build consensus around the economic reform measures implemented through extensive consultations with economic interest groups. The explicit attempt to follow a 'honeymoon implementation strategy', in which controversial reforms were implemented as soon as possible following the 1991 elections, was confirmed by the Minister of Finance at the time, Emmanuel Kasonde:

"I was lucky as prior to taking office Chiluba had told me that I would be offered the Ministry of Finance if we were to form a government. I therefore had a year in which I followed economic events very closely and when we formed government we were able to hit the road running in order to implement my ideas quickly. I was also aware of MMD's popularity, if I had to make unpopular decisions it had to be done during the honeymoon period; otherwise it would be very difficult. In other words, necessary but unpopular decisions had to be quick".<sup>10</sup>

By late 1993 the effects of the various economic reforms, particularly the combined effects of macroeconomic stabilisation measures and financial and agricultural liberalisation, began to effect large segments of the population. As a result, economic reforms were criticised from within the cabinet, parliament and interest groups. Despite the increasingly stronger criticism appearing from 1994 onwards, the MMD government maintained the contentious agricultural reforms. In light of Zambia's dismal record of discontinued policy agreements with the international donors, and the fact the 1996 elections implied a test of the government's popularity, the continuance of the reforms may be regarded as a remarkable feature; all the more so because the reforms had brought no

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<sup>9</sup> A marked shift occurred in 1993, coinciding with the dismissal of some key Cabinet ministers and the temporary reinstatement of state of emergency laws (Rakner 1998).

<sup>10</sup> Personal communications, Emmanuel Kasonde. Lusaka October 7, 1996. The honeymoon hypothesis suggests that political and economic liberalisation will move in a predictable direction. Political liberalisation will lead to greater pluralism, which is expected to create problems for governments wishing to maintain economic reforms. But before that happens, a government is expected to have a grace period, when the opposition is in disarray, enabling it to undertake the difficult economic reforms. As the grace period nears an end and the electoral cycle heats up, the government is expected to rely on the support of the beneficiaries of reform, while facing the losers of reform who have now become stronger (Rakner 1998).

results in the form of growth so far. The decline of interest group influence in the 1990s provides a partial explanation for this puzzle.

### *The influence of labour in the 1990s*

Labour was both considered the potentially most important political ally and opponent to MMD due to its historical role as the main opposition force under the former regime and because of its ties to MMD in the transition phase. However, from the beginning, MMD adopted a policy of not consulting with ZCTU. The trade union movement reacted to the effects of the economic reforms, such as the removal of maize subsidies, from an early stage. Nevertheless, the union maintained that the MMD government was a labour government and allowed the MMD government a grace period in the first years after the 1991 elections. The reforms implemented, which had resulted in food riots during the 1980s, initially met little resistance from labour.

From 1994 onwards the trade union movement again became an outspoken critic of the economic liberalisation process. When ZCTU conducted a tour to the World Bank and IMF in Washington DC to plead for more lenient benchmarks in late 1993, the government's reaction illustrated that the government and the labour movement had vastly different perceptions on what was to be the role of the trade union movement in a pluralist political environment. The Minister of Labour argued that unions should stop acting as a shadow government as in a democracy trade unions were only one of many interest associations.<sup>11</sup> An other example of how MMD deliberately has used pluralism as an institutional mechanism to weaken the influence of the trade union congress is the changes to the Industrial Relations Act. When MMD came to power in 1991, the Industrial Relations Act of 1990 was replaced and the policy of one-industry-one-union was reinstated (IR Act 1993). When ZCTU from 1994 onwards became more outspoken in its criticism of MMD's policies, MMD declared its intention to abolish the one-union-one-industry provision and, thus, end the ZCTU's and Zambia Federation of Employers' (ZFE) organisational monopoly as the only legal apex organisations.

However, the issue of privatisation created the most damaging conflict between the ZCTU and the MMD government as well as *within* ZCTU. In late 1994, internal disagreement on the issue of privatisation split the Zambian trade union movement. In contrast to the labour congress (ZCTU), the Mine Workers Union (MUZ) at this time endorsed the plans for privatising Zambia Consolidated Coppermines (ZCCM). Representing a sector perceived to benefit from privatisation, the mineworkers advocated for a speedy privatisation of the mines, arguing that despite potential retrenchments, the long term prospects of workers would be better with the mines in private hands.<sup>12</sup> MUZ's president was also the vice-president of ZCTU and the issue of privatisation therefore divided the trade union congress as well. At the ZCTU Quadrennial Congress in October 1994, the trade union congress split

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<sup>11</sup> The Minister of Labour Newstead Zimba (former General secretary ZCTU) quoted in *Times of Zambia*, December 16, 1993.

<sup>12</sup> Mine Workers Union of Zambia (MUZ) (1994): "Zambia's agenda for development and the option of privatisation - the union's view". Memo, MUZ Secretariat, Kitwe.

and five major unions left ZCTU.<sup>13</sup> The trade union split was primarily a split over economic policies. The splinter unions, predominantly representing the private sector, claimed that ZCTU spent its resources on public sector workers and ignored the plight of the workers in private sector.<sup>14</sup> The split of the trade union congress crippled the political influence of the labour movement as union's now fought an internal battle over the influence of Zambia's workers. The financial situation of ZCTU was also greatly affected as the five splinter unions were among the largest unions. Losing 1/3 of its membership, 40 per cent of its incomes and split on the issue of economic liberalisation and the rule of the governing party, ZCTU could not challenge the government's economic policies, nor could it constitute a threat in terms of rallying behind an opposition party in the 1996 elections.<sup>15</sup> From its basis in the remaining unions, predominately located in the public sector, ZCTU's bargaining position vis-à-vis the government was greatly reduced. Comparing the position of labour within the pluralist system it had fought so hard to attain to the position it held within the one-party state a labour representative argued that:

"It is ironic that Chiluba managed what the Kaunda regime never did; to weaken and split the trade union movement...ZCTU is weakened organisationally due mainly to loss of membership. It does no longer enjoy the strength it used to....The problem is that there now is a government that deliberately ignores the unions and clips the strength of the unions".<sup>16</sup>

### *Business interest in a liberalised environment*

In the 1991 election campaign, MMD promised that they would return the economy to the market and the private sector. The business sector was envisioned to become more influential with a MMD government due both to the strong presence of businessmen in the new parliament and business' marginalisation under the former regime's humanist-cum-socialist ideology. Compared to the position of labour, it can be argued that the MMD government responded with less repression to the views from the business community, despite the strong criticism raised by business towards the government's handling of political issues from 1995 onwards. Nevertheless, viewing business - government relations in the 1990s it may be more accurate to argue that government only to a limited extent has responded to business. Business interests in Zambia have in the 1990s suffered from the postponement of reforms in the public sector and the failure to privatise the mining industry. Despite the pro business agenda of MMD, the anticipated resurgence of private sector influence has not materialised. An important explanation for the limited influence of business relates to business

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<sup>13</sup> Apart from the mineworkers, the building and engineering workers union (NUBEGW), the commercial and industrial union (NUCIW), the financial workers union (ZUFIAW) and the teachers union (ZNUT) left the ZCTU in 1994.

<sup>14</sup> Personal interviews; *Times of Zambia*, October 27, 1994.

<sup>15</sup> Banda, Darlington and Austin Muneku (1996): "The Impact of Structural Adjustment Programmes on the Labour Market and Unionisation in Zambia". Kitwe and Lusaka: ZCTU/Fredrich Ebert Stiftung.

<sup>16</sup> Personal communications, Robinson Sikazwe Regional Consultant, Norwegian Confederation of Trade Unions, Lusaka November 28 1996.

associations' thinness in terms of membership and membership density. The Zambian business sector further lacks institutional capacity to maintain a measurable pressure on the government. Echoing findings from comparative analyses, the Zambian business sector has further been undermined by its inability to put up a unified support or opposition to the economic reform measures (Moore and Hamalai 1993). The Zambian business sector has been split between the trading and the manufacturing sectors with the latter being dependent upon the imports and sales on a home-market. As argued by the President of Zambia Chamber of Commerce and Industry (ZACCI):

"Some of our business members think that liberalisation has gone too far as some businesses have suffered. There are a number of businesses in this country which due to liberalisation have not been able to compete. It is, however, a question of approach. As a federation we do not adopt a one voice approach".<sup>17</sup>

The ambivalent responses from business also brought forth a racial division reminiscent of findings in Zimbabwe (Taylor 1999). Black businessmen have increasingly found themselves unable to participate in the process of buying enterprise and subsequently, they have criticised the process for primarily enriching whites (and foreign companies). From 1995 onwards, the business community's position towards the MMD government changed markedly. The MMD government's willingness to consult and co-operate with associations representing business interests diminished as the party began to consolidate its powerbase from late 1994 onwards. The absence of coalition building efforts may be explained by the fact that the few groups that appeared as winners of the economic reforms could not provide useful support to the government as they mainly were white and Asian businessmen. Thus, the effects of political pluralism with respect to business echoes the experiences of labour: With the private sector constituting less than 20 per cent of formal sector employment, private business did not constitute an electoral threat, nor a useful political ally, for MMD.

### *Agricultural interests under MMD rule*

In Zambia, as in Sub-Saharan Africa as a whole, both academic scholars and donors expected agricultural producers to benefit from economic reforms. But the experiences from Zambia indicate that agricultural liberalisation has been a contentious aspect of the economic restructuring programme. Furthermore, the dualism in Zambian agriculture has hindered agricultural producers from lobbying the government in a coherent fashion.

The MMD government withdrew from maize marketing and production in 1993/94. As a consequence of market liberalisation taking place simultaneously with macroeconomic stabilisation, the newly emerging agricultural trade sector faced a harsh financial environment. The problems encountered in the process of liberalising agricultural production greatly undermined the confidence in the economic reform programme overall (Mulaisho, Rakner and van de Walle 1999). However, due to the conflicting needs and perceptions of the large majority of small scale peasant producers and the small group of commercial farmers, no coherent agricultural lobby

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<sup>17</sup> Personal communications I. Chamwera, President of ZACCI. Lusaka, October 14, 1996.

formed which could challenge the reform measures. For the large group of peasant farmers, subsidised maize production had come to be regarded as a social welfare mechanism. The liberalisation carried out from 1993 onwards therefore had stark social consequences. However, poor infrastructure combined with an atomistic peasantry meant that the organisational basis for a peasant voice was weak. When agricultural liberalisation was announced prior to the 93/94 season, all government resources were withdrawn from the co-operatives and the Zambia Co-operative Federation (ZCF) was left to generate its own funding. Throughout the 1990s, MMD deliberately ignored working through the ZCF as the co-operatives were considered part of the UNIP organisational infrastructure. In addition to ZCF, three new associations representing small scale and emergent farmers have emerged after 1991. However, neither the Peasant Farmers Union of Zambia (PFUZ), the National Association of Peasant and Small Scale Farmers Union of Zambia (NAPSSFU), nor Women in Agriculture represent large segments of the agricultural producers.

Contrary to small scale farming interests, commercial farmers had favoured agricultural liberalisation in the Second Republic and this group of agricultural producers was expected to be a major beneficiary of the MMD government's policies. The ZNFU, representing the commercial farmers, successfully lobbied the MMD government to remove almost all agricultural products from the free trade agreement with Zimbabwe in 1996. However, generally the capacity of farmers to lobby the government on behalf of its members have been limited throughout the Third Republic. ZNFU with its app. 350 members could not be regarded as an encompassing association. The statement by the Minister of Agriculture between 1993 and 1996, Simon Zukas clearly illustrates the limited political weight attributed to ZNFU by the MMD government:

"The organisations like ZNFU have a contradictory agenda. And nothing we could do would be right for them. As a result, I did not work with them. I saw my role as getting the policy going. I did not have to work with these guys as the commercial farmers vote does not carry very much"<sup>18</sup>.

In order to increase its lobbying capacity, ZNFU sought to bring small scale farmers into the association. However, including agricultural producers outside the ranks of the large commercial farmers meant that a great variety of views were brought into the organisation. This dilemma was illustrated by the many conflicting statements offered on the issue of agricultural liberalisation. More than any other sector in Zambia, agriculture underscores the barriers against generating political support bases around economic policy reforms in Africa (Herbst 1993). No agricultural organisations could provide an electoral support-base for MMD. Due to the weakness of agricultural associations, arguably, the opposition to agricultural policies were primarily voiced by populist sources like the press and MP's representing rural constituencies.

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<sup>18</sup> Personal interview, Simon Zukas, Minister of Agriculture 1993-1996, Lusaka December 13, 1996.

## *The 1996 general elections*

By 1996 35 parties were registered in Zambia with the intention of contesting the 1996 parliamentary and presidential elections. Out of this large number only seven could be considered proper party organisations in the sense of providing a party manifesto. Of this group, only UNIP could claim to have a party machinery at the grass root level. Illustrating the narrow social and political basis of the opposition parties, apart from UNIP, the most prominent opposition parties were headed by individuals who had been elected to parliament on a MMD ticket in 1991<sup>19</sup>. The limited social and political base of the Zambian party 'flora' was further reflected in the party manifestos as few major differences could be detected. All the major parties stated that they were in favour of continued economic liberalisation. All parties further lent their support to privatisation.<sup>20</sup> Thus, the political opposition operated within a limited political and ideological space which may explain why most Zambian interest associations, while critical of the economic reform process and MMD, did not endorse an alternative party in the 1996 elections.<sup>21</sup>

Despite the lack of economic growth and with no sectors of the economy appearing a winners of the reform measures implemented, the MMD government was not faced with a political movement seriously challenging its popularity in the 1996 elections. No party or politician lobbied for a return of the controlled exchange regime or protection of local industry. As such, the 1996 elections represented a significant departure from Zambian policy debates in the 1980s when opposition to the various structural adjustment programmes centred around the desirability of reform programmes. Now halfway through the second electoral cycle of the Third Republic, there are few signs indicating that radical changes can be expected in the national election announced for 2001. The weakness of interest aggregation is still a significant feature of Zambian politics. Despite continuous economic decline, an economic reform agreement has been maintained with the International Finance Institutions. The public debates are dominated by various Non Governmental Organisations and focused on issues related to human rights violations. As a result, paradoxically, the political space for interest aggregation has narrowed with the reintroduction of pluralism to Zambian politics.

## **5. Conclusion**

Pluralist theory posits that interest groups will enhance their political influence within a multiparty system characterised by free and fair elections, freedom of speech and association. Contrary to expectations, this paper has argued that in Zambia the influence of interest associations representing key sectors of the economy has declined with the introduction of political liberalisation in 1991. In each case, the unions, farmers and business associations have had to adjust to the transition of the regime from state corporatism to a form of pluralism. Yet, the circumstances around their reduced political influence have been

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<sup>19</sup> UNIP boycotted the 1996 national elections as a result of the constitutional amendment which denied Kenneth Kaunda the right to contest the 1996 Presidential elections.

<sup>20</sup> While committed to privatisation the UNIP Manifesto state that the mines (ZCCM) should only be partially privatised and instead reorganised. (UNIP: 1996: 19)

<sup>21</sup> Apart from Zambia National Farmers Union (ZNFU) who openly supported the Lima party.

unique to each sector. Chiluba's trade union background provided the MMD government with initial support and extensive knowledge of the trade union movement which enabled MMD to capitalise on the split between private and public sector unions. The fundamental division between industrialists and traders weakened the potential political influence of the main business association, ZACCI. The problems of agricultural liberalisation and the dualism of the agricultural sector interests in Zambia rendered an agricultural lobby weak and ineffectual.

The Zambian experiences with simultaneous political and economic liberalisation point to a serious flaw in the reform literature which, on the basis of pluralist thinking, assumes that certain groups will emerge as reform 'winners' and others as 'losers'. Firstly, as groups considered, neither Zambian business, labour nor agricultural interests can be considered (or indeed, consider themselves) as winners of reform. While some reform measures may have benefited a sector as a whole, other measures have hurt some sectoral interests and benefited others. As a result, no sector has emerged that can be characterised as new constituencies in favour of the economic reform policies. Secondly, the racial dimension challenges the expectation that reform winners can become political constituencies for the government. In Zambia the groups that, so far, have benefited most from the reforms implemented since the early 1990s are the politically least useful; Asian and white farmers and business owners who are few in numbers and historically favoured by the former colonial policies. Thirdly, in order for economic interest associations to be able to influence policies as envisioned in the pluralist notion of 'winners' and 'losers', the political arena must provide channels in which interests can be aggregated into the competitive political processes. Interestingly, so far no links have been formed between the economic interests and the political party system. Party formation and politics have centred around issues of personalities, individual ambitions and ethnic relations and opposition parties are exceedingly weak. No party offered an economic agenda challenging MMD's economic reforms and, as a result, the interest groups representing business, labour and agriculture have so far had few actual channels into the political arena.

The Zambian case study supports the conclusion reached by, among others, Bratton and van de Walle in finding that pre-existing aspects of political culture were not challenged by the political or economic reforms (Bratton and van de Walle 1997). By questioning the assumption that political liberalisation will enhance the position and influence of economic interest groups this paper further ties with an emerging literature arguing that interest groups have *not* played a determinant role in undermining economic reforms. This literature has tended to dismiss the focus on interest groups and argue that in general, the interest group perspective has overstated the role of associational groups in Third World countries. This paper deviates from this position by arguing that in the case of Zambia, paradoxically, interest groups had some real influence under the former one-party structures and that this influence has been reduced as a result of the combined processes of political and economic liberalisation.

While pluralism in Zambia has challenged the state corporatist ties between the government and certain interest associations, the political openings have so far not provided interest associations with new channels into



the political system. As a result, their influence has declined as these interest groups had better channels into the one-party state of UNIP. That interest associations, formerly 'pampered' and protected by state corporatist arrangement have lost influence with the introduction of political liberalisation may not sound alarming to those concerned with the democratic development in Africa. Some may even argue that the proliferation of interest associations and an expansion of views being expressed in society is indeed one of the potential merits of democracy. The problem is, however, that nothing has come in the place of the former powerful trade union movement or the weak, yet existing, welfare services provided by the local level branches of the co-operative farmers organisation. ZCTU served as the central non governmental check on the powers of UNIP throughout the 1980s. In the 1990s, two local elections and one national election has proved that despite 36 listed parties and around 400 non governmental associations, presently no organisation in Zambia is capable of contesting MMDs power. As a result, pluralism, and with it institutional proliferation, has increased the autonomy of MMD from society. MMD do not have linkages to any economic interest groups. Ironically, so far it has not been necessary to create constituencies of support from interest associations representing the main sectors of the economy. Thus, contrary to the assumptions in pluralist theory, the Zambian case suggests that the neo patrimonial practices associated with one-party rule may prevail within formal structures of democracy and a market economy. This political effect of Africa's partial political and economic reform processes has so far not been adequately accounted for in the democratic literature.

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