Do Interest Groups Matter in Economic Policy-Making?

Reflections from a Zambian case study

Lise Rakner

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Summary:

The current debate within development research strongly emphasise the role of interest groups in developing and sustaining democratic and liberal economic reforms. With this debate as its point of departure, the paper discusses to what extent interest groups actually matter in Sub-Saharan Africa. Did interest groups shape the former policies of the one-party regimes and are organised interests likely to respond to market-based economic reforms? Arguing that political institutions must ultimately be understood within each national historical context, the general discussion of the paper is illustrated with references to Zambia. The paper was originally presented at the conference "Democratisation in developing countries: Social, economic and political consequences", held at Chr. Michelsen Institute, 3-5 February 1994.

Sammendrag:

Nyere utviklingsforskning vektlegger sterkt betydningen av interesseorganisasjoner i forhold til fremveksten og konsolideringen av demokratiske og økonomiske reformer. Med utgangspunkt i denne debatten reiser artikkelen spørsmålet om interesseorganisasjoner faktisk har innflytelse over politiske og økonomiske prosesser i Afrika. Betydningen av å studere institusjoner med utgangspunkt i deres spesifikke historiske og nasjonale kontekst vektlegges sterkt og poenget illustreres med eksempler fra forfatterens eget feltarbeid i Zambia. Artikkelen ble opprinnelig presentert på konferansen "Democratisation in developing countries: Social, economic and political consequences", som ble holdt ved Chr. Michelsens Institutt 3.-5. februar 1994.

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Introduction

For more than a decade the governments of Sub-Saharan Africa have been under strong pressure from the donor community to liberalise their economic systems. Since 1989 the same governments have also been pressurised by external and internal forces alike to replace their authoritarian rules by multiparty democracy. The collapse of the Central and Eastern European communist regimes, widespread corruption and a generally dismal economic record of these authoritarian regimes, have since the beginning of this decade provided African opposition forces with formidable moral support for their crusade against various one-party regimes. The internal pressures for change are now backed by the major international donor agencies as political liberalisation has increasingly become an additional condition for economic aid. Thus, the two main development trends in the last decade appear to be the emergence of a twin process of political and economic liberalisation.

The main challenge for emerging transitional governments attempting to implement economic and political reforms simultaneously is to achieve a balance between participation and meeting popular demands on the one hand, and at the same time implementing the market-based reforms. One of the main differences between the authoritarian paradigm and the new liberal perspective, relates to the role of *interest groups* in economic policy-making. When the structural Adjustment Programmes (SAP) were introduced in the early 1980s, authoritarian regimes were considered most conducive to their implementation (World Bank 1981). While perhaps not overtly advocating for authoritarian practices, the main theoretical contributions of the 1970s and 1980s gave credence to such a view by the donor agencies in arguing that interest group intervention would hamper economic reform. A leading argument held that in order to achieve economic growth, economic decision-making should be insulated from popular demand (Nelson 1990, Haggard and Kaufman 1989). However, after close to a decade of rather poor economic results and increasing internal opposition against corruption and the bad economic performance of authoritarian regimes, the new focus on political *and* economic liberalisation assigns a vital role to civil society associations (World Bank 1989 and 1992; Landell-Mills 1992). According to the research department of the World Bank, it is necessary to achieve a sense of "ownership" of the reform programme by both the government and societal groups in the reforming countries if the economic reform programme is to succeed (World Bank 1989 and 1992; Healey and Robinson 1992). Focusing on political liberalisation, donors and an increasing number of scholars have, therefore, since the late 1980s stressed the need to create constituencies of support for the economic reforms. The political logic behind this reasoning seems to be that once the economic reforms are implemented, the sectors of society benefitting from the reform measures will provide the new liberal governments with political support (Nelson 1993).

The question remains, however, whether the new panacea of economic and political liberalisation is a feasible option for Sub-Saharan Africa. One of the main questions concerning the new political and economic developments in Sub-Saharan Africa is to what extent interest groups actually matter in economic policy-making. Did interest groups shape the former policies of the one-party regimes and are organised interests likely to respond to market-based economic reforms? The economic reform proposals for Sub-Sahara Africa over the past decade have aimed at redressing the imbalance between the urban and rural sectors of the economy by strengthening agricultural production. Following the political logic of the donor community, African governments should then seek to build rural constituencies of support. This paper will discuss the feasibility of such an option based on a review of state - interest group relations in post-colonial Africa. The general discussion will be illustrated with references to my own fieldwork in Zambia.

With regard to the questions raised above Zambia represents a very interesting case-study. Under the one-party authoritarian rule of Kenneth Kaunda and the United National Independence Party (UNIP) Zambia failed to implement the economic reforms advocated by the World Bank and International Monetary Fund (IMF). The failure to alter the economic policies has by a number of scholars been attributed to the strong position of urban interest associations with vested interests in the existing economic system (Young & Loxley 1990, Gibbon 1992, Callaghy 1990). However, continued economic decline became the main mobilising issue of the growing opposition to the one-party regime. Defying theoretical axioms and past empirical findings, a democratically-elected, urban coalition comprising of labour and business interests has since the 1991 election been grappling with implementing a rigorous economic reform programme in accordance with IMF and World Bank recommendations. Zambia is, therefore, by both scholars and development bureaucrats regarded as an important test case for the new donor perspective of dual liberalisation. A closer scrutiny of the Zambian case may thus guide our understanding of the broader issue of whether interest groups matter for economic policy making in Sub-Sahara Africa. The findings and conclusions should be considered provisional, however.

The compatibility of political and economic liberalisation

The recent postulate within donor circles that democracy is conducive to economic development is not new to development economics. The compatibility of economic and political liberalisation was a popular perspective among the early modernisation theorists in the 1950s and 1960s. Seymour Martin Lipset, among others, argued that political and economic development complemented each other in a universal process of modernisation (Lipset 1959). However, the ideas of the early modernisation theorists were discredited following the disappointing political and economic performance of newly independent countries. The high growth rates of the East Asian newly industrialising countries achieved under authoritarian regimes further refuted the postulates of the modernisation theory. These experiences again enforced the view that pragmatic authoritarian rule rather than democracy was necessary to bring about economic transformation (Sørensen 1991).

Contrary to analyses of the development potential of some authoritarian states in Asia and (until the 1980s) in Latin America, most studies of Sub-Saharan African countries have concluded that authoritarianism has had adverse consequences for economic development (Ake 1991, Bates 1981, Sandbrook 1985). Not only do these analyses conclude that in Africa the 'trade-off argument' is not substantiated and that authoritarianism, as a rule, has become associated with economic stagnation and decline. It is also argued that theories of a democracy-development trade-off have had an unintended effect because the argument that repression promotes economic growth and development was used by political leaders to legitimise their own free spending of state resources (Howard 1983). In the scholarly literature African authoritarian regimes marked by patronage, rent-seeking and corruption, increasingly became regarded to have fostered economic stagnation and decline, and they were therefore considered not conducive to market-based economic reforms (Jackson and Rosberg 1982; Callaghy 1990). As a result, in Sub-Saharan Africa the weak commitment to the implementation of economic reform was increasingly attributed to the particular problems of governance in authoritarian regimes. Reflecting the perspectives of the first independence period, both donors and scholars again seem to place their faith on the ability of liberal political regimes in terms of fostering economic development.

With reference to Sub-Saharan Africa, a number of scholars argue that the structural adjustment reforms and thus economic liberalisation, promises an "enabling environment" for democracy based on economic competitiveness and decentralisation (Diamond et al. 1990). Presumably, this view is based on the premise that economic restructuring will drastically challenge old patterns of resource allocation and erode the clientelistic basis of African state systems. Within the same mode of thinking, it has been argued that marked-based economic reforms will foster decentralisation and privatisation and thus promote a wide dispersal of political resources (Herbst 1993). Other scholars appear sceptical to both the prospects of implementing economic reform under democratic forms of rule and to the sustainability of democracy in harsh economic conditions. Focusing on the particular problems of Africa's recent transitions, Lemarchand argues that Africa's neo-patrimonial states, characterised by personal rule, by nature impede the formation of any association not based on personal patronage or ethnic and kinship affiliation (Lemarchand 1992). Callaghy, among others, holds that transition to democracy may seriously threaten the insulation of the regime from societal demands, and that elections are a serious treat to the implementation of the structural adjustment reforms (Callaghy 1990: 204). Still others believe that the social costs associated with the implementation of the structural adjustment reforms will result in political liabilities and political instability (Bangura et al. 1992).

Regardless of the possible advantages of sequencing economic and political reforms, it is evident that this option is not available to most countries in Sub-Saharan Africa. Due to the economic crises and the weak legitimacy of the former regimes, the double agenda of economic and political liberalisation is at present the most feasible option for some countries. A number of scholars as well as large segments of the donor community regard *interest groups* as the key factor to the success of the twin project of political and economic liberalisation. Interest groups, it is argued, serve as a filter of the demands of the population towards the leadership. Interest groups can also provide a vital source of information to the governing authorities. And most importantly, regarding the sustainability of the economic reform measures, interest groups participation in the economic bargaining process may provide the country with a sense of ownership of the reform measures (Landell-Mills 1992; World Bank 1992; Nelson 1993). Yet, the question remains: To what extent does Sub-Saharan Africa harbour the kind of interest groups envisaged to create constituencies of support for the proposed economic reforms as well as a sense of ownership of the reform programmes?

Interest groups in Sub-Saharan Africa. The theory of urban bias

The political developments in post-colonial Africa pose a number of challenges to the application of the concept of interest group and the role of interest groups in processes of political and economic reform. When defining an interest group in the context of Sub-Saharan Africa, a distinction is usually drawn between modern interest groups organised around economic issues and traditional communal organisations based on kinship, region and ethnicity (Healey and Robinson 1992). Economic interest groups, such as trade unions, farmers' associations, consumer groups and business associations are essentially related to a concept of modernisation, associated with processes of industrialisation and modernisation. As a result, of the African associational flora only some of them can be described as interest groups in the sense that they command a national membership and direct their demands toward the national political centre. Modern interest groups developed in the mid-colonial period in Africa partly as a response to the process of urbanisation and industrialisation. However, after independence many of these interest groups, some having been actively involved in the struggle against colonialism, were absorbed into state or party structures (Bates 1981). As the independent governments sought to control civil society by subjugating the associations to the state, a number of previously voluntary associations have existed within the boundaries of the state. Thus, a second concern when focusing on the role of interest groups in Sub-Saharan African politics, relates to the question of *autonomy* as it is often difficult to distinguish interest associations from the state. Due to both the low level of economic development and the authoritarian tendencies in the post-independence period, a number of observers of African political developments have argued that the continent generally has relatively few effective associations capable of imposing professional standards on its members and advancing their interests (Healey and Robinson 1992). As many vital interests associations, such as chambers of commerce are the creation of the state and not dynamic independent bodies, these associations are only to a limited degree capable of challenging the authority of the state (Landell Mills 1992). Evidently, there are major differences within Sub-Saharan Africa with respect to organisational density. Some countries exhibit a wide array of interest associations, both in urban and rural areas. However, authoritarian practises, which became widespread throughout most of the continent, became very consequential for associational life as well as for economic development in most African countries.

Contrary to the expectations of optimistic observers, liberal democracy proved to be short-lived in most of Sub-Saharan Africa after independence. Within a few years of achieving independence, the trend shifted in favour of authoritarianism with the aim of eliminating political competition. The shift towards authoritarianism from the mid-1960s was being justified on grounds that a strong central state was necessary to further the objectives of nation-building and economic modernisation. However, as Callaghy observes, single party regimes proved to be instruments not of mobilisation but rather of control and incorporation (Callaghy 1986: 32). As a result, contemporary African states have since the beginning of the 1980s been regarded as unresponsive to the pressure of interest groups, unrepresentative of the wider society and ineffective in the formulation and implementation of policy (Healey and Robinson 1992: 42). However, rather than effectively eliminating the influence of interest associations, it can be argued that in the patrimonial practises of the one-party systems an economically disruptive pattern of state interest group relations developed which clearly favoured some interests at the expense of other. According to Sandbrook, one of the main characteristics of the authoritarian tendencies of African governments has been that most economic interest groups have attempted less to shape broad policies than to seek exceptions, modifications or delays in the application of policies to their specific firms (Sandbrook 1985).

The perspectives above can be related to a more general theoretical assumption regarding state and interest group relations in Sub-Saharan Africa, namely the theory of urban bias. With regard to Sub-Saharan Africa, the urban bias perspective was first put forward by Robert Bates in the early 1980s (Bates 1981). Bates argued that in Africa, authoritarianism had created a particularly negative form of interest group activity, in which urban interests were protected by the state due to political considerations, whereas rural producer interest were marginalised (Bates 1981). Reflecting on the logic of collective action, he found that as agricultural producers constitute a large number of people, spread over vast areas, the costs of organisation were considered too high. Conversely, as urban interests, consisting of labour, business and bureaucrats, constitute small and closely knit groups, the incentives for organisation and hence the ability of urban associations to influence government policy was high.[1] Bates further argued that the development strategy of import substituting industrialisation created urban coalitions of bureaucrats, business and labour which served to exploit agricultural producers. According to the urban bias perspective, African governments found it harder to suppress the organised interest of labour in particular due to the potential of urban labour to threaten governments in the cities. In a significant number of African countries, the power of the state rested solely on its ability to control the cities. Fear of unrest by urban workers therefore compelled African governments to keep food prices as low as possible (Bates 1981).

The theory of urban bias became very influential on the thinking of international donors as well as development scholars in the 1980s. As economies throughout Sub-Saharan Africa continued to decline, both researchers and donors began to argue that in order to achieve sustainable economic reform, it was necessary to alter the dominant coalition of workers, industrialists, consumers and government in order to bring agricultural producers, and particularly export interests, to centrality. The economic restructuring measures introduced by the international financial institutions in the 1980s were, therefore, regarded as a remedy to the urban bias and the skewed development between urban industries and agriculture in much of Sub-Saharan Africa (World Bank 1981). Following the logic of the politics of structural adjustment reform and combining it with the recent emphasis on popular participation in economic decision-making, it became evident that African governments should focus their attention on their rural constituencies. Regimes which have depended on small, but vocal constituencies in the cities should ideally under a new liberal political order seek to alter their social bases and seek support from rural areas and peasants and farmer groups. Since the economic reform proposals are designed to increase the incentives for agricultural producers, according to theory, agricultural interests will in turn provide the governments with political support.

Theoretically, this scenario indeed looks very attractive. However, is it a feasible scenario for Sub-Saharan Africa? Can the current strong emphasis on economic liberalisation within a pluralistic political setting reverse the urban bias which is found to be so prevalent in African politics? Before turning to a discussion of the case material on Zambian political realities it may be useful to review the general theoretical literature on the role of interest groups in economic policy-making.

Interest groups and economic policy-making

Surprisingly and largely refuting the current perspective of donors assigning a vital role to interest groups in the process of economic reform, studies conducted on the

[1] For a further elaboration on the theory of collective action, see Mancur Olson, 1971.

implementation of economic reforms seem to indicate that reforms have most often been implemented without the impact and support of interest associations (Nelson 1989 and 1993; Herbst 1993; Bates and Krueger 1993). Generally, the literature has portrayed state - interest group relations in terms of *lack* of involvement in economic policies on the part of interest groups. A widespread perception seems to be that organised groups have opposed economic reforms which are considered to weaken their vested interest in the old system. As a result, most studies seem to indicate that where economic reforms have been implemented, governments have usually been able to disassociate themselves from, or been antagonistic to, groups with vested economic or political interests in the old system. Alternatively, interest groups opposing economic reforms have been discredited or are in disarray. Lastly, a common characteristic of countries implementing economic reforms have been the existence of a diffuse but strong public support for change (Nelson 1993: 436).

These observations seem to confirm the findings in a recent report on the experience of structural adjustment reforms in eight countries in the South (Bates and Krueger, 1993). This analysis concludes that interest groups may be unable or unwilling to act in support of policies despite the fact that such economic policies favour their interests. The eight country studies fail to attribute a decisive role to the pressure of organised interest groups. Attempting to explain their findings, the authors suggest that if those who stand to gain from reforms constitute wide and dispersed groups where everyone benefits regardless of lobbying, interest groups are unlikely to organise in support of reforms. Furthermore, the authors conclude that since it may be difficult for a particular group to calculate where its interest lies in the context of comprehensive policy reform, a wide space is left open for rhetoric and persuasion (Bates and Krueger 1993: 457).

The negative conclusions regarding the role and impact of interest groups may relate to the fact that the literature so far has focused predominantly on the implementation phases of economic reforms (Nelson 1993). The longer term aspect of consolidating reform, now reflected in the debate on ownership of the reform measures, has so far not figured prominently in the comparative literature. Nevertheless, the conclusions of the studies referred to here pose some critical questions for the liberal democratic perspective and the potential for mobilising societal support around structural adjustment reforms. Few studies indicate great divergence between democratic and non-democratic regimes with respect to the role of interest groups in processes of economic reform. Regardless of regime type, the literature has largely portrayed the implementation of economic reform in a rather autocratic fashion (Nelson 1993). Nelson finds that in the short run, both elected and "irregular" new governments may have special opportunities to adopt economic reforms as all transitional governments enjoy a "honeymoon", or grace period, in which the economic problems can be justifiably blamed on its predecessors. Furthermore, in turbulent political situations, interest groups likely to oppose the reforms may be in disarray or lack organisational resources (Nelson 1991: 51). However, in the long run, or in the consolidation phase, she argues that democratically elected governments will face the problem of containing popular participation and demands and at the same time control wage pressure. In this phase, the failure to reincorporate vital interests groups, such as labour, is likely to set the stage for future conflicts (Nelson 1993: 439). In order to consolidate economic reform under liberal democratic rule, Nelson concludes that it will be necessary to create institutions insulating key economic management functions from political pressures while leaving other types of decisions open to legislation and interest group participation. The need to strike such a balance is not only necessitated by economic considerations:

> The tension between demands for consultation and participation versus government's tendencies towards technocratic decision making has obvious relevance for the political sustainability of economic reforms in the short run. Less obvious but equally important are the implications for longer run consolidation of democracy. *The ways in which initial policies are made and early disputes are managed are shaping emerging interest groups' ideas of what they can expect of their new governments and therefore of what strategies and tactics they should adopt. The mind-sets and organizational arrangements formed in this period will influence the character of politics for years or decades to come* (Nelson 1993: 459, italics added).

The quotation above stresses a fundamental but so far understudied aspect of the twin processes of economic and political reform, namely the role and nature of political institutions. Questions concerning the establishment of institutional mechanisms of cooperation between societal associations and the state; what forms consultation and cooperation should take; which economic institutions to shield from popular pressures; and how to bring interest groups into responsible negotiations concerning national economic policies with state institutions have so far only been treated superficially. Reflecting on the argument of Nelson, analyses of the institutional options and prospects for sustainable reform should possibly start by analysing state - interest group relations in the period prior to the introduction of reforms. Now turning to a discussion of political and economic developments in post-colonial Zambia, the particular challenges related to the simultaneous process of political and economic liberalisation in Sub-Saharan Africa will be illustrated.

State and interest group relations in Zambia. Assessing the relevance of urban bias

As argued above, in Africa authoritarian rule in general served to weaken or suppress organised interest groups. The means for doing so ranged from outright repression to the use of cooptation. This proclivity seems largely to have characterised the policies of UNIP in the post-independence period as well. After independence in 1963, the nationalist government sought through various means to undermine or incorporate vocal and organised interest associations. Employing political methods which have been described as “welfare authoritarianism” (Bates 1976), the nationalist government continually relied upon its ability to command and allocate financial resources as a means of fulfilling popular demands and securing political support. An example is provided by Beveridge and Oberschall (1979). According to these two Zambian businessmen, lobbying by Zambian business associations in the 1960s and 1970s in order to modify the government’s economic policies did not succeed. From the time of independence, the UNIP government assumed an ambivalent attitude to African business, and the government did not wish to be seen to directly promote their interest. As a result, the government largely failed to develop institutions for meaningful national bargaining. Instead, individual firms and businesses were often effective in obtaining limited favours. According to Oberschall and Beveridge (1979: 268-269):

> For African businessmen the best strategy for achieving particular aims was to activate personal relationships in individual cases...It was much easier to ask for and be granted an exception than to modify policy proclaimed by President Kaunda.

Not disregarding the perspectives of Beveridge and Oberschall, Zambian politics in the post independence period is widely regarded to have favoured the urban sector at the expense of agriculture and rural interests. As a result, the theory of urban bias which according to the literature has been so prevalent in much of Sub-Saharan Africa, has also been very central in analyses of Zambian post-colonial political developments (Bates 1981; Burdette 1988; Callaghy 1990). The prevalence of an urban bias in Zambian politics is also widely regarded as the main reason why Zambia failed to implement the structural adjustment reform measures advanced by the World Bank and IMF in 1985, as well organised, vocal interests, seeing their vested interests in the present economic system threatened, opposed the reform proposals (Ncube and Ndulu 1987; Loxley and Young 1990). However, considering the first period after independence, the policies of UNIP offer no clear evidence of an urban bias policy or practise, or preference for the interest of the urban constituents.

In his thoughtfully argued study *Rural Responses to Industrialisation* (1976), Bates addresses the rural development efforts of the post-independent Zambian government. Analysing the political effects and responses to the government’s ambitious Rural Development Programme, Bates clearly illustrates that, contrary to common presumptions later on, UNIP was initially very supportive of the rural constituencies and responsive to the demands of the agricultural producers. According to Bates, UNIP sought to buy support from the rural dwellers through redistributional measures in order to prevent opposition. As a result, the largest amount of money was spent where the resistance to the party, and thus potential threat to its power hegemony, was strongest, as in the southern province where the

African National Congress (ANC)[2] had much support. However, says Bates, the ambitious rural development programme failed largely because the lack of competition from private markets reduced the producers incentives for efficient production. According to Bates (1976: 159):

> Through political action in the nationalist period, the villagers had helped to place in power a government that would lay hold of the wealth of the cities and transfer it to the countryside through programs of rural development. The new African government did indeed try to upgrade the standard of living in the countryside... For a variety of complex reasons...the rural development program largely failed to increase the levels of village incomes significantly.

By 1971 the communal system of farming cooperatives had virtually seized to function in many areas of Zambia and for the first time after independence Zambia was forced to import maize from Rhodesia. Due to the economic decline which became manifest in the early 1970s, the option of "buying votes" was made increasingly more difficult. According to Bates, the economic decline and subsequent diminishing state resources is one of the main explanatory factors behind the introduction of the one-party state in 1973 (Bates 1976: 246). In other words, when it was no longer possible to attain political support through redistribution, the nationalist government turned to repression. Thus, when reviewing the agricultural policies in the post-colonial period, the failure appears to be caused by *faulty methods*, rather than by an urban bias. As a result of the failure to stimulate development in the rural districts, the government of UNIP increasingly lost support in the rural areas and among agricultural producers. Furthermore, agricultural producers became increasingly more marginalised from the economic decision making at the national centre. Analyses of the economic policies of UNIP throughout the 1970s and 1980s indicate that after the failure of the ambitious rural development programme, the government more or less abandoned the agricultural sector and concentrated its efforts on industrial development. In other words, to the extent that an urban bias developed in Zambia, it is more a reflection of defeat in rural development rather than a conscious choice of policy at the outset. Following the plummeting of agricultural output in the 1970s, Zambia became increasingly more dependent on food imports.

Among the nations of Sub-Saharan Africa, Zambia suffered one of the greatest and most rapid economic declines from the beginning of the 1970s. From its status as one of the wealthier African nations at the time of independence, Zambia is today one of the poorest nations in Sub-Saharan Africa. After independence, the UNIP government relied on its incomes from copper export to finance extensive and

[2] African National Congress was the first major political oppositional movement in Northern Rhodesia. In 1958 the movement split and a number of oppositional forces, among them Kenneth Kaunda, formed UNIP. ANC continued as a political party until oppositional parties were banned in Zambia in 1973.

ambitious development programmes, both in agriculture and industry. As a result, the collapse of copper prices which coincided with an enormous increase in oil prices in 1973-74 seriously shattered the economy. According to one estimate, the GDP declined by 30 per cent between 1975 and 1990 (*Southern African Economist*, June 1990). The first stand-by agreement with the IMF was introduced in 1976. Yet the austerity measures introduced between 1976 and 1983 failed to address the underlying structural problems of the Zambian economy which were related to a large and wasteful state sector, inefficient agricultural production and an unsustainable policy of food subsidies. But as the economic crisis was considered temporary, structural alterations were not perceived as necessary (Callaghy 1990: 290). After 1976 the relationship between the IMF and Zambia was characterised by steady increases in borrowing, matched by accelerating stringent conditions. Essentially, these called for a major restructuring of the economy by dismantling parastatals, reducing the public sector, increasing agricultural production and decontrolling the currency. However, despite a long series of IMF agreements, the economy continued to decline, and by 1983 the government and the IMF agreed on a more comprehensive structural adjustment package to be intensified in 1985 (Loxley and Young 1990).

The reform proposals of the World Bank and the IMF focusing on the abolition or at least reduction of food subsidies to the urban population and on increasing agricultural production by promoting small-scale farming and offering better prices to farmers, seemed the obvious answers to Zambia's economic crisis. However, it is also evident that the political costs of the proposed reform measures would be exceedingly high in a society where 50 per cent of the population was located in urban areas and where labour interests were protected by a strong and vocal interest association. Due to a long tradition of subsidising urban consumer commodities, the UNIP government was very vulnerable to urban protest. When reductions of the maize subsidies caused 'food riots' and the death of 17 people in 1987, President Kaunda abandoned the reform programmes (Rakner 1992).

The conventional interpretation of the failure to implement and sustain the economic reform programme under one party rule, has been attributed to the strong position of urban interest groups most notably labour (Ncube and Ndulu 1987). Undoubtedly, the Zambian labour movement campaigned ardently against the reform proposals and applauded their collapse in 1987 (Rakner 1992). Bates and Collier, however, *reject* the conventional explanations of the failure of the economic reform programme and the role attributed to labour when analysing the failure to implement structural adjustment reform in Zambia in 1985-1987 (Bates and Collier 1993). Rather than relating the failure to the dominant position of urban interest coalitions, They attribute the failed economic restructuring in Zambia to the *marginality* or near absence of interest group influence on Zambian economic policies. According to the authors, the political structure of the Zambian one party state created a bias against producers, rural as well as urban. Based on their study of the main economic interests in the country, labour, business and farmers, they find that producer interests, represented by business and farmers, were marginalised in the political system and organised interests were largely excluded from the structures of power. Systematically all the political forces which could have benefitted from economic reforms, such as farmers, business interests and employees in enterprises (labour) were outside the party's constituency. As a result, these organised interests could not provide the government with support for the economic experiment implemented in 1985. Bates and Collier conclude that all interest groups which could have put a check on the government's policies leading to weak production incentives were outside the core constituency of the governing party. As a result, the economic costs of the producers failed to translate into political costs for politicians. Through the authoritarian practices of UNIP all the main interest organisations in Zambia, organised labour, private business as well as commercial farmers, had become enemies of the party and it therefore lacked the institutional means to secure organised backing for policy reforms from key interests (Bates and Collier 1993).

The political events taking place in Zambia in the late 1980s, adds credibility to the conclusions of Bates and Collier. As the Zambian economy continued to deteriorate throughout the 1980s, the economic situation became the main mobilising factor against the one-party regime. Former opponents of the economic reforms both from the labour movement and protected industries now campaigned against Kaunda and UNIP on a ticket of economic liberalisation (Rakner 1992). The economic decline which for so long had been considered temporary and caused by external factors outside the control of the national government were increasingly seen by a growing and vocal opposition as caused by the economic policies of the government. When economic grievances were linked to the one-party state and its economic policies, the oppositional forces, consisting of farming and business interests as well as labour and intellectuals had firm ground from which to campaign for political transition. In an election process which was characterised as free and fair by international election monitors, the main opposition party, Movement for Multiparty Democracy (MMD), won a landslide victory over Kenneth Kaunda and UNIP.

Political and economic liberalisation in Zambia

As argued initially, the current political situation in Zambia also poses one of the greatest challenges to the theory of urban bias. A democratically elected, largely urban based coalition is now implementing structural adjustment reforms. According to conventional wisdom with regard to economic reform, trade unions are among the strongest defenders of vested interests in the old system. Yet, despite its former opposition to economic liberalisation, in 1989 the trade union movement campaigned for MMD on a ticked of liberal economic reform and the union movement played a key role in the process of transition to democracy. On 25 October 1991, the rainbow coalition of labour, business and commercial