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Zambia Tests Democracy

by L. Gray Cowan

Zambia drew worldwide attention in October 1991, when the country's first multiparty election in two decades ended the rule of Kenneth Kaunda's United National Independence Party (UNIP) government, which had governed since independence in 1964. UNIP won only 25 of the 150 seats in the National Assembly; all the others went to the Movement for Multi-party Democracy (MMD), which came into being in 1990 as an informal constellation of opposition groups. Zambia's new president is a former trade-union leader, Frederick Chiluba.

In the year since the electoral triumph of the MMD, Zambians have found that democracy cannot be achieved overnight by the ballot box alone. The legacy of the single-party era penetrates almost every aspect of society; time and patience will be needed to eradicate it. For many, the transformation involves a lower standard of living as well as the assumption of individual responsibilities that a generation of Zambians has never known. The MMD's most crucial challenge is to persuade the voters who so enthusiastically supported democratic change that transforming a bankrupt economy and restructuring social values will take more than the few years promised by the new president; indeed, it could take closer to a generation. If the MMD government cannot at least point to some concrete results from its new economic policies within two or three years, it runs the risk of either being replaced at the next election by one of the growing number of new parties now appearing on the political horizon or succumbing to the temptation of imposing its own version of authoritarian one-party rule in order to complete unpopular reforms.

Historical Background

Kenneth Kaunda became prime minister after UNIP won a majority of legislative seats in the January 1964 preindependence election. On October 24, 1964, when the British protectorate of Northern Rhodesia moved from internal self-government to full independence, Kaunda became president of the Republic of Zambia.

Zambia was at its inception a multiparty state. Significant party leaders of this period included Harry Nkumbula of the African National Congress (not connected to the ANC of South Africa) and Simon Kapwepwe, an early colleague of Kaunda who formed the United Progressive Party (UPP). Although UNIP won wide popular support in the 1964 election, it was

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progressively weakened by ethnic and regional rivalries. The party managed to win the 1968 election, but it appeared likely by the early 1970s that UNIP would lose its legislative majority in the face of UPP and ANC opposition. In December 1972, with his back to the wall, Kaunda signed legislation making Zambia a one-party state. A new constitution was approved in August 1973. Although periodic presidential and parliamentary elections continued to be held, they became increasingly pro forma.

The single party gradually extended its control over the entire Zambian political process (and indeed over the society as a whole) down to the most remote villages. Candidates for election to the National Assembly had to be UNIP members approved by the center. Action directives of consequence were made not by cabinet ministers but by the party's Central Committee. Ultimate power rested in President Kaunda's hands. Policy decisions were his alone and therefore were often idiosyncratic and subject to unforeseeable change. Because party and government were indistinguishable, corruption developed at every level. For those close to the president, immense perquisites were the order of the day.

By the late 1980s, UNIP had become an increasingly rigid hierarchy of aging politicians that provided fewer and fewer advancement opportunities for the younger party faithful. Meanwhile, UNIP was gradually losing touch with those it governed. Groups frustrated by the party's failure to recognize their concerns grew in numbers and became more inclined to resist party direction.

In 1990 these trends culminated in an unprecedented grass-roots challenge to the concept of single-party government and, by implication, to absolute presidential authority. Kaunda began to realize that at least some degree of liberalization was imperative if his regime were to survive. Although a desire on the part of the public for a freely chosen government capable of meeting the need for change was manifest, Kaunda appeared to believe that the disorganized state of the political opposition and what he perceived as UNIP's record of accomplishment would guarantee the party's return to power in an open election.

The Decline of the Economy

Between 1968 and 1991 Zambia went from being one of Africa's wealthier countries to one of the continent's poorest. The rapid decline of the economy was due in part to regional politico-military stresses and falling world prices for copper, the country's major export. The most immediate cause, however, was economic mismanagement. An economy that had a strong private sector at independence was gradually transformed into one in which the state dominated and directed almost every economic activity. Kaunda's priority was improving the lot of Zambia's poorest and weakest citizens, but in pursuing this laudable goal he lost sight of the fact that wealth must be created before it can be redistributed.

From 1969 on, the government nationalized the copper-mining industry and, aided by its revenues, seized almost complete control of the industrial sector. The Zambia Industrial and Mining Corporation (ZIMCO) became a vast holding company charged with managing state-owned enterprises (SOEs). The result was inefficiency, an inflated public payroll, rampant managerial corruption, and reduced profits. To protect industrial money-losers, further economic restrictions were introduced. Foreign exchange was controlled and allocated, protectionist import quotas and tariffs were imposed, and what remained of the private sector was hamstrung by complex licensing mechanisms, high taxation, and extensive subsidies to state-owned producers.

Zambia's troubles worsened in the mid-1970s, as copper prices fell dramatically. A migration from the countryside to urban areas contributed to a decline in agricultural-sector activity. Perhaps most significant of all was the country's 3.3 percent annual rate of population growth. Even the subsidized state-owned sector was incapable of providing employment for the numbers of new workers entering the labor market each year.

Zambia's economic woes in the 1970s and 1980s were accentuated by its extreme dependency on copper as a source of foreign-exchange earnings. Little or no effort was made to encourage increased agricultural production, which could have been used not only to feed a growing population but also as a source of additional export income to compensate for the losses caused by the declining world price of copper. Agricultural prices were largely controlled and yield was limited by the inability of government agencies to deliver fertilizer or to pay farmers for their crops in a timely fashion. This situation led inevitably to lower production and cross-border smuggling (especially to Zaire, where Zambian farmers could get three times as much as at home).

Even in the face of the evident failure of his statist policies, Kaunda did not give up his vision of Zambia as a paradise for all. Instead, he turned to borrowing on the international market to sustain subsidies and social

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programs. But borrowing from foreign and domestic private banking sources as well as the International Monetary Fund (IMF) proved insufficient to maintain the government's spending levels and there followed a sharp rise in inflation and a corresponding decline in investor confidence.

In 1980, Kaunda was forced by the IMF to agree to reduce food subsidies and cut back on the civil service. As early as 1982, however, it was clear that his halfhearted implementation of these measures was intended only as the minimum necessary to placate the international lenders and represented no fundamental change in his economic philosophy.

The structural adjustment program imposed in 1985 by the World Bank and the IMF failed to prevent further economic deterioration; it led a year later to severe riots over the price of maize in the Copperbelt. Intensifying political pressure from unionized miners and the general public caused Kaunda to repudiate the adjustment program; the result was a sharp cutback in both multilateral and bilateral aid. In 1986, UNIP introduced a "New Economic Recovery Program" reversing most of the changes made under the Bank's adjustment program. The foreign-exchange auction was abandoned, the national currency (the kwacha) was revalued, and other steps toward a relaxation of controls were terminated.

By September 1988 the foreign-currency situation and inflationary pressures had become so acute that Kaunda again turned to the IMF, agreeing to most of the conditions previously rejected. In June 1990 all price controls (except those on maize and fertilizer) were removed; an announcement that the price of maize meal would rise by more than 100 percent led to new food rioting. Plans were announced for privatization of some SOEs. Farmers were permitted to sell grain to private-sector buyers. These actions had restored Zambia to the good graces of the IMF by early 1991, but this reprieve was short-lived. When the government failed to make a scheduled $20 million repayment on an IMF loan and to carry out an agreed reduction in maize subsidies in September 1991, relations with international and bilateral donors again collapsed and aid was withdrawn. The party-controlled press promptly accused the IMF of seeking to influence the forthcoming election and complained of an international imperialist plot to bring down the president and UNIP.

The Return to Multiparty Politics

Popular debate on the question of a multiparty system began early in 1990 in the pages of a church-sponsored newspaper, the *National Mirror*. The demand for a multiparty structure was taken up by elements of labor and business. Kaunda reluctantly announced in May 1990 that a referendum on the issue would take place in October. In July the Movement for Multi-party Democracy was formed as a loose coalition of anti-UNIP factions. The new umbrella group gained adherents across a wide spectrum of intellectuals, professionals, students, and labor.

The government surrendered in September, scrapping the proposed referendum and announcing that a multiparty election would be held before the end of 1991. In December 1990, shortly after the adoption of constitutional amendments permitting the formation of opposition political associations, the MMD attained formal status as a political organization under Chiluba's leadership. A number of other parties announced programs and candidates in the subsequent months but were unable to match the MMD's appeal.

A new constitution was approved by the National Assembly in August 1991. The document made formal provision for a multiparty system with free elections and (at the insistence of the opposition) required that the presidential cabinet be selected from the ranks of elected members of the National Assembly.

The election of October 31, 1991 was quiet and mostly fair, despite some lapses in organization and voter registration. It was closely watched by internal monitors and international observers. The international group, headed by former U.S. President Jimmy Carter and Brian Atwood, president of the National Democratic Institute, was invited to participate by President Kaunda (despite grumbling by some senior UNIP members that its presence would represent interference with Zambian sovereignty and suggest that Zambians were unable to hold their own election).

The Transfer of Power

The election results, apparently expected by the majority of the voters but not by Kaunda even at the very end, amounted to a landslide victory for Chiluba and the MMD. Of those casting votes, 90 percent approved of the MMD and 81 percent supported Chiluba for the presidency. Power was transferred to the new regime within 48 hours. The international media took special note of the grace shown by the father of Zambia's independence in conceding defeat. In his final television appearance as head of state, Kaunda accepted his new role as leader of the opposition: "We must accept the verdict of the Zambian people. This is the nature of the multiparty system. You win some and you lose some."

President Chiluba began almost immediately to initiate changes promised during the electoral campaign. Senior executives of the state-owned Zambia Consolidated Copper Mines Ltd. were promptly replaced, their offices searched on suspicion of financial misconduct, and a comprehensive investigation of their stewardship launched. Chiluba immediately announced plans to restore Zambia's creditworthiness with the international lending community and promised the breakup of ZIMCO, privatization of some 130 parastatals, elimination or reduction of most subsidies, relaxation of foreign-currency restrictions, and a rapid return to the free-market system.

The domestic impact of the reforms was, not unexpectedly, a 200 percent rise in the price of staple foods, an immediate jump in the overall inflation rate, and a rash of strikes by labor unions seeking pay increases of up to 600 percent. Riots by students demanding higher living allowances also took place. In his speeches to foreign audiences, Chiluba shrugged off these manifestations of popular discontent, taking the position that, despite the downward pressure on living standards and growing unemployment, Zambians realized there was no other way to restore the economy to health.

The Donors Return

Although many of the policies of the new government were unpopular at home, the international donor community evidently liked what it heard—in particular Chiluba's admission that Zambia's empty treasury and the current economic distress were the fault not of the former colonial masters or of the donors but of Zambian ineptness. In a visit to London seeking new aid, he asserted that "Zambia should blame itself [as should] everywhere else in Africa where they preached distribution of wealth before generation of wealth."

The World Bank and the IMF signaled their satisfaction with Chiluba's program by allowing an immediate drawing of $71 million from an $80 million loan previously suspended as a result of default by the UNIP government. But this is only a small step toward the new government's eventual goal of repaying the $7.2 billion in outstanding loans accumulated in the Kaunda era (roughly $900 per head of Zambia's population of 8.1 million). The 1992 national budget submitted to the National Assembly in March 1992 included an $80 million deficit (it was hoped that this figure might be reduced through further international aid).

To support a new structural adjustment program and government reorganization, the World Bank has negotiated a further loan of $200 million, of which $10 million is earmarked for technical assistance to the privatization effort. At the Paris Club meeting in March 1992, other donors undertook to increase their contributions as well as to provide additional separate support for the maize imports necessitated by the drought. In July the IMF endorsed the accumulation of "rights" up to $1.21 billion in a program running through 1995. Upon meeting a number of conditions including successful implementation of the adjustment program and repayment of arrears owed to the IMF, Zambia will be able to "encash" these rights under a successor IMF program. Considering that the previous government failed to accumulate any rights under a similar IMF agreement in 1991, the Chiluba government is being asked to achieve remarkable results within three years.

For the immediate future the major problem will not be a shortage of foreign aid offerings but rather the capacity of the economy to absorb worthwhile new projects. A baker's dozen of donors are waiting with checkbooks poised; the challenge for the government will be to make effective use of the assistance proffered. The capacity of the civil service to manage, coordinate, and oversee multiple donor efforts is limited. To deal with this gap, the World Bank is already proposing technical help in the form of outside expert consultants to assist the Ministry of Finance. Agreement has been reached that the Bank will be the lead donor in privatization. Bilateral donors are lining up behind this and other projects intended to support private-sector development and the strengthening of financial institutions, including development of credit facilities and a stock market. Although any and all aid is welcome, the government's preference, wherever possible, is for donations rather than repayable loans.

The joint task of government and donors will be to avoid duplication of activities and efforts. Final choices with regard to what aid to accept, from whom, and in what order will require centralization of governmental decision making to prevent individual ministries from making commitments without the knowledge of the Ministry of Finance. Because the number of civil servants with decision-making authority is limited, bottlenecks seem inevitable. These could delay the inauguration of donor projects, particularly in view of the complex and varied management and accounting conditions imposed by each donor.

The Current Political Scene

The MMD's sweeping victory raised popular expectations of an immediate transition to a new social order. Although President Chiluba repeatedly urged patience in almost every public speech, pointing out that public expectations were so great that no government would ever be able to meet them, disappointment on the part of the electorate was inevitable. And Chiluba's necessary concentration on his economic program left him little time to focus on the political problems that began to emerge almost as soon as he entered office.

UNIP, the principal organized opposition, seized every opportunity to promote the notion that the MMD's economic policies were aimed at benefiting the rich, not the average Zambian. Kaunda added fuel to the fire in several inflammatory statements questioning the competence of the MMD administration. After his much-lauded turnover of power, it had been assumed that he would retire from the active political scene, yielding the leadership of UNIP to a new generation. Such was not, however, to be the case.

One reason for the UNIP leadership's resentment was the almost immediate repeal of a 1990 law, the State Leaders Retirement Benefits Act, entitling retired presidents and senior government officials to generous tax-free pensions and perquisites, including (in the case of a retired president) a free furnished house, vehicles, servants, and office accommodations. The parliamentarians' justification for repeal was that Kaunda was not a retired president but one who had been voted out of office in a free election and was therefore free to engage in political activity harmful to the party in power.

To the embarrassment of many of his former political stalwarts, Kaunda announced his reentry into the political fray within a few months of his initially graceful exit. There followed what amounted to a comic opera. In a series of UNIP rallies in the Copperbelt, Kaunda and other opposition speakers accused Chiluba of spendthrift trips abroad and raised allegations of mismanagement and corruption by the new ministers (some of whom happened to be former UNIP adherents). Kaunda publicly called on the government to distribute free the maize meal donated by the international community instead of requiring Zambian consumers to pay for it. His statements so stung some MMD supporters that on one occasion in June 1992 he had to be rescued from a hostile audience by MMD security forces. Matters became even more confused when Kaunda once again announced his political retirement but the next day denied any such intention, claiming that he would retire only when he had "finished off the MMD."

Chiluba reacted calmly to the furor, urging Zambians to pray that the former head of state be granted divine guidance on how to live the rest of his life. The press was less gentle, raising questions about Kaunda's mental stability and expressing the view that while he was, of course, free to do as he wished, "We would rather that he went quietly." The former president's confusing statements about his plans served only to weaken UNIP's position further. For example, Enoch Kavindele, a wealthy businessman and erstwhile presidential candidate who headed a group of UNIP dissidents, finally resigned from the party to head one of his own, the United Democratic Party (UDP). Kavindele, who had lost his parliamentary seat in the election, claimed to be leaving UNIP because it was "beyond redemption or reform." An unabashed capitalist, he announced that the platform of the new UDP would focus on solutions to the unemployment problem and delivering more and better services to the people.

Meanwhile, the MMD has developed some internal divisions of its own. As its name implies, the MMD is more a movement than a party. It was composed from the outset of a number of groups whose only common bond was the desire to oust the former regime and create a multiparty system. Once in power, the MMD's lack of cohesiveness on other issues and of a true party organizational structure rapidly became evident. Its fissiparous tendencies are illustrated by the emergence of two clearly defined intraparty groupings—the Caucus for National Unity (CNU) and the Group of Seven—each seeking to play a key role in shaping presidential policies but unwilling to risk the consequences of a breakup of the MMD.

Although the CNU, headed by Mayaba Macwani, a political amateur, has some links with other small parties such as the Social-Democrat Party and has put together some local support groups, it has not found the backing Macwani expected from influential MMD figures who failed to receive important cabinet posts in the new government despite having made substantial contributions to the election campaign. Most observers doubt that the CNU will become anything more than a pressure group under current political conditions. As for Chiluba, he dismisses the CNU as merely a group of malcontents who have yet to demonstrate that they can enlist any real voter support.

The second pressure group, the so-called Group of Seven, is made up of well-known figures, including some cabinet members who feel they should have greater influence in policy determination. The Group of Seven appears to have considerable influence on Chiluba and members often accompany the president on foreign trips in search of economic help. UNIP and the CNU accuse the Group of Seven of benefiting personally from their positions. Chiluba has warned that any member of his cabinet caught in corrupt practices would be instantly dismissed; one was, in fact, recently dismissed for corruption, and two had previously resigned, charging corrupt practices by their colleagues. He has given no indication, however, that any members of the Group of Seven are in danger. It is unlikely that members of the Group of Seven would risk their present positions to form a party outside the MMD, but, given their wealth and personal prominence, they are well positioned to assume important posts in any successor government.

The fact that the MMD constituted a national movement at the time of the election has created both ethnic and regional representation problems for Chiluba. He has already been accused of ethnic leanings because of his appointments to government positions of large numbers of Bemba from the Copperbelt and of failing to make enough concessions to powerful Lozi interests. Baldwin Nkumbula, an important and wealthy southerner and strong MMD supporter, did not receive the recognition he considered his due as minister of youth, sport, and child development. He resigned in September 1992.

These political uncertainties, combined with the stresses generated by privatization and other economic reforms, inevitably raise questions about the durability of public approval of the MMD. Chiluba is well aware that any disintegration of the governing party into small ethnically or regionally based parties will undermine progress toward economic recovery and resolution of the country's pressing social problems. International support for Chiluba's economic policies is based on the strong national approval demonstrated at the polls in the October 1991 election. If this support ever appears to have ebbed sufficiently to put pressure on the government to roll back some of the reforms, donor enthusiasm will wane. On the other hand, the MMD's proclaimed emphasis on the democratic system means that Chiluba is scarcely in a position to discourage the formation of rival parties.

Chiluba's Economic Strategy

President Chiluba clearly stated his economic policies in his inaugural speech a year ago. Given that his government was starting from a position of virtual bankruptcy, he argued that he had no choice in what had to be done. These steps included (1) reconciliation with the donor community so that the government could obtain the funds needed to implement reforms; (2) reducing the role of the state in the productive sector and returning economic leadership to the private sector and the market; (3) improving agricultural production by freeing crop prices and radically changing the marketing system for farm products and inputs; (4) liberalizing foreign-exchange controls and credit facilities with accompanying decontrol of all prices; (5) encouraging increased investment (from both foreign and domestic sources) as a means of reducing unemployment and strengthening the industrial and financial sectors; (6) trimming the bloated civil service.

It is not surprising that progress in these areas has been spotty thus far. Although the country has a relatively well-developed banking system in the urban areas, the number of large-scale industries is comparatively limited as is the number of Zambians controlling substantial amounts of capital. The depth of technical expertise both in industrial management and at the top of the government ministries is also limited. The public management decision-making process is severely hampered by a lack of mechanization.

Privatization. In spite of these impediments, however, substantial steps have been taken in the first year of Chiluba's presidency. Of particular note are developments in the area of privatization. Even the Kaunda regime was eventually forced to admit that state control in the industrial and agricultural sectors had failed; this failure was recognized as a major cause of impending financial collapse. The 120 state-owned enterprises managed by ZIMCO, the giant holding corporation, were overmanned, inefficient, and often mismanaged and poorly financed. The majority were losing money; many were kept afloat only by annual government subsidies that were a constant drain on the resources of the Treasury. In May 1990, Kaunda announced a privatization program and by December of that year a task force on restructuring had made policy recommendations for the program and had designated 21 SOEs to be marketed in the first phase of a larger sale.

On taking office Chiluba confirmed his government's intention to expand the privatization program substantially and placed oversight in the Ministry of Trade, Commerce, and Industry. Steering and technical committees of the previous government were replaced by a new body, the Zambian Privatization Agency, which came into formal existence with the passage of the Privatization Act in June 1992. The agency is now actively engaged in preparing to sell by the end of 1992 an initial group of 18 companies. The objectives of privatization as set forth in the Act are, inter alia, to reduce the role of government in the economy, promote private-sector competition and the growth of capital markets by new investment in privatized firms, and encourage Zambian ownership in industry by sales to individuals of shares in privatized firms. Most of ZIMCO's holdings will eventually be put on the block; the government proposes to retain only some six SOEs of strategic concern—utilities, communications firms, and possibly the national airline.

Carrying out the privatization of a large number of enterprises will not be possible without substantial foreign help both in funding and technical support. The Zambian bureaucracy is almost totally inexperienced in such areas as valuation, sales techniques, and share marketing. Experts in these fields will have to be recruited for long- and short-term service with the Privatization Agency while their Zambian counterparts receive on-the-job training. As lead donor, the World Bank has agreed to provide strong support. Other donors, including UNDP and USAID, have indicated willingness to supply technical assistance and equipment.

It is too early to say whether or not the program will succeed. Much will depend on the rapid sale of companies in the first group. If profitable sales are demonstrated at the start, the multiyear program may well attract new investors. Popular acceptance of privatization will largely depend on an intensive program of public education and on the degree of profit enjoyed by those persons who buy shares in the privatized firms. Thus far the trade unions have supported privatization, believing that privately owned firms will be better managed and will create new jobs. Continued labor support will, however, depend on government help to workers who lose their jobs because of the sale of SOEs through retraining and new credit opportunities for those who want to establish small businesses of their own.

Encouragement of Investment. Although privatizing is a key element in the reform process, it is not occurring in a vacuum. Government initiatives to increase foreign investment and broaden the scope of the financial sector are intended to work in synergy with the sale of SOEs. Plans are being completed to create an effective one-stop investment center to simplify the slow and confusing process of applying for investment licenses by eliminating the overlapping roles of various ministries. The center will also act as the major promotion agency to attract new private investment into Zambia.

It is recognized that large-scale privatization will only be successful if the way is paved for the small Zambian investor to participate. Although a nascent over-the-counter market now exists, the offerings are limited. A greater selection of share offerings and better public education on the meaning of share ownership are needed. The government intends to encourage the formation of a stock exchange to be owned and operated by the private sector. Both the planned investment center and the stock market will require initial outside technical assistance.

Although foreign investment is a high priority, the Chiluba government has cautioned that such investment must be in harmony with development policy objectives, should from the outset allow for Zambian partners, and must take into account environmental concerns. As in neighboring Zimbabwe, there is a particular ambivalence concerning South African investment. The tight governmental control over the private sector during the Kaunda era may have throttled entrepreneurial initiative, but it also gave a degree of protection that would disappear in a free market. Ultimately, however, it is predictable that the need for new capital will overcome current worries about an invasion of checkbook-waving foreigners.

Agricultural Sector Prospects

As previously noted, agriculture in Zambia suffered severely from mismanagement by the UNIP government. Given present population levels and normal rainfall, Zambia can be self-sufficient in food. It also has the potential for development of a considerable export market in agricultural products, both regionally and overseas. Sufficient unused land is available to increase not only maize production but also nontraditional exports—notably tobacco, cotton, and groundnuts—that are likely to be better foreign-exchange earners. Several problems stand in the way of rapid growth in the agricultural sector, however, even assuming normal weather conditions:

Ownership of Land. Present Zambian law vests ownership of all land in the president and the 1975 Land Act forbids the government to sell land. Freehold land tenure is replaced by 14-, 30-, and 99-year leases. In fact, however, only 16 percent of the land is state-owned; the remaining 84 percent is controlled by traditional chiefs who remain opposed to making it available to strangers for farming. The Chiluba government supports continuation of the leasing arrangement, emphasizing that any acreage allocated for farming must be utilized within 18 months of the start of the lease. This rule puts pressure on investors to develop the land without delay.

It has been strongly urged by some Zambian land interests that adoption of the freehold system would encourage large-scale investors; land sales would generate substantial revenue for the government. Others (including the Chiluba government) argue that leasing is the only effective protection against the expected invasion of South African agro-business as well as white Zimbabwean commercial farmers concerned about the possible seizure of their land under the Mugabe government's Land Acquisition Act. (See "Zimbabwe at a Crossroads" by L. Gray Cowan, *CSIS Africa Notes* no. 136, May 1992.)

Land Policy Concerns. During the Kaunda era, UNIP took over several large tracts of land and made them available to foreigners for what turned out to be ill-starred commercial ventures, dispossessing thousands of Zambians in the process. This debacle left Zambians highly suspicious of any land deals. Despite MMD assertions that it has no intention of seizing traditional lands or those privately owned and not now being farmed, the public is keeping a watchful eye on any changes in land policy.

Constraints on New Ventures. Zambia's highly urbanized population has shown very little immediate interest in returning to the land, no matter how dire living conditions in the cities may be. One reason may be that only some 6 percent of the land along the country's rail lines has even rudimentary services. Banks are reluctant to provide credit to would-be farmers and the government seems unlikely, under present circumstances, to look favorably on subsidized rural credit facilities. Even price decontrol of farm products does not provide enough incentive for a young city-dweller to settle on distant, untouched land.

Given foreign investment in the agricultural sector, Zambia could well become the breadbasket of the region and a major exporter of tobacco, but the average Zambian has no intention of permitting the government to sell or lease to any foreigner unless he perceives that the advantages to be gained outweigh his reluctance to accept reduced Zambian control over the land.

Foreign Policy Priorities/Trends

Given the pressing and difficult decisions it faced on the domestic front, the MMD has had little time to devote to foreign policy in its first year in power. The Chiluba government's chief overseas concerns have been restoration of donor aid and seeking out new investment.

In the 27 years of UNIP rule, Kaunda became a figure of world significance because of his unambiguous stand against apartheid and his efforts to mediate regional strife in southern Africa. The international stature he gained as an African leader tended to obscure his mounting political difficulties at home and helped to maintain a continuing flow of aid despite growing donor concerns about economic mismanagement. Kaunda had the additional advantage, deriving from his somewhat fuzzy ideological position, of being acceptable to both sides in the East-West competition for African linkages.

The ideology of Chiluba and the MMD, on the other hand, was clear from the beginning. Chiluba's pro-Western, capitalist, and free-market position appealed to the United States and Europe, although ideology became less and less relevant when there was only one side to turn to for help.

Zambia's neighbors did not view Chiluba's displacement of one of Africa's best-known statesmen with the same warmth shown by the West. Shocked by the "there-but-for-the-grace-of-God-go-I" warning conveyed by the Zambian election, the presidents of Kenya and Zimbabwe reacted at first with some coolness to the MMD leadership. Zimbabwe's President Robert Mugabe delayed a congratulatory statement and Kenya's President Daniel arap Moi had second thoughts about embarking on free elections. On the other hand, Chiluba was warmly received during a state visit to Tanzania in December 1991, particularly when he stressed in a public statement that the purpose of his visit was not to "sell democracy."

South Africa's reaction to the Zambian election was mixed. Press coverage was limited and few white South Africans viewed a democratic election to the north as having any real relevance to their own situation, particularly since Zambia had a relatively small white population. But black South African observers saw some lessons applicable to their own prospects for a free election. Both countries had been controlled by the same party for decades; both UNIP and the National Party were perceived as being insensitive to the needs of the desperately poor; and there were parallel low economic growth rates for the majority. More important was the fact that popular demand for change in both countries had forced the ruling party to accept the concept of free choice of leadership and a democratic constitution, albeit reluctantly and after prolonged delay.

At one of his first postelection news conferences, President Chiluba announced that his government was prepared to trade with South Africa publicly—not clandestinely, as UNIP had done. The two countries subsequently indicated their intention to exchange trade representatives. In practice, however, the South African business community has not appeared inclined to rush into increased trade, presumably because of Zambia's poor record of paying for the 23 percent of its total imports that were coming from South Africa. One prominent South African economist observed that there was little incentive to get into the "economic morass" of a country kept afloat by international donors. Despite these reservations, South African entrepreneurs have made frequent visits to Lusaka over the past year in quest of business or investment, particularly in firms to be privatized.

The MMD's position that no special effort will be made to welcome displaced white farmers, South African or Zimbabwean, is likely to have a chilling effect on any large-scale rush to Zambia by agro-business. Although trade will no doubt expand, Zambia will have to compete with other regional traders, especially Mozambique and Angola.

In Sum

Zambia under President Kaunda presented almost a textbook case of the effects of personalized rule and the single-party system prevalent throughout much of Africa over the past three decades. Government policy under a single leader was inconsistent and arbitrary; every aspect of governing became politicized to the point where only a small part of the elite could benefit. Meanwhile state control over the economy proved an unmitigated disaster.

President Chiluba and the MMD are committed to restoring responsible, representative government by the ballot box and to utilizing the capital and the abilities of the private sector to restructure the economy. By reducing inflation and government spending as well as controlling the deficit, the MMD regime hopes to restore the confidence of the international donors. These tasks will be neither easy nor simple; it has been estimated that restoring even a semblance of normal economic activity and growth will take 5 to 10 years, and perhaps a generation. Leaving aside the continued decline in both the production and the world price of copper and the long-term effects of drought, the government will be hard put to meet even its minimal commitments to the World Bank and the IMF. Despite the tax and profit repatriation incentives offered by the 1991 Investment Act, foreign investors will be deterred by uncertainty regarding the prospects of the kwacha and by doubts about long-range political stability.

Democracy has given Zambians a sense of greater input into the policies directly affecting their standard of living and a sense of freedom in political choice. But democracy in and of itself does not necessarily bring economic development. On the contrary, it could generate continuing unrest as new groups seek to compete in the political arena. Chiluba's greatest challenge will be to stay in power long enough to see his economic policies bear fruit for rank-and-file Zambians while at the same time avoiding a tendency to assume the role of strong executive in the face of mounting criticism within and outside his party. It will be a delicate balancing act, but success would represent an important example for the rest of Africa.

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