

KWACHA APPRECIATES BUT PRICES REMAIN HIGH, OBSERVES JCTR

Recently, the Government of the Republic of Zambia announced measures aimed at addressing the depreciation of the currency. The measures are also seen as a way of tackling the inflation problem. Since the measures took effect, the Kwacha has been seen to appreciate, moving from around K4,500 per US Dollar to currently K3,500 per US Dollar.

The Jesuit Centre for Theological Reflection (JCTR) wishes to commend government on the measures taken because they are seen to be efforts aimed at ultimately improving the living conditions of the people, especially the poor.

However, it is striking to note that since these measures were announced with the resultant "appreciation" of the Kwacha, no significant positive changes can be observed in the economy in the area that touches everyone, the price of food.

There has not been any change in prices to reflect the appreciation of the Kwacha. This obviously implies that there is something missing in the economy that needs to be addressed. "Targeting the Kwacha alone is not enough since so far there is no relation between the Kwacha's appreciation and the prices," says Muweme Muweme, Coordinator of the Economic and Social Development Research Project of JCTR.

The JCTR monthly Food Basket, a cost of living survey for a family of six in Lusaka indicates an increase of K7, 175 from the December 2000 figure of K312, 695 to K319, 870 for January 2001. This is just the cost of some food items, without adding nutritional items (e.g., milk kapenta, beans, etc.) and the cost of non-food items (e.g., education, housing, transport etc.). Under normal circumstances, one would have expected the recent appreciation of the Kwacha to begin to correspond with the actual price situation in the country.

The 2001 National Budget has been presented under the theme "Empowering People for Prosperity". "Indeed it is important to recognise that an economy exists for the people and not the other way," says Muweme. "This means that people should be key players in an economy through their economic empowerment. There must be deliberate efforts in terms of policy formulation towards creation of situations that enable people to be effective and full key players."

Moreover, the cost of the food basket is by far higher than the K200, 000 lowest salary for public employees promised in this year's budget. Muweme observes that "while social sector spending has been increased in this year's budget, one would still wonder how economic empowerment would be achieved with wages that do not seriously take account of the prevailing cost of living."

It is therefore JCTR's view that the theme for this year's budget should not simply be rhetoric but must be translated into real action. Parliament should look closely at those factors that are responsible for the relentless suffering of the majority of the Zambian people, one of which is high prices in the face of low wages.

*Please note the new format of the food basket. Do you think it is an improved format?
Send us comments and suggestions.*

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