

## YEAR 2002 CHARACTERISED BY DISTURBING SOCIAL CHALLENGES, OBSERVES JCTR

The last twelve months of 2002 have seen a serious deterioration in the social conditions of most Zambian people, says the Economic and Social Development Research Project of the Jesuit Centre for Theological Reflection (JCTR).

This situation should be seen, however, as a consequence of long-standing problems coupled with unexpected set backs such as the pull out of Anglo-American and the adverse weather experienced in the 2001-2002 agricultural season. The most unfortunate thing about Zambia's socio-economic problems is that they have tended to reinforce each other in ways that have made resolving them extremely difficult.

According to Muweme Muweme, Coordinator of JCTR Economic and Social Development Research Project, "The bad situation also implies that most of the country's economic reform programmes – imposed by external forces such as the World Bank and IMF -- have not delivered as anticipated." Certainly critical in the whole mix of problems Zambia is facing has been the severe hunger problem experienced in some parts of Zambia which led to immense pressure on the country's food requirements. Muweme notes that food is our most important and basic commodity, but that in recent years Zambia has *consistently* failed to provide adequate food for the people.

Because of factors also associated with non-productivity of the economy – especially in the mining and manufacturing sectors -- the Kwacha has been on a downward trend in its relationship with other foreign currencies. At the start of 2002, the exchange rate was around K3500 to the US dollar; towards the end of the year it had depreciated to over K5000 to the dollar. "What is most unfortunate about the fluctuating Kwacha value is that depreciation sets in motion consumer price increases," says Muweme, "but appreciation such as is currently being experienced does not in fact bring any lower prices to consumers."

The JCTR *Basic Needs Basket* that measures cost of living for a family of six in Lusaka points to the fact that the cost of food, particularly mealie meal, still accounts for much of the rising cost of living in Zambia. A review of trends in the cost of food for the year 2002 (shown in Figure 1) reveals that most of the sharp rises in the overall cost of food are associated with increases in the price of mealie meal.

Figure 1

Zambia recorded sharp increases in cost of living particularly during the last quarter of the year 2002, significantly associated with the loss in value of the Kwacha and the strong pressures to meet the national requirements of maize.

For example, in January 2002 the cost of mealie meal was averaging K36,000 for 25 kg, that of total food *only* (cooking oil, bread, milk, vegetables, mealie meal, eggs, beans, etc.) was averaging K324,650, and the overall *Basic Needs Basket* (food and other essentials such as energy, water, wash and bath soap, housing, etc) was K829,250. By December 2002 the cost of mealie meal was averaging K45,000, that of total *food only* was averaging K380,150, and the overall *Basic Needs Basket* was K887,550.

Zambia has failed to meet the macro-economic targets set in the 2002 GRZ Budget (e.g., 13 percent end-year inflation, 4.3 percent growth rate, etc.). Such targets are important, even though in the Zambian context they usually have seen have little or no consequences for the average person's quality of life. According to Muweme, failure to attain the set targets is an indication that the Zambian economy in addition to having suffered a setback in agriculture still remains unproductive, an issue that is critical to the uplifting of the living standards of the people. This failure also points to the fact that the government was overly ambitious in setting targets in relation to a realistic assessment of the productive base of the economy.

Politically, the country faces a situation of serious uncertainty which has bad economic consequences. The still-pending presidential and parliamentary election petitions and the revelations of deep-seated corruption hinder the attraction of needed foreign investment.

“As we look ahead,” notes Muweme, “it is important to recognize that sharp increase in prices of the *Basic Needs Basket* in an economy presently facing multiple difficulties (unemployment, HIV/AIDS, food insecurity, etc.) excludes people from what is *necessary* for human survival as well as *central* for ensuring human dignity.” He adds, “It is particularly disturbing that prices at the end of the year invariably set the tone of what is to come in the following year.”

At best, the socio-economic situation ahead for Zambia is deeply disturbing. Particularly critical and difficult to predict is what will happen in the agricultural sector. This will determine whether or not Zambia will have adequate food to meet its national requirements. Moreover, there are already reports of global increases in the price of crude oil. Moving into 2003, there still remains the likelihood of further increases in the price of crude oil if war erupts in the Middle East.

“As we plan for the future,” argues Muweme, “it is the social justice view of JCTR that while the setting and attaining of macro-economic targets is important, it is equally important that these targets be studied and evaluated alongside quality of life indicators that measure social outcomes in a concrete fashion.” That is why the approach of the Poverty Reduction Strategy Paper (PRSP) and the implementation of the Millennium Development Goals (MDG) are so very important, economically and politically, in the current situation.

For example, what is the relationship between people’s income and cost of living? How many households have three meals per day? Where are we moving on literacy? On health? On housing? These are the fundamental questions whose answers point accurately to the real “workings” of a people-centred economy. For how else should any development programmes be realistically assessed other than through such social criteria?

Although Zambia’s difficulties may seem insurmountable, they however lie on a foundation of hope, especially when one looks at the country’s resource endowments, its enjoyment of peace, its people, its many potentials, etc. The JCTR hopes the year 2003 will see positive changes in people’s lives and pledges that it will continue to work diligently for those changes.

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