Political Institutions and Economic Reform: Zambia and South Africa in Comparative Context

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Summary:

This paper presents the theoretical and methodological framework of a joint research project by Lise Rakner and Tor Skålnes, "Political Liberalisation and Economic Reform in Southern Africa". The project consists of two separate studies. Lise Rakner analyses the interconnections between political and economic liberalisation in Zambia between 1991 and 1996. Tor Skålnes examines the politics leading to the establishment in South Africa of NEDLAC, a corporatist body with representatives drawn from unions, business organisations and the government. The two research projects share a theoretical and methodological framework. In the first section, we briefly discuss some major theoretical issues raised by these cross-national studies. In the second and third sections, we present the tentative results of the two research projects. The fourth section is devoted a discussion of our choice of design and method. The paper was presented at a conference organised by the Norwegian Research Council at Leankollen in November 1995.

Indexing terms:

Economic reform
Economic liberalisation
Political development
Democratization
Democracy
Interest groups
Zambia
South Africa

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Contents

Introduction

This paper presents the theoretical and methodological framework of our research project, "Political Liberalisation and Economic Reform in Southern Africa". The project consists of two separate studies. Lise Rakner analyses the interconnections between political and economic liberalisation in Zambia between 1991 and 1996. Tor Skålnes examines the politics leading to the establishment in South Africa of NEDLAC, a corporatist body with representatives drawn from unions, business organisations and the government. NEDLAC and its predecessors (NEF and NMC) have played important roles in the process of economic liberalisation and world market integration in that country. The two research projects share a theoretical and methodological framework. From the comparative literature on the politics of economic reform in the developing part of the world we extract two central hypotheses regarding the prospects for designing and implementing fundamental policy changes in democratic institutional settings. The first of these is the "honeymoon thesis", which argues that new and weakly institutionalised democratic regimes may be able to implement economic reforms if and only if the new leadership acts resolutely during the first few years of its incumbency. During this grace period, the argument goes, reforms will have to be implemented in a rather authocratic fashion. Political coalition-building must be postponed until the reforms have been made to stick and clear winners can be discerned. The second hypothesis is somewhat at odds with this reasoning; this is the "corporatist thesis". The basic premise of corporatist thinking is that interest groups may in fact play an active and positive role in the process of implementing economic reform, to the extent that the government is willing to grant these groups a formalised and institutionalised place together with government at the bargaining table. To the extent that such democratic- or societal-corporatist institutions are successfully established, a fairly thoroughgoing democratisation of society's institutions can be achieved simultaneously with economic liberalisation and macroeconomic stabilisation.

Lise Rakner argues that Zambia is an important testing ground for the honeymoon thesis. Right after being propelled into government on a wave of popular enthusiasm in 1991, President Frederick Chiluba and the MMD implemented one of the most resolute and thoroughgoing programmes of stabilisation and liberalisation ever being undertaken. What are the experiences so far with these policies and the way they were implemented? Does this experience provide support for the honeymoon thesis? Can Zambia provide a model for other African countries ostensibly trying to achieve both economic and political liberalisation simultaneously?

Tor Skålnes argues, among other things, that corporatist institutions were established in South Africa largely as a result of pressure by the country's trade unions and, playing a secondary but nevertheless important role, business associations. These institutions have been quite essential when it comes to fashioning a set of economic policies which try, in a gradualist fashion, to liberalise the economy and make the industrial sector more competitive, reduce the budget deficit, and find new and creative ways to effect a modicum of asset redistribution.

By analysing the political and economic reform processes currently being undertaken in Zambia and South Africa, the aim is to contribute to the ongoing international debate on the politics of economic reform. Africa has long been all but ignored by leading theorists in this field. On their part, Africanists have only too seldom systematically related their studies of the political economy of structural adjustment to the theoretical issues raised by mainstream comparative scholarship. Consequently, Africanists have been sidelined in the debate on economic reform politics. We wish to counter this trend, by systematically relating our two in-depth case studies to a debate which, to the extent that it has been grounded empirically, has thus far been dominated by cross-national analyses of reform efforts in Latin America, Eastern Europe and East Asia. In the first section, we briefly discuss some major theoretical issues raised by these cross-national studies. In the second and third sections, we present the tentative results of the two research projects. The fourth section is devoted a discussion of our choice of design and method.

I: The Politics of Economic Reform

Several countries in Latin America, Asia, Eastern Europe and Africa recently replaced authoritarian governments with elected ones. At the same time, many of these countries were grappling with the consequences of failed economic policies. This failure was often among the direct causes of demands for political change. Both internal and external actors pressed for reform. A dual process of political and economic liberalisation was thereby set in force in several corners of the world, a process which reached the African continent by the end of the 1980s. Consequently, the relationship between economic and political change has again become the subject of a lively theoretical debate. As yet, the causal connections between economic development strategy and form of government are far from established. Among the unresolved questions are the following. Are certain political regimes better able to undertake structural economic reforms? Are democratic institutions capable of promoting rapid economic change? These questions constitute the point of departure for this joint research project.

The concept of political liberalisation refers to the relaxation of government controls of the political activities of the citizens by allowing for greater pluralism of opinion and associations (Bratton and van de Walle 1992). Political liberalisation may, or may not, lead to fully fledged democracy, which may be understood as systems of governance guaranteeing free elections at regular intervals between competing parties, and in which freedoms of speech and association are underpinned by the rule of law (Dahl 1971, Diamond, Linz and Lipset 1990). Economic liberalisation implies a greater role for markets, reduced state intervention and greater world market integration (Haggard and Kaufman 1989).

The authoritarianism thesis

The conventional wisdom of the 1970s and 1980s considered democratic regimes less able to undertake economic reform than authoritarian ones. Consequently, democratisation was viewed as detrimental to necessary policy change. As the argument went, economic stabilisation and liberalisation would typically be undertaken by authoritarian regimes since such regimes did not face electoral pressures that gave rise to political business cycles and were, more generally, able to insulate themselves to a greater extent from interest group pressures and achieve state autonomy (Skidmore 1977, Kaufman 1985). The great majority of scholars agreed that economic changes would, in the short run, be strongly opposed by existing interest groups because, among other things, losers would feel the pain before winners experienced the gain (Lal 1983, Nelson 1984, 1990, Haggard and Kaufman 1991 and Haggard and Webb 1992). This reasoning was inspired by public choice theory, and especially the work of Mancur Olson (1982).

As the decade progressed, however, it became increasingly clear not only that many authoritarian regimes were incapable of dealing with the severe economic crises gripping their countries, but also that many democratic countries did have capacity to do so (Remmer 1986, 1990, 1993). Nevertheless, research undertaken in the late 1980s and early 1990s indicated that authoritarian regimes were better than democracies at certain specific tasks – such as stamping out very high inflation (Haggard and Kaufman 1992:272) and pushing through thoroughgoing trade liberalisation, not just macroeconomic stabilisation (Kaufman and Stallings 1989: 205-212). Some evidence was also found that newly formed democracies experienced deeper problems stabilising and liberalising than did either established democracies or authoritarian regimes, due to high popular expectations of economic improvement and significant redistribution in the wake of transitions from authoritarian rule (Haggard and Kaufman 1989).

As far as Africa was concerned, however, the authoritarianism thesis was not widely supported (major exceptions of sorts are Callaghy 1990 and Callaghy and Ravenhill 1993) since it had become quite evident that most authoritarian regimes on the continent were responsible for gross mismanagement of their economies. Most of these governments were incapable of instigating reform in any but the most half-hearted way. A number of political scientists argued that there was a direct causal link between autocratic exercise of political authority and economic crisis. Authoritarian leaders, it was held, lacked legitimacy and remained in power only on account of patronage and repression (Sandbrook 1985, Herbst 1990, van de Walle 1994). Authoritarian states on the African continent were deemed to be far from autonomous and strong; in fact, they were weak and had become penetrated by rent-seeking coalitions. Authoritarianism itself was often said to have encouraged the very formation and multiplication of such coalitions (e.g., Bates 1989, Skålnes 1995). By the late 1980s, aid donors belatedly concluded that political change and better governance were prerequisite to economic reform in sub-Saharan Africa. These ideas were given quasi-official sanction by the publication in 1989 of a World Bank report, From Crisis to Sustainable Growth , which emphasised the importance of the rule of law, property rights, increased accountability of public officials, and greater transparency in decision-making. From then on, the donor view has been that economic and political liberalisation are not only compatible but interdependent and should be promoted simultaneously (Moore 1993, Robinson 1995).

The honeymoon thesis

Reflecting this change in donor thinking, as well as new empirical realities, the academic climate had changed fundamentally by the mid-1990s. It is now well accepted that regime type is not a particularly good predictor of economic policy change (Bates and Krueger 1993: 459; Haggard and Webb 1993: 144-147; Williamson and Haggard 1994: 568-569). The authoritarianism thesis has been discarded. It is widely agreed that even the earlier belief that new and unconsolidated democracies face unusual problems when trying to implement thoroughgoing liberalisation or eradicate hyperinflation, has not held up to empirical scrutiny. Elected governments in countries such as Poland, Argentina, Peru, Venezuela and Zambia – some of them new democracies, some not-so-new – all moved in the 1990s to implement the most comprehensive and far-reaching of reform packages in the context of high, sometimes extremely high, inflation. The conventional wisdom of the mid-1990s is that newly elected leaders enjoy a honeymoon period before politics reverts to its reform-resistant normal state, especially to the extent that the government has the solid backing of a large or even dominant party and the opposition is fragmented and disorganised (Williamson and Haggard 1994, Haggard and Webb 1994, Nelson 1993).

However, the fact that it is often democratic governments which implement the most far-reaching policy changes does not mean that these policies are necessarily democratically arrived at in the sense that they are products of a deliberative process. In fact, according to Joan Nelson, "[i]nitial stages of adjustment were almost always carried out in an autocratic and technocratic manner, even in countries with firmly democratic political systems" (1993: 438). The tendency for reform to entail delegation of responsibility to the executive, concentration of power into a few hands (typically the central bank and the finance ministry) and insulation of technocrats from interest-group pressure has been noted by many (P.H. Smith 1991: 623, Bates and Krueger 1993: 462, O'Donnell 1994, Haggard and Webb 1994: 13). The honeymoon period is frequently used to spring surprises upon one's supporters, as Carlos Menem did to the Peronists in Argentina or Carlos Andrés Pérez did to his Acción Democrática party in Venezuela (Naim 1993). Sometimes such resolute reformers have managed to put the economy back into sufficient shape to win the next election (Menem, Peru's Alberto Fujimori), sometimes not (Pérez, Solidarity in Poland, several other reformist parties in Eastern Europe).

The comparative literature, then, has moved to focus on the politics of economic reform within formally democratic institutions. The emphasis is on <u>formally</u> since many democratic governments behave somewhat like their authoritarian counterparts and resort for a while to insulated, technocratic policy-making. By implication, state autonomy is possible to achieve within formally democratic institutional arrangements, and it is such autonomy which accounts for reform. For various reasons, mobilising support for stabilisation and liberalisation looks difficult: costs are certain but benefits unclear; sacrifices are immediate while rewards may be long postponed; losers are identifiable and often concentrated to politically important urban areas while potential winners are diffuse or dispersed, often over remote rural areas. Under such circumstances, organised interest groups would seem to represent major brakes on reform, whether or not they contributed to implementing protectionist and populist economic policies in the first place (Bates 1990, Lofchie 1994). If interest groups are status quo-oriented, then unusual politics would seem to be required for some time, until the new institutions and policies have been given sufficient time to induce the formation of a new set of interests tied to economic liberalism, interests which can then be safely mobilised politically (Nelson 1993; Haggard and Webb 1994: 16).

Recent research has questioned, however, the contention that in every country undergoing structural adjustment there exists a politically aroused, solidly anti-reform civil society. At the very least, it has become clear that organisations representing business and labour, the very groups that protectionism and expansionary fiscal policy are intended to benefit, are rarely able, and sometimes not willing, to block reform. According to Robert Bates and Anne Krueger, "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" (1993: 455). Barbara Geddes similarly paints a picture of passive or ineffectual civil society organisations and locates, instead, opposition to liberal reforms in the bureaucracies, militaries and ruling parties of the developing world (Geddes 1994a, 1995; see also Bienen 1990: 727). This, then, would seem to indicate that what finance ministers and other economic policy-makers need is insulation from fellow politicians and bureaucrats and not so much the often called-for autonomy from business groups and trade unions.

The corporatist thesis

While modifying the long-held presupposition among political economists that interest groups play negative roles during policy reform, Bates and Krueger, and Geddes, fail to capture the complexity of empirical reality when they characterise interest groups as largely irrelevant. Even for crisis-ridden Argentina of the 1980s, a case which has figured prominently in the literature on the politics of economic reform, this is much too simplistic. William C. Smith has documented that Argentine business and labour, seeing the need for policy change (though not necessarily agreeing on what kind), actively engaged in policy deliberations with the Alfonsín government during its attempt to stamp out inflation. Even as such concertation failed, largely because of the disinterest shown by the economy minister, the government continued to negotiate with organisations representing particular sections of business and the trade union movement (W.C. Smith 1991: 278-291). What this shows is the heterogeneous nature of economic interests in this important Latin American country, as well as the active involvement of organisations in, and their sometimes positive attitude towards, policy reform. Argentina is no exceptional case. In fact, heterogeneity of interests and complex variation in interest group policy response and degree of political initiative are themes which run through Joan M. Nelson's comparative study of Latin America and Eastern Europe. While, in her view, labour unions react mostly to government initiative (often opposing, sometimes acquiescing in specific changes), business associations happen on occasion to be deeply involved in designing new liberal policies, such as in Bolivia in the mid-1980s (Nelson 1994b: 180). Skålnes' research on Zimbabwe similarly documents that broad-based industry associations can be among the initiators of structural adjustment even though the businesses they represent have often benefited from protection in the past (Skålnes 1993, 1995).

Does the sometimes active involvement of interest groups in policy discussions give rise to more formalised and institutionalised co-operation between them and the government, that is, to democratic or societal corporatism? To the extent that concertation is attempted, is it successful or does it fail the way it did in Argentina? It has long been recognised that societal corporatism can facilitate necessary policy change and economic adjustment and contribute to economic growth (Cameron 1984; Katzenstein 1985; Lange and Garrett 1985; Pekkarinen, Pohjola and Rowthorn 1992; Henley and Tsakalotos 1993). However, almost all the evidence comes from Western Europe. Rarely do developing countries possess the strongly centralised and broad-based trade unions and other interest groups found in Europe (Nelson 1991). Nevertheless, Bates and Krueger argue that "when political leaders in our sample set of countries committed themselves to more liberal economic policies, some [in Chile, Zambia] appear to have sought to form structures of corporatist bargaining " (1993: 460-461). State-society relations in Zimbabwe are also strongly reminiscent of Western European corporatism, although labour has so far been excluded (Skålnes 1995).

To sum up, the theoretical debate on the politics of economic reform in the mid-1990s has evolved to varying degrees from its initially statist orientation in the 1980s. The literature now documents that economic reforms may be undertaken by democratic as well as authoritarian governments, by weakly as well as strongly institutionalised regimes, and by autonomous as well as corporatist states. Two distinct arguments can be discerned: One group of scholars see implementation of reform as necessitating autocratic practises in the initial phases, that is, the insulation of a technocratic elite from popular and interest group pressures. When the reforms have been put in place, however, such technocrats must reach out to the population and build coalitions of support among reform beneficiaries. From this perspective, which has not departed all that much from statism and the authoritarianism thesis of the 1970s and 1980s, interest groups are seen as reform-resistant and should therefore be politically controlled or isolated during the implementation of economic reform.

The other group of scholars employ an institutionalist analysis which departs from statism by emphasising the positive role of intermediation between state and civil society throughout the reform process. According to this view, democratisation of political life may have positive effects on economic policy. Given certain institutional conditions, interest groups will, on balance, serve to improve economic policy-making rather than hinder the reform process. Popularly elected officials enjoy greater legitimacy and are not as dependent as are authoritarian rulers on rent-seeking and patronage so as to remain in power. The various counterweights to state power that exist in more democratic regimes increase governmental accountability and are regarded as fundamental to the improvement of policy and economic performance (e.g., van de Walle 1994, Bratton 1992). Arguably, the positive role ascribed to interest groups in several World Bank documents and some scholarly literature appears to be based more on hopes than on empirical evidence. Some of these writings imply, fallaciously, that since authoritarianism was bad for the economy, democracy must be good. However, as seen above, some empirical evidence does exist to document that broad-based interest associations can be among the initiators of economic reform and thus play an active role in the implementation of structural change.

In the next two sections the two theoretical positions will be discussed against two contemporary reform efforts in sub-Saharan Africa, namely Zambia and South Africa.

II: Testing the theoretical positions

II.1: The Honeymoon Thesis: The Case of Zambia (by Lise Rakner)[1]

In 1991, Zambia reintroduced multi-party democracy. The new government simultaneously embarked on a wide-ranging economic reform programme aimed at restructuring the formerly state-controlled economy. The aim of this study is to examine how democratisation has affected economic decision-making during the first election period of Zambia's third republic[2]. As an example of a new and weakly institutionalised democracy which attempts to implement economic reforms, Zambia seems ideally suited among the sub-Saharan African countries to "test" the honeymoon thesis. This thesis, and the more specific implications that can be derived from it, form our analytical framework.

At the time of independence in 1964, Zambia had great economic promise compared not only to other African countries but also to later NICs such as Korea (World Bank 1989). The new nationalist government embarked upon a strategy of industrialisation through import substitution. Economic and political resources were increasingly monopolised; in 1972 Zambia became a one-party state and the authorities took control over the major economic resources (Burdette 1988). By 1980, due to economic, political and administrative decay, Zambia was under heavy pressure from the international financial institutions to restructure the economy. However, the various reform programmes implemented during Kenneth Kaunda's reign failed. This failure is usually attributed to the existence of strong urban interest groups opposing reforms. Scholars have argued that due to a long tradition of subsidising consumer goods, the United National Independence Party (UNIP) was very vulnerable to urban protest (Callaghy 1990, Bates and Collier 1993). This points to the special character of Zambia's contemporary political and economic situation. The unabating decline of the Zambian economy throughout the 1980s became a main rallying cry for opposition against the one-party regime. Former opponents of the economic reforms now campaigned against Kaunda and UNIP on a ticket of economic liberalisation (Rakner 1992). The forces opposing one-party rule had their organisational base in the Zambian trade union movement, but the unusual "rainbow coalition" also included the business community, UNIP dissidents, the church, students and academics. The economic reform programme which has been pursued since 1991 is thus implemented by a government which initially based its support on an alliance of labour and business interests.

The honeymoon thesis posits a need to balance political and economic considerations and consists of two main hypotheses:

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1 The project is entitled: "Do all good things go together?" Political and economic liberalisation in Zambia 1991-1996. To be presented as a Dr. Polit. Dissertation.

2 The second parliamentary and presidential elections in Zambia's third republic are scheduled for October 25, 1996.

(i) Newly elected governments, though unconsolidated, may be able to implement far-reaching economic reforms if the new leaders display an adequate understanding of the economic crisis and an ability to act quickly. In the initial stages economic considerations must take the centre stage. Reforms should be implemented immediately after the first election in order to take advantage of electoral legitimacy and the fact that traditionally reform-resistant interest coalitions are in organisational disarray and need time to regroup.

(ii) In order to consolidate economic reforms after the first autocratic implementation phase, governments must in due time before the next election seek to renew and institutionalise contact with groups and associations deemed to have benefitted from new policy. It is assumed that it is possible to discern such winners and that they can be mobilised to support the governing party based on their economic interests.

Based on these hypotheses, we raise some further questions:

- How was the economic reform programme in Zambia implemented?
- Were the major interest groups in the Zambian society opposed to the structural adjustment reforms in 1991?
- To what extent have interest groups affected the implementation of the economic reform programme?
- Which actors outside civil society influenced the economic reform programme?
- Is it possible, during the 1991-96 period, to detect a shift of emphasis in MMD policies away from economic considerations and towards the politics of support mobilisation and even consensus building?
- To what extent can the growing political opposition be explained as reaction against economic reforms?
- How can, in the future, the 1996 election results be related to the government's policies?

The centrality of the upcoming elections means that major fieldwork and data collection must be undertaken in 1996. Nevertheless, let us focus on what we know so far about Zambia's experience with economic reform under formally democratic auspices.

Economic considerations: The first stages of implementing reform

On November 2, 1991, Frederick Chiluba was sworn in as Zambia's second president. The tasks ahead were enormous for the new Movement for Multiparty Democracy (MMD) government. The country had difficulties servicing the huge external debt. There were severe shortages of foreign exchange. The budget deficit amounted to 6-10 per cent of GDP. Inflation was into triple digits. Infrastructure and social services were deteriorating. Throughout the election campaign, the MMD expressed a clear intent to implement the structural adjustment reforms recommended by the donors. The landslide election victory which gave the MMD a 125-seat majority in parliament and reduced UNIP to a regional party with 25 seats from the Eastern Province, provided the government with a clear mandate for change. It was such mandate and legitimacy that UNIP had lacked. The MMD had mobilised both organised and diffuse and dispersed support around the country. The party used it to push a number of politically difficult reform measures. Due to the increasingly deteriorating economic situation, the government viewed an attack on inflation as its most urgent task. It moved just as quickly to free up foreign exchange. It took a number of measures to reduce the budget deficit; most importantly, maize subsidies were removed. In both 1986 and 1990, attempts to reduce maize subsidies had led to riots and it was therefore widely believed that such policies would amount to political suicide. But the MMD eliminated all maize subsidies within a year without political turmoil. As a result of the efforts of the new government, by 1994, Zambia's progress on stabilisation was impressive. The generosity of donors did arguably play a large role. Nevertheless, in addition to a good record in terms of inflation and fiscal probity, Zambia could boast one of the most liberal foreign exchange regimes in Africa. Reflecting on the first phases of reform implementation in the Zambian Third Republic, van de Walle and Chiwele conclude:

> "The landslide victory of the MMD gave it a legitimacy and popular support that UNIP had lacked and the MMD took full advantage of the honeymoon period right after the election .... By moving quickly, the MMD ensured that opposition would not yet have mobilised effectively, while pressure groups like the labour movement that had supported the MMD would take time to redefine their relationship with the government" (van de Walle and Chiwele 1994: 30).

Van de Walle and Chiwele's analysis lends credence to the honeymoon thesis. He argues that reforms in the initial phases were implemented fast, insulating economic policy-makers from potentially reform-resistant interest groups. Our own preliminary analysis of the first years of reform supports the view that the initial reforms were implemented rapidly and without interest group consultation.[3] However, we question the notion that the major interest groups were opposed to reform. As stated above, the failure to implement the structural adjustment reform measures advanced by the World Bank and IMF under UNIP rule, are by most analysts attributed to the organised and vocal opposition of labour (Ncube and Ndulu 1987; Loxley and Young 1990). Bates and Collier, on the contrary, attribute the failed economic restructuring in Zambia not to the strength of interest groups, but rather to the marginality or near absence of interest group influence on

[3] The fact that the Zambian government on a number of occasions was criticised by the World Bank for moving too fast and for giving too little consideration to social safety nets and the protection of local industry further illustrates the 'shock therapy' manner in which the initial reforms were implemented. Personal interviews, World Bank, Lusaka June 1995, and Africa Confidential vol. 34, no 3, 1993.

Zambian economic policy (Bates and Collier 1993, 1995). According to these authors, the political structure of the Zambian one-party state created a bias against producers, rural as urban. They argue that through the authoritarian practices of UNIP, all the main interest organisations in Zambia – organised labour, private business, commercial farmers – had become enemies of the party. UNIP therefore lacked the institutional means to secure backing for policy reforms from these key interests (ibid.).

The political events taking place in Zambia in the late 1980s support the argument presented by Bates and Collier. The MMD's 1991 election campaign indicated clear support for economic liberalisation and structural adjustment reform. The representatives at various ladder steps in union hierarchy declared their support for the economic reform proposals. Interviews with trade union officials in 1991 nevertheless paint a picture of more ambivalent union attitudes to change. Understanding of terms like privatisation and the impact of reform on employment and consumer welfare was shallow[4]. On balance, however, it is not possible to argue that the trade union movement was antagonistic to the economic reform programme in 1991 and therefore an obstacle to reform. The business community and the commercial farmers supported the measures. From the time of independence, the UNIP government's attitude towards African business was ambivalent, and the government did not wish to be seen to directly promote their interests. As a result, the government largely failed to develop institutions for meaningful co-operation and bargaining (Beveridge and Oberschall 1979). As a result, large parts of Zambian business remained estranged from UNIP. When the one-party state began to crumble towards the end of 1989, businesspeople formed the financial backbone of MMD (Rakner 1992, Akwetey 1994). Neither were farmers very influential in the Second Republic. A small, largely white-owned, commercial farming sector was represented by the Commercial Farmers Bureau. Though well organised, the CFB's influence was limited due to its historical role as a white settler organisation and its small size. The bias against agricultural producers during the one-party state in Zambia is well documented (Bates 1976, 1981, Burdette 1988). Commercial farmers had for a long time argued in favour of freeing agricultural markets and farmers became prominent in the MMD (Bratton 1992). The co-operative movement, representing the bulk of the numerous small-scale farmers, was, in the Second Republic, so tightly controlled by UNIP that the Zambian Co-operative Federation never became a significant pressure group. On the basis of their organisational strength, opinions and actions it is therefore difficult to argue that any of the main interest associations representing workers, business and agriculture constituted strong anti-reform forces that would either want, or be in a position to, if they wanted, oppose the economic reform measures in 1991.

Whereas the initial stabilisation and liberalisation measures were relatively successful, progress has been much slower in a number of reform areas which do not immediately affect the stabilisation programme of the government, but without which long-term economic growth will be pie-in-the-sky. We refer to these

[4] Personal interviews September and October 1991, see Rakner 1992.

reforms as the structural aspects of reform because they involve institutional change. The three main aspects of structural reforms laid out in the 1990 Policy Framework Paper included agricultural marketing liberalisation, privatisation of parastatals, and civil sector reform. Despite some progress made in liberalising the agricultural sector, little success has been seen in the main sub-sector, maize distribution. By the start of the 93/94 season, all maize production and marketing subsidies had been removed and distribution was in principle determined by market forces. However, the rapid liberalisation met with significant transition problems as the private sector did not immediately replace the government. The adjustment problems in agriculture were exacerbated by a devastating drought in 1991/92. Agricultural producers were therefore very vulnerable to the credit squeeze imposed as a consequence of stabilisation policies (Geisler 1992, van de Walle and Chiwele 1994). By the end of 1993, a number of important commercial farmers were bankrupt and the government was forced to introduce emergency measures which again put the cash budget under strain (Profit Magazine, August 1993). These problems have greatly undermined confidence in the adjustment programme and led to calls for its reversal by politicians and the press.[5]

The second area of structural reform in Zambia on which, until the spring of 1995, very little had been achieved, is the privatisation of approximately 150 state-owned companies. The privatisation effort appears initially to have been blocked by political intrigue and administrative bottlenecks. While this issue calls for further examination than can be achieved here, it is evident that privatisation has been slowed down by actors within the parastal body Zambian Industrial and Mining Corporation (ZIMCO). When Zimco was finally liquidated in March 1995, the pace of change grew markedly. Within months, the number of companies sold increased from four in January to 19 in May (ZPA Status Report, May 31, 1995). So far, the third aspect of structural policy, civil service reform, has stalled. A Public Sector Reform Programme was launched by the MMD government in 1992 and promised to cut staff by 25 per cent within three years. However, as yet not one person has been fired. The main obstacle seems to be the high cost of retrenchment packages negotiated with the unions (Personal interviews, ZCTU and World Bank, Lusaka, June 1995).

Can the variance in reform performance be attributed to interest group pressure? On balance, it cannot be argued that the economic adjustment programme has been much affected by democratic concerns and interest group participation. With regard to the initial phase of reform implementation, there are few signs of consultation between the government and key interest associations. The leader of the Zambian Congress of Trade Unions (ZCTU), Fackson Shamenda, has on a number of occasions criticised the government for leaving the labour movement out when designing the programme. Increasingly, labour is attributing the problems of the working class to government policies (The Weekly Post, 8-14 October 1993, SAPEM, November 1994, The Post, 15 August 1995).

[5] During the last two years, the critical comments on the agricultural reforms have increased in the independent press. See: "The Mad Maize Merry-Go-Round, Profit Magazine, August 1993, The National Mirror, June 25, 1995.