WORKING PAPERS

Working Paper no. 75
- Development as State-making -

STATE RESILIENCE AGAINST THE ODDS: AN ANALYTICAL NARRATIVE ON THE CONSTRUCTION AND MAINTENANCE OF POLICITAL ORDER IN ZAMBIA SINCE 1960

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June 2010

Crisis States Working Papers Series No.2

ISSN 1749-1797 (print)
ISSN 1749-1800 (online)

State Resilience Against the Odds: An Analytical Narrative on the Construction and Maintenance of Political Order in Zambia since 1960

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Zambia is now one of the poorest countries in Sub-Saharan Africa. It is a land-abundant but sparsely populated country of 11 million inhabitants. This paper attempts to explain why the Zambian state has remained resilient over the period 1960-2010 despite confronting a substantial set of crises and unfavourable 'initial conditions', which include: one of the worst declines in per capita income in sub-Saharan Africa since 1970, a heavy debt burden, dramatic price and production declines in its main export (copper), one of the continent's most unequal distributions of income, one of the worst HIV/AIDS epidemics in the world, declines in its Human Development Index in every decade since 1980, relatively high levels of poverty, substantial influxes of refugees (particularly in the 1990s) that reached as high as 200,000, high transport costs as a result of being a landlocked economy, and being surrounded by five countries that have experienced civil wars and political disorder.

By any conceivable measure, the growth performance of Zambia has been poor (see Table 1). Zambia's long-run trajectory of economic decline is closely related to the dramatic decline in its main industry, copper. In 1969, Zambia was the largest producer of copper among developing countries, and the third largest producer after the United States and the former USSR, with production twelve percent of world production. By 1990, Zambia produced only five percent of world production, compared to Chile and the United States each with eighteen percent; Canada eight percent, and the then-U.S.S.R. seven. Over the long term, exports declined from 622,900 metric tonnes in 1972 to 228,000 on the eve of privatisation in 1999. The decline in copper had reversed a dramatic five-fold increase in copper production in the period 1939-1960 under the colonial administration of Northern Rhodesia. At this time, copper production was under the control of the British Mining Company.

Table 1: Zambia's Per Capita Growth Rates in Comparative Perspective 1961-1990
Source: Weeks et al. 2004.

Country	1961-64	65-69	70-74	75-79	80-84	85-89	90-94	95-2000
Zambia	**.7**	**.8**	**.5**	**-4.0**	**-2.2**	**-.8**	**-2.7**	**-.2**
Sub-Sahara African Average	2.2	1.5	3.3	.9	-.5	.5	-1.4	2.0
Zambia's rank:	16/26	20/31	22/32	30/32	29/36	26/40	32/41	34/41

The reasons for the decline in Zambian economic performance are complex, but include a combination of the disruption of regional trading routes, the nationalisation of the copper industry before the development of skilled workers and managers emerged on the domestic scene, and mismanagement of the state-owned copper industry (see Weeks et al. 2004 and Appendix).

Historical events were to prove disastrous to the exporting prospects of the economy at independence. First, Zambia found itself in the position of a ‘front-line state‘ – against white-ruled Southern Rhodesia and apartheid South Africa (Burnell 2005). The declaration of independence by Rhodesia and its blockade of Zambian trade caused Zambia to lose its two transport links for exporting its copper, through Rhodesia and South Africa. This resulted in a dramatic increase in transport costs, such that despite productivity raising innovations in copper mining and concentrating, Zambia was rendered a high-cost producer on the world market. In 1976, construction was completed of a rail link to Dar es Salaam, but for ten years the Zambia economy suffered from the politically-motivated disruption of its export products. The slow growth of the economy during 1965-1976 can to a great extent be explained by this disruption. Second, the rapid exodus of skilled white settler mining workers created a skilled shortage in labour. By necessity this replacement of labour occurred rapidly, before sufficient skills had been developed. Third, the inward-looking bias of industry and the drive to achieve self-sufficiency in many sectors proved to be dysfunctional but were partly driven by conflicts in neighbouring countries.

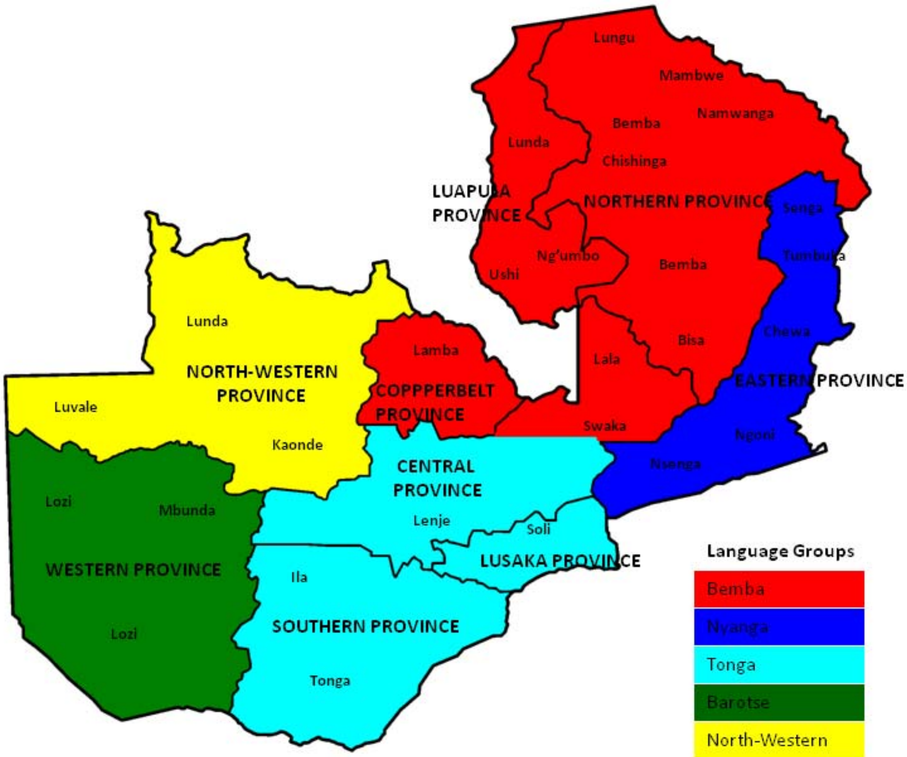

Figure 1: Ethnic, linguistic and provincial cleavages in Zambia (%)
Source: Lindeman 2009.

Apart from poor economic performance**,** one of the main challenges of post-independence rule in Zambia has been to manage the potential dangers of a country that has potentially explosive ethnic and regional cleavages. The territory that would become known through colonial rule as, first, Northern Rhodesia and then at independence Zambia contains about 72 different ethnic groupings (see Figure 1).[1] The largest ones include the Bemba (18.1 percent), Tonga (12.7 percent), Chewa (7.2 percent), Lozi (5.6 percent), Nsenga (5.5 percent), Tumbuka (4.2 percent), Ngoni (4 percent), Lala (3.3 percent), Kaonde (3 percent), Namwanga (2.7 percent), Lunda (2.5 percent), Ushi (2.4 percent), Mambwe (2.3 percent), Lamba (2.2 percent) and Luvale (2.1 percent). In colonial times, as tribes were transformed into units of territorially based administration, loyalties to pre-colonial identities were preserved or even reinforced. The result of this process was that national conflicts were increasingly seen in linguistic terms, while local interactions continued to be framed in ethnic terms. The picture was further complicated by the fact that the different communal identities were clustered into eight (later nine) administrative provinces (Figure 1).

Despite these conditions, an important puzzle to explain is why, against the odds, the Zambian polity has been able to maintain political order and avoid large-scale political violence. Inherent in this puzzle is a larger lesson about state capacities, which are clearly not monolithic in Zambia. The ability to maintain political order has coincided with a state incapable of promoting sustained economic development. Understanding why a trade-off emerged and consolidated between economic growth and political stability is another main aim of this paper.

Most accounts explain resilience as the result of careful ethnic and tribal balancing, that is the distribution of patronage in the form of an elite bargain (e.g. Burnell, 2005). However, the literature does not adequately explain how and why this elite bargain survived the *transition* in the early 1990s from a one-party state with a dominant party (UNIP) to a more competitive multi-party electoral system. I argue that the role of a pivotal interest group, namely national labour unions, were central to providing an institutional focal point for the emerging dominant party, MMD, to form and consolidate.

The second contribution of the paper is to highlight what the Zambian case tells us about indicators of state performance. Recent work has tried to 'measure' seven key areas of 'good governance': security of property rights, voice and accountability, political instability and violence, government effectiveness, regulatory quality, rule of law, control of corruption (see Kaufman et al. 2005) and identify their contribution to economic performance. The usefulness of these types of measurements and explanation is limited in at least two ways. First, they provide only indirect measures of capacity, often based on subjective surveys. Second, the results are *aggregate* measures, that is, they do not provide any information on the extent to which capacity *varies* across different state functions or sectors *within* a polity. Inherent in Zambia's history is a larger lesson about state capacities which are clearly not monolithic.. The ability to maintain political order has coincided with a state incapable of promoting sustained economic development. Understanding why a trade-off emerged and consolidated between economic growth and political stability is another main aim of this paper.

The main arguments of the paper are as follows. First, the absence of large-scale political violence in Zambia is argued to be the result of a resilient central state. State resilience, as developed in the Crisis States Programme can be understood in terms of security and taxation – the two core functions of the state that are indications of its ability to survive through

[1] There is no consensus on the origin of the name 'Zambia'. One possibility is that is comes from the Zambezi River. Another potential explanation is that early Portuguese traders referred to the area as 'Zambezia', which was considered to be an awkward name by Zambian intellectuals and independence movement leaders in the 1940s and 1950s. It is thought that these leaders coined the term 'Zambia' since it was considered easier to pronounce and understand than 'Zambezia'

various crises. A 'resilient state' is one that maintains its command of coercive power and its power to undertake basic taxation. This implies first that the state intervenes in ways that prevents the likelihood of armed challenge and/or the ability of the state's armed forces to withstand any major, at least internally generated, armed political challenge within its territory. Secondly, it implies that the organisational and coercive capacity of the state has been maintained strong enough that it has been able to tax goods moving across its borders as well as the ability to capture tax from the main economic activities of the country (in this case appropriating tax revenues from copper). Both these core state capacities have a territorial and political dimension to them; understanding these involves an assessment of the territorial and political reach of the state.

The second main argument is that state resilience in Zambia has been the result of relatively stable and inclusive bargain among contending elites, which reduced the possibility of substantial capital accumulation and political power outside of the formal political system. This elite bargain lessened the incentives of powerful actors to challenge state actors, and also provided the mechanisms through which challenges to state authority (which did occur in 1991) were negotiated in a way that did not lead to political violence. This, it is argued, was achieved through the ability of post-independent political leaders to construct a centralised form of patrimonial patronage that provided a powerful executive the ability to view the distribution of state resources and the valuable assets in an encompassing way. While there has been substantial faction fighting within Zambia, the maintenance of a centralised form of patronage prevented such faction fighting from developing into alternative sources of authority and power in the polity, which have proved de-stabilising to political order in more fragmented patrimonial regimes (see Allen 1995 and 1999) Finally, it is argued that the construction and maintenance of a dominant national political party, along with the weakness of autonomous interest groups, was the organisational construct that enabled both an elite bargain and centralised forms of patronage to both emerge and consolidate, despite changes in electoral competition and the transformation of the economy from a heavily interventionist model to a more liberal model in the 1990s

The Zambian case can shed some light on the political and economic strategies that ultimately proved effective in conflict prevention. Political agency has been central to overcoming the difficult 'attributes'/structural factors that made Zambia vulnerable to violent conflict that were highlighted above. This case also highlights that particular economic and political strategies have proved successful in preventing conflict in the face of potentially de-stabilising 'moments' such multi-party competition based on ethnic and regional identity in the 1960s, drastic declines in its main export industry, copper from the mid-1970s to the late 1990s, a heavy debt burden in the 1980s and 1990s, and the introduction of multi-party electoral competition in 1991 after over 25 years of one-party rule.

Patterns of patronage and state resilience in sub-Saharan Africa

In the political science literature there is a tendency to model 'African polities' monolithically as dysfunctional states where corruption, clientelism, and patrimonial rule predominate. Examples would include single characterisations of African politics as 'personal rule' (Jackson and Rosberg 1982; Sandbrook 1985), as the 'politics of the belly' (Bayart 1989), as the 'politics of chaos' (Kaplan 1994), or as 'disorder as political instrument' (Chabal and Daloz 1999). The idea in this literature is not to posit that political order is maintained through liberal notions of good governance, but to understand how and why processes of corruption and clientelism have differential outcomes. Given the limited availability of resources, the limited tax base and the political contestation over valuable but scarce resources, corruption and clientelism are features of all less developed countries (Khan 2005; North et. al 2007). Moreover, as Allen (1995) points out, a more careful reading of African political history reveals a much greater variation and change in the nature of African polities.

Faced with often rapid de-colonisation and intense ethnic, regional, and class contestation, African leaders sought to achieve political order and electoral competitiveness through the construction of patron-client links in two ways: either a) a reliance on individuals who have considerable local following; or b) the use of patronage politics to bind local notables to emerging parties and local voters to the candidates supported by such parties (Allen 1995: 304). These initial post-colonial strategies bred significant factionalism within political movements and led to crises in governments across the continent by the late 1960s. The resolution of these crises in governability and political order led to two different types of responses in terms of political re-organisation. Both involved the retention of clientlelist and patrimonial practices.

However, Allen argues that patrimonialism in the African context transformed into two broad categories: firstly, centralised bureaucratic patrimonial systems (such as Tanzania, Zambia); and secondly, more fragmented, 'spoils systems' (Zaire/DRC, Nigeria). The former involved the centralisation of power in the executive (where the dominant institution in the one-party state was the presidency with strong supporting party links). The latter involves a more personalist and narrow presidentialist rule without extensive political party support and the implementation of 'divide and conquer' strategies to more selectively accommodate ethnic and regional interests. The latter strategies resulted in a more 'winner takes all' (or indivisible) distribution of resources. Thus, a basic difference between these two types of rule is that the former was more institutionalised and inclusive in distributing patronage than the latter, which was based on more personal and more selective (or exclusive) distribution patterns. Furthermore, Allen argues that the former are more likely to be more stable and less violent. Thus, this paper attempts to develop a framework in order to understand the politics underlying the ability of the Zambian political leaders to centralise and bureaucratise power in the executive.

There is a wide range of theoretical work in economic and political science − beginning with the works of Hobbes and Machiavelli − that supports the view that a relatively powerful central patron is a necessary but not sufficient condition for the construction of developmental outcomes. In more recent times, in the economics literature, Shleifer and Vishny (1993) argue that the degree of centralisation of state institutions has important effects on the extent to which corrupt transactions affect economic growth. In this model, bribery has a much less negative affect on development when state institutions are centralised as opposed to fragmented. This is because a more centralised state structure allows the executive to coordinate the bribe take and thus limit the size of bribes so as to choke off economic activity. In more fragmented states, where multiple agencies take bribes independently, a 'prisoners dilemma' problem emerges since each agency takes the quantity of state favours/licenses supplied by other agencies as given, while attempting to maximise its own bribe collection. As a result, the bribe level for each individual state agency is set at such a high level that the demand for licenses and state regulation declines, which reduces economic activity.

The Sheifer and Vishny model can help explain why centralised state agencies as in South Korea had less damaging forms of corruption than say in more fragmented states in South

Asia or in some sub-Saharan African countries such as the Zaire/DRC or Nigeria.[2] Another beneficial effect of centralised corruption/patronage (not discussed by Sheifer and Vishny) is that the predictability of contracts may be higher than in more fragmented state systems. This is because the enforcement of contracts is likely to be higher in centralised system versus more fragmented ones.

Olson's (1993) 'bandit theory' offers a similar insight into the advantages of centralised rule. In this model, a leader that has a long time horizon, what he calls a 'stationary bandit', has the incentive to maximise the rate of economic growth as this will maximise the resources accruing to the state in the long-run. In short, stationary bandits have an 'encompassing' interest in promoting economic development. This contrasts with a situation of 'roving banditry' where there are either competing regional warlords or where the executive hold on power is fragile. In this case, leaders have a short-run time horizon and they pillage the economy as fast as they can which has obvious negative effects on economic activity. Once again, this model can help explain why successful economic development has occurred under some types of authoritarian rule.

The weakness of both models is they do not explain why some centralised states have produced horrific negative outcomes such as genocide (Nazi Germany), and politicide (Pol Pot's Cambodia, Stalin's Soviet Union). Nor do they tell us why centralised rule under one-party states such as in Tanzania and Zambia (as we shall see) have generated dysfunctional economic policies for long periods of time. Without incorporating ideology and the political support base of centralised rule, it is impossible to assess the motivations of leaders. One factor that seems central to understanding the behaviour of rulers is the extent to which predatory actions are effectively deterred by members *within* the ruling coalition, a point I return to below.[3]

Why would the extent to which centralised patronage (and even corruption) contribute to state resilience, which is important to consider as an achievement in a continent ravaged by civil wars and subject to severe economic decline. Moreover, the ability of the state to function and not collapse, when experiencing poor economic performance (Tanzania, Zambia in the 1970s and 1980s) or even when faced with violent political challenge (such as in Mozambique and Colombia) may be central to understanding the prospects of post-war and/or post-depression economic reconstruction. A key challenge of this paper is to establish criteria for determining the degree of centralisation in Zambia since 1970.

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[2] See Khan 2000 for a critique of the Shleifer and Vishny model, and in particular the inappropriateness of viewing the bribe game as a one-shot or static process.

[3] Equally important, these models do not explain why some authoritarian regimes are substantially more pro-poor, or socially inclusive in terms of policy than others. For instance, most cases of major land reform in the twentieth century have taken place in a handful of *non-democratic* regimes (South Korea, Taiwan, Cuba, Eastern Europe, the Soviet Union and China). The role of land reform and of promoting a more equal distribution of income has been considered by many to be essential to contributing to political legitimacy and stability and hence the rise of developmental states in Scandinavia (Bloomström and Mellor 1991) and East Asian economies (Putzel 1992; Kohli 1999). This raises two important points: first is that, contrary to the proponents of good governance, there is little evidence that competitive democratic elections produce large-scale pro-poor institutional changes; and second, without incorporating the ideological motivations of leaders and examining the way legitimacy is constructed, it is difficult to assess the policy stance of a 'stationary bandit'/authoritarian regime. State resilience (whether under democratic or authoritarian rule) is surely dependent on the extent to which the state can command authority, which is, in turn, dependent on the extent to which the state is at least passively perceived to be legitimate.

It is also important to establish how and why centralised rule and patronage is maintained and how it matters for maintaining political order. North et al. (2007) provide some important clues. They argue that models of state building make two assumptions that lead to misunderstanding with respect to how and why polities form: the first is that the state is modelled as a single actor; and the second is that the state has a monopoly on violence. Well known examples include Olson's (1993) stationary bandit model, and North (1981) and Levi's (1988) revenue-maximising monarch, as well as standard theories of rent seeking (Buchanan et al. 1980). Following the insights of Thomas Hobbes, they argue that a more realistic place to begin is to assume that violence potential is prevalent throughout society rather than being concentrated. That is, it makes sense to *explain* rather than *assume* that the state has a monopoly on violence. The establishment of political order and peace in the model requires the creation of incentives for groups to compete for resources through non-violent mechanisms.

The principal solution through history to the classic Hobbesian problem of endemic violence is the creation of what they call 'limited access orders' (as opposed to the much rarer, open access orders that characterise advanced market economies). The limited access order creates limits on the access to valuable political and economic functions as a way to generate rents. The dominant coalition creates opportunities and order by limiting the access to valuable resources (land, labour and capital) or access and control of valuable activities – such as contract enforcement, property rights enforcement, trade, worship and education – to elite groups. When powerful individuals and groups become privileged insiders and thus possess rents relative to those individuals and groups excluded (and since violence threatens or reduces those rents), the existence of rents makes it in the interest of the 'privileged insiders' to cooperate with the coalition in power rather than to fight. In effect, limited access orders create a credible commitment among elites that they will not fight each other. Of course, the maintenance of rents depends on the stability of the coalition in power. Thus, in limited access orders, the political system constructs the economy to create rents as a means of solving the Hobbesian problem of endemic violence and political disorder.

The Zambian narrative developed below will show how and why the construction of political organisations, particularly dominant political parties, has been central to providing the institutional mechanisms of distributing patronage to regional elites and to important political constituencies in ways that either prevent challenges to authority and/or maintain cohesion of the ruling coalition. Further evidence of the importance of political party organisation and centralised patronage in the maintaining state resiliency can be seen in the cases of South Africa, Tanzania, Botswana and Mauritius. These countries all have strong centralised national parties. Uganda under Museveni would be another example of the construction of centralised patronage backed by a strong political organisation. Beyond the African context, there is a substantial literature on the role that political party pacts have played in maintaining peaceful transitions to democracy in less developed countries (Burton and Higley 1998). Moreover, this line of inquiry will help establish why 'horizontal inequalities' become more politically salient in some contexts as opposed to others.

It is important to point out that the presence of strong national parties does not necessarily translate into competitive party politics. Many of these countries can be characterised by one-party rule, as the Zambian case will illustrate. This challenges many notions of good governance that posit that state reconstruction needs to be based on competitive electoral politics.[4] What seems to matter for the construction of resilient states is the institutionalisation of centralised rule. Political parties provide a potential focal point from which to organise the inclusion of contesting groups, and do so in a way that does not unleash the activation of (ethnic, religious, linguistic) boundaries that competitive multi-party politics can in the context of scarce resources and an underdeveloped interest group structure (Snyder 2000).

A third task would be to explain why centralised patronage and rule contributes to state resilience. This requires the development of some basic propositions. Drawing on the insights of Olson, Allen and Shleifer and Vishny, the following propositions are put forward as an organising framework for understanding state resilience in Zambia:

a. Centralised patronage and rule enables the executive to have an *encompassing interest* in the maintenance of political stability. As such, most ethnic and regional elite interests will likely be accommodated in the distribution of limited patronage. It is also likely that the development of cross-ethnic coalitions will prevent the development of horizontal inequalities that can contribute to political violence.

b. Centralised rule and patronage based on the support of well developed national political organisation will limit the extent to which the executive engages in predatory and even violent actions. The emergence of centralised rule based on political organisation building means that the legitimate rule is based on rewarding the most powerful elites and factions (North et. al. 2007). This patronage may take many forms including the sanctioning of land rights, rights to valuable resources, state employment, cheap credit, import licenses, export subsidies and so on. Thus, the development of national political organisations creates the incentives for leaders to create durable coalitions and to credibly commit to protecting the privileged rights/entitlements of powerful elites. Moreover, the development of a national party is unlikely without the construction of a diverse ethnic and regional coalition of elites (regional patrons) and their clients. This is likely to prevent horizontal inequalities between ethnic and regional elites but does not of course address social and class within regions and ethnic groups. The point here is that the construction of capitalism through primitive accumulation is unjust, brutal and conflictive; but we need to explain why such processes generate state resilience in some contexts and not others. In sum, a key variable in preventing predatory/violent rule is the existence of coalition members who provide a deterrent to the ruler withdrawing the support of the property rights/entitlements. At the same time, the inclusion of powerful elites in the division of state patronage deters such elites from challenging state rule through violent or other means. What would also needs to be addressed (though not developed in this paper given its exclusive focus on Zambia) is why some patronage and entitlement structures, which may generate political orders, also generate rapid economic growth and development in some contexts and not others.

c. Centralised patronage and rule with well developed political organisations is more likely to create a loyal and unified military. This follows from the second proposition. If most of the powerful elites receive their share of economic rents within the ruling party structure, they are less likely to mobilise and promise future rewards to factions of the military to rebel. Fragmented patronage systems or cases where the rulers survive on 'divide and conquer' tactics are more likely to activate ethnic and regional boundaries, which will more likely generate greater grievances. This creates

[4] See Snyder (2000) and Paris (2004) for a discussion on how competitive elections can generate political instability in the context of underdevelopment.

incentives for excluded elites to rebel, which weakens the effective security of the entitlements of the few privileged asset owners in the polity. Fragmented systems are also more likely to have a more fluid turnover of ministerial posts (which is a proxy for access to privileges) and more military challenges to state authority. It is well known, for example, that in Zaire, Mobutu created multiple parallel military and para-military organisations to ward off challenges to his rule. This proposition will be addressed briefly in the course of the analytical narrative.

d. Centralised patronage and rule with well developed political organisations does *not* prevent faction-fighting within the ruling coalition but creates the institutional context in which bargains can be made and limits the possibility large-scale challenges to state authority will occur. If a given faction or elite becomes dissatisfied with their share of state resources, it is costly for such a faction to rebel. There are several reasons for this: first, it is difficult to mount a violent challenge in the face of a unified military; second, as long as the coalition remains largely intact, state support for the regime is unlikely to wane in the face of a few defectors; and third, the economic cost of exiting the coalition is high since the ruling coalition in centralised systems controls access to most of the valuable assets. In sum, the net benefits of exiting ('the only game in town') are costly in economic and political terms. As stated in proposition 3, the motivations and potential net benefits of challenging the state are likely to be much higher in fragmented patronage systems where 'divide and conquer' strategies reign, the security of entitlements are weaker and the contestation over rights is likely to be more violent.

e. Finally, centralised patronage and rule is more likely to manage adverse economic shocks and crises in ways that do not generate state breakdown. There are several reasons for this. Because the ruling coalition represents a more 'encompassing' interest than in fragmented/spoils-systems patronage, there is both the collective action capacity and incentive for leaders of a ruling coalition to reduce the downturn in patronage resources in a relatively egalitarian way. In the fragmented patronage system, no such institutional mechanism exists to distribute the downturn in patronage. The reduction in patronage resources makes 'divide and conquer' strategies more difficult since there are fewer resources to play off competing factions. Moreover, given the fragmented nature of militaries in such systems, downturns in economic fortunes are likely to create incentives for factions of the military to act opportunistically and foment rebellion. The mechanisms posited here may explain why negative commodity shocks in the DRC (a fragmented/spoils system) led to large-scale civil war and state breakdown, while a similar commodity shock in Zambia (which we shall see approximates a centralised patronage system with a dominant political party) has not led either to state breakdown or large-scale political violence.

The rest of the paper attempts to address each one of these propositions in light of the political and economic history of Zambia. Moreover, this framework will enable us to consider the extent to which that history has neglected and/or inadequately explained state resilience in Zambia. Before examining the political construction centralised patterns of patronage, we turn to the political economy underlying the protracted and profound economic decline in post-independence Zambia, which only underscores the non-trivial achievement of political order in the face of the dramatic decline in the resources available for political leaders to distribute in the form of patronage.

The elements of state resilience in Zambia

If long-run episodes of economic decline and poverty are among the main causes of state collapse and widespread political violence (Collier et al. 2003), then it is important to understand how the Zambian state has remained resilient despite confronting among the worst declines in economic growth and increases in poverty over the past forty years. Indeed, there are few examples of resilient states that have experienced the levels of economic decline that Zambia has experienced. While Zambia's state resilience is hardly unique in Africa, only Malawi, Tanzania and Botswana share a comparatively tranquil record, and all of them, particularly the latter, have a more impressive economic performance record in the past forty years (Burnell 2005). A second important reason to explain state resilience in Zambia is that it is surrounded by five countries that have experienced protracted civil wars. The literature on regional war complexes (Wallenstein and Sollenberg 1998) argues that being in a 'bad neighbourhood' increases the risk of violent domestic conflict.

There are two important senses in which the Zambian state has been resilient. The first is that there has been a lack of large-scale political violence in the postcolonial period (Burnell 2005). This is not to say that there has been no repression, no coup attempts, no labour unrest or some political violence, but these have been relatively mild, compared with its neighbours. The second sense in which the state has been resilient is its ability to maintain relatively robust levels of tax collection. More research is needed on tax collection in Zambia in the 1970s and 1980s. However, more recent evidence suggests that Zambia is a relatively high tax collection state (Table 2).

Table 2: Tax Collection and Composition in selected Sub-Saharan African countries
Source: IMF, Government Finance Statistics; Fox and Gurley 2005.
Note: * at $US 2000, market prices

Lower tax countries	Years	Tax Revenue (as % of GDP)	Trade Taxes (as % of total taxes)	GDP/cap (market prices/$*)
Congo (DR)	1998-2002	4.5%	32.0%	$600
Central African Rep.	1992-96	6.1%	39.0%	$1,055
Chad	1994-2000	6.5%	34.0%	$801
Niger	1994-2000	7.9%	57.0%	$678
Rwanda	1993-99	9.3%	18.0%	$931
Tanzania	1992-99	9.6%	35.0%	$524
Uganda	1998-2003	11.4%	16.0%	$1,167
Mozambique	1993-99	11.4%	18.0%	$799
Ethiopia	1993-97	12.9%	40.0%	$814
Mali	1991-2000	12.9%	30.0%	$784
Malawi	1993-2000	14.2%	15.0%	$583
Average		**9.7**%	**30.3**%	$**814**

Higher tax countries				
Botswana	1993-98	32.5%	18.0%	$8,347
South Africa	1998-2002	25.5%	13.0%	$8,764
Zimbabwe	1992-97	22.5%	19.0%	$2,498
Kenya	1992-2001	23.1%	17.0%	$1,033
Zambia	1990-99	**18.1**%	**12.0**%	$**785**
Cote d'Ivoire	1991-99	18.0%	40.0%	$1,582
Senegal	1992-98	16.0%	28.0%	$1,427
Nigeria	1992-2000	15.2%	18.0%	$854
Average		**21.4**%	**20.6**%	$**2,420**
average (excl. Botswana, S.Africa)				$**1,363**

In the period 2001-2005, total tax revenue in Zambia declined slightly, but still averaged over 17.5 percent of GDP. To the extent that tax-collection efforts are not built over night, it is reasonable to assume that Zambia's relatively high tax take is not a recent creation.[5]

Although copper comprises over two-thirds of government revenue,[6] Zambia's tax base is more diverse than in most sub-Saharan African countries at low-income levels (Figure 2).

[5] There are several points worth considering with respect to the data in the table. First, as standard theory predicts, low tax countries tend to have much lower income per capita and tend be much more reliant on trade taxes, which means that the fiscal consequences of trade liberalisation can be devastating if alternate forms of tax are not quickly increased. However, income per capita is not necessarily associated with higher tax takes. For instance, there are many countries with a lower income per capital than the Central African Republic and Uganda that collect a much higher share of taxes as a percentage of GDP. Second, the level of tax collection does not necessarily indicate that the state has the capacity to promote rapid economic growth. Uganda, Mozambique and Tanzania have been among the fastest growing African economies in the period 1900-2005, yet have relatively low tax capacity. South Africa and Zimbabwe have higher tax capacity but have had not had nearly as impressive growth rates over the same period. Finally, tax levels do not necessarily indicate that a state or government is legitimate. Recent episodes of political violence in Kenya and Zimbabwe, two relatively high tax states, are examples that relatively high tax collection does not preclude violent challenges to state authority. In these two cases, further research is needed to explain if high tax rates were the result of compliance/consent, administrative effectiveness, or unsustainable levels of coercion.

[6] Revenue from copper taxes is collected within the category of trade taxes and VAT in Zambia.

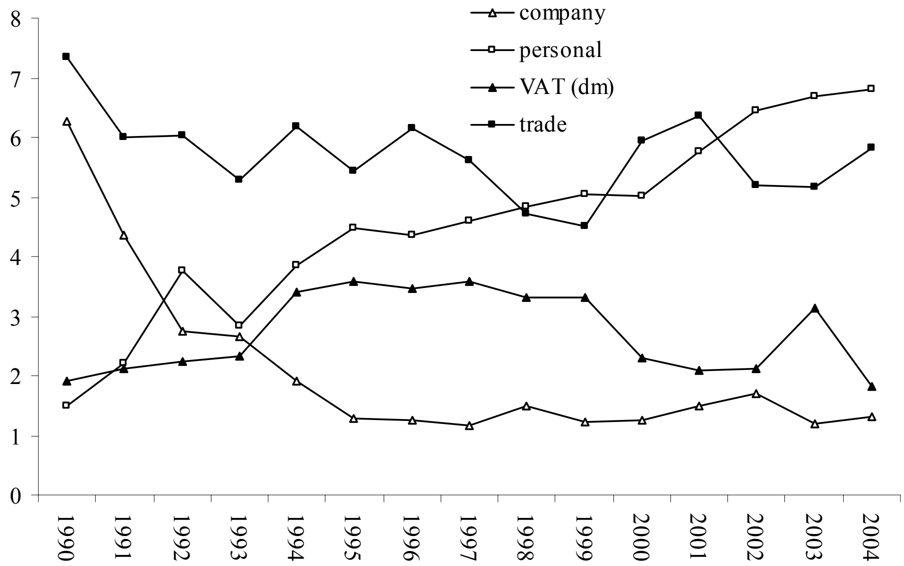

Figure 2: Zambia: Types of Taxes as a Percentage of GDP, 1990-2004
Source: Weeks et al. 2004.

All four major types of taxes make some contribution to tax collection, which, along with the tax level, indicates broadly the extent of state control over resource mobilisation. Moreover, unlike for almost every other sub-Saharan country, personal income taxes brought one of the largest shares of revenue in Zambia (Weeks et al. 2004). This indicates a relatively high level of taxation from labour income, the implications of which will be discussed later. Finally, given the tariff reductions during the 1990s, trade taxes held remarkably steady in their contribution, suggesting there to be limited scope for increased revenue from this source, but also that trade liberalisation does not necessarily weaken the fiscal base of the state in a low income country as has been argued, for example, by Baunsgaard and Keen (2005).

In sum, state resilience in Zambia was based on the ability of the state to maintain two core functions: first, there were no major large-scale political challenges to its authority; and second, the state maintained a monopoly over tax collection in the territory. The next sections attempt to examine how and why this resilience was maintained.

Historical evolution of centralised patronage and stable elite bargains in Zambia

As argued above, the construction of centralised patronage is central to the prospects of creating stable elite bargains, and thus state resilience. Where leaders organise the settlement between executive authority and elites (those who command significant social and economic power) through a centralised political party, or a political pact around clearly defined rules, they have tended to create a more resilient state. The extent to which regional elites are provided economic rents by the executive is central to limiting the prospects of non-state challenges to state authority. If the executive's authority can be vetoed by too many rival elite actors this tends towards fragmentation and fragility.

Moreover, the emergence of a dominant political party provides an organisational base to such patronage patterns and provides limits on the extent to which the executive can assume predatory tendencies. The political organisation of state power needs to incorporate at least one veto point to the executive's authority that can act as a 'third party enforcer' of the rules by which the executive wields authority, which can allow cohesion rather than fragmentation of state authority and yet pre-empt a noxious absolute executive authority. High-level party cadres − which in practice are comprised of ministers, union leaders and powerful business groups − are the main group that provides a check on predatory tendencies of the executive. However, in the Zambian case, it will also be shown that urban consumers formed an important constituency of the dominant political party and were thus an important check on what types of economic policies were politically feasible.

The struggle for independence and the rise of political parties

The political struggle to overcome colonial rule in Northern Rhodesia is central to understanding how national political organisations were created. The rise of African protest was, as in many colonial contexts, the result of economic exclusion, exploitation and repression. The basic contours of the colony were as follows.[7]

The British Mining Company acquired the territory of Northern Rhodesia (then a part of the larger Central African Federation colony) in the 1890s mainly for the purposes of mineral prospecting. The company had obtained land rights over the territory by a series of treaties with local chiefs. With increasing world demand, the copper-mining industry grew rapidly with the value of exports increasing five-fold from 1939 to 1960.

The main beneficiaries of the expansion of mining were the maize-growing areas along the railway line in the southern and central provinces. Within the Copperbelt, however, there were vast differences between the material standards of Europeans and Africans (Roberts 1976: 190). A range of colonial government policies − including taxation of Africans, forced labour, land and agricultural policy − contributed to the deterioration in the quality of life in the rural agricultural communities and reinforced this situation. For example, African farmers were restricted in the crops they could grow in order to limit the income-earning alternatives to working in the copper mines. The mining companies invested in a railway across the country and other infrastructure to support their activities, but this infrastructure left rural areas virtually untouched.

Northern Rhodesia had an unbalanced development that was aggravated by colonial policy in the agricultural sector, which encouraged a small number of European settlers at the expense of African farmers. The main beneficiaries of the expansion of mining were settler farmers in fertile maize-growing areas along the railway line in the southern and central provinces (Roberts 1976: 190). Native Reserves were established in 1928-1929 for those forcibly expelled from this land. Access to markets by African farmers in the Native Reserves was constrained by poor transport, though in Southern Province African farmers increased the production of maize for the market. As a consequence of colonial policy, the incomes in the rural agricultural sector remained low and stagnant, prompting migration to the mines and other urban areas**.**

Consistent with the plan for colonial Zambia to be a settler colony, skilled work was reserved for Europeans, and Africans were restricted to unskilled labour, formalised by different wage scales based on race. Moreover, there was little investment in education for Africans. The colonial government left most of the education in the hands of Christian missions (Roberts

[7] This colonial history draws substantially on Roberts (1976), which is the only work on the period that examines issues of political economy in a comprehensive manner. There is much scope for historical work on colonial Zambia.

1976: 191). In fact, the first secondary school opened as late as 1939. In the period 1940-1950, the government spent thirty times as much on each white child as on each black child (Roberts 1976: 194). Because of both discrimination and lack of schooling, by 1964 the average European miner earned seven times what the average African miner earned (Weeks et al. 2004).

The first impetus for change came from white settlers themselves. The British South Africa Company became a drain on the mineral wealth of Northern Rhodesia. The total levy, in royalties and taxation, on the profits of mining was approximately 30 percent, but only 12.5 percent went to the Northern Rhodesian government in the 1930s (Roberts 1976: 193). By the 1940s, most Europeans in Northern Rhodesia felt that their position could best be safeguarded through some form of closer association with the while settler regime in Southern Rhodesia. In 1953, both Rhodesias were joined with Nyasaland in a Central African Federation, and this clearly aligned Northern Rhodesia closer to white southern Africa than to the 'black dependencies' in East Africa (Roberts 1976). Ironically, however, it was precisely this attempt to subordinate Northern Rhodesia to the white south that provoked the rise of popular African movements dedicated to overthrowing colonial rule.

African responses to colonial rule in Northern Rhodesia were conditioned by the slow pace of economic and social development. Some of the earliest moves toward political organisation began in Nyasaland where education of African had advanced the furthest. Nyasas occupied most of the clerical posts and other skilled jobs open to Africans in Northern Rhodesia. It was from this cadre of workers that the first African political associations in Northern Rhodesia were founded in the late 1940s (Roberts 1976: 196). They were also the precursor to national political organisations that were to develop a few years later (Simutanyi 2005).

The centre of activity was Mwenzo, where the Scottish Livingstonia mission opened a station, eventually known as 'Livingstonia' in 1894. Livingstonia had an enormous influence on the growth of African protest in Northern Rhodesia. Students at Livingstonia came from a variety of backgrounds but rapidly developed a sense of common identity as Africans. African were trained to become church leaders and school teachers, and the education they received was considered the best in central Africa at the time. Many of the students educated there became teachers in the few newly formed schools and the families of this group, including the Kaunda family, became political leaders, particularly in Bemba country in the northwest of the country.

Roberts (1976: 201-7), however, argues that the modern political history of Northern Rhodesia really began in the late 1930s when the Copperbelt emerged after the depression as the economic driving force of the country. The mining towns brought large numbers of Africans in close association and conflict with a small number of dominant and exploitative European mining owners and colonial officials. It was in the mining towns that popular African protest and discontent first found effective expression through recognised African leaders, particularly leaders fighting for workers rights around issues of wages, working conditions and the provision of housing.

The first strike of African mineworkers took place in 1935 in Mufulira, which caused substantial rioting. Six workers were killed by the colonial police. There were several important consequences of this. First, the colonial government strengthened the role of 'tribal councillors' in order to construct channels of communication between the government and workers. The perception that tribal leaders were allies with the colonial government was to undermine their legitimacy once independence became a reality. Second, European workers came to fear the growing strength of African workers and themselves formed the Northern Rhodesian Mineworkers Union as a way to protect their own wages and jobs. This further fuelled resentment among African mineworkers. Third, the colonial administration tried to divide and conquer the African workforce by giving special privileges to the so-called 'boss-boys', or African foreman in charge of monitoring workers. This temporarily divided the African labour union but did nothing to improve the vast differences in wages and living conditions between European and African workers. Moreover, the 'boss-boys' themselves began to resent the fact that they has similar skills and capacities as their European counterparts but were being paid far less.

The most important outcome, however, was the formation, from 1942, of the African welfare societies that formed in the mining towns of the Copperbelt. They were mostly led by teachers, clerks and foreman, but they defended the interests of workers in general (and not just mineworkers) and they were considered by Africans to be much more effective than the Urban Advisory Councils (set up by the colonial government in collaboration with 'traditional authorities') in bringing the problems of mining communities to the attention of mining companies. The growth of welfare societies in the Copperbelt encouraged workers to set them up in other rural areas. By 1946, a network of welfare societies had developed through most parts of the country.

The spread of such societies was facilitated by the fact that the Copperbelt had attracted migrant workers from nearly all parts of the country, and these workers maintained ties with their home villages throughout the colonial period. This growing network encouraged Dauti Yamba, a teacher who had founded the Luanshaya welfare society, to convene a meeting in Broken Hill where representatives from all of the welfare societies in Northern Rhodesia met. The significance of this meeting was that it led to the formation of the Federation of African Societies, which two years later became the Northern Rhodesian Congress, a forerunner and the inspiration for the development of the nationalist political parties. The welfare societies also provided the guiding light that collective action among workers was necessary to achieve improved wages and working conditions; in 1949, the Northern Rhodesian African Mineworkers Unions was formed and it represented nearly half of all African mine workers. While other unions in railways and road construction formed, the mineworkers union was one of the main focal points of the independence struggle that was to ensue.

The rise of an African working class consciousness raised fears among Europeans. One of the main strategies employed by Europeans was to lobby for an official merger between the two Rhodesias as well as end mining royalties to the Colonial Office. A Federation was achieved but the tax take benefited Southern Rhodesia to a far greater extent, which in the end undermined the economic logic of amalgamating the two Rhodesias (Roberts 1976: 205). However, the proposition of amalgamating the two Rhodesias further threatened the positions of African since such an amalgamation would increase the domination of Europeans who were wealthier and more numerous in Southern Rhodesia. It was this fear that sparked notions of nationalism and led leaders of the Federation of African Societies to form a more explicit political organisation: the Northern Rhodesia Congress, whose political base was in the towns and among trade unions (Roberts 1976). The welfare societies had built a sufficient network in rural areas upon which a national base of support could be built. In 1951, the name was changed (and symbolic of its intentions) to the Northern Rhodesia National Congress.[8]

[8] In 1947, Kenneth Kaunda, one of the first graduates of the Munali school (the first secondary school for Africans built in Northern Rhodesia), joined a local branch of a welfare society in Mufulira, and led in its

The rise of the Northern Rhodesia National Congress did not prevent the construction of a Federation of the two Rhodesias. As a result, the popularity and legitimacy of the Congress temporarily faded. The decline in Congress' fortunes also was due to the revival of the copper economy in the period 1954-58. Indeed, a major challenger to Congress power among Africans emerged in the form of a religious movement in Bemba country: the Lumpa Church, founded by Alice Lenshina. The church drove to eradicate witchcraft, but became a focal point for many Africans (particularly in the north-east and in the Copperbelt) searching for an escape from European domination.

However, subsequent events were to prove fatal to the legitimacy of the colonial government. First, the tax revenues generated from mining benefited the more powerful Southern Rhodesian government to a far greater extent, which meant that, despite the revival of copper prices in the early 1950s, the Northern Rhodesian government was unable to provide significant welfare improvements outside (and even within) the Copperbelt. Second, a dramatic economic downturn in the mid-1950s (because of dramatic declines in copper prices) led to significant unemployment in the Copperbelt. In the period 1957-1962, jobs in construction fell from 66,000 to 24,000, and losing jobs also meant the loss of free housing (Roberts 1976: 204).

The economic depression proved decisively constitutive of a push for independence. The popularity of the Northern Rhodesia National Congress revived as many new leaders joined and fought to unite against the Federation and campaigned for the idea of independence in a nation they were calling 'Zambia'. The unity of this independence movement was far from certain. In 1958, Kenneth Kaunda, the Congress Secretary-General, proposed a more radical drive for independence than the Congress President, Harry Nkumbula, did. This led to a split. The Kaunda-led faction broke away and formed the Zambia African National Congress (ZANC). The ZANC's main support base was in the north and east, where most people who worked in the Copperbelt came from. Nkumbula, whose main support base was in the Southern province, remained Congress president. In 1959, the colonial government declared a 'state of emergency' when rumours spread that the ZANC was developing a plot to 'murder Europeans'. The ZANC was banned and several of its leaders, including Kaunda, were jailed. This further fuelled African resistance. In 1960, Kaunda was released from jail and assumed the leadership of the newly named United National Independence Party (UNIP).

In 1961, the UNIP staged a series of successful campaigns of civil disobedience in the northern and eastern parts of the country, where a significant amount of violence directed toward government property was occurring. This forced the government to hold elections that the UNIP won with over two-third of the vote. The UNIP dominance in the government led to the rapid demise of the Federation and paved the way for independence in 1964. With independence, the UNIP and the post-colonial government came into control of copper mineral rights, which was central to the prospects of promoting economic development in the post-colonial period.

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transformation into a branch of the Congress. Kaunda would later acknowledge that his experience in the Munali school, which was close to the capital, Lusaka, 'helped me make sense of Northern Rhodesia. See also Roberts (1976: 210-11) on the role that colonial army service and the spread of African radio had in the construction of what Anderson calls an 'imagined community' among African leaders in Northern Rhodesia.

It is important to note that the consolidation of UNIP's power, while relatively peaceful in African terms, did not occur without significant violence. It is also noteworthy that the dominance of UNIP was consolidated through a particularly violent destruction of the once powerful Lumpa Church. The Lumpa Church had developed a strong following in areas, in particular in the north east, that were also UNIP strongholds. The Lumpa were against any outside interference in their affairs, and their defiance of government authority led to violent clashes that resulted in 700 being killed (Roberts 1976: 221). Most of the Lumpa leaders were either killed or detained indefinitely.

It is also important to note how and why a nation comprised of numerous ethnic groups and regional interests came to be united under a dominant political party. Regional divisions in Zambia have deep roots in history (Roberts 1976). They are not mainly 'tribal' divisions. Of all the various pre-colonial political units, only the Lozi kingdom had continued to be an important focus of resistance to the central government. It is common among politicians and journalists to claim that Zambia has seventy-two tribes. Roberts (1976) maintains that this statement is based on stereotypes of colonial officials that were both meaningless and irrelevant. What is significant is the fact that the country comprises at least nine language groups, and although these all belong to the Bantu family, few people are fluent in more than two. English is understood by a small minority and there is no common African language such as Tanzania enjoys in Swahili. Instead, four main languages have become common for different parts of the country: Bemba, Nyanja, Tonga and Lozi.

The prevalence of these four common languages is essentially a by-product of colonial economics (Roberts 1976: 241). When people came to work in the mines and towns, they first became aware of a common identity with people speaking languages close to their own; and the patterns of labour migration tended to reinforce this growing sense of regional identity. Early patterns of labour migration linked the Lozi and other western peoples to Southern Rhodesia and South Africa; the Tonga and the eastern people of Southern Rhodesia; and the Bemba-speaking peoples of the north-east to Katanga. When the Copperbelt was developed in the late 1920s and 1930s, this attracted many Bemba speakers who already worked in Katanga. In 1964, nearly half of the African workers on the copper mines came from either Northern or Luapula Provinces, while only 2 percent came from Barotse Province, and less than 1 percent came from Southern Province (Roberts 1976). Thus the economic heart of the country was dominated by Bemba speakers in the north-east.

These patterns of migration had profound influences on the growth of nationalism in Northern Rhodesia. When UNIP took over the struggle against the Federation in 1960, it owed much of its support to Bemba speakers: most of them had spent their working lives entirely within the territory and many of them were concentrated within a few towns where party organisation was relatively easy to develop (Roberts 1976: 242).

In the Southern Province, by contrast, very few people had worked on the Copperbelt and in any case, the African National Congress maintained the largest following in the south. In the west, there had been very little popular involvement in mainstream economic and political activities. Labour had long flowed south to Livingstone and Rhodesia. This pattern was intensified when in the 1940s agents of the Witwatersrand Native Labour Association ('Wenela') began recruiting in Barotseland and the north-west for recruitment into South African mines. In the general elections before independence, UNIP did not receive much support in Barotseland, but this was partly due less with solidarity with the emerging nation than to a temporary alliance of interests between UNIP, which wished to abolish the Lozi monarchy, and Lozi dissidents who wished to reform it.

In sum, the struggle for independence was based on the substantial development of political organisation and the political and organisational construction of a ‘national identity’, which was to have a decisive effect on the degree of state resilience in the post-colonial period. It also noteworthy that nationalism and dominant political organisation formed around two coalescing identities: Bemba-speakers and Copperbelt mineworkers and town dwellers. These two factors provided the focal point of collective action that otherwise may not have formed in a country with deep ethnic and regional divisions. It remains an important area of research within our comparative framework to evaluate the nature of colonial struggles, and assess the extent to which struggles for independence were constitutive of a national identity and the construction of national political organisations rather than mere personality-led movements − which Sandbrook (1985) identifies as common in many sub-Saharan African polities.

Politics and ideas in the First Republic (1964-1972)

The rise of UNIP as the dominant political party was the main mechanism through which centralised patronage and a stable elite bargain emerged. How this became possible was the result of a contingent constellation of events as well as the political decisions and ideals of UNIP’s leader, Kenneth Kaunda. Pointing to the role that historical contingency plays underscores the specific nature of power settlements and organisation.

The first factor that loomed large in creating some sense of unity in post-independence Zambia was the role of threats, both internal and external, of which there were various sources. First was the threat that continued foreign domination of the copper industry posed. The colonial experience had convinced political leaders that wresting control over the main natural resource of the country was central to the prospects of state building and economic development. The second threat came from the regional powers in Southern Africa. Kaunda (1980: 158) argued that Zambia was ‘truly a war baby, born to the sound of gunfire on her northern, western and eastern frontiers‘. However, it was to the south that Zambia found itself in the position of ‘front-line state‘ – against white-ruled Southern Rhodesia and apartheid South Africa. On balance, this external threat proved to be an integrating force as it provided Kaunda and UNIP with a focal point that helped define what UNIP and the idea of Zambia stood for in world and regional affairs.[9] The third major threat, and one consistently emphasised by Kaunda and UNIP, was the threat of inter-ethnic and regional conflict. Kaunda and the UNIP leadership were convinced that limited political party competition was the key to avoiding a spiralling of ethnic tensions (Burnell 2005).

A second important unifying force was found in the background and ideas of Kaunda himself. Kaunda is one of the few politicians in Zambia who can claim to be a truly national figure. Most politicians, however unfairly, are identified with some regional interest. Kaunda was never considered someone who belonged to a specific ‘tribe’: he was born in Bemba country but his parents came from Nyasaland. This fact has given Kaunda a unique authority (Roberts 1976: 247). However, the maintenance of national unity and political order in Zambia resulted from political action, and in particular Kaunda’s leadership skills and the construction of an inclusive political organisational. Kaunda developed and promoted a

[9] It remains an open question as to why South Africa did not destabilise internal politics in Zambia, despite her resistance to the apartheid regime. Burnell (2005) suggests that it was due to Kaunda’s skill in foreign relations and to the weakness of the Zambian army, which posed little threat. Neither explanation seems convincing.

nationalist political philosophy known as 'humanism' (first presented to the nation in 1967), which claims to be socialist in principle. The idea was inspired by the ideals set out by Julius Nyerere in the Arusha Decleration. In practice, Zambia's 'humanism' is much less radical that Tanzanian socialism of the early Nyerere period. Kaunda identifies 'humanism' with 'African democratic socialism', but he condones private property and seeks to avoid, rather than encourage, class conflict (Roberts 1976: 246).[10]

Ideas alone do not make for political unity, and at independence Zambia was still far from being one nation. After the first election in 1962, UNIP emerged as the most successful party in terms of its forming nation-wide electoral support. The one main African party that challenged UNIP's dominance was the African National Congress (ANC), which drew its support from the Southern province and sections of Eastern and Western provinces. The two parties formed an alliance in 1962 to ensure that the white settler parties would remain minor actors in parliament. However, in 1964 the UNIP won an outright majority and formed a government without forming a coalition with the ANC.

The UNIP government that took control of Zambia at independence was deliberately composed of leaders from almost all parts of the country; only the north-west was unrepresented in the cabinet. This ethnic and regional balancing was to be a cornerstone of what made UNIP a legitimate national party and what prevented challenges to its authority (Molteno 1974; Posner 2005; Burnell 2005; Simutanyi 2005; Van Donge 1995. Lindemann 2009).[11] In the military the post-independence government recognised that ethno-regional imbalances had played a major role in military interventions across sub-Saharan Africa (e.g. in the Congo, Tanzania or Uganda). As a consequence, it abolished all racial or ethnic discrimination in recruitment for the Zambia Defence Force. This inclusive approach helped to ensure effective civil control of the military. As no single faction dominated the army, the possibility of one ethnic group organising a successful military *coup d'état* was very remote. On the whole, the UNIP government seemed initially well on the way to forging an inclusive and stable elite bargain.

However, UNIP was widely regarded by the ANC as essentially a 'Bemba party', while the African National Congress, the main rival party at the time, was seen by many people in UNIP as a 'Tonga party' (Simutanyi 2005). The ANC did not pose a threat to UNIP in national electoral terms, but ANC strength in the south challenged UNIP's claim to embody the whole nation of Zambia.

Despite the efforts at creating an inclusive elite bargain and accommodation, there was substantial resentment and antagonism among regional political leaders whose power was being eroded by Kaunda's growing power within UNIP. In 1966, a former UNIP cabinet minister, Naluminio Mundia, formed the United Party (UP), protesting the marginalisation of the Lozi people and the Western province more generally in the allocation of state resources. The UP had strong support among the Lozi in the Western province and those that worked in the Copperbelt. In a first important move toward centralising power, the government

[10] Indeed, Kaunda's 'humanism' is rooted more in his Christian beliefs and the ideals of mutual respect and co-operation rather than in a detailed socialist program (Roberts 1976: 246).

[11] For instance, the post-independence UNIP Central Committee (CC) – the key organ of the ruling party with formidable powers – was also fairly balanced in composition (Lindeman 2009). Significantly, the 1964 CC included the key leaders of all main factions, including S. Kapwepwe (Bemba), R. Kamanga (Nyanga), S. Wina (Lozi) and M. Chona (Tonga).

outlawed the UP in 1968, detained most of its leaders, and accused the UP of stoking ethnic rivalry and national disorder.

The road to political dominance for UNIP had to overcome some important political challenges. Former supporters of UP switched their allegiance to the ANC, who subsequently won all of the parliamentary seats allocated to Western province in the 1969 elections and was responsible for the lowest number of presidential votes Kaunda had received as head of UNIP. Within UNIP, the party conference in 1967 experienced intense faction-fighting along ethnic and regional lines. Kaunda's position as leader was not questioned, but the there was substantial conflict over which leaders would occupy the vice-presidency and other senior positions. Two tribal blocs formed in the competition to secure party leadership: the Tonga-Bemba alliance and the Lozi-Nyanja alliance. Simon Mwansa Kapwepwe of the Tonga-Bemba alliance won the vice-presidency, but the acrimonious nature of the battle threatened to split UNIP. This battle convinced Kaunda to exercise more authoritarian control over the party; he subsequently reduced the power of the vice-president and secretary general of the party and froze the number of central committee members. Kaunda was to later suspend elections for the central party committee and replace them with a list of leaders loyal to this reign as party chairman.[12]

In 1970, Vice-President Mwansa Kapwepwe resigned and formed the United Progressive Party (UPP) on the grounds that Kaunda had was marginalising leaders from his tribal group, the Bemba. This challenge had important political economy implications, since the UPP was popular not only in the Northern Province but also in the Copperbelt provinces, which was the main driver of capital accumulation, growth and fiscal resource mobilisation in the economy. UPP victories in parliamentary by-elections and its growing popularity threatened UNIP's dominance. The rise of UPP posed a fundamental threat to UNIP. In 1968, UNIP had lost three provinces to the ANC; and had UPP taken the Northern Province and the Copperbelt, it would have lost five of the nine provinces and become a minority party (Bates and Collier 1993: 398). The government outlawed UPP in 1971, again on the grounds that it was causing rising ethnic tension that might result in political violence. The UPP threat was one of the main reasons that led Kaunda and other UNIP leaders to introduce a one-party state by legislation.

Despite challenges from ANC and UPP, UNIP was clearly the only party with a national reach. UNIP had a 'first mover' advantage in organisational terms, given the coalescing of Bemba and Copperbelt working class interests developed during the independence struggle (as discussed above). This meant that, in reality, the term 'multi-party competition' may be a bit misleading to define this period. Rather, Zambia was characterised as more of a dominant party rather than a multi-party state. In this sense, the First Republic saw substantial centralisation of power in the form of UNIP's dominance. As such, post-colonial politics were shaped more by conflict and competition *within* UNIP rather than between parties (Baylies and Szefte 1992); and much of this competition consisted of regional and sectional power brokers, all competing for influence and power at the centre, which is why clientelist politics dominated UNIP's activities. That such clientelist competition took place around one party was central to prospects of the consolidation of centralised patronage.[13]

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[12] What is not clear in the literature is why the military and other regional leaders within UNIP allowed this move to consolidate so quickly. The most obvious explanation is that Kaunda had the most national power base among UNIP leaders.

[13] There is clearly the danger that factionalism within the dominant party could split the party, which is why the decision of the government to control many spheres of the economy in 1974 was to cement the need for

By 1972, the UNIP convinced the ANC to disband. The pact between UNIP and the ANC was signed in Southern province district of Choma and later became known as the 'Choma Decleration'. The UNIP provided the 'carrots' of high-level posts within UNIP and the government. At this stage, the road to a one-party state was well paved. Kaunda announced that the cabinet had decided to introduce a one-party state as response to inter-ethnic tensions and inter-party political violence. In this light, one of the main sources of political stability in Zambia can be traced to deliberate policies to reduce electoral competition, which, in other contexts, have generated substantial political violence (Synder 2000).

Finally, UNIP's power was further re-enforced due to the subversion and weakness of traditional forms of authority. There is a general consensus that chiefs as a whole have exercised remarkably little political power on the national scale in Zambia since independence. Although some chiefs supported the nationalist movement, many others, including the Litunga of the Lozi, were seen as collaborators with the colonial regime (Duncan et al. 2003: 46).[14] Gould (2006) notes that Kaunda subverted any overt challenges to his authority while conveying a powerful symbolic message to rural subjects about the subsidiarity of their local leaders. Kaunda was careful to grant traditional leaders the traditional trappings of respect, but in terms of political or administrative authority, their powers were limited to usufructary land distribution and arbitration in minor civil disputes. In land-abundant countries such as Zambia, the sanctioning of this type of authority had little political or economic significance.

Centralised patronage and the one-party state: politics in the Second Republic (1972-1991)

The consolidation of centralised rule was achieved with the capacity of UNIP to disband or co-opt contending political parties. This section examines how centralised patronage operated within the one-party state and why it was effective in maintaining political order. It will also be seen that the very mechanisms employed to accommodate elites and urban constituencies of UNIP were also dysfunctional to the prospects of effective economic development.

As mentioned earlier, the single most important factor that led to political stability was the general policy of the Kaunda regime to provide important cabinet posts to all main regional and ethnic groups in the country. Patrimonialism was not only centralised, it was also encompassing of all elites and prevented regional challenges to state authority. Most of the literature on Zambia stresses this point (Burnell 2005; Baylies and Szeftel 1992; Molteno 1974; Simutanyi 2005; Duncan et al. 2003). This pattern of distributing patronage in an inclusive manner across regional and ethnic elites was invariable among Zambian presidents throughout the period 1970-2008 (Lindeman 2009).

Second, the executive promoted the 'militarisation' of the civilian sphere, whereby high-ranking army representatives were included in the National Assembly, the government and the ruling party. This began as early as 1973 when Kaunda nominated the three heads of the armed services to Parliament and made all three Ministers of State. This approach was maintained throughout the Second Republic, with many current or former army officers appointed to cabinet or the UNIP CC. Significantly, the officer corps was deliberately drawn from all parts of the country. While detailed information on the composition of entire corps is

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contending power brokers to deal directly with the executive.

[14] Attempts over the years to organise 'traditionalist' parties in the Western Province, usually seen as the most conservative part of the country, have met with very little electoral success (Duncan et al. 2003: 46).

not available, a close look at all military commanders between 1973 and 1991 shows that all major language groups had substantial representation at one time or another (Lindeman 2009). Moreover, Kaunda frequently reshuffled top army officers to prevent them from building up their own power base.

Third, a key characteristic of UNIP is that it is a multi-ethnic and multi-regional party that does not systematically represent or develop policies that bias in favour of one ethnic group.[15] As Burnell (2005: 119) notes:

> 'Kaunda, a master of the ethnic and provincial arithmetic when making appointments, endeavoured to maintain loyalties across the political spectrum both through formal policies that dispensed public goods like spending on education and informal neo-patrimonial interventions, all managed within the inclusionary structures of the single party…. for many years the urban population continued to experience the benefits of subsidised maize (the nation's staple food) peasant farmers however remote from the line of rail enjoyed guaranteed sales, and industrial workers were kept largely quiescent through industrial protectionist policies and concessions to their wage demands. This political economy approach to maintaining political stability proved largely effective until the mid-1980s. And although socioeconomic inequalities (especially urban-rural) existed, policy towards managing the country's social and economic affairs was not ethnicised in ways that were highly discriminatory.'

Under the constitution of the Second Republic, introduced in 1973, Zambia became a one-party state, with UNIP as the governing party. Informally, the political authorities were referred to as 'the Party and its government' and Party and state positions became interchangeable (Simutanyi 2005). As such, the division between the state and party essentially disappeared. No political party was allowed to be registered by law and the UNIP constitution was an appendix to the national Constitution (Burnell 2005).

The Secretary-General of the Party was the leader, and the Prime Minister was second in command. Almost all major economic and political decisions were made in the Party's Central Committee. All of the usual ministries reported to the executive, and economic and political power is centralised. All cabinet ministers were appointed by President Kaunda. The cabinet defined and implanted all economic policies, and the Central Committee was responsible for presenting them in political and moral terms. In general, the cabinet and the ministers had the most influence principally because they were given vast resources and access to expert staff.

UNIP controlled nearly all the paths through which access to state resources and employment in the formal sector could be obtained. These included tariff protection, subsidised agricultural inputs, subsidised credit, state enterprise jobs and preferential exchange rates. The Party monopolised office holding at the national, provincial and municipal level. To rise in the civil service or military, one had to be a member of UNIP. In 1985, for instance, UNIP filled over 40,000 local offices at the section, branch and ward level in the capital, Lusaka, alone.

[15] As Simutanyi (2005: 38) notes: 'The implication for Zambia, as discussed in the context of the structure of the party system, is that ethnicity is not politically mobilised in a way that could be considered as a destabilising or even as a centrifugal force – and is even still far from being the major force for the fragmentation of the party system into ethnic parties, such as in the case of Kenya.'

By centralising and controlling politics and patronage, the only way elites could advance economically was to bargain with the party and its government. Party office became dependent on executive patronage − a strategy exemplified in the slogan 'it pays to belong to UNIP' (Baylies and Szeftel 1992: 79). In essence the UNIP leadership acted on the idea that replacing fractious multi-party competition with one-party participatory democracy would make the distribution of spoils more predictable and stable. As Kaunda (cited in Gertzel et al. 1984: 17) himself pointed out:

> The One-Party Democracy will help us weed out political opportunists…It has been fashionable in the past for any Party member…to threaten to quit, or indeed quit, the Party to join the opposition; for any civil servant…to threaten to quit…for any businessman denied a license or a loan on perfectly legal grounds to run to the opposition, the hope that if they formed the Government, he would be favoured. This era in which the politics of patronage has been a feature of life is gone.

In essence, the implementation of one-party rule created incentives for elites to bargain with the state rather than exit and form challenges to state authority.

In order to make centralised patronage a reality, two things need to be achieved. The first was political party presence throughout the territory, and the second was effective control over economic resources. One-party dominance would not have worked if either of these two tasks were not achieved. Political control is not effective unless the dominant party controls a substantial share of resource allocation.[16]

The Party achieved widespread penetration in all sections of the country. UNIP's most basic unit, the section, consisted of households. The sections contained between 10 and 25 houses; the branches, approximately a dozen sections; and wards, two to three branches. In rural areas, a ward would contain several villages; in the urban areas, a township would contain several wards. In these local units, offices were filled by ballot, with only UNIP members eligible to vote. In each district in Zambia, a district governor, political secretary, and executive secretary headed all government departments. These positions were all filled by appointments made in the Central Committee of the Party. Each province in the Second Republic was made up of several districts, and district officials were subordinate to a provincial member of the of the Central Committee, assisted by a provincial political secretary and a permanent secretary, all of whom were appointed by the Central Committee. The provincial minister was also a member of the Central Committee of the Party, which consisted of approximately twenty members. Like the members of the Central Committee, the provincial members were nominated as part of a slate of candidates chosen by the Party president.[17] The slate of candidates was ratified by the National Council and approved by the Party Congress, the two main representative organs of the Party. For most of the Second Republic, there was little competition for positions on the Central Committee. This both made the distribution of economic rents and political privileges stable and predictable, but made the polity vulnerable to opposition in the context of economic decline, as will be seen below.

[16] In this sense, the fact that Zambia has one, essentially 'non-lootable' mineral resource, copper, certainly reduced the prospects of significant capital accumulation outside of state control, the development of which can be politically de-stabilising (Le Billon 2001a & b).

[17] The number of members on the Central Committee expanded to 40 or so members in the last years of the Second Republic.

State control over the economy was also central to centralising patronage and forcing elites to bargain with UNIP.[18] As a result, widespread nationalisation of the economy was implemented, a process that was legitimate and standard practice in most post-colonial states in the 1960s, and one that was supported at the time by the Bretton Woods organisations. The Mulungushi Revolution announced the intentions of the ruling party to take control of the commanding heights of the economy from foreign capital (Burdette 1984). The revolution refers to the sequential nationalisations of portions of the retail, commercial, mining, manufacturing, banking and insurance sectors. The major reforms were carried out between 1968 and 1971.

The primary means of gaining state control was implemented through ZIMCO (Zambia Industrial and Mining Corporation), the largest state holding company. ZIMCO controlled the mining sector and related activities.[19] The government nationalised copper in 1969. It also controlled energy: an oil pipeline from Dar es Salaam, a refinery, and hydroelectric plants in Kafue and Kariba. It controlled transport: railways, roads and bus services, and the national airline. It also had substantial financial holdings, including two banks, a building society and the nation's insurance industry. It also dominated tourism and trade. Through the INDECO group of companies, ZIMCO controlled over one-half the manufacturing sector. By the mid-1980s, two-thirds of all formal sector employment was in either the government or in a public enterprise. The government throughout the 1980s was responsible for almost all formal employment in mining and services, and two-fifths of total formal wage employment in construction and manufacturing. ZIMCO accounted for over 80 percent of export earnings and most of the tax-revenue collection.

The role of ZIMCO and other state companies in maintaining patronage through state employment is well documented. The number of state employees increased from 22,500 in 1964 to 51,000 in 1969, and the state was recruiting labour at four times the rate of the private sector in the 1970s (Rakner 2003). Even during times of severe economic recession (for example between 1975 and 1977), total public employment increased from 124,760 to 126,260 in the government sector and from 116,150 to 128,350 in the parastatal, at a time when private sector employment fell from 120,320 to 98,730 (Szeftel 1982: 6). The maintenance of welfarist policies more generally, even during period of structural adjustment and economic downturn, was characteristic in the Second Republic.

UNIP maintained strong ties with ZIMCO. In the 1980s, twelve of the twenty-two directors of ZIMCO held membership in the Central Committee of UNIP, as did the director general and head of ZIMCO's management. In the face of mounting losses of ZIMCO, due to declining copper prices and mismanagement, the government reduced the power of respective company managers and further centralised power in the board of directors of ZIMCO. The government also used its control over ZIMCO to reduce consumer prices In order to enable firms to be able to produce sufficient supplies of basic consumer items at low cost, the government provided abundant allotments of foreign exchange, priorities in the allocation of import licenses, and subsidised credit for capital expansion. The INDECO companies were particularly favoured as they provided many of the processed food items and other basic

[18] It is important to note that the nationalisation of the economy was driven largely by the ideological leanings of the UNIP leaders, and in particular Kaunda's vision of state-led economic development. In this perspective, UNIP control over patronage was perhaps more a by-product of the UNIP leadership's ideology than it was an explicit strategy to control and centralise patronage flows. I thank Peter McDermott and Alan Whitworth for bring this point to my attention.
[19] The discussion of ZIMCO's operations draws on Bates and Collier (1993).

consumer goods. Price control on maize and fertiliser subsidies to farmers was also central to the plan of keeping urban consumer goods prices in check. ZIMCO thus represented an important resource for UNIP.

A central mechanism to maintain state and Party legitimacy was to provide cheap food prices to urban residents, a main support base for UNIP. This was also achieved through state control of the economy in the form of marketing boards. The agricultural policies implemented after independence were also based on rural policy objectives such as reducing the dominance of large-scale expatriate commercial farmers, and seeking to ensure fairness, national unity and economic justice (Sandberg 1990).

In 1971, the Zambian government mandated uniform, trans-regional crop pricing with the intention of equalising the market position of all ethnic groups and regions. In 1973, the National Marketing Board (NAMBOARD) was designated as the sole purchaser of maize and cotton in order to ensure fair and adequate agricultural distribution. The marketing arrangement provided some benefits to the widely dispersed smallholder farming community in terms of guaranteed prices, provision of transport and storage. But NAMBOARD proved unable to adequately perform its task because of chronic late payments to farmers and the inability to transport crops in a timely fashion. It also limited the expansion of large-scale farmers by limiting crop prices, which was one of the explicit tradeoffs between the maintenance of political stability and the promotion of economic development that characterised the Second Republic. This was seen with the co-existence of political stability with dismal agricultural growth performance (an issue I return to below).

Even though there was no inter-party political competition, UNIP did attempt to re-enforce its legitimacy by mobilising votes for the party ticket. The stability of food prices was the most important concern for urban dwellers. In search of urban votes in particular, UNIP used its command in urban township councils as a principal strategy. The local councils belonged to UNIP and only those who were members of UNIP could vote in council elections. The local governments had the power to control township markets. In the effort to secure local votes, the Party attempted to enforce price controls and even lower prices in order to gain popularity. In fact, the government consistently refused to withdraw costly maize subsidy (the staple food in the country), despite IMF and World Bank pressure. Many analysts trace the collapse of economic reform in the mid-1980s in Zambia to the riots of December 1986 over the price of maize. In the 1980s, the maize subsidy consumed between 10 and 20 percent of the government budget (Bates and Collier 1993: 401-4).

Through their power to license traders in the township markets, the urban councils controlled entry. By limiting entry, UNIP provided traders with the possibility of earning economic rents. In exchange the Party asked political favours from traders, which included requiring them to participate in demonstrations and rallies, and it solicited their help in turning out the vote. The most important service demanded, however, was the maintenance of stable and low food prices. In order to ensure low food prices *and* ensure economic rents for the traders, the Party used its leverage over the ministries setting food prices and the INDECO production companies to make sure that farm gate prices were low by subsidising inputs into food production. The Treasury and the INDECO companies bore the brunt of these subsidies, which were dependent on copper prices and production remaining buoyant.

There is also evidence that the Party used its control over licensing, credit and land allocation to promote explicit primitive accumulation for high-level party elites in agriculture, banking, industry and commerce as well as providing the highest level positions in state enterprises (Szeftel 1982; Baylies and Szeftel 1982; Bates and Collier 1993). UNIP promoted the development of a Zambian producer class by placing restrictions on the remittance of profits of non-indigenous-owned firms, subsidising loans for foreign citizens in light manufacturing and retail, and by manipulating licensing laws.[20] Generally, those seeking prominent positions in the government and in business strove to secure top positions in the Party, which contributed to the centralisation of rent deployment throughout the polity.

The rise of centralised political and economic control in the polity and state-led dominance of the economy generated paths of primitive accumulation and economic privileges. That is, producer interests themselves came to be defined as the result of the Party largely dictating who was to become a privileged asset owner or a privileged worker.[21] The command of the Party and the executive meant state control over the economy made interest groups dependent on the state for capital accumulation, but not in the traditional corporatist sense since there seems to be too little organisational power on the part of economic interest groups to dictate the terms of economic policy. Investigating how political and economic positions interacted is essential for understanding ongoing processes of class formation and assessing why traditional 'interest groups' themselves were themselves weak autonomous actors (Baylies and Szeftel 1982).

Economic underdevelopment of the non-copper economy is the most important feature to consider. The number of Zambian property owners at independence was miniscule as foreign owners in mining, agriculture, manufacturing and trade dominated economic activity. In the period 1964-1975, the state nationalised many industries, including copper, which altered the balance of economic power between the state and foreign and resident non-Zambian owners. By 1970, public enterprises accounted for over 60 percent of gross domestic product and accounted for one-third of all employees outside the central government. Apart from majority ownership of copper, the public enterprises accounted for over 54 percent of manufacturing production.[22] In 1973, only 9 percent of all land was owned privately by indigenous farmers.
The modest if important growth of the Zambian capitalist class in the Second Republic was the result of state policies to promote such a group through the assignment of assets and credits. Such a class developed not only through the 'Zambianisation' of parastatal managers, but also by distributing 'private' economic rents to top levels of the Party, civil service and parastatal managers. As Baylies and Szeftel (1982: 196) note:

> 'The particularly close association of the emergent bourgeoisie with the state apparatus is reflected not only in the background of the new bourgeoisie (those with party and public enterprise contacts), but also in the fact that of all those who held cabinet office from 1964, half had farms or business interests by 1976. Another 10 percent had smallholdings of less than 100 acres on state land.'

[20] At the same time, the Party adopted policies that limited the growth of the private sector economy. This was achieved by promoting state-owned enterprises, which were given several privileges including subsidised credit, privileged access to import licenses and tax concessions. In retail trade, the state imposed price controls on key consumer items and set up state-owned retail outlets that undercut private competition.

[21] Bates and Collier (1993) and Rakner (2001) argue that an outstanding feature of the polity was the extent to which organised interests stood isolated from the Party in terms of their ability to dictate economic policy. UNIP numbered among its enemies a large portion of commercial farmers (both expatriate and African), and private businessmen in trade and industry. The relationship with organised labour was more ambiguous. This portrayal is misleading since it adopts a strict distinction between state and non-state actors.

[22] In the private sector, Zambian capital was still a minor player in 1973: of the 84 construction and engineering firms with more than 100 employees, only three were owned by indigenous Zambians as compared with twenty-five by foreign companies and twenty-five by non-Zambian residents. The rest were owned by the state.

Privileging party insiders to accumulate capital was one of the main mechanisms through which contending regional interests were accommodated within the polity and the Party.[23]

Particularly important was the insistence of the government that among Zambian directors of foreign companies, a certain number should also be appointed to the boards of commercial banks. This not only was a mechanism for the party to deploy privileges to powerful Zambian elites, but it also created a group of directors closely linked to the political system and prepared to be an effective voice for foreign capital. The links foreign capital had with UNIP was one of the main reasons why the 'private sector' business associations were not effective in promoting a nationalist manufacturing strategy and why the pressure to resist economic liberalisation in the 1990s was so weak (as discussed below).

The link between private indigenous enterprise and the state is not just one of outward movement from the state apparatus to the private sector (Baylies and Szeftel 1982: 196). Given the state's control over the economy, there has been a tendency for private business to seek political contacts or an active role in the political process.[24] This can be seen in the backgrounds of nominees and elected members of Parliament in Zambia's first election: about 40 percent of those who placed their names under consideration had business interests.

It is worth noting that ex-patriot business groups were also a part of the elite bargain that emerged in the post-independence period. Asian and European capitalists were permitted to continue their investments, and some non-Africans were later to become parliament members in the Third Republic (1991 to the present).[25] Moreover, white settlers played an important part in the maintenance of business pressure groups such as the Zambia National Farmers' Union and Zambia Association of Chambers of Commerce and Industry. While some Zambian businessmen resent the apparent dominance of these organisations by expatriates or non-indigenous Zambians, there is general acceptance of their role (Duncan et al. 2003: 10).

The economic and social indicators available for Zambia broadly support the proposition that UNIP spread the benefits relatively evenly across large part of the countryside at the same time that there were elites who were receiving substantial economic privileges or rents from the centralised system of patronage. First, the very unequal distribution of income in the country is consistent with the appropriation of wealth by a small number of UNIP party cadres and business men. Second, the distribution of poverty that prevailed in the country suggests that urban areas were, on average, much less poor than their rural counterparts (notwithstanding the case that there is substantial social differentiation within each category) (Table 3).

[23] See Baylies and Szeftel (1982) and Szeftel (1982) on case examples of this process in land allocation, access to banking credit and in the deployment of manufacturing and construction licenses. These authors also point out that there was significant corruption in this process, which is not surprising since nearly all form of primitive accumulation are likely to contain some element of corruption (Khan 2006).

[24] The state also purposefully controlled the growth of those capitalists that were given privileges by nationalising particularly successful businesses. This created growing animosity among the new business groups who were among the most vocal supporters to end one-party rule by the late 1980s (Baylies and Szeftel 1982: 196).

[25] Kaunda's relatively benign treatment of ex-patriot capitalists was similar to Nyerere's policy in Tanzania, which can be contrasted with Idi Amin's policy of expelling Asian businessmen in Uganda in the 1970s. What is important about Kaunda's stance is that it symbolised the notion that UNIP stood for universal citizenship in the country and did not represent any particular racial or ethnic group.

Table 3: Poverty Incidence by province: Zambia: 1991-2003
Source: Weeks et al. 2004.

Province	1991	1998	2003	% of population (2003)
All Zambia	69	75	67	10,757,192
Rural	88	86	74	65.1
Urban	46	58	52	34.9
Province				
Central	70	79	69	10.2
Copperbelt	56	67	59	15.9
Eastern	84	83	71	13.4
Luapula	84	85	70	7.9
Lusaka	31	54	56	13.9
Northern	84	85	81	12.7
North-western	78	76	72	5.9
Southern	78	78	63	12.4
Western	85	90	65	7.6

Lusaka and the Copperbelt are the two main urban areas, and their poverty rates are substantially less than the other regions, which are mostly rural (see below for an account of why urban poverty has increased more recently). This is consistent with the UNIP maintaining low food prices in urban areas and providing substantial and relatively well paid employment in the government and parastatals. Also note that the poverty rates within rural areas are very similar across the country, which suggests that no particular region has been favoured in the distribution of state patronage. There is also evidence that education enrolment and test scores are similar in all of the regions of the country outside Lusaka and the Copperbelt, where indicators are considerably better (Das et al. 2004: 26).

The one main group that UNIP did not fully co-opt and/or secure loyalty from involved the strong national labour unions. This was not always the case. In the early days of African resistance, the trade union and nationalist movements, led by UNIP, developed close links, as they fought against racial discrimination and fought for economic and political equality. In fact, a generation of UNIP leaders rose through the ranks of the trade union movement in the Copperbelt with some important political figures such as Wilson Chakulya and John Chisata become ministers in the post-independence government (Bates and Collier 1993: 396).

However, post-independence relations became more precarious. The Zambia Congress of Trade Unions (ZCTU) had approximately 350,000 members, which comprised 70 percent of the formal labour force by 1990. Due to its strategic position in urban centres, labour unions have been influential in Zambian political life (Rakner 2003). The strongest national unions had a narrow agenda of fighting for better pay and working conditions, while the UNIP had a broader political agenda which included keeping work stoppages to a minimum in order to pressure the colonial government or to terminate work stoppages so as to gain confidence among the wider electorate (Roberts 1976: 242; Bates and Collier 1993: 396). This resulted early in the independence period in considerable Party-labour union conflicts (Bates and Collier, 1993: 396).

With the development of public enterprises, the Party sought to maintain labour discipline and control housing and public service community in the mines and elsewhere, which undercut the influence of trade unions. The UNIP also ran candidates in union elections as part of its effort to control as much of the economy as possible (Bates and Collier, 1993: 396). There were, however, significant efforts at co-opting union leaders. This was done by the Party placing union leaders in the boards of directors of state-owned enterprises. Nevertheless, the ZCTU was considered one of the strongest labour unions in sub-Saharan Africa (Rakner 1992).

A key moment in Party-union relations was the state-led 1971 Industrial Relations Act, which made ZCTU affiliation mandatory for union registration. The 1971 Act strengthened the powers of the party and government in industrial relations through clauses regulating strike activity and the industrial relations court. As ZCTU at the time was led by close political allies to UNIP, there was little objection to the growth in UNIP's power over industrial relations since the act increased the organisational capacity and power of the trade-union movement as a whole. The mandatory affiliation to one central congress ensured the enforcement of the policy of 'one industry one union' and thus granted the unions and organisational monopoly, unifying the union movement. Such a monopoly greatly improved the financial position of the trade unions (Rakner 2003).

Ironically, however, rather than gaining control over the union through state-corporatist measures, the UNIP government instead created one of the best organised and financially protected union movements on the continent. UNIP officials interviewed in 1991 emphasised the unintended consequences of the 1971 Act, and saw the legislation as one of the great mistakes of UNIP. ZCTU was the most powerful non-state association in Zambia throughout the First and Second Republics (Rakner 2003).

Thus, there is much less consensus in the literature on the extent to which UNIP secured a relatively powerful position vis-à-vis labour unions. Collier and Bates (1993) and Rakner (2003) in particular argue that UNIP did not fully co-opt labour. However, there is evidence that UNIP did maintain some leverage over labour. First, personal income tax is relatively high in Zambia, which suggests that the state-labour relations were far from antagonistic. If they were, then the collection of personal income tax would have been far more difficult. Second, UNIP controlled access to well-paid jobs, which would indicate that unions did not have autonomous power over employment policy. However, it is the case that wage demands by unions have been met by the state even in the face of economic declines (Rakner 2003: 49-50). The significance of this tense semi-autonomous relationship between the Party and the unions will be addressed below.

In sum, the Second Republic was characterised by the consolidation of one party rule and centralised patronage patterns. As suggested in the first section, such a pattern proved instrumental to the construction of a stable and predictable elite bargain, which conferred substantial economic rents and privileges to most of the main regional elites. This in turn contributed to the absence of violent challenges to state authority. This is not to say that the one-party state did not engage in some repression or more other heavy handed tactics (Erdmann and Simutanyi 2003) or that the polity was free from conflict. However, in relative terms, Zambia was peaceful during the Second Republic. The maintenance of this bargain, as we have seen, was dependent on buoyant revenues from copper, which proved to be ephemeral. What is notable about the 1980s is that the state maintained welfarist policies for its core constituents far longer than it might have had it introduced full blown economic liberalisation. The price of failing to reform eventually emerged in spiralling inflation, and an unsustainable external debt position.

The mechanisms through which political stability was maintained severely undermined the prospects of developing growth poles, including in the copper sector itself. There was substantial nepotism and corruption within most of the parastatals and a clear shortage of skilled workers. In industry, protection rents were deployed on political rather than economic criteria, and there was no evidence that the state was able to force the recipients of infant industry protection to reach any recognisable set of performance criteria. As a result, infant industries failed to grow up and added to the drain, along with parastatals, on national reserves.

In agriculture, marketing-board policies were largely anti-developmental. It is important to understand the political economy factors driving these processes. State agricultural policies, while benefiting urban consumers, were clearly ineffective in terms of expanding agricultural production and productivity. There were several reasons for this. First, UNIP members were encouraged (through the extension of credit) to buy large farms and many entered into commercial production. However, 'UNIP' farmers were not generally the most experienced or productive. Second, price controls on maize and cotton limited the incentives to expand production or introduce more productive farming techniques. Third, and perhaps most importantly, the most productive farmers in the country were outside the core constituency of UNIP and were therefore not favoured in terms of credit, pricing policy or foreign exchange allocation. White settler farmers dominated agricultural production, and in particular maize production, in the colonial era, while the political power of large-scale white settler farmers waned with the nationalist struggle for independence. The rise of African farmers in the post-colonial period took place mostly around the 'line of rail' in the Southern and Central Province. These groups were not politically powerful, principally because they backed the main rival to UNIP in the First Republic: the ANC party. They stood outside the ruling coalition at independence and through the one-party state of the Second Republic. Nevertheless, these farmers were the most productive maize producers as the Southern and Central Province had the most fertile soil and was the least costly to market since many of the large-scale farms were near rail and road transport. Thus the most productive farmers were politically associated with either colonialism or rival parties and thus were not favoured.

Eighteen years of UNIP rule, while producing political order, was dramatically impoverishing for a once relatively wealthy and promising economy. Challenges to state authority were on the rise, albeit belatedly, by the late 1980s. Here the role of labour unions proved central in providing an organisational focal point that limited the extent to which increasingly dysfunctional patronage patters could continue. It is precisely the partially corporatist relationship with UNIP (discussed above) that made labour unions a pivotal group in the polity. Labour unions were the main powerful urban group that was not completely subservient to UNIP. In the face of worsening economic decline, the labour unions were to prove central as a focal point of opposition to UNIP in the late 1980s and early 1990. Given their semi-autonomous power, labour unions can be seen to play the role of 'third party enforcer' in the sense that they could provide a check to the ability to UNIP to maintain power regardless of the effectiveness of economic policy which, to repeat, was abysmal through the 1980s.

Centralised patronage within the rise and fall of multi-party politics: the Third Republic (1991-2010)

Protracted economic decline brought an end to UNIP power in 1991. This section attempts to examine why the downfall of the country's foundational party and the introduction of multi-party democracy did not lead to an unravelling of long-standing political stability, as it has done in many less developed countries (see Snyder 2000; Paris 2004). Not only that, the system of centralised patronage was sustained, albeit with a more fragile organisational base.

The ZCTU trade union leadership led the movement demanding institutional change, and in particular the return to multiparty democracy. This is consistent with the argument that labour unions were a pivotal political force in the Zambian polity up until this time. Labour unions had become increasingly angry with the government's unwillingness to grant them full autonomy, even though they were not completely under UNIP control (Baylies and Szeftel 1992). In late December 1989 ZCTU Chairman Frederick Chiluba led this challenge and became head of an opposition political party, called the Movement for Multi-Party Democracy (MMD), which formally registered as party in 1991.[26]

Although Kaunda was against a return to multi-party politics, he eventually agreed to enter into negotiations with the MMD to allow for this possibility. Kaunda and UNIP offered a referendum on the issue. However, the referendum campaign was overshadowed by violent riots that occurred in the wake of the government decision to double the price of rice − required by the IMF. The economy was bankrupt and there was little policy space available to the government. The riots killed 27 people. Unlike the maize riots of 1987, this time the clamour was not only about the restoration of food prices but for the resignation of Kaunda and the UNIP from government over its handling of the economic system (Erdmann and Simutanyi 2003).

Following large pro-democracy rallies staged by the MMD in September, 1990, Kaunda decided to abandon the referendum and recommend changing the constitution. These developments are strongly evocative of Kaunda's reflection some years before that 'any ruling power which is wise enough to make sufficient concessions to vindicate non-violent opposition, would probably be wise enough in the first place to read the signs of the times and change things' (cited in Burnell 2005). In the end, the two leaders reached a 'pact' that allowed for elections and constitutional changes. The negotiations were mediated by church leaders, students and labour union leaders. This was central to achieving a non-violent transition of power. As in many other contexts, political pacts, particularly among elites, have been instrumental to the prospects of preventing regime collapse and political violence (Dogan and Higley 1998).

A second factor that contributed to the maintenance of political order was the construction of an organised political alternative to an increasingly dysfunctional political system. The MMD, although it had much less organisational reach than UNIP, provided a focal point for the many disgruntled groups in the electorate to coalesce, thus making a smooth political transition possible and a change of government in the ensuing elections that much more likely (Burnell 2005).[27] As it turned out, Chiluba and the MMD won an overwhelming victory in

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[26] Levy Mwanawasa became Vice-President of MMD, and was to later succeed Chiluba as President of Zambia in 2001.

[27] Support for the MMD was strong among intellectuals, labour unions, private business, the church, the urban poor and unemployed (Baylies and Szeftel 1992: 84).

1991. Chiluba received 75 percent of the vote to Kaunda's 25 percent. The MMD took control of 125 of the 150 seats in parliament and UNIP's parliamentary share was reduced to 19 seats (Rakner 2003).

There were several other factors, however, that permitted the continuation of centralised patronage and a dominant executive power. The first was a significant continuity in the elites who were included in the cabinet and in what emerged as the MMD power base.[28] As Baylies and Szeftel (1992: 83) note:

> 'What most distinguished MMD from UNIP electoral candidates was less their age, education, and experience, than their anger with UNIP and its policies. No fewer than 20 MMD candidates in the 1991 elections were former or sitting UNIP MPs and 12 had been cabinet ministers or central committee members of UNIP. Another six had been UNIP regional secretaries or district governors and four were former army officers.'

Moreover, among the MMD candidates who stood for election in 1991, at least one third (and the number is likely to be far higher) had significant business interests, legal practices or both, and a number were prominent members of the Zambian bourgeoisie (Baylies and Szeftel 1992: 84). As was shown in the last section, most elites emerged previously through being part of the UNIP patronage system. In fact, the business sector, long quiet in political campaigns, provided major financial support for Chiluba (Rakner 2003).

The second notable historical continuity was the rapid construction of a dominant political party, which prevented the real danger of a fragmentation (or 'balkanisation') of the state and of the patronage structure. The rapid decline of UNIP was not immediately replaced by any other national political party. Again, Baylies and Szeftel (1992: 89-90) note:

> 'The accession to office a new party did not transform Zambia's political structure or culture. The size of Chiluba's victory left only a small UNIP rump in the parliament making multi-party competition weak. In this sense, MMD was in a similar position to UNIP in 1964. The constitution did not change the balance of power between the executive and the parliament, which remained weak. Power and patronage remained centralised in the Presidency and the executive more generally. The strategy of balancing claimants to cabinet posts on regional lines continued as in the Second Republic.'

While there has been a proliferation of parties in the Third Republic, most are either 'one-issue' parties or are centred on one ethnic group or region (Posner 2005; Erdmann and Simutanyi 2003).

The Chiluba government made political moves to increase the power of the executive by rejecting almost all recommendations of constitutional change previously agreed upon with Kaunda prior to the 1991 elections.[29] Many of these changes would have made governance –

[28] The available evidence indicates that Chiluba retained the convention of balanced appointments across ethnic and regional elites, evident in the largely broad-based outlook of his administration between 1991 and 2001 (Lindeman 2009).

[29] The executive's already large discretionary financial powers were further increased with the introduction of a 'Presidential Discretionary Fund' in 1998, which allowed the President to spend a part of the budget according to his own priorities and without substantial parliamentary control.The unabated 'centralism' of the MMD administration became also obvious in the centre's enduring control over local government. Financially, the local authorities not only suffered from a dramatic decline in central government grants from 34% in 1987 to

but also some other institutions of state, such as the judiciary and the electoral commission – more independent from the presidency and more accountable to parliament. The amended constitution of 1996 left the presidential system with its extensive powers virtually unchanged.[30] There was substantial opposition from former UNIP leaders, including Kaunda, who opposed these moves (UNIP boycotted the 1996 elections, which Chiluba also won with a comfortable majority) as well as a coup attempt in 1997. The Chiluba government was swift and harsh in its response. The level of government crackdown increased significantly to the point that Kaunda and other leader were held without trial, and media censorship and harassment increased significantly (Erdmann and Simutanyi 2003).

A third factor that facilitated the continuity of centralised patronage and dominant party rule was the growing fragmentation and weakness of political parties and interest groups. Rakner (2003) documents the growing weakness of interest groups in influencing the content of economic policy-making in the period 1991-2001. There were several processes that caused this.

The first concerns economic policy and the nature of economic decline. The Chiluba regime announced its intention to liberalise the economy. Although most of these policies were introduced more slowly than intended (more on this below), there was, over the course of early 1990s, substantial trade liberalisation and privatisation (see Rakner 2003 for details). The immediate effects of economic reforms was that business, labour and agricultural associations experienced a decline in income and membership because of increasing levels of redundancies, bankruptcies, and the high cost of living due to spiralling inflation (Rakner 2003: 16). Higher levels of unemployment weakened trade-union membership in particular. In addition, the de-industrialisation that accompanied trade liberalisation led to substantial de-urbanisation as the unemployed, particularly in the Copperbelt, but also in Lusaka, moved to nearby lands around towns and cities (Potts 2005). This reduced both labour-union numbers as well as providing an 'exit' option for a potentially angry mob of unemployed who could very easily have been mobilised by an opportunistic political party.[31] Moreover, while economic liberalisation had not benefited smallholders much, this producer group is too dispersed to form a unified opposition.

The second main reason has to do with the historical nature of interest-group formation. Under UNIP dominance, there was very little or no space for autonomous interest groups like business chambers or alternative political parties to develop. The fact that UNIP declined so rapidly in influence, meant that there was little time for business groups and political parties to develop into effective national organisations.

The one exception is the national labour union, which has declined significantly in membership as result of de-industrialisation. Liberalisation and privatisation policies have clearly hurt workers significantly, particularly in Lusaka and the Copperbelt. In fact, as a consequence of the deteriorating living conditions there were numerous strikes by public

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3.4% in 1997 but were also deprived of many former powers to mobilise resources (e.g. beer surtax, motor vehicle licensing, rent from council housing). The complete disregard for local autonomy became apparent in 2000 when Chiluba installed 'district administrators' as political appointees that were responsible to the president and financially well-equipped for patronage purposes (Lindemann 2009).

[30] Erdman and Simutanyi (2003) note also that there were significant levels of human rights abuses.

[31] More research is needed as to why this exit option was so widespread, as this has rarely occurred voluntarily, even in economies undergoing economic crisis. The provision of infrastructure or government incentives are not likely to be part of the answer

service employees and other workers. Since 1993 there have been major strikes by various civil service groups every year, some lasting for a couple of months (Erdmann and Simutanyi 2003: 65). But none of the strikes turned political against the MMD government. Erdmann and Simutanyi explain the quiescence of the ruling party on the fact that it had maintained its stronghold in the Copperbelt – the main area of the trade-union strength − because Chiluba and the MMD for a long time continued to be viewed in the Copperbelt as being one of 'theirs'. More research is needed to assess the validity of this claim.

While MMD dominance became more contested in the Mwanawasa administrations (2001-2008), the general patterns of rule highlighted have persisted to this day. However, it is important to note that there have been some important changes in the elite bargain and the structure of patronage that may generate greater fragility in the polity.

One main change has been a growing factionalism within MMD (along factions allied to Chiluba and Mwanawasa) and with it the growing use of corruption scandals as a tool of political competition. The origin of this factionalism is owed in part to the manner in which Mwanawasa sought to increase his legitimacy from a weak base in 2001. Initially seen as the chosen and loyal successor of his benefactor, Chiluba, President Mwanawasa came to power with a weak electoral mandate (29 percent in the 2001 elections) and lacking a constituency of support within his own party. Thus he spent considerable time trying to win legitimacy within the country and in his party. Apart from benefiting from rising copper prices and FDI, Mwanawasa focused energy on an anti-corruption drive which targeted his predecessor. This re-enforced the split between the Mwanawasa and Chiluba factions (the latter being more tied with old UNIP elites) within MMD. A second change was in the political role of rent allocation. Instead of using rents to buy group loyalty in the mould of Kaunda, beneficiaries were less 'representatives' of their groups than individual entrepreneurs (Levy and Palale 2007). One of the main reasons for this shift is that economic liberalisation has reduced the ability of the state to control resource allocation and thus has reduced the resources available to deploy resources to wider constituencies. The more overtly personalist deployment of patronage has been on of the main reasons why corruption scandals have been more salient in the post-1991 period.[32] Third, economic liberalisation has increased the proportion of economic elites outside the ruling party. This includes foreign mining companies, but also white settler farmers along the 'line of rail' who have benefited from economic liberalisation in agriculture.

Following Mwanawasa's death on 29 June 2008, a behind-the-scenes succession battle raged within the MMD. Internal fighting in part derived from Mwanawasa's failure to specify a chosen successor. The main battle was between acting President Rupiah Banda and Finance Minister Ngandu Magande, who presided over the successful completion of debt relief under the HIPC programme. Against the early predictions of many commentators, Banda was ultimately chosen to be the party's presidential candidate by 47 votes to Magande's 11.. Banda was able to use his position as acting President during Mwanawasa's lengthy illness, along with the support of his wealthy backers, to construct a patronage network in preparation for the inevitable succession battle. At the same time, he had a clear advantage over his competitors because, as acting leader, he enjoyed a monopoly over the main media sources. The second key factor underpinning his victory was the recognition of senior MMD 'king makers', many of whom had had worked together in the UNIP during the one-party state era,

[32] Consistent with this is the Afrobarometer Survey 2010 which indicates that in 2003, 73% of those surveyed thought government policies 'have hurt most people and benefited a few'; by 2009, this ratio reaches 81% of those surveyed.

that Banda was a figure from a similar political generation with whom they could do business (Cheeseman and Hinfelaar 2010).

Banda won a tightly contested election in 2008. He received 40.1 percent of the votes compared to Micheal Sata, leader of the main opposition, the Patriotic Front (PF), who received 38.1 percent. Sata's base was strong among the Bemba, but also among working class groups throughout the country who felt they were not benefiting from MMD economic policies. Most interesting is that Sata's strong performance derived from the ability of the PF to mobilise a similar number of votes in 2008 as compared to 2006, while support for the MMD fell by over 450,000, reflecting the lack of popular enthusiasm for Banda's candidacy (Cheeseman and Hinfelaar 2010).

The election of Rupiah Banda as president in 2008 has shifted the power balance within MMD toward the Chiluba faction. Evidence of this is that corruption charges against Chiluba were suddenly dropped after years of investigation. However, there is little to indicate that the more precarious nature of the elite bargain and the patronage system mentioned above has changed in any substantive way. Moreover, there has been a noticeable decline in the institutional and organisational capacity of political parties (Cheeseman and Hinfelaar 2010). This is partly the result of the lack of funding available to opposition parties and the growing factionalism within MMD.

Apart from the changing nature of politics, which has potentially made political stability more fragile, there are important obstacles to economic growth and development that may re-enforce this fragility. It is true that growth has revived since 1998 (see Table 4). However, there are several factors that are cause for concern. First, there is little evidence that the current increase in growth can be sustained in the absence of continued buoyancy of mining-sector exports. More worrying is that, even in spite of the this boom, growth rates in agriculture and manufacturing are well below the growth rates in more successful countries in the region such as Mozambique and Uganda, where growth in manufacturing is not sustained by high mineral prices. The dominance of mining over the economy in the past was part of the process that resulted in long term decline and massive indebtedness, both internal and external. The strong appreciation of the exchange rate in recent years has also hurt the competitiveness of the tourism industry, and many domestic firms in manufacturing complain that they are having trouble competing with imports from neighbouring countries (Cali and Te Welde 2007). As important, high local transport costs (due to the high price of fuel and woefully poor infrastructure) inhibit economic diversification and growth, which is essential for employment creation and poverty reduction.

Table 4: Growth in Zambia: 1990-2008
Source: Bank of Zambia

	GDP	Agriculture	Manufacturing
1990-1998	-0.5	0.5	1.5
1999-2002	3.5	2.5	4.0
2003-2008	5.7	2.8	4.1

Second, despite this renewed growth, the government has not benefited from this in terms of tax revenues, which have not increased. Taxes as a percentage of GDP in fact declined from 18.4 percent in 1996 to 17.0 percent in 2005. One of the main reasons is the very low royalty the Zambian government set to attract copper-mining investment. The royalty of 0.6 percent is one of the lowest mining-royalty taxes in the world, and even the IMF has suggested that the government consider re-negotiating the royalty rate of 3.0 percent. In 2006, the government received just $25 million in copper royalties out of a $US 2 billion turnover in copper sales. Over the longer period 2000-2008, mining companies effectively paid no income tax.[33] The other main reason is that the state equity share in the development agreements with copper companies was set between 10 and 15 percent (compared with Chile, for example, where the state share is 50 percent). This substantially hampers the extent to which the government can finance improvements in physical infrastructure, which are essential for reviving productive capacity and growth in non-copper sectors in agriculture and light manufacturing.

Third, there is still very little support for a development strategy based on economic liberalisation and foreign direct investment. There are several reasons for this: a) the perceived raw deal the state has bargained with foreign copper firms (as just mentioned); b) the failure of structural adjustment programmes to revive investment and growth in the 1990s; and c) the fact that most of the large farms on the 'line of rail who have benefited from economic liberalisation have been white settler farmers and foreign firms (though a few large Zambian firms such as Zambeef have benefited as well). All of these factors have generated a sense that old colonial patterns of exploitation are re-emerging with the move toward economic liberalisation.

The lack of popular support for the broad strategy of economic liberalisation can be seen in a recent survey on Zambia by Afrobarometer (2010): a) 78 percent of the population agrees with the idea that 'the government should retain its ownership of its factories, businesses and farms'; b) 59 percent of the population believe 'government control of agricultural marketing' is better than private trading; and c) 70 percent of the population believe all civil servants should retain their jobs even if paying their salaries is costly.[34] While one could debate the merits of these views, the reality is that the dominant economic strategy does not seem to have substantial support among the population, and this is a potential cause of political unrest. In many ways, the evolution of the Third Republic has brought about a political pattern that resembles that of the First Republic. In both periods, the ruling parties started out with largely 'national' appeal that was especially strong, at least initially, among Bemba-speakers on the Copperbelt and in Northern and Luapula provinces (Lindemann 2009). The main opposition parties – ANC and UP during the First Republic and NP and UNPD during the Third Republic – had their organisational and electoral strength among the Lozi- and Tonga-speaking groups of Western and Southern provinces. What is perhaps more worrying the growing de-institutionalisation of the political parties, which has its roots in the growing factionalism along regional and ethnic lines since the early 2000s (Cheeeseman and Hinflelaar 2010). If this leads to the fragmentation of patronage patterns, then the durability

[33] It is important to note that the very investment-friendly deal in the copper privatisation − a reduction in the corporate tax rate from 35 to 25%; exemption from customs duty on inputs up to US$15 million; reduction of the mineral royalty from 2.0% to 0.6%; exoneration from excise duty on electricity; an increase in the period for which losses could be carried, from 10 to 20 years; and exemption from the withholding tax on interest, dividends, royalties and management fees (Fraser and Lungu 2007) − was the result of the desperate situation in the copper industry. In 1999, it was estimated that the state copper mines were losing US$1 million per day; while the economy faced macroeconomic crises of hyperinflation, and one of the highest per capita debts in Sub-Saharan Africa. The international financial institutions made privatisation of the copper industry a requirement for structural adjustment loans.

[34] It is worth noting that public wages comprise 8.1% of GDP, one of the highest in Sub-Saharan Africa (IMF 2010). The very high public employment level in Zambia has indeed been one of the main mechanisms of maintaining political patronage since the liberalisation period.

of the elite bargain may be called into question, which in turn could undermine political stability and state resilience.

Main Lessons from the Zambian Case

The Zambian case highlights several important lessons for understanding economic and political strategies that can prevent violent conflict and thus contribute to a resilient state.

First, the construction of national political parties is central to the institutionalisation of centralised patronage and can reduce the possibility of political contests around more narrow regional or ethnic lines. This is consistent with recent econometric evidence that the main factor responsible for reducing conflict is the extent to which political organisations are cohesive (Gladstone et al. 2010).

Second, a political leader with more than one regional affiliation, as in the case of Kaunda, can provide a more broad-based following than leaders whose identity can be more narrowly focused. While Kaunda's background of having roots in more than one region was fortuitous, it suggests that ruling coalitions need to cut across potential cleavages to reduce the likelihood of violent conflict.

Third, the construction of an inclusive elite bargain is central to reducing the prospects of rebellion. In practice, this means that the central government needs to be given the space by donors to develop patronage structures that accommodate competing elite claims to state resources.

Fourth, the institution of one-party rule can prevent the emergence of regional and ethnic violence when party patronage is accompanied by an inclusive elite bargain. Multi-party electoral competition in Zambia has been associated with greater political instability.

Fifth, transitions of power are facilitated when many of the 'old guard' elites are incorporated into an emerging and increasingly dominant political organisation. The transition from UNIP to MMD was peaceful in large part because of this factor.

Sixth, the existence of a pivotal interest group that has political ties with established and emerging political parties can provide a focal point for elites to switch party affiliation. Labour unions played that role in Zambia in the 1980s and early 1990s.

Seventh, the costs of conflict prevention in Zambia were substantial. The elite bargain and accommodating urban consumers with low food prices led to a series of economic policies that were based on the deployment of subsidies and access to valuable rights based more on political rather than economic criteria. While marketing boards, for example, were central to party and state control over the countryside and were instrumental in expanding the territorial reach of the state, the resulting loss in economic production and productivity was high. In a larger sense, the Zambian case suggests that state capacities across functions are clearly not monolithic.

To get a rough (and indeed conservative) indication of the costs of conflict prevention, one could examine the lost revenues from the copper industry as a result of the complete nationalisation of the industry. Before 1972, the state had a 51 percent share of the industry and contracted out the management of the industry to experienced foreign firms. The management of the industry was generally effective up to this point (Sardanis 2003). Given the pressure to nationalise the industry from high-level UNIP elites, Kaunda decided to terminate all of the management contracts in 1973 and placed the entire industry in the state where there was a severe lack of management experience. Moreover, copper proceeds were then used to fund non-copper businesses as a mechanism to widen patronage to elites as described in the paper. This policy starved the copper industry of resources to maintain competitiveness.

The economic consequences of this decision were very costly. Exports declined from 622,900 metric tonnes in 1972 to 228,000 on the eve of privatisation in 1999. In order to get a rough idea of the costs incurred, assume that the pre-1972 arrangement would have at least maintained production, and then compare this to the annual average copper production over the period 1985-1999, which was 400,000 tons/year. Since the average yearly price for copper over the period was $2,000/ton, the average annual revenue loss may have been approximately US$46 million per year (230,000 tons multiplied by $2,000/ton). Over fifteen years, this amounts to US$ 690 million. This is a conservative estimate of the loss since a viable copper industry in Zambia would likely have increased production beyond its peak of 622,900 tons in 1972.

Appendix: The Decline of Zambian Economic Performance

Upon independence in October 1964, the new government of Zambia faced a daunting task. Popular expectations were high, fuelled by nationalist enthusiasm and the pledge by the government to correct the glaring imbalances and inequities created by colonial rule. In the 1960s, Zambia was a middle-income country believed to have considerable growth potential. In the mid-1960s, no place was emerging faster than Zambia, the newly independent nation that was previously part of a wider colonial federation under British rule. From being a purely agricultural territory at the time of takeover by British mining interests in the 1890s, the modern state of Zambia had by 1969 arrived as the most urbanised country in Africa. Zambia had scores of cities with over 100,000 inhabitants and these cities contained 40 percent of the population (Ferguson 1999). Mineworkers in the leading sector, copper, were among the best paid workers in all of Africa. Copper dominated the economy at independence, and would do so for thirty years despite attempts through government planning and later 'market forces' to diversify.

The first policy regime began after Zambia gained independence in 1964. The newly-established government opted for what was essentially a market economy.[35] However, mining and urban areas were favoured through import substitution financed by growing copper exports. As a result of foreign investment in mining, GDP rose rapidly at 5.1 percent per year during 1964-72. Few people benefited from this growth, however, particularly in rural areas. Accordingly, inequality, which was already high prior to independence, worsened over this decade. Indeed, income distribution was to remain very unequal throughout the period 1970-2000. In the 1990s, Zambia was one of the most unequal societies in Sub-Saharan Africa as measured by income variation. The Gini coefficient falls into the .50 to .60 range, which places Zambia with South Africa, Namibia and Botswana as the most unequal in the sub-Saharan region, and also close to Brazil and Colombia (Weeks et. al, 2004: 64).

In the early 1970s the government broke from its market-driven policies, opting rather for state-control. An urban bias was entrenched in 1972 when the copper mines were nationalised as part of the newly-adopted strategy based on the establishment and expansion of state-owned enterprises. Copper revenues were used to subsidise generally inefficient import-substituting industrialisation and provide low-cost food to urban consumers (Bates and Collier 1993). Both large-scale and small-scale farmers were forced to sell crops − and particularly the staple crop, maize − to the state marketing board (NAMBOARD) at well below international prices (Pletcher 2000). The fast growth of the late 1960s ended when world copper prices fell sharply in the early 1970s. Export earnings were eroded, placing considerable pressure on the current account. The government, believing this negative terms-of-trade shock to be temporary, borrowed heavily to lessen the sharp decline in imported consumer and investment goods. Foreign debt mounted rapidly while GDP growth dropped to 0.5 percent. Rather than initiate a process of structural adjustment and encourage diversification, the government chose to adopt regulatory policies. Subsidies and fixed consumer prices protected urban consumption, while the mining sector and state-owned manufacturing were favoured through import-licensing and foreign exchange allocation. Growth remained unresponsive to this new interventionist strategy. In 1978, the government acknowledged the failure of its policies and implemented the country's first structural adjustment program (SAP). Despite improved macroeconomic stability, political will was undermined and the reform process remained half-hearted. By the mid-1980s subsidies

[35] This section draws substantially on reviews of economic policy by Bates and Collier (1993); Weeks et al. (2004); and Thurlow and Wobst (2004).

comprised 20 percent of the fiscal budget, while price controls made many state enterprises unprofitable and in need of cross-subsidisation.

Zambia entered a period of economic transition_in the mid-1980s when the government attempted a second SAP aimed at correcting price distortions. However, while the program recognised the need for diversification (including into agriculture), it was again conditioned on the support of the ruling elite. When unrest in the urbanised Copperbelt province threatened mining revenues, which represented the government's main source of income and political support, the government bowed to political and economic pressures by backtracking on reforms. A new set of interventions were announced, signalling a partial return to a command-style economy. Following some positive growth during the mid-1980s the economy entered a recession in 1989. Consequently, a third SAP was negotiated in which prices were decontrolled for all goods except maize and fertiliser. Although the program was far-reaching, it failed to achieve its objectives when the government again backtracked on reforms in order to win urban support in the run-up to the 1991 elections. Maize and fertiliser reforms were halted, and the money supply was expanded to cover civil service wage-increases. Many donors withdrew support due to the government's lack of commitment to economic reform.

In 1991, after 27 years of one-party rule under President Kenneth Kaunda, leader of the United Independence Party (UNIP), Frederick Chiluba, a trade union leader and head of the emerging opposition party, Movement for Multiparty Democracy (MMD), won the country's first free elections in 1991 based on a commitment to comprehensive structural adjustment and the promise of more transparent and accountable governance. However the government inherited an unstable and contracting economy with high poverty and inequality, a collapsing copper-dominated export sector and massive foreign debt. The fourth SAP, which began immediately after the new government was elected, encompassed macroeconomic stabilisation, public sector reform, external liberalisation, the privatisation of state assets and agricultural reforms.[36]

Inflation, which had soared during the final years of the post-independence government, averaged 127 percent in the period 1990-93. The exchange rate was depreciating equally rapidly, while real interest rates were large and negative. The government attempted to establish macroeconomic stability and by 1995 inflation had levelled at around 25 percent, a rate that would be maintained into the next decade. However, despite a more stable macroeconomic environment, sustained investment growth failed to materialise until after 1998. The positive overall investment growth for 1991-98 hides considerable variation caused by political and economic uncertainty. In 2002, following four consecutive years of positive growth, the economy reached a level of real investment last achieved in the mid-1980s. Despite the successfully implemented reforms of the 1990s, full macroeconomic stability has remained elusive.

The government introduced a 'cash budget system' in 1993 as part of public sector reform. This limited the government to financing current expenditure out of existing revenues.

[36] Although these reforms hoped to stimulate growth and diversify the economy, GDP growth remained stagnant at 0.2% throughout the 1990s. Between 1975 and 1986, Zambia was forced by the IMF to attempt (unsuccessfully) seven different stabilisation and structural adjustment programmes. Almost without exception, these produced contraction, inflation and unemployment. A series of devaluations coincided with growing inflation.

Although countering past tendencies towards deficit-financing and inflationary monetary expansion, the government's compliance to the new system has been somewhat mixed. While revenue-raising policy changes have been largely unsuccessful, the government's expenditure cuts have been substantial. However, the government failed to overcome its political dependence on urban public sector workers. Rather than reducing the burden of the civil service, the government chose to reduce public investment and social spending. Social spending in particular had been declining throughout the previous two decades leading to deteriorating infant and adult mortality, and a strong urban bias in education spending. This downward trend continued into the 1990s.

External liberalisation was achieved through extensive rationalisation and lowering of trade protection. By 1996 the government removed all quantitative restrictions and licenses, and reduced the number of applied tariff rates. This made Zambia one of the most open economies in Africa, and stands in stark contrast to earlier import-substitution industrialisation. A large increase in imports was prevented by the continued depreciation of the exchange rate, which encouraged real export growth. However, inefficient state-owned enterprises did not respond positively to the removal of protection, and formal manufacturing employment fell rapidly.

Falling formal employment also resulted from the privatisation of state assets. In 1990, over three-quarters of formal GDP was generated by state-owned enterprises. Initially the privatisation process was slow due to political opposition, but increased donor pressure accelerated the process. By 1997 over 80 percent of state enterprises had either been dissolved or sold to the private sector. The sale of the main copper-mining assets was delayed until mounting donor pressure forced the government to announce its sale in 1996. Despite a long and expensive tendering process, a potential buyer was identified in 2000. However, world copper prices fell 50 percent during this interim period, thereby jeopardising the sale and threatening a collapse of the sector. Donor support and improvements in copper prices have subsequently kept the mines operating, but these recent developments suggest that the role of copper as a source of foreign earnings is uncertain and limited.

One of the key components of the 1991 reform package has been the liberalisation of agricultural markets. The previous government favoured maize production through pan-territorial pricing, input and output marketing assistance and food subsidies in urban areas. In 1991, the new government attempted to eliminate food subsidies and reduce state involvement in the maize and fertiliser sectors. Resulting food-price increases were met with considerable opposition in urban areas. Starting in 1992 the country suffered from a series of severe droughts, which eventually halted the reform process and caused the government to re-enter the market. Despite these setbacks the reforms were completed by 1995.

The structural adjustment programme brought profound changes to a country ill structured to accommodate them. Trade liberalisation introduced competition, which the state enterprises were unprepared to meet.[37] The liberalised economic environment, when combined with extremely high borrowing rates, proved in practice to be biased against Zambian producers. The harsh environment was compounded by uncertainties in the business environment arising from unstable macroeconomic conditions and unpredictable changes in the implementation of the economic policy instruments. High prices for utilities such as electricity, water, telephones and fuel further worsened the difficulties faced by domestic industries.

[37] The average effective rate of protection declined from 110.2% in 1993 to 26.3% by 1996 (Mwanawina and Mulungushi 2002: 22, Table 6).

By any conceivable measure, the growth performance of Zambia has been poor (Table A1).

Table A1: Zambia's Per Capita Growth Rates in Comparative Perspective 1961-1990
Source: Weeks et al. 2004.

Country	1961-64	65-69	70-74	75-79	80-84	85-89	90-94	95-2000
Zambia	**.7**	**.8**	**.5**	**-4.0**	**-2.2**	**-.8**	**-2.7**	**-.2**
Sub-Sahara African Average	2.2	1.5	3.3	.9	-.5	.5	-1.4	2.0
Zambia 's rank:	16/26	20/31	22/32	30/32	29/36	26/40	32/41	34/41

During these decades of economic decline, the production structure of the economy underwent considerable change, primarily as a result of the absolute and relative decline of mining in the 1990s rather than the growth of other sectors (see Figure A1).

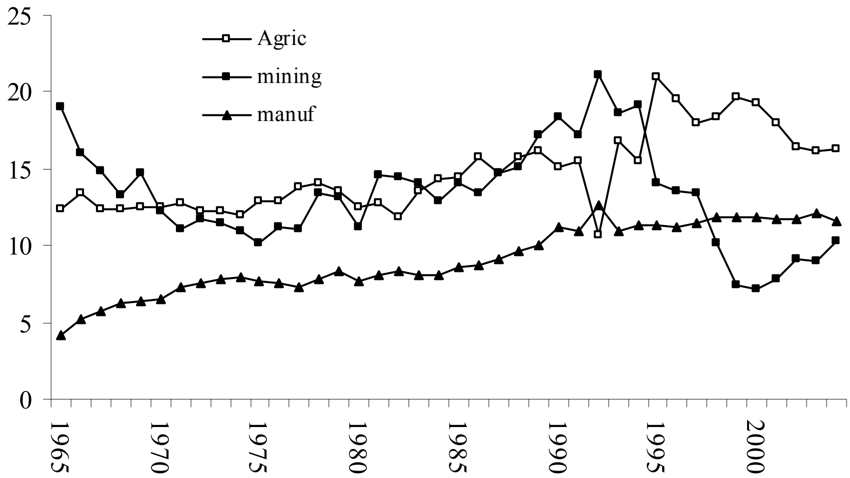


Figure A1: Sectoral Shares in Aggregate Value Added, 1965-2004
Source: Weeks et al. 2004.
.
Up to the early 1990s, despite low growth rates, there was a tendency for the productive sectors to increase relatively, with a slight upward trend in mining, manufacturing and agriculture, though the regional drought in the early 1990s resulted in a brief, severe drop in the latter. After the early 1990s, mining began a rapid decline, from above 20 percent of aggregate value added in 1991 to well below 10 percent at the end of the decade. Over the same years, the manufacturing share stagnated and agriculture declined, implying by definition an increase in the residual category 'services'. Since the share of value added in the public sector declined or did not increase over these years, it follows that redundant workers fell into low-remuneration 'informal' activities. Thus, the structural change one observes is that of an economy in decline, with households increasingly struggling to subsist in activities of low productivity.

As the Zambian economy declined and foreign exchange from copper declined, pressure increased on the balance of payments. Figure A2 shows imports and exports as a share of GDP from the early 1990s to 2004. After an approximate balance between the two in the early 1990s, the trade gap widened sharply to reach 10 percent of GDP in 2000, and remain at an unsustainable level. The trade gap was covered by growing indebtedness, primarily to multilateral lenders.

Figure A2: Exports and Imports as Percent of GDP, 1992-2004
Source: Weeks et al. 2004.

The unsustainable trade and current account deficit resulted in a loss of control of the nominal exchange rate. After relative exchange rate stability from independence to the mid-1980s, the exchange rate collapsed in the late 1980s, and collapsed even more in the early to mid 1990s. This collapse generated rampant inflation, which approached hyper-inflation levels during 1990-1995.

Thus, the instability of the Zambian economy followed a clear sequence of causality: the decline of foreign exchange earnings from copper, severe balance of payments pressure and collapse of the exchange rate, resulting in uncontrollable inflation (Figure A3).

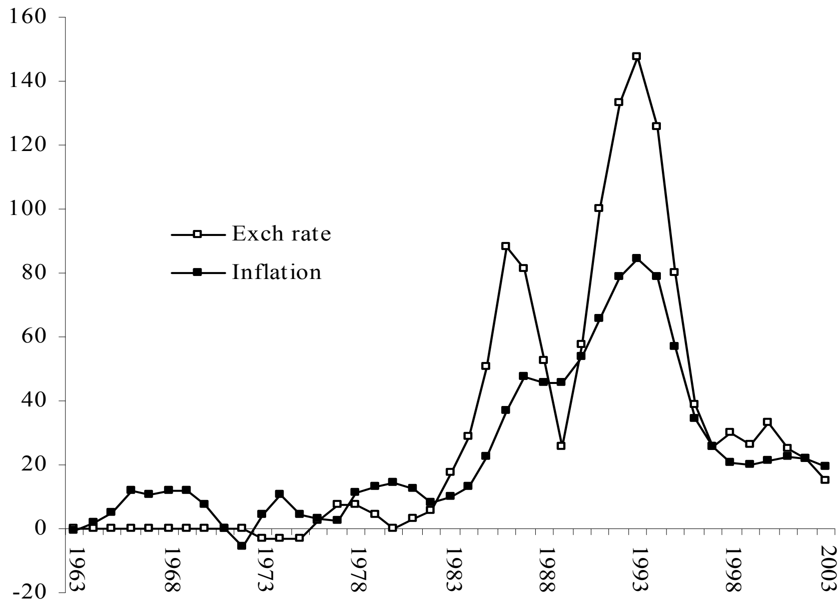


Figure A3: Zambia: Changes in the Nominal US Dollar Exchange Rate & Inflation, 1960-2004
Source: Weeks et al. 2004.
Note: The exchange rate was fixed at .71 (local currency) to the US dollar during 1960-1972, and for 1973-75 at .64.

Weeks et al. (2004) argue that the most surprising aspect of this process was that the apparently large inflows of multilateral loans in the first half of the 1990s did not dampen the inflation, but were coincident with it approaching hyper level. During the high inflation of the 1990s, net grants and loans were a negative 4 to 6 percent of GDP. ODA funds entered the Central Bank, to flow out immediately to pay external debt to the lending agencies making those loans (see Weeks and McKinley 2006).

Under IMF conditionality, however, it should be noted that the government, under Chiluba's successor, Levy Mwanawasa (also from MMD) who won the presidency in 2001, has substantially reduced inflation through the implementation of a tight monetary, policy. It is also important to note that severe balance of payments constraints have increased the leverage that the IMF and World Bank have had over policy in the post-1998 period (Weeks and McKinley 2006). This is reflected in the growing role that foreign aid plays in financing investment in Zambia (Table A2).

Table A2: Zambia: Resource Availability and Investment as a Percentage of GDP in Comparative Perspective
Source: World Bank Indicators

	Gross capital formation	Gross National Savings	ODA Grants	Foreign Direct Investment
Zambia				
1980-85	17.9	12.8	2.1	0.6
1990-95	13.1	7.4	14.0	4.4
1999-2004	21.4	12.9	11.0	3.0
LDC Average				
1980-85	16.8	3.4	4.9	0.4
1990-95	16.8	5.3	9.4	0.7
1999-2004	20.6	7.2	11.0	3.3

Such an increase in aid (which has included substantial debt relief under the HIPC initiative), while it may have limited the policy space of the government, has contributed to macroeconomic stabilisation.

In relative terms, the debt burden the Zambian economy faced since 1985 is one of the worst in sub-Saharan Africa. This severely limited the space politicians had not only in distributing political patronage but also in maintaining social service provision to the wider population. Zambia's onerous debt burden arose through a combination of unsound lending policies on the part of multilateral agencies, which had the active support of bilateral donors, over optimism on the part of the government to repay large debts, and declines in the terms of trade (Weeks et al. 2004). Figure A4 indicates the share of debt service in exports during 1975-2001.

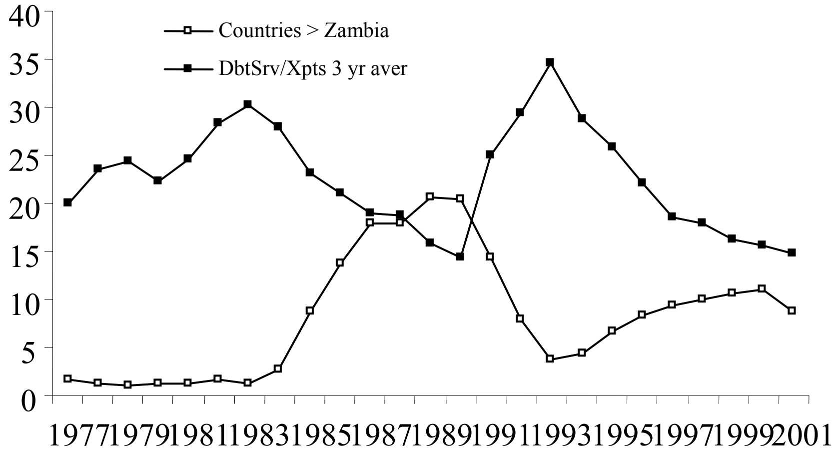


Figure A4: Zambia's Debt Service as a Percentage of Exports and Number of Sub-Saharan Countries with Higher Ratios, 1975-2001 (3 year moving average)
Source: Weeks et al. 2004.

It is important to point out that an external debt must be re-paid, as opposed to merely refinanced, through foreign exchange earnings. Therefore, the capacity to pay will be affected by the price of exports, which determine the purchasing power of those exports, and import prices, which affect the cost of producing those exports. Weeks et. al. (2004) show that, when per capita debt is adjusted by the net barter terms of trade (Figure A5), the result is quite different from that seen in Figure A4.

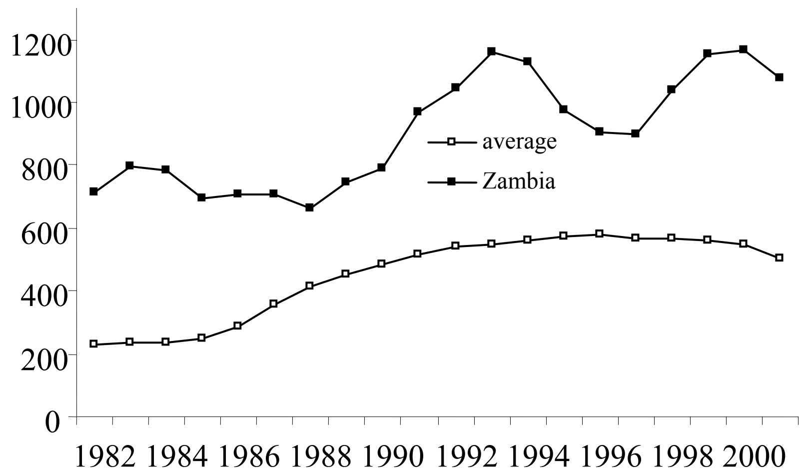


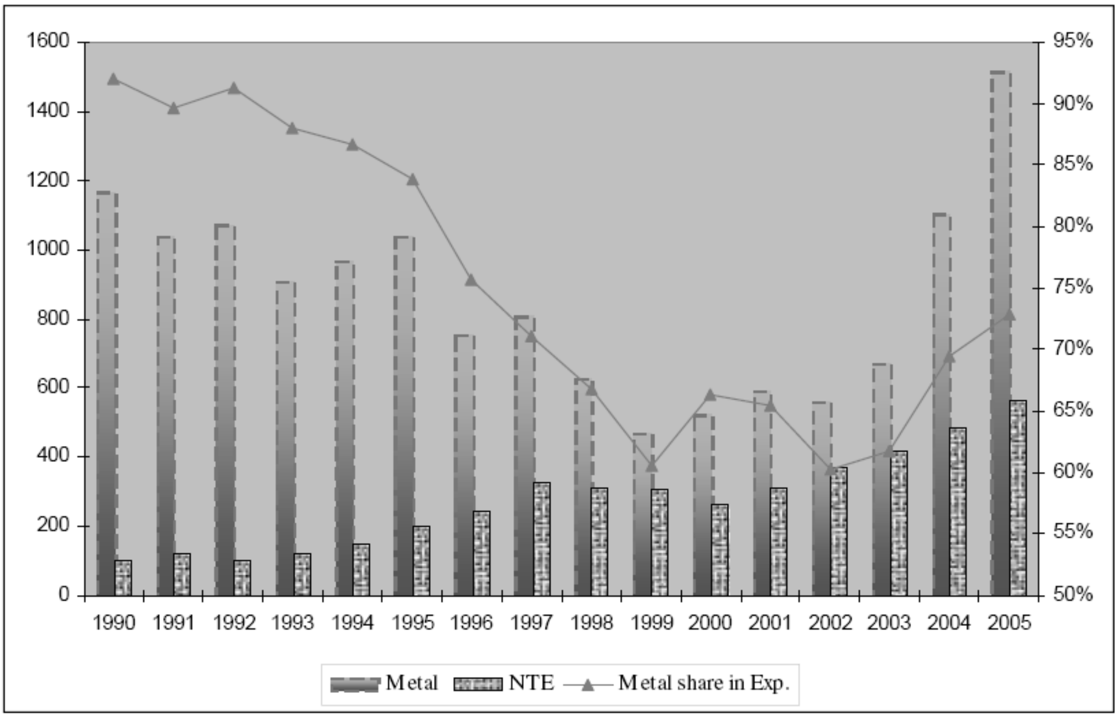
Figure A5: Debt Per capita, Current US dollars Adjusted for the Terms of Trade, 1980-2001 (3 year moving average)
Source: Weeks et al. 2004.

In 2000-2001, the terms of trade adjusted per capita debt stood 50 percent higher than it had been at the beginning of the 1980s, and well above the average for the other countries, with no tendency for the gap to narrow. It can be concluded that in the mid-2000s Zambia remained one of the most heavily indebted countries in the sub-Saharan region. This indebtedness, combined with conditionality-related deficit limits, has resulted in a severe fiscal constraint and therefore on the ability of the executive to supply patronage to powerful elites in the ruling coalition.

Finally, central to understanding Zambia's long-run trajectory of economic decline is why its main export, copper, suffered such a dramatic decline in both production and price terms. Many analysts have blamed an over interventionist state as the main cause (e.g. Thurlow and Worbst 2004). The reasons for the decline in Zambian economic performance are complex, but include a combination of the disruption of regional trading routes, the nationalisation of the copper industry before the development of skilled workers and managers emerged on the domestic scene, and mismanagement of the state-owned copper industry (see Weeks et al. 2004). Copper production declined from 600,000 tons in the 1960s to just over 300,000 tons by the end of the 1990s.

The decline in copper had reversed a dramatic five-fold increase in copper production in the period 1939-1960 under the colonial administration of Northern Rhodesia. At this time, copper production was under the control of the British Mining Company. The declaration of independence by Rhodesia caused Zambia to lose its two transport links for exporting its copper, through Rhodesia and South Africa. This resulted in a dramatic increase in transport costs, such that despite productivity raising innovations in copper mining and concentrating, Zambia was rendered a high-cost producer on the world market. In 1976, construction was completed of a rail link to Dar es Salaam, but for ten years the Zambia economy suffered from the politically-motivated disruption of its export products. The slow growth of the economy during 1965-1976 can to a great extent be explained by this disruption. Moreover, the rapid exodus of skilled white settler mining workers created a skilled shortage in labour. By necessity this replacement of labour occurred rapidly, before sufficient skills had been developed. As a result, Zambia was unable to take advantage of the years during which the price of copper increased.

More recently there is evidence of renewed growth in Zambia. Much of this has been driven by the growth in copper after three decades of decline (Figure A6). The new MMD goverenment elected in 1991 embarked on a radical shift in economic policy within the framework of multilateral stabilisation and adjustment programmes, a key element of which was the privatisation of the copper sector. The government came under heavy influence from donors and lenders who were convinced that the state mining company represented a drain on public resources, and which could not be reformed within the public sector.



Note: Unit for metal share in exports is on the right scale

Figure A6: Composition of Zambia's Exports (US$ millions and %)
Source: Calì and Te Welde 2007.

Conclusion

Notwithstanding the recent years of economic growth, the result of the long-run economic decline has had important impacts on poverty and unemployment. Poverty in rural areas affected 74 percent of the population and 52 percent were below the extreme poverty line. Thus, in 2003, more than half the rural population of Zambia was living at levels below the food-subsistence norm. Moreover, 52 percent of the urban population fell below the poverty line, compared to 45 to 46 percent during 1993-96. Poverty was exceptionally high among the rural small scale households. Almost 5 million people classified as small scale farmers were poor, and over 3.5 million 'extremely poor' out of a total population of 11 million.

In urban areas, the massive decline of formal sector jobs and incomes drove urban poverty trends in the 1980s and the 1990s. Lowly paid and retrenched workers of state enterprises, as well as youth in urban areas, appear to have been the first victims of the adjustment era in recession-laden towns, particularly in the Copperbelt, and became new entrants in a saturated informal economy. Moreover, there have been significant increases in urban unemployment (Table A3). The extent to which there have been much larger increases in urban unemployment suggests that 'urban bias' in economic policy (see Bates and Collier 1993) may have changed substantially, if it ever really existed. Moreover, there is evidence that urban poverty worsened over the period 1991-2003 while rural poverty declined, which would also suggest the same thing.

Table A3: Unemployment rates, 1986-2003 (percent of labour force)
Source: Weeks at al. 2004.

Yea r	Zambia	Rural	Urban
1986	13	11	19
1991	22	14	34
1993	20	14	33
1996	15	9	29
1998	12	6	27
2003	16	5	36

Social indicators confirm the negative poverty trends during the 1990s. Zambia was one of the few countries in the world whose ranking on the Human Development Index declined in every year of the decade. Almost across the board, health, after improvements in the 1970s, nutrition and education worsened. Almost across the board, health, after improvements in the 1970s, nutrition and education worsened. The deterioration of the health of the Zambia population was also due to a crisis in public health services. A dramatic decline in per capita health expenditure occurred between 1970 and 1992, which negatively affected existing infrastructure, quality of personnel and availability of basic drugs and equipment. The worsening of health conditions was associated with the spread of HIV/AIDS in the country, especially during the 1990s. Reported prevalence rates from antenatal sentinel posts reached twenty percent of adults.[38]

With a population of about 11 million in 2002, Zambia was one of the most urbanised countries in the sub-Saharan region. Urbanisation approached its peak in the decade after independence, when mining and manufacturing sectors prompted rural-urban migration. In 1970, 40 percent of the population was urban and the country had numerous cities of over 100,000 inhabitants. From the early 1990s this tendency reversed itself as mining declined and the rest of the urban economy followed it down. As a result, urban population has decreased from 40 percent in 1980 to 35 percent in 2000. This decline in urbanisation has not occurred almost anywhere since the middle of the twentieth century in the developed or underdeveloped world (Weeks et al. 2004; Potts 2005). What is clear from forty years of decline and instability is that neither strong public intervention and ownership, nor radically neo-liberal policy frameworks have achieved the economic diversification and equity required for sustainable growth in Zambia. Pointing to the role that poor policies have played in Zambia's economic decline would do more than delve deeply in to the surface of things.

[38] Evidence suggests that by the mid-2000s one in every six adults was HIV positive, and eighty-nine thousand people died of AIDS in 2003. As a result, the most pessimistic estimate was that life expectancy at birth fell below forty, and over six hundred thousand children were AIDS orphans.

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The Crisis States Research Centre aims to examine and provide an understanding of processes of war, state collapse and reconstruction in fragile states and to assess the long-term impact of international interventions in these processes. Through rigorous comparative analysis of a carefully selected set of states and of cities, and sustained analysis of global and regional axes of conflict, we aim to understand why some fragile states collapse while others do not, and the ways in which war affects future possibilities of state building. The lessons learned from past experiences of state reconstruction will be distilled to inform current policy thinking and planning.

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