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The IMF/World Bank Programme in Zambia: Its Impact on Food Security

by

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Submitted in partial fulfillment of the requirements
for the degree of Master of Arts in
International Development Studies
at Saint Mary's University
Halifax, Nova Scotia, Canada

August 1996

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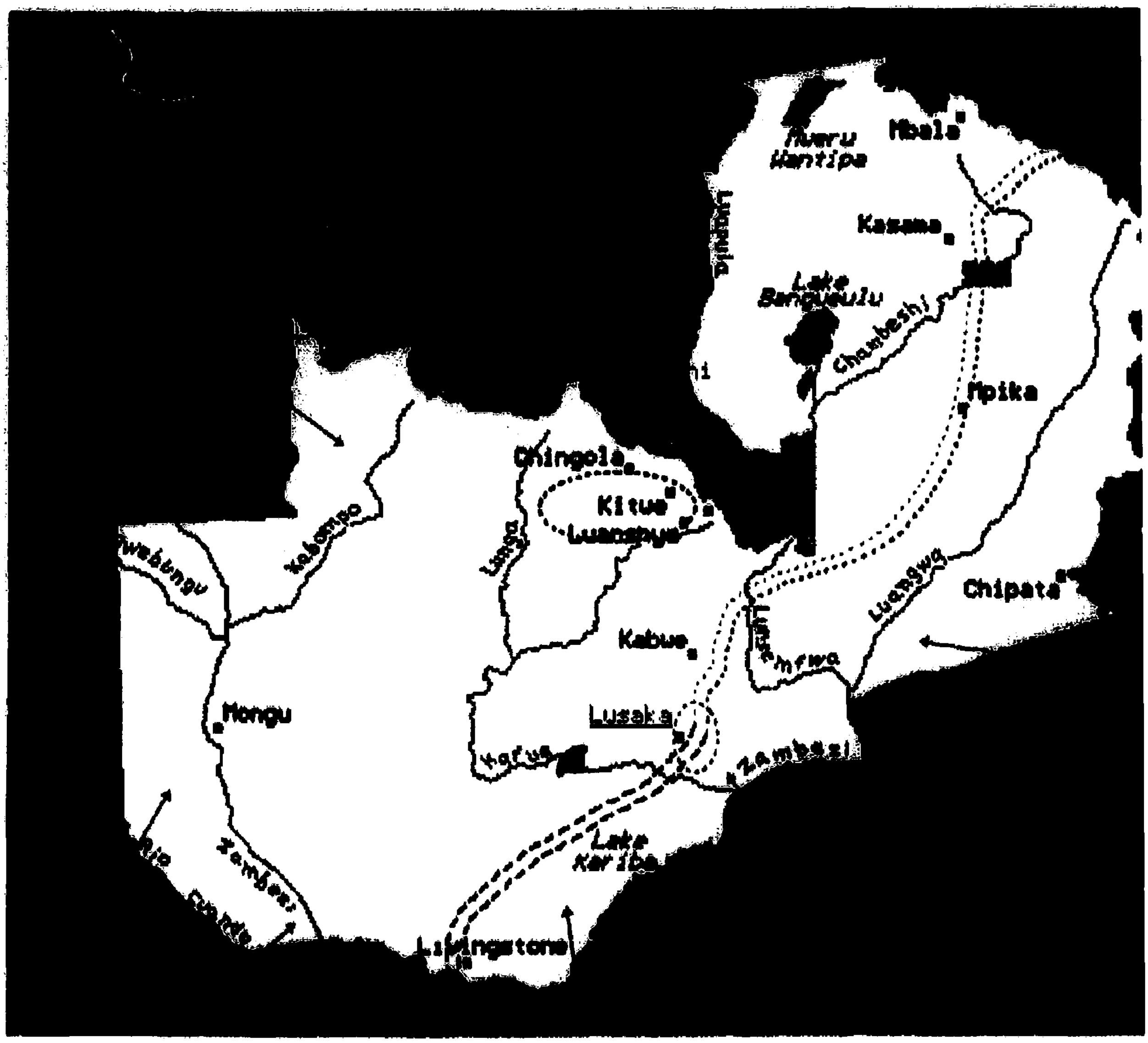
The IMF/World Bank Programme in Zambia:
Its Impact on Food Security

ABSTRACT

This study analyses the impact of the Structural Adjustment Programme designed in the 1980s by the World Bank and for the most part by the International Monetary Fund (IMF) for the Republic of Zambia on that country's food security situation. Empirically, the study demonstrates that Zambia's food insecurity problems were exacerbated by the IMF/World Bank Programme. Moreover, it is demonstrated that the most vulnerable groups of Zambian society -- the rural and urban poor, and specifically women, children, and youth -- experienced the greatest deterioration of their food security condition. It is shown, contrary to the standard World Bank/IMF view, that Zambia's condition of crisis (as it unfolded in the late 1970s and early 1980s), came about as a result of factors which were exceedingly extrinsic to Zambia's control. Moreover, it is argued is that both the World Bank and especially the IMF neglected to consider these critical factors when writing out the prescription for Zambia's economic ailments. In so doing the Bretton Woods institutions assumed the leadership role in the package of forces that contributed to the deterioration of social conditions in the country -- notably the food security situation. The study concludes by drawing some general parallels between the case of Zambia and sub-Saharan Africa and by making some general observations and recommendations regarding IMF/World Bank adjustment programmes.

Paulo Manuel Carvalho Eusébio - Nova Scotia, August, 1996.

MAP 1: ZAMBIA, Selected Features



KEY

Tanzara Railway

Southern Route

Kafue River Dam

Copperbelt

Bombed Tazara Bridge[a]

Bombed Kazangula Ferry[b]

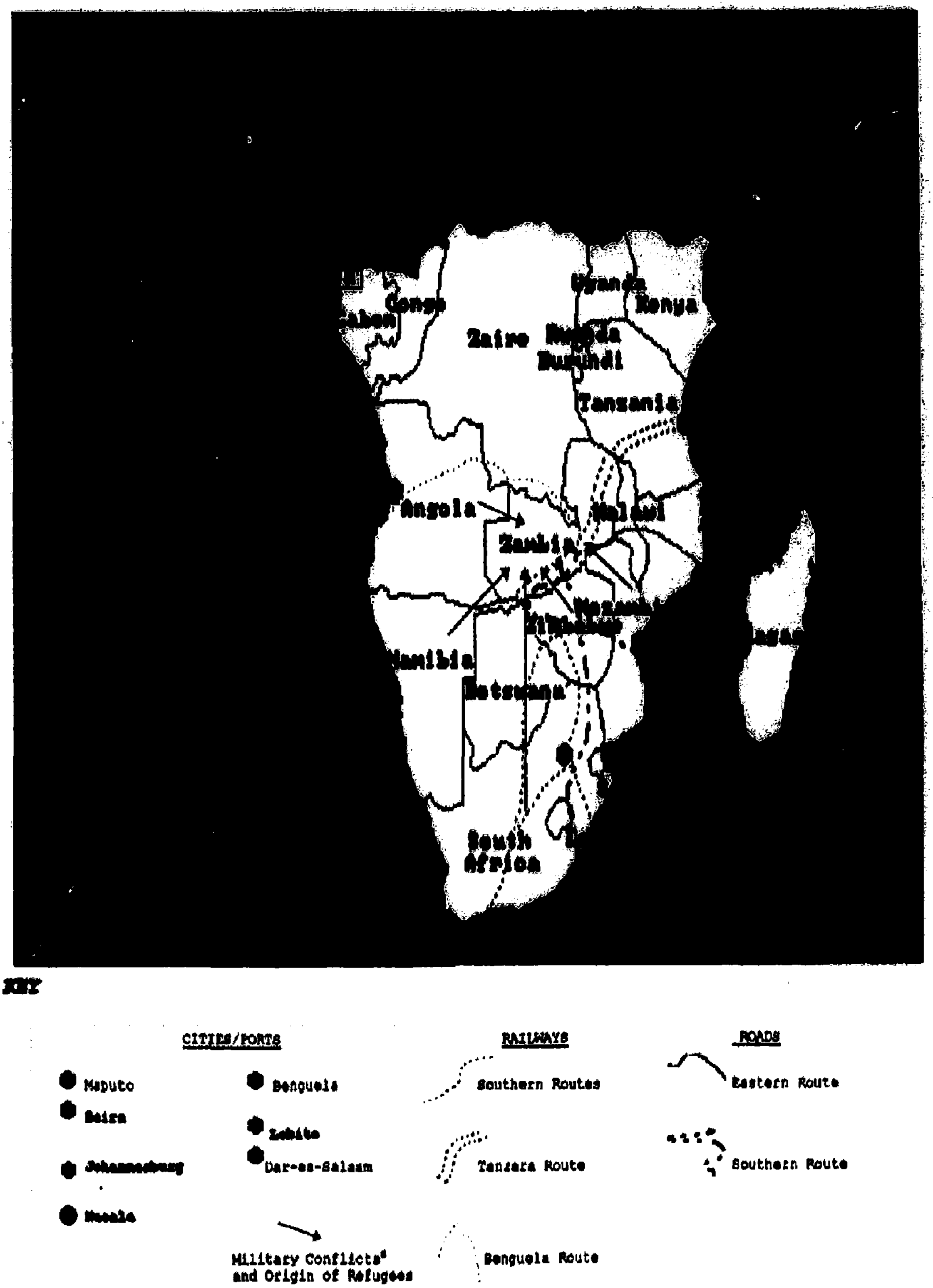
Site of Bridges(10)[c] Bombed by Rhodesian Raids

Military Conflicts Affecting Zambia and Origin of Refugees

---

[a] Destroyed by Rhodesian Raids in 1979 (see pg. 43)
[b] Destroyed by Rhodesian Raids in 1979 (see pg. 43)
[c] Destroyed by Rhodesian Raids in 1979 (see pg. 43)

MAP 2: SOUTHERN AFRICA, Selected Features



[a] Military conflicts around Zambia's borders, raids conducted by Rhodesian and South African forces on Zambian territory, and countries contributing refugees to Zambia.

DEDICATION

O que faz falta é avisar à malta
O que faz falta é acordar à malta
O que faz falta é empurrar à malta
O que faz falta é agitar à malta
O que faz falta é dar poder à malta

Zeca Afonso, (1929-1987)

This thesis is dedicated to the increasing numbers of the Africa's poor, who today have less access to health, education, employment opportunities, and food as the world economic order regresses further to right.

It is also dedicated to the memory of the great Portuguese poet, teacher, song-writer, and artist, José Manuel Cerqueira Afonso dos Santos, affectionately known as Zeca Afonso. Zeca Afonso's inexhaustible struggle for justice, freedom, dignity, and equality as well as his incessant cry for the independence of African peoples from the yoke of European colonialism, motivated depraved tyrants to imprison and bar him from teaching. Even in confinement, Zeca Afonso's rousing and defiant verses continued to be an incessant voice of the oppressed in Portugal and of the exploited former African colonies.

Zeco Afonso's fervent spirit of justice continues to be *ad infinitum* inspiration for those whose objective is, freedom, equality, dignity, solidarity, and justice.

Your blood has been spilled
Across five continents
And your children were shipwrecked
In foreign lands, among foreign peoples
From the depths your cries
Tell stories to the sea
Of old [illegible]
With the sound of drums [illegible]
Mamã África, Mamã África
Your tears are rivers
That flow from your body
And the future is a challenge
I bet you will overcome
It is with this song that I will find
My way back
It's the voice of my greeting
To the brothers and sisters I don't yet know

Dany Silva

ACKNOWLEDGMENTS

Faith is the substance of things hoped for, the evidence of things not seen. God is our refuge and strength, a very present help in trouble.

Faith, like love and honesty, is a very personal matter. It cannot be measured or fully explained. Ultimately, our own conscience must provide the real assessment. Mine tells me that I owe infinite thanks to Jesus for the strength, resolve, and illumination to write this study.

A study of this magnitude is never a solo flight. For all their kind effort in assisting me to track down invaluable resources for the research I am indebted to Stefanie Stella (FAO, Rome), Driden Kunaka (UNICEF, Zimbabwe), Erich Mathias (Joint Ministry in Africa), Dr. Meredith Turshen (University of Wisconsin), and Stephanie Seidel (Bread for the World). I am equally grateful to Ellen Crumley, Sandra Hamm, and Doug Vaisey (Patrick Power Library, Saint Mary's University) and to Ron Houlihan and the International Center (Saint Mary's University).

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One of the many memorable characteristics of the International Development Studies Programme is the opportunity it provides to meet and engage in scholarly work with students from many different parts of the globe. Through the programme I had the good fortune of meeting Dennis Canterbury, a distinguished colleague and a truly dependable friend for whose constant and genuine support and encouragement I am truly grateful.

This thesis and the completion of the Programme would not have been possible without the endless love and support of my family. I am forevermore thankful to my wife Sónia and to my son Joel Alexandre . I thank my father, my brother Carlos, and especially my mother for their constant encouragement.

Family Isaac (Norberto, Bela, Tio Joaquim, Tia Chica) I will never be able to thank enough for instilling in me, from very early in my childhood, a fervor for critical thinking and a passion for justice, for introducing me to the world of Zeca Afonso, and for all their boundless love and support.

Finally, but certainly not least, I am endlessly thankful to my thesis supervisor, Dr. Henry Veltmeyer for his constant guidance, patience, and support. Dr, Veltmeyer is an educator in every sense of the word and I am absolutely grateful and honored to have had the privilege of learning from him.

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CHAPTER 1

INTRODUCTION AND THESIS STATEMENT

1.1 OVERVIEW OF ZAMBIA

If it took England the exploitation of half of the globe to be what it is today, how many globes will it take India?

Ghandi

During the whole period of written history, it is not the workers but the robbers who have been in control of the world.

Scott Nearing

Politically speaking, the Republic of Zambia emancipated itself on October 24, 1964. As is the case with the majority of new-borns in Africa, and indeed in the developing world, Zambia too was born into a debt which it had not incurred . "At independence, Zambia inherited a debt of over K50 million from the colonial government. The debt was one which Zambia has never since been able to shake off."[1] In typical mercantile pattern established under British colonial domination and enforced through centuries old Navigation Acts, Zambia emerged as a country heavily dependent on imports and rigidly dependent on a single export for most of its foreign revenues.[2] As a

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[1] John Clark. Zambia: Debt and Poverty, 5

[2] The Navigation Acts, a series of statutes passed in the 17th century by the English Parliament, formed the basis of the colonial system in the early, or first, British Empire. The act of 1651 required all products of America, Asia, and Africa to be imported into England and its possessions in ships manned predominantly by English subjects; European produce could be imported into England only in English ships or those of the country of origin. The Navigation Act of 1660 prohibited all foreign ships from trade between England and its colonies and restricted that trade to English-built and English-owned vessels with an English captain and a crew that was 75 percent English. It also enumerated certain commodities, such as sugar, tobacco, and dyes, that the colonies could export only to England or to another British colony. The Staple Act of 1663 forbade the shipping of European goods to the colonies except through England or Wales, and additional acts in 1673 and 1696 tried to plug various loopholes and provide stricter enforcement. Originally aimed at excluding the Dutch from the profits of English trade and

result of British imperialism decreed by laws dating back to 1651, copper accounted for over 90 per cent of Zambia's exports at the time of independence. It was estimated that, by 1964, the British South Africa Company, had extracted more than £80 million in royalty payments for its supposed legal ownership of mineral resources, while the British Treasury had collected £40 million in taxes and spent only £5 million on the territory.[3] In the mid-1970s world copper prices plummeted while oil, which Zambia must import, rose sharply. Rising oil prices, world recession, inherited debts, and conflicts around its borders, became the key factors of Zambia's worsening economic conditions. By 1982 Zambia had to export four times as much copper as it did in 1970 to import the same amount of goods; terms of trade were indeed deteriorating rapidly for Zambia. As revenues shrivelled the Government found its deficit widening as it attempted to deliver basic needs to the Zambian population with declining resources. By the late 1970s spending was over twice the government revenue. Zambia began turning to the IMF and to the World Bank and increasing its foreign loans in the early 1970s. Relations with the IMF remained sparse until 1983 when, in the midst of financial and economic crisis Zambia, was introduced to a series of adjustments and reforms which were

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often passed as much at the instigation of English merchants as from deliberate government policy, the Navigation Acts incorporated basic mercantilist assumptions that the volume of world trade was fixed and that colonies existed for the benefit of the parent country.

[3] Lobengula was the second and last king of the Ndebele, or Matabele, an African people who inhabited Matabeleland, now part of Zimbabwe (Rhodesia). After the death (1868) of his father, Mzilikazi, the founder of the Ndebele kingdom, Lobengula's succeeded to the throne in 1870. In 1888 he granted rights to the minerals of his kingdom to agents of Cecil Rhodes who soon received a royal charter creating the British South Africa Company. Rhodes interpreted the concession as granting his company territorial rights over all Ndebele lands.

supported by stand-by agreements with the IMF. Despite these 'moderate reforms', the colonial legacy, rising oil prices, Western economic policies, among them high interest rates, the international economic crisis, decline in export revenues, corruption, and military conflicts around Zambia's borders, made it impossible for the Government to correct imbalances stemming from pre-independence times. In light of intense external payment problems and a liquidity crisis, in October 1985 the government announced the 'radical' adjustment programme designed by the IMF[4]; the austerity measures were the harshest the food insecure and highly indebted country had seen to date. So severe were these policies that in 1986 the country experienced the first ever food riots in its history. This study looks at the food security consequences of this IMF/World Bank package which endured until its abrupt and violent demise in 1987.

The Republic of Zambia is a landlocked country of south central Africa. The far ranging significance of Zambia's landlocked situation is further discussed in subsequent chapters. It is bordered on the south by Zimbabwe and the Caprivi Strip of Namibia, on the south-east by Mozambique, on the east by Malawi, on the west by Angola. Known as Northern Rhodesia under British colonial rule, Zambia gained political independence in 1964[5].

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[4] Liquidity is the degree to which an asset can be quickly and cheaply convert into cash. International liquidity consists of the total of gold and foreign exchange reserves and SDRs.

[5] As will be discussed in later chapters, the geographical location of Zambia vis a vis its neighbours has played a significant role in Zambia's crisis and inability to overcome them.

Land and Resources

The land surface of Zambia consists of a series of gently undulating plateaus broken by isolated low mountain ranges. The highest elevations are found near the Malawi border, the lowest, in the south-east with clay soils of marginal agricultural value. These soils become more fertile in the lower plateau. The river valleys are covered with fertile alluvial soils. Vegetation ranges from forest to open grassland. The plateau areas are characterised by wooded savannah and tall grasses, whereas in the river valleys the mopani tree is predominant.

Zambia is dominated by a tropical savannah climate. Most of the country has a single rainy season with a January maximum. The rains last from about 190 days in the north to fewer than 120 days in the south. Precipitation in the northern half of the country averages 1,219 mm and in the southern half 838 per year. Temperatures range from 16 degrees to 27 degrees in the cool season (May to August) and from 28 degrees to 32 degrees in the hot season (August to November).

Zambia's rivers are concentrated in two systems. In the north the major rivers are the Chambeshi and the Luapula, which rises in Lake Bangweulu. They drain eventually into the Congo River. In the south the Zambezi River and its tributaries form the major river system. Lake Tanganyika limits Zambia's northern boundary (Map 1).

Zambia has a wealth of mineral resources, especially copper, lead, zinc, and coal.[6] The Copperbelt, where most mining takes place, lies north of Lusaka along the Zairian border (Map 1).

People

As a result of 19th-century colonialism and the imperialistic carving of the globe into "spheres of influence" by the European powers (a leading figure of which was the British financier and South African statesman Cecil Rhodes) Zambia's population is ethnically diverse.[7] Most of the population is of Bantu origin (including Bemba, Tonga, Malawi, Lozi, and Lunda), although San and Twa live in some areas. The national language is English, but several other major language groups managed to survive and are used, including Bemba. About 72 per cent of Zambia's population are Christian or combine Christianity with traditional African beliefs. Most of the remainder practice traditional African religions, with small

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[6] Although copper is estimated to run out by the year 2000.

[7] **Cecil John Rhodes** (1853 - 1902) was a British imperialist and statesman who helped establish British rule in southern Africa. Rhodes went to southern Africa in 1870 to join his brother Herbert on a cotton farm. Subsequently he went to the newly discovered diamond fields at Kimberley, where between 1871 and 1888 he became a rich man. He formed the De Beers Mining Company and eventually controlled 90 percent of the world's diamond production. Rhodes also acquired a substantial stake in the gold fields of the Transvaal and became prominent politics. In 1890 he took office as prime minister of Cape Colony, resolving to work for an understanding between British and Afrikaners and for a policy guaranteeing them both equality under the British flag. Rhodes meanwhile used his influence and wealth to create a new British foothold north of the Transvaal, to reduce Afrikaner political influence in southern Africa, and to promote the dream of a British empire from the "Cape to Cairo." In 1889 he received from the British government a charter setting up the **British South Africa Company** with vast administrative powers. The company occupied Mashonaland in 1890, and three years later its forces defeated the kingdom of the Ndebele. By the end of the century Rhodes's company controlled a huge area, including Southern Rhodesia (now Zimbabwe) and Northern Rhodesia (now Zambia) which were named for him.

Hindu and Muslim minorities. The percentage of the population living in urban areas is increasing rapidly; a condition intensified by Zambia's extreme and unwavering dependence on copper, by its powerlessness to diversify it economy, and by the increasing debt load. Lusaka, the capital, is the country's largest city. Other major centres are the Copperbelt cities of Kitwe and Ndola (Map 1). Zambia has one of the highest rates of population growth in the world.[8]

Educational expansion at the primary and secondary levels has been rapid since independence. The University of Zambia was founded in 1965. Both educational and health-care facilities exist in rural areas, however, insufficiently.

Economic Activity

A detailed discussion of Zambia's economy is presented in Chapter two. What follows is intended to be a brief general overview. Economic development since the early 20th century has been based on the exploitation of the copper mines. "At independence in 1964, Zambia was basically a mining camp, with a large hinterland that supplied cheap labour, and a very small manufacturing sector, which was overwhelmingly owned by foreigners."[9] Zambia produces about 7 per cent of the world's copper, ranking fifth in the world, as well as sizeable amounts of lead, zinc, cobalt, phosphates, and other minerals. Small amounts of coal are also mined. The dependence on minerals,

[8] Zambia's annual population growth averaged 3.2 percent in the 1980s (Africa 2.9 percent).

[9] Burdette, 1989.

which contributed to over 90 per cent of export earnings in 1988, has left Zambia dangerously vulnerable. Falling copper prices since 1975 have reduced export income and lessened Zambia's ability to service its large foreign debt. In addition, Zambia's commercially recoverable copper reserves are expected to be nearly exhausted by the year 2000.

Manufacturing has been promoted through the Industrial Development Corporation on a 51 per cent government-49 per cent private sector ownership plan that encompasses the copper mines and smelters, iron and steel mills, fertiliser plants, a cobalt refinery, and brick factories. Manufactured goods include processed foodstuffs and various consumer goods.

Hydroelectricity is produced at the huge Kariba Dam on the Zambezi, on the Kafue River, and at Victoria Falls. Coal-produced electricity is significant in the Copperbelt (Map 1).

Railroads are the chief means of transporting landlocked Zambia's products to the sea. As will be discussed in subsequent chapters this highly vulnerable reality has negatively affected Zambia's trade and development considerably. To lessen dependence on South African ports, a rail link from the Copperbelt through Tanzania to the sea was completed in 1976 with Chinese aid (Maps 1 and 2).

Government

According to the constitution of 1973, Zambia is a republic, with a president and a unicameral legislature elected to 5-year terms. A one-party state was declared in 1972, but the constitution was amended in December 1990 to permit multiple political parties. A draft constitution introduced in 1991 proposed restricting the president to two 5-year terms, abolishing the office of prime minister, and creating a two-house legislature.

History

The geographical area now referred to as Zambia was first settled by African peoples in the 8th century AD. Archaeological evidence suggests that these early Africans were involved in a variety of trades, including mining and smelting ore to make weapons and tools.[10] However, what in fact must be credited to the British is the colonial legacy present in Zambia since their arrival.

In 1851, David Livingstone crossed the Zambezi River from the south and spent the next 20 years exploring what is now Zambia. In the late 19th century the British South Africa Company began making treaties with the local chiefs in what was then known as Northern Rhodesia. Following the 1924 British administrative take-over of the region and the discovery of copper in the late 1920s, many Europeans immigrated to the area. In 1953, Northern Rhodesia, Southern Rhodesia (now Zimbabwe), and Nyasaland (now Malawi) were brought together by the British into the Federation of Rhodesia and Nyasaland. This federation lasted until 1962, when Nyasaland pulled out, followed by Northern Rhodesia in 1963. Independence for Zambia followed on

[10] Seamus Cleary, Zambia: A Country in Crisis, 1990, 8.

October 24, 1964. Relations with Southern Rhodesia became strained after the 1965 unilateral declaration of independence by the white minority government, and Zambia's flow of goods through Rhodesia was interrupted. Falling copper prices, a huge foreign debt, military conflicts in neighbouring countries, and destabilisation measures inflicted on Zambia by white South Africa meant that Zambia's economic problems did not end when Rhodesia gained independence as Zimbabwe in 1980.

Kenneth D. Kaunda, who had served as president since independence, was praised abroad for his anti-apartheid stance. His popularity at home, however, declined with the standard of living. Economic austerity measures imposed at the insistence of the IMF led to riots in 1986 and 1990. Kaunda legalised multiple political parties in December 1990, and multiparty elections--the first in nearly 20 years--were held in 1991. Kaunda was defeated by the former chairman of the Zambian Congress of Trade Unions (ZCTU) and staunch advocate for multiparty system in Zambia, Frederick Chiluba, who became president on November 2, 1991. Chiluba's Movement for Multiparty Democracy captured 124 of 150 legislative seats. Dr. Kaunda who announced that he would return to Zambia's political scene has been under government surveillance since 1994.

1.2 THESIS STATEMENT

In this study I will argue that the Structural Adjustment Programs designed in the 1980s by the World Bank and for the most part by the International Monetary Fund (IMF) for the Republic of Zambia, not only failed to address the country's food insecurity problems but in fact exacerbated the food situation of the Zambian people. Moreover, I will demonstrate that the most vulnerable groups of Zambian society -- the rural and urban poor, and specifically women, children, and youth -- experienced the greatest deterioration of their food security condition. **The thesis statement under consideration is: that food insecurity in Zambia is exacerbated by that country's IMF/World Bank designed structural adjustment programme.** This statement will be tested by an investigation of the social and economic statistics on the Zambian economy.

It will be argued, contrary to the standard World Bank/IMF view, that Zambia's condition of crisis (as it unfolded in the late 1970s and early 1980s), came about as a result of factors which were exceedingly extrinsic to Zambia's control. The thesis does not allege that either the IMF or the World Bank are the source of Zambia's misfortunes; it is not the intent of this study to identify the Bretton Woods Institutions as the root of Zambia's problems. The harsh colonial legacy brought to bear by imperialistic British subjugation through the South African Mining Company and the subsequent consequences of such repressive policies; including a state of utter dependency, the external debt inherited with independence, declining copper prices, the precarious constitution of the international economic order, destabilisation efforts by white South Africa and Rhodesia, and increasing oil prices confronted Zambia without IMF or World Bank interaction. What is argued is that both the World Bank and especially the IMF neglected to consider these critical factors when writing out the prescription for Zambia's economic ailments and in so doing assumed the leadership role in the package of forces that contributed to the deterioration of social conditions in the country -- notably the food security situation. For this very reason the structural adjustment programmes implemented from 1980 to 1987, and the 1985-1987 package specifically, were not only doomed to fail but were certain to exacerbate Zambia's economic, political, and social problems, not the least of which is; the impact on the food security situation of the Zambian people, the focus of this thesis.

The thesis does not propose to exonerate the consequences of internal problems such as corruption; nor does it suggest that Zambia's state planning was flawless. However, the thesis will argue that the IMF/World Bank programme failed to confront the root causes of Zambia's economic problems and aggravated the country's debt situation by failing to appreciate the economic and social environment created by British imperialism; the destabilisation efforts of white South Africa and Rhodesia; the impact of not enjoying one single day of peace in neighbouring countries since independence (Map 2); the volatility of Zambia's dependent position in the world system; the continuous influx of refugees from neighbouring war torn countries. In addition , it is argued that IMF/World Bank policies and prescriptions failed to identify the world economic order, particularly the policies pursued by the North, as the predominant reservoir of Zambia's crisis.[11] As a result, the Bretton Woods programmes further undermined the food security of the Zambian people. It will be argued that IMF/World Bank structural adjustment programs neglected these crucial peculiarities and, by reducing real incomes in the public sector while causing the consumer price index to soar, fuelled the very corruption and inefficiency in the civil service which the Bretton Woods Institutions are so fond of identifying as the major source of Zambia's economic woes.

1.3 METHODOLOGY

This study has relied on primary and secondary material alike.[12] Research was conducted in Halifax with sources from a number of libraries throughout Canada and overseas. Inasmuch as possible I have made every effort to secure primary and secondary sources from Zambia and from the African continent in general. The Internet proved to be an excellent source of important information and a timely way of contacting and

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[11] For example: (a) according to the OECD the economic opportunities denied the South by OECD members in the form of non-tariff trade barriers is worth twice the annual flow of official development assistance (b) High interest rate policies – especially during the "Reagan Revolution".

[12] It is worth emphasising that Richard Jolly (UNICEF), Marcia Burdette (North-South Institute), Seamus Cleary (CAFOD), and Paul Vallely resided and worked in Zambia. Allast Mwanza, I. Mwanawina, Ravi Gulhati, and Venkatesh Seshamani teach at the University of Zambia. Dorothy Mutemba is a member of the National Commission of Development Planning, Lusaka, Zambia. Thus, their personal accounts provide invaluable primary "hands-on" empirical data.

obtaining information from international organisations such as the FAO, World Bank, UNICEF, IMF, Save the Children Fund, Bread for the World Institute, and the Catholic Fund for Overseas Development. This approach allowed for the procurement of primary and secondary sources not available in North America. As well, it provided a means of exchanging ideas with others, including some of the authors of the secondary sources consulted. Ideally, I would have welcomed the opportunity to rely more intensely on Zambian (or African) primary sources. Unfortunately time and budgetary constraints did not permit such undertaking.

For the most part the study relies on empirical evidence. However, given the author's physical location and the constraints mentioned above, some qualitative interpretations are made throughout the thesis as well.

1.4 FRAMEWORK OF ANALYSIS

As Maxwell points out, there are close to two hundred definitions of the term "food security." Since the mid-1970s, the concept has "evolved, developed, multiplied, and diversified."[13] The proliferation of the term "food security" is indicative of the nature of the food problem as it is felt by the most vulnerable.

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[13] Simon Maxwell, "Food Security: A Post-Modern Perspective", Food Policy, May 1996, 155

Food insecurity has become the round about way of discussing hunger problems in the 1990s. There are no accurate figures on the numbers affected by food insecurity; based on the FAO's and World Bank's definitions half of the human population may be easily considered food insecure -- or even more. Figures provided are usually concerned with undernutrition, hunger, or malnutrition not with the broader definition of food insecurity, and thus exclude notions of vulnerability or sustainabiltiy.

Estimates of the number of undernourished people vary a great deal from as low as half a billion to two billion. The WFC, FAO, WHO, and World Bank all have different figures. This in itself poses a significant obstacle for the "war on food insecurity." Obviously the same views that dominate each study will also influence the policies to be implemented.

Food security belongs both to the realm of development and the realm of security studies. The term is both political and value ridden. As Nef and Vanderkop posit it is far from being a neutral and purely technical notion. The food security paradigm entails explicit policy options and solutions to handle normatively defined socio-political problems. The definition of what and whose is the problem (i.e. food insecurity), which are the root causes, its assumptions, and its likely forms of management are intrinsically political questions.[14]

[14] Jorge Nef and Jokelee Vanderkop. "Food Systems and Food Security in Latin America: A Systemic Approach to Politics, Ideology and Technology." In The World Food Crisis, edited by J.I. Hans Bakker, 97-138, 1990.

The Reverend Thomas Malthus is still referred to by nearly everyone talking about food security. Statements range from "so far Malthus has been proven wrong" to " Malthus must be smiling in his grave". In 1798, Malthus published an essay on the principle of population, as it affects the future improvement of society. It was an attack on theories of eternal human progress. Malthus argued that the standard of living of the masses cannot be improved because the power of population is indefinitely greater than the power of the earth to produce subsistence for 'man'. Population, he asserted, when unchecked by war, famine, or disease, would increase by a geometric ratio but subsistence only by an arithmetic one. In the middle of the 19th century neo-Malthusianism emerged. The major critique of Malthus came from Marx and Engels. They argued that there was no law of population; the organisation of any society for production created its own laws of population. Capitalism created the surplus population of the unemployed and this was not due to resource scarcity. Scarcity was not a natural phenomenon but a creation of the capitalist mode of production. There were no food shortages. The problem was the capitalist mode of production and distribution. Science and technology would enable humanity to overcome relatively scarce resources.

Colonialism eased population pressures in Europe and so provided a safety mechanism; and so Malthus was proved wrong for over a century. In 1820 Malthus warned of the disastrous consequences if humans were able to produced unlimited food in a limited space. So the question which the neo-Malthusians would take up was that of the earth's carrying capacity. It is no longer a question of "can we produce more food?" but "what are the consequences of doing so?

The former World Food Council in a report by the executive director identifies two quite different and identifiable discourses in the literature of food security; the **conventional** and the **critical** approaches.

The conventional approach, the roots of mainstream thinking on food security, is a result of western rural development experiences and of modernisation theory. This approach is grounded in an orthodox, reformist, and culture bound conception of development where: **modernization=westernization=stability=development**; privileging the domestic and international status quo. Development here is seen entirely in terms of economic growth with "trickle down" effects and is geared to the prevention of Third World insurrections.[15]

This perspective focuses mostly on production dysfunctions in the food system which create insecurity at the international, regional, and international levels. The conventional approach sees the causes of food insecurity as stemming from so called developing world conditions -- technological, environmental, and political but mostly demographic. The solution is defined mostly in the context of a North American perspective. This can be traced back to the grain surplus policies of **PL 480 food for**

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[15] Nef and Vanderkop, 120

peace and later on the United States food security act of 1974.[16] With the use of grain as an instrument of foreign policy.[17] This view was widely expressed by Robert McNamara and Dr. Norman Borlaus usually referred to as the father of the green revolution. The United States Government made its food aid to the South conditional on the adoption of Green Revolution techniques. The idea was not simply to create new markets for expanding American chemical or tractor industries but also to promote "social stability." The Green Evolution was seen as an alternative to agrarian reform. This notion was more directly expressed at the international level by the creation of the **Cereal Import Facility** established in 1981 under the control of the IMF. "The facility has provided credits of at least SDR 300 million to...LDCs, however, drawings are restricted to the country's credit standing with the IMF...the facility goes part way towards a system of world food insurance."[18]

The conventional approach is rooted in orthodox development theories where international co-operation, Western technology and population stabilisation measures play a pivotal role. It also focuses on a neo-Malthusian view where growing population, diminishing resources are regarded as the central problems of food insecurity. This approach rests on the notions of comparative advantages.

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[16] After World War II, swelling farm productivity caused a great accumulation of surpluses, which were reduced through the Food for Peace program, begun in 1954, and through subsidised sales countries of the "South."

[17] It is worth mentioning that US Senator Jesse Helms insisted that cigarettes be included in the food program on the grounds that 'historically these sales have developed new markets for American tobacco."

[18] FAO report quoted in Nef and Vanderkop, 112.

The former World Food Council of the UN referred to this approach as narrow in focus, both in the definition of the problem and the solution to food security. Food security in the growth economic view means first and foremost, the stability of the international wheat market controlled by a few first world wheat producers, mainly in the United States. It concentrates on three major components: **(a) the liberalisation of trade barriers in agricultural products (b) the establishment of grain reserves throughout the world, especially in the producing countries and (c) the creation and expansion of insurance schemes and financial facilities underwritten by the industrialised nations.**[19] Dennis Avery and Stephen Moore are quite representative of the **conventional approach** literature.

The **Critical Approach** contains a variety of positions around one common perspective ranging from radical revolutionary[20] approaches, theology of liberation[21], basic needs, and ecologism.

The central unifying feature of this alternative is the perceived need to solve food security problems from within each region and country. It stresses political autonomy and endogenous decision making without the imposed prescriptions and interference of external forces (i.e. World Bank, IMF). Self-sufficiency and self-reliance are key objectives of this

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[19] Nef and Vanderkop, 118

[20] Meaning, fundamental changes in the existing political, economic, and social order.

[21] **Liberation Theology**, first used as a term in 1973 by Gustavo Gutierrez, a Peruvian Roman Catholic Priest, is a school of thought among Latin American Catholics according to which the gospel of Jesus Christ demands that the Church concentrate its efforts on liberating the people of the world from poverty and oppression.

counter-discourse.[22] The critical perspective sees distribution functions as having a relative autonomy from production. In other words, increases in production will not automatically translate into a reduction of food insecurity. The central issue here is poverty, resulting from socio-economic and political structures which make the poor powerless and poorer. The critical school sees food security as essentially a **political** issue. The critical approach is much broader in its definition of food security than the conventional approach. It looks at food as a basic human right not as a commodity. The analysis centres on need orientation, self-reliance and autonomy.

Unlike the conventional approach the critical approach sees the international system not as the solution to food insecurity in the South but as a major cause of it, and it does not consider internal demographic and technological factors as the central causes of food insecurity. It focuses on systemic social, political and economic reorganisation to address the food problem. Drawing on Dependency Theory and World Systems Theory it challenges the assumptions of mutual and comparative advantages. It sees food power and conventional food security schemes as an instrument that provides the "centre", especially the United States, with a powerful weapon in the North-South conflict. Food security is then seen as a crucial part of national and international security especially in regards to Western wheat exports and food aid. Some of the key proponents

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[22] Nef and Vanderkop

who subscribe to the critical approach are: Solon Barraclough, Susan George, Francis Moore Lappé and Joseph Collins, as well as a number of writers from the UN Research Institute for Social Development and the Economic Commission for Latin America. Food security is not an issue that fits into traditional political categories.[23] The neo-Malthusians often refer to inequities of wealth, income, and power in the world while making issues of distribution secondary. Social change is not high on their priority list. The Marxists and others, on the other hand, are concerned with distribution and emphasise social change while issues of finite resources, environmental pollution are not as fundamental.

The thesis study, while not specifically identified with one specific school, evidently identifies itself with the **critical approach**.

1.5 DEFINITIONS: FOOD SECURITY AND STRUCTURAL ADJUSTMENT

Food Security

In the years since the World Food Conference in 1974, the concept of "food security" has evolved, developed, multiplied and diversified. At last count, there were close to two hundred different definitions of the term.[24] The World Bank uses the following approach:

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[23] Nef and Vanderkop

[24] Maxwell, 155.

> **Food security, though interpreted in may ways, is defined here as access by all people at all times to enough food for an active life. The essential elements of the World Bank definition are the availability of food and the ability to acquire it. There are two kinds of insecurity: chronic and transitory. Chronic food insecurity is a continuously inadequate diet caused by the inability to acquire food. It affects households that persistently lack the ability either to buy enough food or to produce their own. Transitory food insecurity is a temporary decline in a household's access to enough food. It results from instability in food prices, food production, or household incomes -- and in its worse forms, it produces famine.**[25]

The Food and Agriculture Organisation of the United Nations (FAO) concept of food security is: **"to ensure that all people at all times have both physical and economic access to the basic food they need"**.[26] Both the FAO's and the World Bank's definitions of food security are merely analogous expressions of the same concept. The thesis refers to both the World Bank and the FAO's definitions when discussing the concept of food security.[27]

Structural Adjustment

The concept of Structural Adjustment is delved in detail in Chapter Three. For the purposes of the study a working definition will be presented here.

Since the mid-1970s, as a consequence of the "debt crisis" and other developments, new economic policies have been "proposed" to many developing countries by a number of international organisations such as the IMF and the World Bank, an other institutions, under the general heading of structural

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[25] World Bank, Poverty and Hunger: Issues and Options for Food Security in Developing Countries, 1986, 1.

[26] FAO., Food Security Policy Issues in West Africa: Past Lessons and Future Prospects, 1990, 17.

[27] For elaborate discussion on the food security theme see: Joseph H. Hulse, Science, Agriculture, and Food Security, 1995; Solon L. Barraclough, An End to Hunger?, 1991; Phillips Foster, The World Food Problem, 1992; J. Nef and J. Vanderkop, Food Systems and Food Security in Latin America, 1989; Dennis Avery, "Saving the Planet With Pesticides", (Ed.) Ronald Bailey, The True State of The Planet, 1995; Simon Maxwell, "Food Security: A Post-Modern Perspective", Food Policy, May 1996.

adjustment programmes. For the purposes of this study the focus remains on **stabilisation and structural adjustment** policies designed by the IMF and the World Bank. Collectively, these measures are defined as **Structural Adjustment** throughout the paper. These cover a wide spectrum of proposals, from tight monetary policy to tax system reforms and rate of exchange adjustments. The general idea behind these proposals is that the debt crisis is essentially a result of inefficient economic structures. Therefore the solution is one of structural adjustment.

The IMF approach is one of **stabilisation.** The World Bank focuses on the longer term economic policies which are intended to supplement IMF measures. "However, almost all structural adjustment measures (under IMF/World Bank model) have a common underlying principle -- namely to increase the role of the private sector in the economy and reduce that of the public sector; and more generally to move the economy towards a free market system."[28] For the purposes of the thesis the term **structural adjustment** will refer to the collective IMF/World Bank measures of: trade reform[29]; reforming the tax system to increase the efficiency of tax collection, broaden the tax base, and reduce tax rates[30]; market deregulation[31]; strengthening the

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[28] David Woodward. Debt, Adjustment, and Poverty in Developing Countries, 37.

[29] Cutting restrictions or tariffs on imports, and reducing or eliminating export taxes

[31] This includes the removal of subsidies, price controls and rationing, the relaxation of government regulations such as minimum wage regulation etc.

financial position of public enterprises[32]; making the economy more open to foreign investment[33]; reforming the financial system[34]; and the removal of distortions in important productive sectors of the economy (e.g. agriculture, coal, copper, etc.).

[32] By raising their prices to market levels, cutting subsidies, closing down or rationalising unprofitable plants or services, reducing staffing levels and by privatising where possible

[33] This includes easing restrictions, simplifying bureaucratic procedures, and improving the access of foreign investors to foreign exchange.

[34] By, among other things, reducing the restrictions imposed on banks by the government, cutting or eliminating measures aimed at directing credit to specific sectors or [illegible], and cutting credit subsidies

1.6 STRUCTURE OF THE THESIS ARGUMENT

This study is divided into five chapters. **Chapter one** provides a geographical, historical, political, cultural, and economic **overview of the Republic of Zambia.** The first chapter also serves **to describe the methodology** and the **framework of analysis** as well as to present **the thesis statement.** The working **definitions of structural adjustment** and **food security** are provided in this chapter along with a description of the **structure of the thesis.**

Chapter two is a **review of the Zambian economy.** The first part of this chapter examines the **colonial economy** of pre-independence Zambia; the **post-liberation period** (1964-1973); and the **adjustment period** (1973-1987). This review involves a description of some critical conditions under which Structural Adjustment was implemented: As such, it provides the **context** for the analysis, and argument that follows.

Chapter **three** traces the **origins of the Bretton Woods** Institution**s as** well **as their purpose and agenda.** A discussion of the **orthodox theory** on which IMF/World Bank adjustment programmes are based as well as the **critique of the theory** will be presented here. Additionally, **Zambia's IMF/World Bank structural adjustment programme** is examined. The Bretton Woods Institutions first infiltrated Zambia in the early 1970s with two distinct periods of economic adjustment being identified in this chapter; the "moderate reforms" period lasting from 1973 to 1984 and the "radical reforms" period from 1985 to 1987.

Chapter four is a detailed analysis of the policies which, during the course of the "radical" IMF/World Bank adjustment period, exacerbated food insecurity and what specific groups within Zambian society were most affected by these policies and their outcomes.

The fifth chapter concludes the study by reiterating the key arguments presented in the previous chapters and by: making some general comments regarding the Bretton Woods Institutions' relationship to food insecurity in Zambia; by drawing some prevalent parallels to food insecurity in Sub-Saharan Africa from this study; by making some general observations regarding the frenzy of the counter-revolution; and by generating some general considerations and recommendations regarding structural adjustment programmes vis-à-vis justice, morality and human rights proclamations repeatedly advanced by the international community.

CHAPTER 2

A REVIEW OF THE ZAMBIAN ECONOMY

2.1 INTRODUCTION

The bridge between Zambia's economic woes and its vast untapped potential can be traced back to the days of David Livingstone and Cecil Rhodes. The economic, social, and political structures enforced on the people of that African, region for the benefit of foreign investors and British interests, were the colonial seeds that would eventually flourish into Zambia's economic crisis of the 1970s and 1980s. A century before its political liberation Zambia was forged into a territory heavily dependent on mining. This externally imposed path of development would shackle Zambia into the new millennium.

Zambia's economy may be reviewed in two distinct phases: a pre-adjustment period from 1850 to 1972, and the adjustment period from 1973 to present. The pre-adjustment period was characterised by the years prior to independence, i.e. between 1850 and 1963, and the post independence phase from 1964 to 1972. The main focus of this economic review is on the adjustment decades between 1973 and 1987. However, in order that the reader may have a better appreciation of the economic and social dislocation associated with structural adjustment in the country under review, it is necessary for the writer to provide a brief historical account of the political economy Zambia during the pre- and post-independence phases. This chapter is divided into four sections, namely the pre-independence period, the First Republic between 1964 and 1972, and the adjustment phase from 1973 to 1987. The fourth section of this chapter specifically reviews Zambian agricultural and food production.

2.2 THE PRE-INDEPENDENCE PERIOD

> The different peoples of modern Zambia have long and important, though separate, histories. Zambia was not a "nation" as defined by common language, kinship, political authority, or geographical distinctiveness until it was pieced together by British mercantile interests in the late nineteenth century...the modern Zambian economy was oriented toward the external markets of the Western Industrial states and South Africa.[35]

The mining of copper increased rapidly during the 1930s, when large foreign companies (mostly British, South African, and American) opened the deep underground mines of the Copperbelt. By 1939, over 200 000 tonnes of copper were being produced each year with large profits for the companies. Under a colour bar regime the best jobs and skilled professions were restricted to whites only. As well, where whites and blacks performed the same function the whites earned six times as much as the blacks. This polarisation of highly paid specialised and technical jobs would haunt Zambia's development efforts for decades to come.

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[35] Marcia M. Burdette, Zambia: Between Two Worlds, 5.

Despite its vast agricultural potential, the region was never allowed to diversify and copper remained the main source of revenue from which goods would be imported from the outside, mostly from Britain. "At the time of independence in 1964, Zambia had very few factories making the things it needed. Even the simplest things such as matches and handkerchiefs were imported from Britain and to a lesser extent from South Africa".[36] Profits were transferred from the copper industry in Zambia to Britain. Restitution in the form of interest payments, dividends, and profits were exported out of the region as profits increased through the 1940s. "By 1945, £1.5 million was externalised in this fashion; in 1949 the total had reached £9.5 million, which was 30 per cent of the total export earnings of the territory."[37]

Thus, in 1964, landlocked Zambia liberated itself politically but emerged as a new nation heavily dependent on one product -- copper -- for over 90 per cent of its income; a highly illiterate and unskilled population (all the mine managers and engineers were foreigners and the mines were foreignly owned); in debt; and heavily dependent on the outside for most of its necessities. The crisis facing Zambia in the late 1970s and early 1980s cannot be fully understood without due consideration of these encumbering factors inherited from British colonial rule.

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[36] Timothy Holmes, Zambia, 1988, 49.

[37] Burdette, Zambia, 23.

2.3 THE FIRST REPUBLIC, 1964-1972

> At the end of the colonial period there was in most African state a highly developed state machine and veneer of parliamentary democracy concealing a coercive state run by an elite of bureaucrats with practically unlimited power...a professional army and a police force with an officer corps largely retained in Western military academies and chieftaincy used to administering at the local level on behalf of the colonial government.[38]

The post-independence period, from 1964 to 1973, presented the government with the difficult task of diversifying the economy, educating and meeting the basic needs of the Zambian people, and attempting to undo decades of imperialistic structures and conditions that had left Zambia a highly dependent and vulnerable country to the precarious nature of the world economic and political structures. By most accounts, the Zambian government was considerably successful; especially in view of the structures and respective indicators inherited from colonial days(Tables 1 and 2). In the aftermath of liberation Zambia's state development planning delivered unprecedented standard of living gains to its population.

Table 1: Health and Education, Zambia, 1964-1974

Year	Health (Number of Hospitals and Health Centres)		Education (Student Enrolments)				
	Hospitals	Health Centres and Clinics	Primary	Secondary	University	Technical*	Adult
1964	48	306	378,600	13,900	0	800	2,700
1968	62	419	--	--	--	--	--
1972	76	595	--	--	--	--	--
1974	--	--	858,191	65,764	2,612	5,666	59,974

[38] Fredoline O. Anunobi, "The International Monetary Fund and the Zambian Debt Problems" in The Implications of Conditionality, 179-195.

*Includes trades training institutes Source: *Burdette, 1988*

Zambia's economy grew, for the most part due to favourable world copper prices, between 1964 and 1974. The economic prosperity of the First Republic fuelled desperately needed improvements in Zambia's social services. Health, education, infrastructure and nutrition witnessed unprecedented gains (Tables 1,2,3). The prominent UNICEF economist Richard Jolly, who lived in Zambia during this period, characterises the country's situation:

> Just after independence Zambia was one of the richest countries in Africa and one of the fastest growing. They were expanding their education systems very rapidly; they were putting down roads. There were so many ways in which it was a dynamic economy.[39]

Table 2: Exports, Gross Capital Formation, Food Production, Energy, Roads, Communications, and Hospital Beds, Zambia, 1965-1970

Year	Exports of Goods and Services (K m)	Gross Capital Formation (K m)	Total Food Production (index numbers 1961-65=100)	Electric Energy Production (kWh millions)	Roads Total Length (km)	Communications (000') Telephones	Communications (000') Radios	Hospital Beds
1965	368.1	155.9	108	645	33,510	34.6	34.2	8,330
1966	455.7	226.2	124	524	33,514	38.3	37.1	8,750
1967	475.2	274.2	133	600	33,519	43.3	41.1	9,210
1968	544.2	320.7	118	654	33,590	47.7	41.9	9,970
1969	862.7	214.2	127	688	34,076	51.0	44.2	10,550
1970	685.4	314.3	121	949	33,853	52.0	46.5	11,910
average yearly growth 1965-70	12%	17%	4%	17%	.2%	8%	6%	7%

Source: ECAF, various years.

[39] Richard Jolly, Africa's Recovery, United Nations Department of Information, United Nations, New York, 1990.

Table 3: Contribution of Copper Industry to GDP, Revenue, and Exports, Zambia, 1963-1969

Year	Net Domestic Product (K million)	Contribution to GDP		Government Revenue	Contribution to Government Revenue		Copper and Cobalt	
		(K m)	(%)	(K million)	(K m)	(%)	Value of Exports (K million)	Contribution of Exports (%)
1963	394	173	44	72	25	34	239	92
1964	474	215	45	108	57	53	302	92
1965	611	246	40	189	134	71	347	93
1966	742	342	46	255	163	64	465	95
1967	842	334	40	276	146	53	440	94
1968	930	365	39	306	183	60	520	96
1969	1,164	631	54	401	237	59	729	97

Source: Burdette, 198

The Gross Domestic Product (GDP) grew at an impressive yearly average of 12 per cent while exports and gross capital formation increased at an annual average of 12 and 17 per cent respectively in the seven years following liberation (Tables 2 and 3).[40]

The external forces of the world economic order, particularly the OPEC oil crisis, plummeting copper prices, and the military conflicts circumventing Zambia's borders in the 1970s would soon undermine Zambia's economy and lead the country to the speculation of the Bretton Woods Institutions.

[40] The concepts of saving and investment are central to any explanation of the economic system. In economic terms, saving is income that is not consumed or spent for current purposes by households (personal saving), businesses (retained earnings, or profits), or governments (surplus tax revenues). Real investment occurs only when saving is transformed into productive capacity (private investments in residential and commercial buildings, plant, equipment, and net accumulation of inventories and public works such as roads and dams). Economists often prefer to use the term capital formation rather than investment. Gross capital formation includes depreciation (the reduction in value of assets through wear and tear), net capital formation excludes it.

2.4 THE ADJUSTMENT PERIOD, 1973-1987

1973 *Rhodesian Aggression*

Southern Africa today may be viewed as an economic region bound together by a transport network through which flow essential trade and the most strategic of the non-fuel minerals.[41] Thus, the continuation of the economic development of landlocked nations such as Zambia depends upon the transport infrastructure of neighbouring states, primarily South Africa, and in the case of Zambia, Angola, Mozambique, and former Rhodesia.

On January 9, 1973, Ian Smith closed the border between Rhodesia and Zambia.[42] Zambia's overshadowing concern of the early 1970s was the security situation it faced in respect to Rhodesia. Many were the landmine explosions that occurred along the border with Rhodesia and bomb blasts within Zambian territory resulting in death and injury for Zambian people. Up to the time of Smith's border closure, Zambia shipped 50 per cent of its exports and received over 60 per cent of its imports via the southern routes (Maps 1 and 2). According to a study conducted by a UN Security Council Team sent to Zambia,

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[41] Hughes Butts and Paul R. Thomas, The Geopolitics of Southern Africa, 1986, 17.

[42] Ian Douglas Smith led Rhodesia (now Zimbabwe) in its unilateral declaration of independence (UDI) from the United Kingdom in 1965. Smith was first elected to parliament in 1948. In 1961 he founded the Rhodesian Front party, a white-supremacist organisation seeking independence. As leader of the party, Smith became prime minister in 1964.

Rhodesian aggression was estimated to cost Zambia some K136m ($227m) from 1973-1974.[43] As a direct result of Rhodesia's aggression and Zambia's necessity to create new transport routes, shortages were felt in a number of items including, cooking oil, soap, steel, and timber. As well, the manufacturing sector faced some slowdown due to shortage of inputs from imports. Additionally, higher transport costs (such as flying in spare parts and mining equipment) and delays in getting supplies adversely affected the economy. Zambia was faced with the task of expanding its truck fleet to be used on the Malawi and East African trade routes (Map 2). It has been estimated that if the border closure had not occurred, copper production and sales would have exceeded 1972 levels. Thanks to favourable world metal prices, low level of imports, and Eurodollar loans Zambia managed to do quite well in 1973 (Table 4). As well, the World Bank granted a K75 million loan for the completion of the Kafue River dam[44] (Map 1).

Figure 1: Capacity to import, 1973-1987 (millions of kwacha)

*1987 = Base Year

Source: World Bank, 1995

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[43] Colin Legum and J.G.S Drysdale (Eds.), Africa Contemporary Record 1974, 322.

[44] Legum and Drysdale, 1974, 338.

Table 4: Value of Exports and Imports, Foreign Trade Prices, Terms of Trade, Capacity to Import & Balance of Payments Indicators, 1973-1987

Year	Value of Exports (US$m)	Value of Imports (US$m)	Export* Prices (US$m)	Import* Prices (US$m)	Terms of Trade* (US$m)	Capacity to Import Kwacha (m)	Balance of Payments (US$m)
1973	1,147.0	535.0	96.4	41.4	232.8	21,812.5	129.9
1974	1,407.0	787.0	122.6	53.5	229.0	21,258.2	156.6
1975	810.0	929.0	72.6	57.6	126.1	10,449.1	-721.2
1976	1,040.0	655.0	81.0	58.6	138.2	13,495.8	-124.7
1977	897.0	670.0	75.0	63.6	117.9	11,107.4	-217.2
1978	869.0	628.0	77.4	70.7	109.4	8,909.5	-297.8
1979	1,376.0	750.0	109.5	86.9	126.1	11,150.8	36.8
1980	1,299.0	1,111.0	119.0	101.0	117.9	9,202.7	-537.5
1981	1,074.0	1,062.0	97.6	97.0	100.7	5,898.9	-733.6
1982	1,022.0	1,001.0	84.5	94.9	89.0	5,018.9	-565.0
1983	825.0	703.0	90.5	90.9	99.5	5,833.6	-270.9
1984	661.0	1,170.0	79.8	89.9	88.7	5,744.9	-152.6
1985	547.0	714.0	81.0	90.9	89.0	6,703.9	-398.5
1986	704.0	603.0	79.8	92.9	85.8	7,290.9	-350.2
1987	873.0	739.0	100.0	100.0	100.0	8,512.4	-247.7

Source: World Bank, 1995

1974 *Declining Revenues and Increased Transport Costs*

"The 1973 closing by Rhodesia of the Zambezi frontiers had cost the country 186.7 million Kwacha by early 1974, of which only less than one-fifth has been made good by the international community."[45] Transport problems continued to afflict Zambia's economy. The UN Assistance Programme in Zambia calculated the costs of the rapidly diversify transport routes to be in excess

[45] Legum and Drysdale, 1975, 326

of K186 million by 1975, of which only K40 million (leaving Zambia with some 80 percent of the cost) was given by the international aid community. "The dramatic rise in transport costs everywhere has exacerbated Zambia's problems."[46] As Zambian transport activity doubled from 1973 to 1974, East African ports like Dar es Salaam became heavily congested causing great difficulties for Zambia's export and import capability. Increased expenses on Zambian East African port traffic came into effect in May of 1974 raising import and export costs by an estimated 50 per cent and 400 per cent respectively.[47] This prompted a diversion of traffic to the Lobito port of Angola (Map 2). Zambia's economy was further aggravated by surcharges raised on all East African ports as well as Lobito; the piling up of imports on all routes; delayed transport of exports; either because of lack of shipping, truck or road capacity.

Copper revenues experienced a rough ride as world prices jumped to a record £1,400 in mid 1974 and then dropped to £600 a few months later. Agriculture faced two major problems: abnormally wet weather and maize was threatened by an outbreak of fusarium, a disease caused by the unusual wet conditions. The year introduced declining but favourable terms of trade as prices of imports increased.

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[46] Legum and Drysdale, 1974, 338

[47] Legum and Drysdale, 1974, 336

Two loans were provided by the World Bank for a combined $62.1 million credit. The country's balance of payments remained favourable.

1975 *Copper goes for a ride*

The Zambian economy was attacked from a number of fronts; military conflicts around its borders which not only disrupted trade but forced increasing numbers of refugees into Zambian territory; and the inherent instability of the international economic system perilously battered terms of trade via declining copper prices and escalating import costs.

Angola's escalating civil war increased transportation difficulties and trade costs in Zambia.[48] As a result of Rhodesia's closure of its border with Zambia and the urgency of the latter to move its imports and exports from a landlocked position to sea, Benguela Railways in Angola assumed a steep cargo responsibility[49] (Map 2). Zambian exports via Benguela grew from 145, 000 tons in 1972 to nearly 450, 000 tons in 1974; a 210 per cent climb in two years. The civil war in Angola decimated Zambia's trade as the Benguela railway closed down with Zambia's exports and imports trapped on the route.[50]

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[48] In 1975 the war intensified as the MPLA pushed southward and South African troops crossed the Angola-Namibia border and marched toward Luanda.

[49] Benguela, a port city and provincial capital on the Atlantic Ocean in western Angola, was founded in 1617 and became a base of Portuguese colonial expansion. For many years Benguela was the major terminus for minerals from inland Angola, Zaire, and landlocked Zambia. From 1975 to 1991, this vital trade route was disrupted by civil war in Angola. The negative effects of Benguela's disruption were of severe consequence for Zambia's trade and overall economic development.

[50] Legum and Drysdale, 1975, 395

As Tables 4 and 5 distinctly illustrate Zambia's balance of payments and terms of trade were badly pounded in 1975 by external factors. Copper, the country's overwhelmingly source of foreign currency, saw its prices plunge as import costs, especially for oil, increased disproportionately.[51] The unusually high world market prices for copper encouraged production further adversely stretching the gap between supply and demand. The inflation rate on such items as flour, margarine, and bread reached some 20 per cent. Subsequently, Zambia turned to the outside for financial assistance at a greater level than it had done before. Among other lenders, the IMF sold Zambia an

Table 5: Copper Exports and Prices

Year	Exports ('000 tonnes)	LME Copper Price*	Export Value as % of 1970-1972
1970-1972 (average)	677	148	100
1974-1976 (average)	687	109	75
1979-1981 (average)	609	87	53
1982	607	67	41
1983	551	74	41
1984	530	60	32
1985	479	61	29

Source: Young, 1988

* Price as quoted at London Metal Exchange (LME), expressed in cents per pound, converted to 1982 constant dollars.

[51] In the early 1970s, OPEC raised prices on crude oil to levels that had severe economic effects on all oil-importing countries. There was a fourfold increase in 1973-74 alone. These effects were felt almost immediately, especially in developing countries. Higher prices for petroleum-based fertilisers meant that food-producing costs also rose. The financial resources of the industrialised world, now reduced by the heavy burden of oil costs, meant that markets for the exports of the less-developed countries shrank, while at the same time the prices these countries paid for imported manufactured goods rose, further cutting into development plans.

equivalent of $19 million Special Drawing Rights (SDR) and $19 million.[52] Additionally a $15 million World Bank was made available.[53]

1976 *The economy under siege*

Although the government took steps towards diversification, copper continued to dominate Zambia's exports; this dependency continued to expose Zambia to external upheaval. Low copper prices and the mounting conflicts engulfing Zambia's borders sharply curtailed export revenues and significantly increased import costs negatively affecting the country's balance of payments and terms of trade. In the 1973-1976 period the former slipped over 200 per cent and while the latter deteriorated 100 per cent. (Tables 4 and 5). Although the GNP did rise, in per capita terms it contracted 6.7 per cent from the previous year (Table 6).

The IMF extended Zambia SDR $22 million and a Zambia designed austerity budget was introduced, raising the costs of fuel, soft drinks, beer, and sugar by up to 20 per cent.[54]

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[52] To enable members to overcome shortages of foreign exchange, the IMF in 1969 established currency reserve units called Special Drawing Rights (SDRs), also known as "paper gold." Members are allocated SDRs in proportion to their quotas, or subscriptions. From 1974 to 1980 the value of SDRs was based, not on gold, but rather on a weighted average of the values of the currencies of the 16 leading trading nations. Since 1981 the SDR has been based on the currencies of the five largest exporting nations.

[53] Legum and Drysdale, 1976, 397

[54] Legum and Drysdale, 1977, 422

Table 6: GNP, GNP per capita, Net Factor Income, Population, 1973-1987

Year	GNP (Billions Of Kwacha)	GNP Per Capita (US $)	Net Factor Income From Abroad (Billions Of Kwacha)	Population Total (million)	Urban (%)	Rural
1973	1.47	480	-0.12	4.6	33.0	67.0
1974	1.75	590	-0.12	4.7	33.3	66.7
1975	1.46	600	-0.11	4.8	33.9	66.1
1976	1.75	560	-0.18	5.0	34.8	65.2
1977	1.90	490	-0.09	5.1	35.8	64.2
1978	2.11	510	-0.14	5.3	37.8	62.2
1979	2.43	530	-0.23	5.5	38.8	61.2
1980	2.84	640	-0.23	5.7	39.8	60.2
1981	3.39	720	-0.10	6.0	40.0	60.0
1982	3.38	630	-0.22	6.1	40.2	59.8
1983	3.87	530	-0.32	6.3	40.5	59.5
1984	4.45	440	-0.48	6.6	40.7	59.3
1985	6.35	330	-0.72	6.9	40.9	59.1
1986	10.7	250	-2.2	7.1	41.1	58.9
1987	16.7	270	-3.1	7.3	41.3	58.7

Source: World Bank, 1995

Figure 2: per capita GNP and CPI % Growth

Source: World Bank, 1995

1977 *Increased economic hardship*

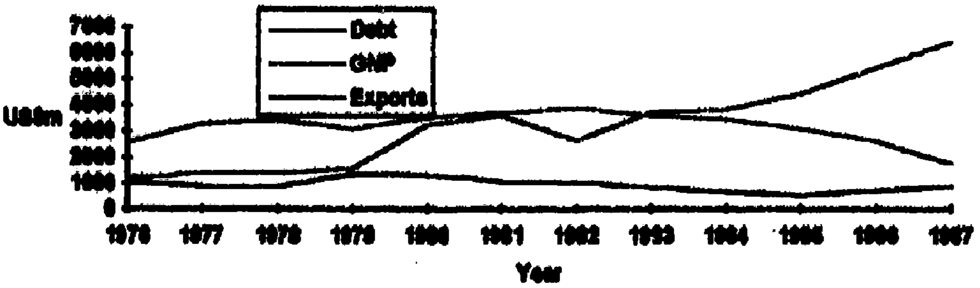
"The Republic of Zambia experienced the most harrowing of its 13 years of independence in 1977."[55] As copper prices continued to drop and imports prices (exacerbated by transport costs) and debt service payments continued to rise (see table 7), the balance of payments continued to deteriorate along with terms of trade (Table 4).

Table 7: Zambia's Debt Situation, 1970-1987 (US$m)

Year	Total External Debts			Total Interest Payments		
	Actual Value	As % of GNP	As % of Exports	Actual Value	As % of GNP	As % of Exports
1970	623	36	138	29	3.7	6.4
1976	1184	54	203	52	2.4	8.9
1977	1392	60	431	60	7.7	18.1
1978	1396	52	255	46	7.1	8.4
1979	1559	51	320	93	9.7	19.7
1980	3247	90	200	98	7.1	24.4
1981	3594	92	307	106	9.5	24.0
1982	2644	100	338	88	9.4	17.0
1983	3729	119	364	78	5.1	12.6
1984	3812	150	392	63	4.0	11.3
1985	4428	186	511	42	4.7	10.2
1986	5385	362	733	55	4.0	11.8
1987	6400	-	-	-	-	-

Source: Mwanza, 1993

Figure 2: Selected Values: Debt, GNP, Exports, 1976-1987



Source: Mwanza, 1993

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[55] Legum and Drysdale, 1978, 463

As the values of exports declined by over 13 per cent, debt interest payments increased by over 100 per cent as a percentage of exports. Subsequently, the government secured the biggest loan ever made by the IMF to an African country.[56] The K322.6 million was to be provided at a rate of 4.2 to 4.7 per cent over a two year period. In exchange, the IMF required Zambia to devalue its currency by 10 per cent and the removal of food price subsidies.

According to the UN Mission to Zambia, Ian Smith's border closure had cost Zambia £429 from 1973 to 1977. Consumers prices rose by 20 per cent in 1977 and production declined due to shortage of inputs. The World Bank extended two different loans to Zambia with a combined financing of K24.3 million. Additionally, the country purchased K18 million SDRs from the IMF.[57]

A UN report noted that Zambia spent K2 million on 90,000 Rhodesian and Namibian refugees.[58]

1978 *More Loans from the IMF and World Bank*

Although export prices improved relative to the previous year, Zambia's terms of trade continued to slip and the balance of payments situation deteriorated nearly 40 percent compared to

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[56] Legum and Drysdale, 1978, 475

[57] Legum and Drysdale, 1978, 481

[58] Legum and Drysdale, 1980, 946

1977 (Table 4). Mounting transport costs and difficulties led to shortages of essential goods and a 16 per cent cost of living increase (Table 8).

Table 8: Index of Cost of Living, Consumer Price Index, Inflation Rate, Zambia, 1977-1987

Year	Index of Cost of Living (1975=100) Low Income Urban	High Income Urban	Consumer Price Index (1987=100)	Inflation Rate (%)	Consumer Price Index Food 1978=100
1977	-	-	12.78	-	-
1978	166	162	14.87	-	117
1979	182	173	16.32	-	134
1980	203	196	18.21	-	203
1981	231	229	20.58	-	232
1982	-	-	23.38	13.0	255
1983	311	328	27.96	19.4	273
1984	-	-	33.55	20.0	298
1985	513	528	46.05	37.0	319
1986	-	-	69.93	53.0	349
1987	-	-	100.0	45.0	416

Sources: World Bank, 1995; Seshmani, 1992; ECAF, various years.

The human and economic costs of Rhodesian attacks escalated and Zambia's mining industry faced pitfalls of departing expatriates and the inability of Zambia's labour force to promptly replace them.

As a result of its economic afflictions Zambia was added to the list of countries able to qualify for International Development Fund (IDA) loans.[59] The IMF provided Zambia with a credit extension of K322.6 million (SDR 315 million) to be disbursed over a 24 month period of which SDR K50 million was made available in 1978. Further World Bank and IDA loans were also made available.

[59] Legum and Drysdale, 1980, 946

1979 *Copper prices and Rhodesian attacks increase*

The debt reached record proportions in 1979. As a percentage of exports, interest payments climbed to nearly 20 per cent while claiming 9.7 per cent of GNP (Table 7). Thanks to copper price increases the total value of exports grew and the terms of trade improved along with the balance of payments position (Table 4). The consumer price index continued to rise with the food CPI showing a 14.5 per cent increase while the index of cost of living grew by 9.6 per cent and 6.7 per cent for the low and high income groups respectively (Table 8).

Owing to Rhodesian attacks, military expenditures grew by 31 per cent (compared to 10 per cent growth in education and 3 per cent in health expenditures)form the previous year(Table 9). Rhodesian assaults destroyed key bridges and roads including Zambia's main supply route for its copper exports, the bridge on the Tazara Railway over the Chambeshi river (Map 1).[60] As well, roads and bridges around Lusaka (10 bridges as well as roads on November 18 and 19 alone) were pounded and damaged by Rhodesian jets(Map 1). Additionally, the Kazungula ferry was destroyed resulting in shortages of soap and soap powder as these could not be imported from Botswana. The UN estimated the cost of repairs at K18 million. Nearly 30,000 tonnes of copper were stranded at the port of Dar es Salaam alone. "The net

[60] Legum and Drysdale, 1980, 950

result was a loss to the country's foreign earnings of c. K100m" as over 100,000 tonnes of copper accumulated awaiting shipment.[61]

According to the Ministry of Health, over 1000 children died as a result of malnutrition between 1976 and 1979. "An ILO study commissioned to report on the gap between low- and high-

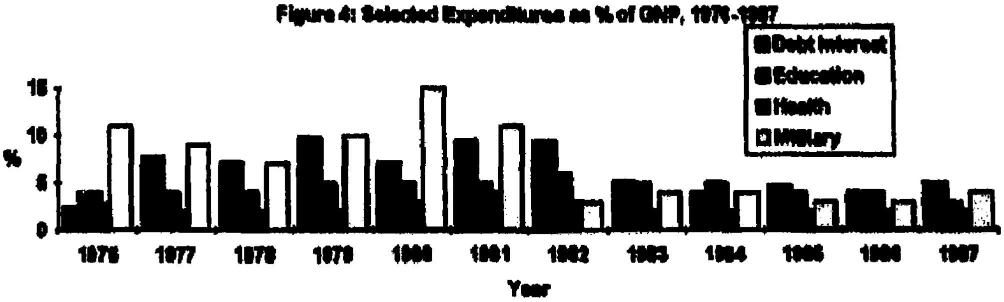
Table 9: Comparative Uses of Resources, 1973-1987 (US$ billions)

Year	***GNP (US$)***		***Military***		***Education (US$m)***		***Health (US$)***		***Per 1000 Population***		
	(US$m)	Per Total Capita	Per Total (US$m)	Capita (US$)	Per Total (US$m)	Capita (US$)	Per Total (US$m)	Capita (US$)	***Armed Forces***	***Teachers***	***Medical Doctors***
1973	1,942	480	69	15	132	28	53	11	16	21	.4
1974	2,703	590	85	18	143	30	61	13	16	21	.4
1975	-	600	-	18	-	31	-	8	-	-	-
1976	2,575	560	301	59	163	32	67	13	12	22	.5
1977	3,297	490	300	59	143	27	71	13	14	23	.5
1978	3,412	510	223	41	132	24	68	12	14	24	.5
1979	3,083	530	294	52	145	26	70	12	14	24	.7
1980	3,514	640	516	89	160	28	87	15	14	27	.8
1981	-	720	-	-	-	-	-	-	-	-	-
1982	3.860	630	116	19	214	35	136	22	14	28	.8
1983	3,587	530	137	21	206	32	88	14	14	29	.9
1984	3,440	440	140	21	186	28	73	11	14	30	.9
1985	-	330	-	-	-	-	-	-	-	-	-
1986	2,617	250	84	12	116	16	55	8	16	35	.9
1987	1,741	270	63	8	60	4	34	6	16	35	.9

Source: Sivard, various years

[61] Legum and Drysdale, 1980, 954

Figure 4: Selected Expenditures as % of GNP, 1976-1987



Source: Sivard, various years

income groups found that one in six households was classed as 'poor', and subject to poverty-related diseases such as malnutrition."[62]

1980 *Growth in loans and inflation and South Africa attacks*

Three separate World Bank loans were formalised for a 1980 total of K138 million. The actual value of Zambia's external debt stood at US$ 3,247 million in 1980 showing 108 percent increase from the previous year. The debt strain translated into 77 percent of GNP while the interest payments increased to a record 24.4 percent of exports (Table 7). Rhodesian and South African raids prompted a 76 percent rise in total military expenditures which now poised at a record US$640 million for the year. By contrast, total education and health expenditures grew by 10 per cent and 24 per cent respectively (Table 9).

The consumer price index showed an 11.6 per cent with the food CPI jumping 51.5 per cent from the previous year (Table 8).

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[62] Legum and Drysdale, 1981, 904

Both the GNP and per capita GNP showed modest growth thanks to strong export levels in 1980. Despite the gains in copper revenues and the export market in general, Zambia's balance of payments position remained precarious.

1981 *Copper slides, unemployment, defence expenditures, and transport problems*

Copper faced another beating in the world market resulting in a drop of $225 million in exports values relative to the previous year and an 18 per cent deterioration in Zambia's terms of trade. Copper production, although ameliorated over the previous year, suffered as a result of shortage of top-level staff, foreign exchange, transport problems, and subsequent shortage of inputs. The country's capacity to import suffered a 56 per cent drop while the balance of payments faced a 36.5 percent aggravation. Transportation costs and obstacles remained a heavy burden on the economy. As well, unemployment rose by over 12,000 to 38,090 by year's end.[63]

The IMF approved a three-year loan of SDR800m in 1981 with the first year witnessing a SDR300m credit. Following IMF conditionalities the cost of living for the low income and high income groups rose 14 per cent and 17 per cent respectively; under IMF pressure the government removed subsidies on milk, maize, and sugar were among the food items facing overnight

[63] Legum and Drysdale, 1981, 852

increases.[64] The CPI for food exhibited a 14.3 per cent increase.

In response to South African attacks, Zambia's defence expenditures continued to burden the economy.

> President Keunda claimed on several occasions during 1981 that Zambia had come under South African attack, and that its forces had even occupied a part of the Western Province. The remote area was cut off from the rest of the country for a time, causing distress and famine, particularly among the 7,000 Angolan refugees who had lived there for some years.[65]

In per capita terms, the year showed a 13 per cent increase over the previous year and a 50 per cent rise in military costs since Rhodesia's border closure in 1973.

1982 *Price hikes, drought, decaying terms of trade, IMF penalties*

Copper prices tumbled in the world market bringing down Zambia's export prices further deteriorating the country's terms of trade. Copper value declined 55 per cent from its 1970-72 average, export prices and the terms of trade were aggravated by 13 per cent and 12 per cent respectively, relative o the previous year (Tables 4 and 5).

As export prices contracted the debt claimed record chunks of the GNP and exports; 100 per cent and 338 per cent respectively (Table 4). Zambia found itself deeper in arrears on its interest payments. The country's frail economy was

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[64] The main staple foods are flour of maize. Sorghum, millet or cassava and rice. Cassava is the major staple in the Northern, North-western and Luapula Provinces, while maize is the predominant staple for the rest of the country.

[65] Legum and Drysdale, 1982, 850

further weakened by the IMF's decision to withhold the final portion of its loan. As the country continued its attempts to diversify the economy and to take steps to curb it copper dependency, the continuing drought caused an estimated 19 per cent drop in turnout.[66] Moreover, the cattle industry was plagued by foot-and-mouth disease and the pork industry suffered from a lack of inputs (due to import shortages); both factors contributed to a decline in per capita food production (Table 10). Inflation rate averaged 13 per cent for the year and the CPI for food jumped 14 per cent (Table 8). With unemployment rising faster than population growth (3.5 per cent versus 3.1 per cent), the government made the decision of keeping unprofitable mines open in an effort to prevent further unemployment afflictions.[67] The employment situation remained grim especially for the younger segments of the population. "The Minister of Youth, Gen. Kingsley Chinkuli, told the National Assembly in March, 1982 that youth unemployment had reached 2,264,203"[68] The decision aimed at alleviating the highly idle young group was not welcomed by the IMF who viewed this as unwanted state intervention in the market. A World Bank K36 million loan for Zambia's educational system and oil prospecting was made available in mid-year.

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[66] A southward shift in the westerlies was responsible for the most severe drought (mid-1980s) of the 20th century, which affected the West African region .

[67] Legum and Drysdale, 1983, 866

[68] Legum and Drysdale, 1982, 846

Table 10: Basic Social Indicators, 1973-1987

Year	Life Expectancy at Birth	Infant Mortality Rate	Food Production Per Capita (1987=100)
1973	44	157	125.7
1974	44	157	129.9
1975	46	157	152.8
1976	45	157	171.5
1977	49	159	153.6
1978	48	144	136.2
1979	-	-	110.7
1980	48	106	112.3
1981	-	-	109.0
1982	51	-	99.8
1983	51	112	100.7
1984	52	100	93.6
1985	-	-	103.0
1986	53	130	103.9
1987	52	-	100.0

Source: World Bank, 1995; Sivard, various years

1983 Cost *of living increases, devaluation, forex shortages*

The per capita GNP dropped 16 per cent relative to 1982. The debt once again made record claims on exports and the GNP; 364 per cent and 119 per cent respectively (Tables 6 and 7). Real incomes have been slashed an average of 55 per cent in the last 16 years (Table 11). Inflation peaked at 22.9 per cent.[69] Items such as cooking oil, beer, soap, margarine, sugar, rice

[69] Legum and Drysdale, 1983, 878

(all of which impacted directly on the low income group) as well as stockfeed witnessed the removal of price controls and subsequent cost increases; Maize and fertiliser prices rose by 60 per cent.

Table 11: Indices of Real Salaries in the Public Sector: General Administrative Scale (1975=100)

Post	Jan 1967	May 1971	Jul 1975	Jan 1979	Aug 1980	Jan 1982	Jan 1983	Nov 1983	Oct 1985	Jul 1986
Under-Secretary	135	132	100	60	68	59	51	45	29	19
Assistant Director	137	124	100	60	62	53	46	41	27	18
University Graduate (entry)	121	106	100	58	63	53	46	41	29	19
Diploma (entry)	119	105	100	59	67	57	50	44	31	21
Lowest Paid Salaried Employee	95	99	100	71	89	89	87	83	70	49
Unskilled Non-Established	-	96	100	73	85	90	91	88	75	53

Source: Colclough, 1988

The country's terms of trade and balance of payments remained negative; this condition was further aggravated by contraction in exports values of 19 per cent, record debt figures, an 18 per cent rise in total military expenditures, and devaluation of the Kwacha (Tables 4, 9 and 12).

Table 12: Nominal and Real Effective Exchange Rates, 1979-1987

Year	Real*	Nominal*
1979	102.6	97.1
1980	100.0	100.6
1981	102.2	104.6
1982	114.0	116.2
1983	105.6	102.9
1984	90.8	83.6
1985	84.0	66.8
1986	40.5	22.8
1987	42.7	17.0

Source: Young, 1988

The IMF made a stand-by loan of K271.5 million conditional upon a programme of devaluation, removal of subsidies, and the end of price controls on most commodities. The Kwacha was now pegged to a basket of currencies reflecting Zambia's major trading partners. The loss of the Kwacha exacerbated problems for importers by restraining the foreign exchange available (forex) and by reducing the flow of spare parts and inputs. Basic items such as soap and tinned food could no longer be supplied by local industry. The IMF agreed to an SDR211.5 million stand-by credit and the Paris Club, convened under World Bank leadership, agreed to reschedule Zambia's debt payments.[70] According to the agreement reached in Paris, "outstanding payments on official debts, together with interest and principal falling due in 1983, were to be rescheduled over ten years with a five year grace period."[71] However, debt service owing to

[70] The Paris Club is a group of creditor governments which meets to discuss debt rescheduling and reduction for countries in the South. The Club is hosted by the French Ministry of Finance and currently includes: USA, United Kingdom, France, Germany, Australia, Austria, Belgium, Canada, Denmark, Finland, Ireland, Italy, Japan, Netherlands, Norway, Spain, Sweden, and Switzerland.

[71] Legum and Drysdale, 1984, 880

multilateral institutions had to be paid in full along with interest on short term-debt.

With the removal of subsidies on items such as fertiliser and with the shortage of forex and the continuing scourge of the drought (all Zambian cities experienced water shortages), attempts to diversify the economy continued to be frustrated. Food production faced a 20 per cent reduction in the 1973-1983 period (Table 10).

1984 *Increasing debt, aid cuts, and declining terms of trade*

The debt had reached yet another peak; it now stood at $3.8 billion with the debt service grabbing 4 percent (compared to 2 per cent for health) of GNP and 11.8 per cent of exports (Table 7 and 9). Relative to the preceding year, the value of exports plunged by 20 per cent while import values climbed 66 per cent. Zambia's terms of trade deteriorated and the balance of payments remained shaky (Table 4).

The inflation rate averaged 33 per cent with the CPI observing an increase of 20 per cent (Table 8). Prices of mealie meal rose by nearly 80 per cent and rents for low and medium housing increased by 30 per cent. Petrol and bread prices grew by 90 per cent.[72]

Compounding Zambia's economic misfortunes was the increasing burden of refugees now reaching 100,000. As well, Western aid fell to K100 million compared to an average of K300

[72] Legum and Drysdale, 1985, 856

million between 1960 and 1982.[73] Under IMF pressure, Zambia had devalued its currency, decontrolled prices, and lifted subsidies; donors continued to press the government for greater austerity measures.[74]

With deteriorating terms of trade, increasing debt burden, and currency devaluation, the shortage of forex began to take its toll; the transport sector continued to face forex shortfalls which unable it to purchase spare parts; diesel scarcities became widespread threatening food production. Production of cereals, roots, tubers and plantains dropped by 6 per cent in relation to the previous year (Table 13).

Table 13: Food Indicators

Year	Production of Cereals, Roots, Tubers, and Plantains (kg of cereal equivalent)	Net Cereal Imports (kg per capita)	Livestock (thousand head)	Fish Catch (thousand of tonnes)	Food Imports (US$ millions)
1980	-	-	-	-	-
1981	-	-	1,863,200	39.0	-
1982	-	-	1,886,000	56.0	53.0
1983	160.4	38.7	2,077,000	55.8	22.0
1984	151.4	36.6	2,179,700	65.0	28.0
1985	-	37.0	2,293,200	68.0	-
1986	210.0	-	1,705,600	68.0	34.0
1987	156.0	21.0	-	-	24.0

* This figure represents the average food production per capita, 1965-1980.

Source: ECAF, various years.

[73] Legum and Drysdale, 1982, 862

[74] Legum and Drysdale, 1982, 866

1985 *IMF , destabilisation costs, and rising cost of living*

With the IMF at the steering wheel Zambia's economy made a 'radical' turn in 1985. The country was taken off a bad road and abruptly placed on collision course with its own people. In exchange for the promise of "rescuing" the economy the IMF dictated a number of conditionalities: abolition of most subsidies; currency devaluation; and private sector liberalisation. The consequences of taking the Zambian economy on such a dubious and perilous ride were soon felt by its people. In real terms the Kwacha was undermined by some 52 per cent (Table 12). GNP per capita contracted by 25 per cent; relative to 1975, the cost of living index jumped 513 per cent and 528 per cent for the high and low income groups respectively; inflation reached 37 per cent while the CPI climbed 39 percentage points when compared to the previous year (Tables 6 and 8).

Zambia's terms of trade remained highly unfavourable and the balance of payments registered a deterioration of 161 per cent setting a decade record of US$-398.5 million (Table 4). In addition to suffering the IMF's navigational tumult, Zambia's economy, according to a UNICEF report, suffered US$1.55 billion loss between 1980 and 1985 as a result of South African destabilisation; an amount equal to three times Zambia's 1985 exports values.[75] In terms of GDP losses Zambia ranked second only to Zimbabwe (Tables 4 and 14).

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[75] **So severe was the impact of South Africa's destabilisation measures that it led to the adoption of resolution 43/209 by the United Nations General Assembly on 20 December 1988 which stated: "The General Assembly, Deeply concerned, at the continuing deteriorating situation in southern Africa, which has aggravated the economic problems confronting the front-line States and other bordering States, arising form the apartheid policies of**

Table 14: Economic Costs of Destabilisation, 1980-1988 (US$ billions)

UNICEF (1980-1985)	*% of GNP*	*Revised (1980-1988)*	*% of GNP*
1.55	7.3	4.75-5.0	18-20

Sources: UNICEF, 1989

1986 *IMF, unemployment, South African aggression, and riots*

The price of the main staple, maize meal, jumped by 120 per cent. The effects of IMF conditionality were in full swing. The consumer price index increased by 52 per cent relative to the previous year while the inflation rate held at 53 per cent. The average loss in real income[76] sprung to 77 per cent between 1981 and 1986 and a World Bank report confirmed that incomes had fallen below 1970 levels (table 15).[77]

Table 15: Real Income Trends, 1981-1987 (Kwacha)

	Watchman		*Labourer*		*Driver*		*Clerk*		*Trades Person*		*ZCCM Grade 4*	
Year	Per Hour	Real Wage	Per Hour	Real Wage	Per Hour	Real Wage	Per Hour	Real Wage	Per Hour	Real Wage	Per Hour	Real Wage
1981	39	100	44	100	105	100	95	100	49	100	303	100
1986	134	98.5	139	90.6	291	79.5	281	84.8	1.44	84.3	601	24
1987	180	95.8	185	87.3	382	75.7	372	84.5	1.71	72.9	734	23

Source: Young, 1988

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the Pretoria regime, Conscious of the responsibility of the international community to address the problems of the region...Strongly urges the international community to continue to provide in a timely and effective manner the financial, material and technical assistance necessary to enhance the individual and collective capacity of the effects of economic measures taken by South Africa..., UNICEF, Children on the Front Line, 1989,

[76] The value of wages after taking inflation into consideration., i.e. the amount of goods and services a given wage will buy, compared to previous years.

[77] Legum and Drysdale, 1987, 880

Per capita GNP slipped 24 per cent relative to 1985, the balance of payments remaine negative at US$-350.2 million (Tables 6 and 7). Zambia's terms of trade fell another 3.5 per cent while the debt claimed an additional US$957 relative to the previous year. As a percentage of GNP the debt represented 362 per cent in 1986 showing a 95 per cent increase over the last 12 months. The actual value of the debt service rose by 31 per cent totalling US$55 million in 1986(the same amount spent on health for the same period); claiming 11.8 per cent of export earnings. Unemployment was reported by the Minister of State and Youth to have reached an "alarming rate" of 2 million.[78]

South Africa continued to add to Zambia's destitution by attacking, amongst other Zambian sites, a United Nations refugee camp.[79] Moreover, transportation costs were escalated by South Africa's demand for a 125 per cent deposit on transit traffic and by the continuing hold up of Zambian trucks at South African borders.[80]

> The costs to other southern African States has not been negligible. The need to maintain abnormally high levels of security expenditure has adversely affected...Zambia and Zimbabwe. In addition, the destruction and sabotage of shorter and cheaper trade routes has increased the freight bills of...Zambia and Zimbabwe, in some cases severely.[81]

The year ended with the first food riots in Zambia's history in protest of the IMF induced price hikes. Damage to

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[78] Legum and Drysdale, 1987, 879

[79] In May 1986, South Africa launched an air raid on the UNHCR-supported Makeni Refugee Transit Centre. UNHCR, "Zambia: Refugees on the Front Line", Refugees, November, 1987.

[80] Legum and Drysdale, 1987, 876

[81] UNICEF, 13.

property was estimated at K12 million, a cost 12 per cent greater than the country's GNP for the year.

1987 *Shortages, unemployment, record debt, and the IMF brake*

In May 1987, shaken by the magnitude of the food riots, the Zambian government removed the country's economic wheel from the hands of the IMF. The austerity measures not only had cost the country the equivalent of its 1986 GNP in damages but it aggravated the frail economic situation.

At the end of the IMF "radical" package, the following could be observed in relation to 1973:

(a) The debt grew from US$1.2 billion to a new record of US$6.4 billion; a 433 per cent increase.
(b) The balance of payments dropped from US$129.9 million to US$-247.7 million.
(c) In US dollars Zambia's GNP was reduced by 10 per cent.
(d) Per capita GNP fell 44 per cent.
(e) Zambia's capacity to import contracted by 70 per cent.
(f) Per capita health expenditures fell by 27 per cent
(g) Per capita education expenditures were cut by 56 per cent

2.5 Agriculture and Food Production

Zambian agriculture, as in neighbouring Angola, Zaire, Tanzania, and Mozambique, developed a dichotomy during colonial times, a **small commercial sector** and a much **larger subsistence sector**. Unlike its neighbours, Zambia's commercial agriculture production was not aimed at the export market but at the work force in the mining sector and at the growing urban population which collectively provided a constantly expanding market. The main thrust of commercial food production emerged with the rapid large-scale development of mining in the Copperbelt in the 1930s. At independence there were some 1,200 commercial farms, **all operated by expatriates.**[92] With the departure of European and South African owners in the wake of Zambian independence the number of farms decreased by some 40 percent but the total land in the commercial sector did not. The remaining expatriates simply increased their holdings representing some 75 percent of the commercial sector while the state assumed some 25 percent. The subsistence sector consists of more than 600,000 households in the rural areas.[93] This sector chiefly produces such staples as maize, millet, sorghum, cassava, beans, and peanuts. Over 40 percent of subsistence farmers cultivate 2.5 hectares or less, about 25 percent have between 2.5 and 4.5 hectares, and about 20 percent farm 4.5 to 9.5 hectares.

To diversify the economy and reduce food imports, the government continues to invest (in as much as the colossal debt and foreign exchange availability permit) heavily in agriculture. Only seven per cent of the land area is under cultivation, with corn, sorghum, and cassava the chief subsistence crops. Large commercial farms produce maize, groundnuts, tobacco, vegetables, fruits, and cotton. Beef and dairy cattle are raised near the main population centres, and fish provide an important source of protein. Although 27 per cent of the land area is forested, the forestry industry is underdeveloped.

In the early 1970s, in response to inefficient marketing infrastructure and institutions, the Zambian government consolidated responsibility for these areas under the National Agricultural Marketing Board of Zambia (Namboard). Before the end of the decade the government transferred Namboard's assets and responsibilities to a structure of provincial and local co-operatives. In 1980 a ten year programme (operation Food Production) was initiated with the aim of achieving food self-

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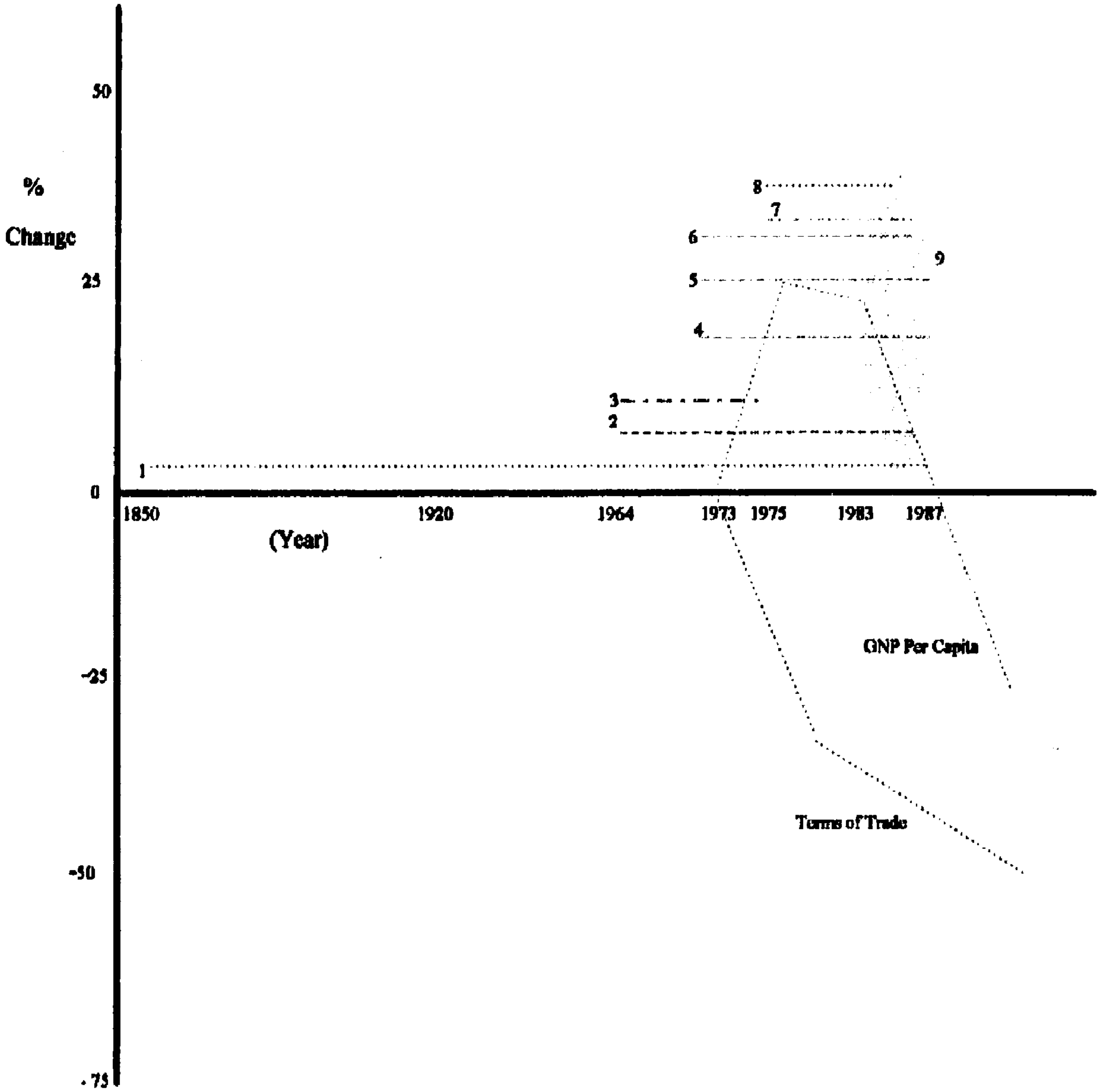
[92] FAO, ESN-Country Profile. Zambia. 1989.

[93] Electric Library, Zambia: The Economy, 1996

sufficiency and boost agricultural exports. Despite increases in livestock, fish catch, and production of cereals (Table 13), food production was not able to keep pace with population demand (Table 10). The degree of self-sufficiency in cereals, the major staple foods, declined from 96 percert in 1961-63 to 75 percent in 1984.[84] The new marketing structure fell victim to corruption at the hands of small local élites. In 1985, under pressure from mounting public criticism, the government transferred marketing responsibilities back to Namboard. However, with little state planning since the transfer of powers from Namboard to the provincial/co-operative structure, the 'new' Namboard soon added to the confusion in the marketing system. In compliance with the IMF/World Bank structural adjustment programme prices paid to agricultural producers were raised, especially during the 1985-1987 period, and greater emphasis was placed on the commercial agricultural sector. The impact of these measures on the country's food security situation is analysed in Chapter 4.

[84] ESN-Country Profile. Zambia, 2.

Figure 5: The Zambian Economic Environment



1. Colonial Legacy (1850-1987)
2. Debt Burden (1964-1987)
3. State Planing (1964-1973)
4. Rhodesian/South African Aggression (1973-1987)
5. IMF/World Bank Economic Control (1973-1987)
6. Drought (1973-1987)
7. World Recession (1975-1987)
8. Angola/Mozambique Civil Wars (1975-1987)
9. 'Radical' Adjustment Period (1985-1987)

2.6 SUMMARY

I have read that our country is stabilising. That may be true, but we have no jobs. We can't send our children to school. Maybe stabilising is a good thing for the country's we pay debt to, but here life is getting harder.[85]

Zambian Woman

Like many other African countries Zambia experienced countless hurdles since gaining political independence in 1964. The steady growth witnessed in the mid to late 1960s was abruptly confronted with stagnation and painful decline.

At independence Zambia inherited an economic structure over 90 per cent dependent on one commodity. Copper did well in the world market until 1970. The early 1970s presented Zambia with a very hostile operating environment: world recession; military conflicts around its borders; raids on its freight and transport routes, and territory; increasing debt burden; adverse terms of trade; all operating within a colonial legacy backdrop. The details of this hostile environment have been explored above and do not require further elaboration at this point. However, drawing on Table 16 will assist in summarising the key points of Zambia's economy: per capita GNP and the terms of trade had never experienced such precipitous and intense drop. Zambia's economy was literally taken for a very rough ride. The IMF and World Bank assumed the pilot's seat in the early 1970s and offered a moderately rough route until the mid 1980s. In 1985,

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[85] Oxfam, The Oxfam Poverty Report, 1995, 71

the Bretton Woods Institutions chartered the Zambian economy on a "radically" turbulent flight path. The voyage ended violently in 1987 with the World Bank and IMF being kicked out of the captain's seat.

Formal employment shrivelled and crime and associated costs rose to record amounts. Already by 1984 the Minister of Labour and Social Services advised that 800,000 to 900,000 out of a labour force of 1.8 million were unemployed. About 400,000 were employed in the formal sector and 500,000 (25 percent more than in the formal sector) in the informal sector.[86]

> The unemployment rate in Zambia [by 1987] had been estimated to be between 35 and 40 percent, and for the young these figures are much higher. In the period from 1983 to 1985, which was the beginning of the real cranking up of structural adjustment, there was an estimate of 17 percent decrease in the average of women employment.[87]

"The provision of armed guards for fenced premises of the well-to-do has become [in 1987] a thriving industry."[88] Poaching and smuggling had also become major areas of police concern. "By 1984, robbery with violence was on the increase, so was burglary, reflecting the economic problems of the urban areas."[89]

By 1987 Zambia was worse off than it had been 23 years earlier at independence: real salaries had never been lower; the country's currency was smashed; unemployment had never been so intense; the terms of trade were never so calamitous; the

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[86] Legum and Drysdale, 1985, 858

[87] Marcia Burdette, Living on the Edge of a Precipice: Zambia Under Structural Adjustment, Speech, North-South Institute, 1989.

[88] Legum and Drysdale, 1987, 825

[89] Legum and Drysdale, 1985, 858

balance of payments was in shambles; inflation was merciless; the drought had bitterly withered any attempts at agricultural growth; other country's military aggressions had cost Zambia US$ billions; and the total debt and its service had grown atrociously sanguinary and beyond the country's ability to pay it. Dismally, while the United Nations called for "the international community to continue to provide in a timely and effective manner the financial, material and technical assistance necessary to enhance the individual and collective capacity of the effects of economic measures taken by South Africa", the Bretton Woods Institutions (along with the other lenders) extracted record interest payments from Zambia while aid donors retrenched their generosity.[90] By most accounts, the cumulative pressure of the external shocks pushed Zambia back to colonial times.

> Structural Adjustment is a mechanism to shift the burden of economic mismanagement and financial mismanagement from the North to the South, and from the Southern elites to the Southern communities and people. Structural adjustment is also a policy to continue colonial trade and economic patterns developed during the colonial period, but which the Northern powers want to continue in the post-colonial period. Economically speaking, we (countries of the South) are more dependent on the ex-colonial countries than we ever were. The World Bank and IMF are playing the role that our ex-colonial masters used to play.[91]

It is evident from the data presented that IMF/World Bank structural adjustment added a new dynamic of economic measures of market liberalisation, removal of subsidies and price decontrol situation; subsequently many food commodity prices were decontrolled and subsidies removed. While the discussion of impacts of adjustment on food security is probed in Chapter

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[90] UNICEF, 7.

[91] Martin Khor, Third World Network, Malaysa, quoted in John Gershman, "The Free Trade Connection", Kevin Danaher, 50 Years is Enough, 1994, 28.

four, it is indisputable at this stage of the study (based on the economic data presented) that increases in food prices, declining incomes and market liberalisation associated with adjustment appear to support the thesis statement that food insecurity in Zambia seems to be exacerbated by that country's IMF/World Bank designed structural adjustment programme. The following Chapter will trace the origins of the Bretton Woods Institutions as well as their purpose and agenda; discuss the orthodox theory upon which adjustment programmes are grounded; and examine the critique of this theory. Additionally, Zambia's IMF/World Bank structural adjustment programme is examined.

CHAPTER 3

THE IMF, WORLD BANK, ADJUSTMENT, AND THE PROGRAMME IN ZAMBIA

The third world war has already started. It is a silent war. Not, for that reason, any less sinister. This war is tearing down Brazil, Latin America and practically all the Third World. Instead of soldiers dying, there are children. It is a war over the Third World debt, one which has as its main weapon interest, a weapon more deadly than the atom bomb, more shattering than a laser beam.[92]

Luis Ignacio Lula da Silva
Head of Brazil's Workers' Party

We meant to change a nation, instead we changed a world[93]

Ronald Reagan, 1989

3.1 INTRODUCTION

International development economics gained prominence as a field of academic and policy related endeavour following World War II. In July 1944, the IMF and the International Bank for Reconstruction and Development were created at the Mount Washington Hotel in Bretton Woods, New Hampshire, with the intent of creating a new international economic order in the wake of the Second World War. The 700 delegates at Bretton Woods envisioned a world where, guided by the Bretton Woods Institutions, improved living standards and peace would be sovereign. The establishment of the Bretton Woods Institutions was predicated on the assumption that Southern economies, like

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[92] Danaher, xiv

[93] Bello, 105.

their European counterparts, could absorb and effectively utilise large infusions of capital, despite the fact that the Third World lacked the level of institutional infrastructure, the economic and social background, and the skilled personnel of Europe. It was the contention of prominent economists of the time, as well as many of their successors, that large amounts of foreign aid, private investment, and expanded trade opportunities would produce an economic "take-off" and an export-led growth, the benefits of which would ultimately trickle down to even the poorest members of each society. The failure of this orthodox model of economic development to produce sustained economic well-being and growth for most Third World countries has come under fire especially in the last two decades. The purpose of this chapter is to trace the origins of the Bretton Woods Institutions, review the orthodox theory which is the tenet of Institutions' operations, and examine the critique waged on them. The specific Structural Adjustment Programme in Zambia will be reviewed in two parts: the 'moderate reforms' period between 1973 and 1984 and the 'radical reforms phase between 1985 and 1987.

3.2 THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK

The International Monetary Fund

The International Monetary Fund (IMF), a creation of the Bretton Woods Conference of 1944, was established on Dec. 27, 1945, to promote international monetary co-operation and exchange stability. A specialised agency of the United Nations, by 1991 the IMF had 154 members, with a board of governors drawn from every member country, 22 executive directors, and a managing director. Its headquarters is in Washington, DC.

Under the IMF's original rules, the members agreed not to alter the exchange value of their currencies beyond certain limits without prior consent by the IMF. Members who experienced balance of payments difficulties could borrow foreign exchange from the IMF on condition that they follow approved IMF policies to correct their difficulties. In the 1970s, however, the system of fixed exchange rates gave way to floating rates, that is, to rates largely determined by supply and demand in international currency markets. In 1976 the IMF adopted new policies, which took effect in 1978, designed to help it control floating rates by exercising "firm surveillance" over exchange rates. Each member country pledged to endeavour to direct its economic and financial policies toward the objective of fostering orderly economic growth with price stability.

To enable members to overcome shortages of foreign exchange, the IMF in 1969 established currency reserve units called Special Drawing Rights (SDRs), also known as "paper gold." Members are allocated SDRs in proportion to their quotas, or subscriptions. From 1974 to 1980 the value of SDRs was based, not on gold, but rather on a weighted average of the values of the currencies of the 16 leading trading nations. Since 1981 the SDR has been based on the currencies of the five largest exporting nations.

Member countries may borrow from the fund to cover financial emergencies, although strict conditions for these loans may include devaluation of the currency and limitations on government spending. As a number ˀ Third World countries faced severe debt crises in the mid-1980s, the IMF as lender assumed a very significant economic and political role. Among nations agreeing to IMF-monitored debt-rescheduling plans were Argentina, Brazil, and Zambia.

The World Bank

A specialised agency of the United Nations, the World Bank (officially, the International Bank for Reconstruction and Development, or IBRD) was established, along with the IMF, by the Bretton Woods Agreement to assist European post-war recovery. When this initial role was absorbed by the Marshall Plan, the focus shifted in 1949 to loans and technical assistance to promote the balanced growth of international trade and economic development, especially in underdeveloped areas. The World Bank and its affiliates--the International Finance Corporation, International Development Association, make up the World Bank Group.

By 1991, membership consisted of 159 nations. Loans are made directly to member governments or to private enterprise on condition that the government guarantee the loan. Funds from loans are used to support a variety of long-range projects in such fields as energy, agriculture, and transportation, with the overall aim of improving living standards.

Providing technical assistance to member nations is a major Bank activity. The Bank helps set up a project that may secure a loan, and it then directs recipients in utilising the loan when it is granted. With headquarters in Washington, DC, the Bank is run by a president and a board of governors who meet annually to determine policies. Decisions on loans are made by the 22 executive directors. Voting on loans is weighted according to members' contributions (capital subscription), and therefore the organisation is controlled by the wealthier nations of the North.

3.3 ORTHODOX THEORY OF STRUCTURAL ADJUSTMENT

Adjustment is better for the poor than non-adjustment[94]

World Bank Chief Economist

I think a country, be it Zambia or anyone else, either develops or deteriorates as a result, basically, of its own policies.[95]

Former Deputy Director of IMF's Africa Department

In general terms, economic adjustment means changing economic policies so as to improve economic performance. Distinctions are normally made between stabilisation and structural adjustment.[96] The former focuses on immediate change

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[94] Bello, 51.

[95] Africa's Recovery, United Nations Department of Information, United Nations, New York, 1990

[96] The terminology of adjustment, as noted in Woodward, 1992, tends to be somewhat confused: for example, the term 'adjustment' is generally used by the IMF to refer to macroeconomic adjustment, but by the World Bank to refer to structural adjustment. ('stabilisation' in the World Bank's lexicon) Others use 'adjustment' to refer to the combination of macroeconomic and structural adjustment. The latter is the terminology applied throughout this study in reference to both short-term (stabilisation or macroeconomic) and long-term (structural) adjustment. lexicon

in macroeconomic policies including tighter monetary policies, reduction of the budget deficit, and exchange rate devaluation aimed at achieving short-term equilibrium objectives (bringing aggregate demand in line with available resources), lowering inflation, and reducing balance of payments deficits. The latter involves more fundamental changes in the way the economy operates which includes the removal or relaxation of government regulations affecting the economy, reform of international trade policies or the tax system, and privatisation; this is intended to allow the adjusting country under adjustment to change the structure of its economy to meet long-terms needs; mainly by permitting the 'magic' of the market to use labour and capital more productively so as to increase economic efficiency. In other words, short-term policies aim to restoring the target economy to its pre-shock equilibrium while long-term polices seek to reconfigure the equilibrium itself.[97]

However, the increased emphasis of the IMF on structural factors in addition to its traditional stabilisation programmes, and the move by the World Bank into stabilisation and structural adjustment programmes have resulted in substantial overlapping of concerns and responsibilities.[98] Although the term 'structural adjustment' was first coined by the World Bank, structural adjustment programs, whether from the World Bank or the IMF are fundamentally the same because they are based on a common theory. For the purposes of this study the term 'structural

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[97] Lionel Demery, Structural Adjustment: Its Origins, Rationale, and Achievements, 1990, 30.

[98] FAO, Effects of stabilisation and structural adjustment programmes on food security, 1989, 16.

adjustment' will be used in reference to both short-term (stabilisation or macroeconomic) and long-term (structural) adjustment.

Structural adjustment is grounded in monetarism and supply-side economics. Monetarism holds that increases in money supply are a necessary and sufficient condition for inflation. Two main beliefs dominate monetarism: the first is that changes in the money supply have a significant effect on aggregate demand[99]; this belief is based on the premise that the demand for money is stable and insensitive to the rate of interest and that demand for goods in the economy, especially investment, is sensitive to the interest rate. Together, these two elements determine the monetarist 'transmission mechanism', the way in which increases in the money supply affect spending in the economy (aggregate demand).[100] The second belief dominating monetarism is that changes in the aggregate demand that the government succeeds in generating will translate in the long run into higher prices and not higher output. The economy will move toward equilibrium with money raising all prices equally. In

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[99] The sum of all demand within an economy, making up national income and expenditure. The main categories are: consumer expenditures on goods and services, investment in capital goods and stocks, and exports of goods and services, less expenditure on imports of goods and services.

[100] Fiscal policy is one course of action that a government follows to stabilise the national economy by adjusting levels of spending and taxation. (The other major type of stabilising action is Monetary Policy.) Government spending is one major component of the aggregate demand for goods and services that directly affects employment and unemployment. Changes in tax rates influence private investment and consumption, the other two major components of aggregate demand. When the economy is operating at less than full employment--a situation of deficient aggregate demand--fiscal policy theory indicates that government spending should be increased and taxes reduced to stimulate business investment and consumer spending. The intended result is higher levels of aggregate demand, national production, and employment. Government spending should be reduced and tax rates increased to diminish investment and consumption when aggregate demand is excessive and the economy experiences inflation. In conditions of both inflation and unemployment (stagflation, recession combined with serious inflation), as experienced during the late 1970s, fiscal policy decisions become doubtful.

short, monetarists contend that the primary determinant of output, employment, and prices is the quantity of money in circulation. Monetarism advocates supply side economics.

Supply-side theorists believe that the economy is best managed by stimulating the production of goods and services--the supply end of the economy. Returning to the classical economics of Adam Smith and Jean Baptiste Say, supply-siders hold that supply always creates demand, setting in motion the movement of products and services that provides the vital force in industrialised societies.[101] Additionally, supply-siders insist on restraint against government deficit spending because it encourages inflation and against heavy government regulation of industry because it inhibits growth. To increase the production of goods and services, supply-siders call for income-tax cuts, which they believe will stimulate higher investment and greater economic activity. It is believed that a reduction in tax rates will have the ultimate effect of increasing government revenues because the incentive it provides for increased investment and savings will create more wealth, more jobs, and thus, eventually, more taxable income. Other supply side policies include: diminishing the ability of trade unions to inhibit the workings of 'free' labour market, measures to increase the

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[101] Reference here is made to Adam Smith's influential 1776 economics book "Nature and Causes of the Wealth of Nations." Its main ideas are that when people pursue their own selfish interests, society as a whole benefits; that the division of labour improves productivity and the standard of living; that competition--rather than private or government monopoly--should regulate prices and wages; that competition, moreover, produces socially beneficial consequences; and that government should not interfere with market forces, because governments are wasteful, irresponsible, and unproductive. The French economist Jean Baptiste Say wrote "A Treatise on Political Economy" popularising the theories of Adam Smith. Say believed--contrary to prevailing thought at the time--that economic depressions are not caused by aggregate overproduction but are merely the result of external barriers to the free exchange of products and services. According to Say's famous "law of markets," production creates its own demand, hence no overproduction can exist.

mobility of labour, and cutting the benefits available to those out of work to improve their incentive to take on work (even at below relative poverty income).

Thus, structural adjustment rests on three main components: the importance of **macroeconomic adjustments**, the need for **prices** to reflect relative scarcities, and a reduction of the **role of the state** in directing and administrating economic activity.[102] Each of these components interacts with the others. **The ultimate objective of macroeconomic adjustment is to restore a country to external viability; to allow it to return to a situation where it is able to finance its current account deficit and debt repayments without resorting to external lending, rescheduling, or concerted new loans from agencies such as the IMF and World Bank.**[103]

As noted above, structural adjustment is based on the orthodox neo-classical view of economics and reviewed here under five general principles: **devaluation, tightening of monetary and credit policy, reducing the role of the state, getting the prices right, and opening the economy.** These measures are typically accompanied by **capacity-building** and **institutional strengthening.**

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[102] Demery, 29.

[103] David Woodward, Debt, Adjustment, and Poverty in Developing Countries, 1992, 41. Concerted loans are negotiated collectively by all commercial bank creditors in the country as part of an overall financing package in response to the country's inability to service its debts.

The orthodox view of devaluation makes the distinction between 'tradable goods' and 'non-tradable goods'.[104] The rationale for **devaluation** in the context of adjustment programmes is that it increases the prices of tradable goods (encouraging their production and discouraging their consumption) while making non-tradable goods relatively cheaper. The aim is to reduce the domestic demand for imports and to reduce the domestic demand for exportable goods and leave more available to be exported. Simultaneously, it is intended to stimulate export production and import-substitutes; thus devaluation is meant to restore the balance of payments, contribute to long-term growth, and that everyone (including the poor) will benefit from such growth.[105]

As noted earlier, restricting the rate of growth of the money supply and the availability of credit within the economy are key components of the monetarist dogma and as such they are pivotal in structural adjustment programmes. The main objectives of **tight monetary and credit policies** are: to improve the balance of payments by controlling the rate at which domestic demand grows; to reduce inflation; and to prevent the public sector from taking too much of the available credit leaving too little for the private sector to invest. The other dominant component of monetary and credit policy is interest

[104] Tradable goods are those goods which may be imported or exported while non-tradable goods are those goods with capacity strictly for the domestic market. There are a number of reasons for a good to be termed non-tradable, these include: (a) perishable items e.g. bread; (b) items whose transport costs or difficulties are excessive; (c) domestically produced goods are of inferior quality to those available internationally; (d) import barriers lifted in importing country or countries; (e) demand for the good is negligible.

[105] Woodward, 82

rates. The goal is to raise interest rates to a level greater than inflation; in other words raise interest to a level where they are positive in real terms[106]. This step aims to serve three main purposes: to encourage greater private savings, to finance private investment and to increase the scope for financing the budget deficit from the non-bank sector; to reduce the demand for domestic borrowing and limit the growth of the money supply; and to dissuade capital flight from the country by increasing the rate of return available domestically relative to that on savings abroad.[107]

There are three broad aspects of the **reduction of the role of the state** under structural adjustment: to reduce the size of public spending relative to GDP; to limit the role of the public sector in the production of goods and services and the provision of services through privatisation; and to relax or remove regulations and state intervention in the operation of private markets.[108] In short, this component of structural adjustment represent a deliberate shift away from the concept of the state as an economic agent and social provider, and towards a more negligible view of the state's role and a greater exaltation of the market. The underlying conviction is that markets are more effective and efficient than governments.

> Unwise government intervention policies can often have economically and ecologically debilitating consequences. But if politicians can resist the ever-present temptation to intervene

[106] Real interest rates are generally raised in one of three ways: by direct government action; through the effect of other monetary and credit policies which reduce credit supply while demand remains unchanged, or as a result of interest rate liberalisation which allows interest rates to rise to their market level.

[107] Woodward, 152

[108] Woodward, 173

> in natural resource markets, America and the rest of the world face a surprisingly rich resource future in the twenty-first century.[109]

Subsequently, public investment is reduced, state subsidies are either reduced or removed altogether, and public enterprise prices are raised. According to market disciples "most of the 5 percent of the world's people who are at greatest risk of starvation lack food because of war or the policies of their own governments"[110]

Getting the prices right basically means allowing prices in the economy to reach market conditions. In other words, ensuring that the prices paid and received for each good and service in the market reflect its relative scarcity.[111] The greater the demand for a good or service relative to its supply, the higher the price should be. This applies equally to factor (labour)and to product markets although greater attention is usually to paid to the latter.[112] In respect to the factor market it essentially means creating a 'flexible' labour market; removing or 'liberalising' minimum wage legislation, regulations affecting working conditions, reduction in public sector wages and employment levels and the like.

Opening the economy essentially means trade reform: the relaxation or removal of restrictions and taxes on foreign

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[109] Stephen Moore, "The Coming Age of Abundance", (Ed.) Ronald Bailey, The True State of The Planet, 1995, 137.

[110] Dennis Avery, "Saving the Planet With Pesticides", (Ed.) Ronald Bailey, The True State of The Planet, 1995, 54

[111] In fact **getting the prices right** is can also be seen within the context of **reducing the role of the state.**

[112] **Factor markets** are the labour market, the capital market and other markets in which the factors of production are bought and sold.

trade. In broad terms this is done in two parts: replacing quantitative restrictions on imports with tariffs and making the level of tariffs more uniform between different goods, and reducing the overall level of tariffs. Concurrently, explicit taxes on exports are removed. The second major part of opening up the economy is the liberalisation of the regulatory system for foreign direct investment. Basically this implies improving the terms available to foreign investors by reducing restrictions imposed on investment and production including: relaxing or exempting them from labour legislation, increasing the amount of profits that can be repatriated to the parent company, offering incentives, and providing priority access to foreign exchange.[113] The orthodox theory views these 'open economy' policies as the means of attracting more foreign capital into the adjusting country, thus supplying additional foreign exchange and fill in the investment gap created by adjustment in the domestic market.

As noted above, these measures are typically accompanied by **capacity-building** and **institutional strengthening**. In essence this means enhancing the institutional infrastructure to allow government and other public sector agencies to fulfil their functions more effectively and efficiently; it may also help private sector performance by reducing bureaucratic barriers to production and trade.[114]

[113] Woodward, 190.

[114] Woodward, 192.

Underlying the orthodox approach to debt and adjustment (especially since 1982)[115] has been what Woodward refers to as the 'adjustment is good for you' argument[116] This fundamental contention can be summarised by the following: adjustment enables a country to establish a stable and sustainable macroeconomic position providing a basis for future growth free of balance of payments or inflation problems; structural adjustment enhances economic efficiency and increases growth rate; a higher growth rate will ultimately translate into higher national income; and this higher level of income will generate an increase in the well-being of the adjusting country.[117] In short, the 'adjustment is good for you' creed maintains that growth promotes prosperity and adjustment promotes growth. It is of little surprise that this reasoning has been appropriately dubbed the 'future hope' view; meaning that negative social shocks of adjustment are relatively limited and short lived and that inevitably adjustment promotes long-term growth and ensures future well-being, the benefits of which will ultimately 'trickle down' to even the poorest members of each society; such surreal convictions are piercingly accentuated throughout a recent publication funded by the dubious Heritage Foundation: "Free markets do not produce famines"[118]; "If all black African leaders were to...lift price controls to permit their peasants to sell their produce in open, free markets, there would be no

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[115] For a good discussion of the significance of the new path taken in 1982 see W. Bello *et al*, Dark Victory

[116] Woodward, 70

[117] Woodward, 70.

[118] Avery, 54.

food crisis in the continent"[119]; Global free trade in food increases both food security and preserves the natural environment."[120]

3.4 TYPE AND DESIGN OF IMF/WORLD BANK ADJUSTMENT PROGRAMMES

Both the IMF and the World Bank have a number of different provisions for providing financial support for structural adjustment programmes. In general, as noted earlier, the IMF supports macroeconomic or short term adjustment while the World Bank supports long-term structural adjustment. However, more recently there has been increasing overlap of these areas. Thus, IMF programmes typically include long-term measures, while World Bank loans are usually conditional on the target country adhering to an appropriate short-term (IMF designed) programme.[121] Structural Adjustment Facilities (SAFs) and Enhanced Structural Adjustment Facilities (ESAFs) are regularly jointly negotiated by the IMF and the World Bank.[122]

Stand-by arrangements (SBAs) and Extended arrangements (EFFs) are the most common of the IMF programmes. SBAs involve a programme of macroeconomic (short-term) adjustment measures, monitored by specified targets.[123] If one of the targets is not

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119 Avery, 59.

120 Avery, 79.

121 Woodward, 32.

122 Woodward, 38.

123 This performance criteria is usually set at four-month intervals while the programme is in force (between 12 to 24 months).

met in a particular period, the period's drawing from the IMF cannot be made. A commercial interest rate is charged on the amount drawn and payable in six years.[124] EFFs are long-term programmes which included a blend of short-term and long-term economic measures. Performance criteria for EFFs is set at six--month intervals repayable in ten years and charged commercial interest rates.[125] Additionally, **Structural Adjustment Facilities (SAFs) and Enhanced Structural Adjustment Facilities (ESAFs)** were established in the 1980s with the purpose of meeting the needs of low-income countries which could not meet the high interest rates of the EFFs and SBAs. These are three year programmes based on World Bank/IMF negotiated Policy Framework Papers (PFPs, with greater emphasis on long-term rather than short-term adjustment policies.[126] Two other programmes are available from the IMF side: **Compensatory and Contingency Financing Facilities (CCFFs) and Enhanced Surveillance.** The former is meant to supplement transitory foreign exchange earnings deficiencies, while the seldom used latter programme caries no IMF funding and little input in design from the agency.[127] **Structural Adjustment loans and credits (SALs and SACs)** are World Bank supported programmes which cover an array of sectors of the economy. The World Bank also makes available **Sectoral Adjustment Loans and Credits**

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[124] Woodward, 38

[125] EFFs are set for three years but may be stretched to four at the debtor's request.

[126] Woodward, 39

[127] Woodward, 40

(SECALS) which are aimed at specific sectors of the economy such as agriculture. **Hybrid Loans** are a combination of SECALs and SALs or SACs tied to a particular productive sector of the economy and restricting the amount of which can be used for imports. Loan amounts are subject to the Bank's discretion.

Whether loans emanate from the World Bank or the IMF (or both) they are subject to formal conditionality according to a fixed timetable and stipulated by the lending institution, and as noted above the programmes are fundamentally the same because they are based on a common ideology.

Theoretically, the design of adjustment programmes is the responsibility of the adjusting nation: the government decides on a plan of action and the IMF/World Bank merely offer technical advice on that plan of action, **and then decide whether or not they are ready to support the programme financially.** In actual practice, in addition to the IMF/World Bank loans mentioned above, nearly every other source of external credit for countries in debt, are contingent on the IMF giving its seal of approval and on imposed conditionalities being met. As well, loans originating from the World Bank are dependent on IMF endorsement.[128] Thus, the hegemony of the World Bank and especially of the IMF become immediately apparent: the success of an adjustment programme rests rigidly on enough external financial support being available and this leaves borrowing governments with little choice but to seek IMF support and agree

[128] Woodward, 42

with the terms dictated by the institution as prerequisite for support. In essence this skewed power relationship not only allows the IMF to wait until the debtor country has 'come around' and accepted all conditionalities but also provides the IMF with unrivalled bargaining strength; in reality it means that the IMF holds the monopoly on the leading role in adjustment programme design. "Well that's part of the package, the whole [IMF] package. Either you agree or you don't. More often than not the government [of Zambia] had a lot of reservations but we either agreed to the whole package or we didn't get any assistance."[129]

3.5 CRITIQUE OF ORTHODOX THEORY

The 'structural adjustment programme' imposed by the Bretton Woods institutions has led to famine and the brutal impoverishment of the developing world while contributing to the 'Thirdworldisation' of the countries of the former Eastern bloc.[130]

The World: A Third World Guide

Austerity protests are a direct result of the growing external debt of developing countries that become socially defined as a crisis in 1982, leading to the implementation of a series of stabilisation polices thereafter.[131]

John Walton and David Seddon

The orthodox theoretical foundations and the 'future hope' convictions of structural adjustment programmes of the Bretton

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[129] Josephine Muchelemba, Zambia's Director of Human Resources, Africa's Recovery, United Nations Department of Information, United Nations, New York, 1990

[130] Instituto del Tercer Mundo, The World: A Third World Guide 1995/96, 1995, 64.

[131] John Walton and David Seddon, Free Markets and Food Riots: The Politics of Global Adjustment, 1994, 40.

Woods Institutions have come under fire from a number of sources including other UN agencies and NGOs who regard such programmes as straining internal political stability, quickening and intensify social hardship on the most vulnerable members of society, and amounting to a new form of colonialism. "Today the North continues to extract an economic tribute from the region [South] -- which places many at even greater nutritional risk...The institutions engineering today's 'structural adjustment' are promoting policies of which a necessary consequence is hunger for millions of inhabitants [in the South]."[132] George adds that if the goals of managers in the World Bank and IMF that rule over Third World debt were to squeeze the debtors dry, "to transfer enormous resources from South to North and to wage undeclared war on the poor continents and their people, then their policies have been an unqualified success."[133] George points out, however, that if the strategies of the Bretton Woods institutions were intended -- as the IMF and World Bank claim -- to promote development beneficial to all members of society, to preserve the planet's unique environment and gradually to reduce the debt burden itself, "then the failure is colossal."[134]

Critics of the Bretton Woods agenda and its underlying theory maintain that contrary to the spirit of economic

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[132] Jose Carlos Escudero, "The Hungry Body Politic: Structural Adjustment in Latin America", Capitalism, Nature, Socialism, June 1994, 20-21.

[133] See Kevin Danaher, 50 Years is Enough, 1994; Walden Bello et al, Dark Victory, 1994; Karin Lissakers, Banks, Borrowers, and the Establishment, 1991; Paul Vallely, Bad Samaritans, 1990; Doug Bandow and Ian Vásquez, Perpetuating Poverty, 1994.

[134] Susan George, "the Debt Boomerang", 50 Years is Enough, (Ed.) Kevin Danaher, 1994, 29.

reconstruction and the stability of major exchange rates evoked in New Hampshire in 1944, structural adjustment has contributed exceedingly to destabilising national economies, ruining the environment, shattering peoples lives, and destroying civil society. Moreover, it is argued the Bretton Woods Institutions are also responsible for misconstruing the *root* causes of the economic crisis as well as the falsification of social and economic indicators. Critics point to millions of undernourished children that are denied the fundamental right of education; the fierce contraction of social expenditures and purchasing power that have revoked previously quenched diseases such as malaria and cholera; the destruction of domestic agriculture and manufacturing resulting from imposed trade liberalisation; famines resulting from cash crop price contraction; and undermining of food production, particularly in Sub-Saharan Africa, as a result of the dumping of subsidised food surpluses by the European Union and North America.[135] Adjustment, by dismantling of social services, escalating formal sector unemployment (especially among young people); and abating real incomes is also observed to create conditions predisposed to out-breaks of violence, criminilization of economic activity (such as smuggling and poaching in Zambia), and general increase in crime and associated costs.

The feminization of poverty is yet another feature attributed to the Bretton Woods Institutions. Critics argue

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[135] See Kevin Watkins, The Oxfam Poverty Report, 1995; Jon Bennet and Susan George, The Hunger Machine, 1987; Belinda Coote, The Trade Trap, 1993; Richard Bennet and John Cavanagh, Global Dreams, 1994; Kevin Danaher, 50 Years is Enough, 1994.

that the Institutions' emphasis on shifting to tradable goods not only aggravates the general failure to recognise activities typically performed by women (including fetching water and fuel, raising children, cooking, and cleaning) but further adds to the workload of the female population of adjusting countries. As women enter the formal sector and produce such things a cash crops, GNP increases and this dubious indicator of success is manipulated to validate the adjustment programme; on the other hand, women simply find themselves working harder as their purchasing power and standards of living deteriorate further.[136] "Millions have been forced to migrate to cities or to other countries, where they struggle to survive, having to accept the most marginalized jobs."[137] Critics of the orthodox approach also point to the International Labour Organisation's estimates that there are about 100 million legal or illegal immigrants and refugees in the world today, many of which are fleeing poverty and the effects of adjustment policies in the South.[138] Ironically, labour migrations are seen by orthodox theory devotees as an inspiring example of the invisible hand at work. According to Julian Simon of the University of Maryland, "The overall effect of the migration on the average standard of living of the world's people is positive...the migrant goes from a place where he or she is less productive to a place where he or she is more productive."[139] As critics point out, what the

[136] Inge Khoury, "The World Bank and Feminization of Poverty", 50 Years is Enough, 1994, 123.

[137] Instituto del Tercer Mundo, 64.

[138] Susan George, The Debt Boomerang, 1992, 110.

[139] Richard J. Barnet and John Cavanagh, Global Dreams, 1995, 303.

neo-classical dogma fails to recognise is the incalculable detrimental impacts of coerced massive human movements on the well-being of all countries involved (both on the receiving and supplying end) and on the migrants themselves.[140] The critique of the orthodox theory also charges that structural adjustment encourages unsustainable development. The economic, fiscal, trade, energy, agriculture, and industrial policies invoked by orthodox views generate 'development' which is economically, socially, and ecologically unsustainable.[141] The very view the Bretton Woods Institutions have of development, critics censure, rests on questionable traditional economic measures of growth, which fail to count either environmental degradation or community well-being. Still others, see the Bretton Woods agenda as a manifestation of the refusal of western economies to adjust to a slowdown in the global economy and excess capacity. They argue that IMF/World Bank adjustment programmes are essentially an attempt to integrate peasant production in the world commodity market -- in the context of global capitalist expansion -- and that they foment not growth and development but rather incite the "destruction of embryonic industries and the overall intensification of maldevelopment in these areas."[142]

The critique levied against the orthodox theory may be arranged into three categories: **(i) internal conflicts within the adjustment process; (ii) problems arising from adjustment by a**

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[140] These include increased levels of: poverty, racially 'motivated' violence, crime, exploitation, and environmental degradation.

[141] See Paul Hawken, The Ecology of Commerce, 1993.

[142] Gloria T. Emeagwali (ed.), Women Pay the Price: Structural Adjustment in Africa and the Caribbean, 1995, 5.

number of similar and inter-connected economies simultaneously; and (iii) problems emerging from the precipitous pace (shock therapy) of adjustment.[143]

Two principal reasons are often cited for **the conflicts arising within the adjustment** process itself. First, **adjustment attempts to accomplish too many different objectives** -- lower inflation, bolster the balance of payments, reduce fiscal deficits, and increase economic growth. Moreover, the myriad of objectives are not necessarily congruent in the short-term. Second, some of the **specific policies prescribed within the adjustment programmes have side-effects** which either reduce their own effectiveness or that of other adjustment steps. Inflation is perhaps the most visible source of conflict both between adjustment objectives and as a vehicle of harmful side-effects.[144]

A principle tool of adjustment programmes is **devaluation.** As noted above, a government is usually told to devalue its currency in order to correct a deficit in its balance of

[143] Woodward, 45.

[144] It is worth mentioning at this point that explanations of inflation run along two main lines: the general, or monetary, explanation and various special-factor explanations. **The monetary explanation** views inflation as always and everywhere the result of an excessive growth rate of money. Special-factor explanations relate each specific inflation to particular economic conditions that occur before or during the inflation. The monetary explanation starts with the observation that rising prices are the same thing as a falling value of money. The more money there is, relative to the goods and services to be bought, the less valuable is each dollar. A period of increasing prices occurs when the quantity of money grows faster than real demand for it, measured in terms of the goods and services the money buys. Thus, an inflation requires either a rapid growth in the money supply or a persistently falling real demand for money. **Special-factor explanations** focus on particular events or sequences of events--not necessarily directly related to the money supply--to explain an episode of inflation. An example of this approach observes that a large increase in the price of imported oil would tend to make the consuming nation poorer and so reduce its purchasing power and raise prices. A whole sequence of such events--and the absence of offsetting conditions (such as increased output) tending to increase real-money demand--may be used to explain a given inflation. Responding, the monetarist posits that over periods of four or five years there is very little variation in the growth of real money measured in terms of purchasing power.

payments; the theory holds that investment opportunities in the devaluing country normally improve for foreigners, inviting an influx of foreign capital. However, devaluation can lead to further devaluation if persistent payments deficits are not corrected. When currencies are devalued prices of direct imports are not the only ones to rise. Locally-produced goods which use imports as inputs, and locally-produced goods which compete with imports (local producers can now hike prices to match those of imports), contribute significantly to total consumption in the economy; thus these price increases will inevitably lead directly to higher inflation.[145] Devaluation's competitive advantages may quickly be lost if inflation continues at a high rate or if the anticipated influx of capital does not occur. Speculators may even withdraw their capital from the country, precipitating another devaluation. Increasing the real level of prices charged by **state-owned companies** is another major component of adjustment programmes; as with devaluation this policy also exacerbates inflation. The removal or reduction of consumer **subsidies** (such as the step taken with maize in Zambia), also a major procedure demanded by the adjustment process, ultimately leads to greater inflation as food and other basic goods and services costs rise.[146] Additionally, **production costs** increase as a result of higher interest rates, subsidy removals, and higher input (which are imported) costs. This surge in costs are eventually transferred on to consumer prices,

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[145] Woodward, 46.

[146] Woodward, 47.

thus aggravating inflation. Moreover, increased **taxes** (such as Value Added Taxes) and **user fees** for such services as health all add to the inflationary pressure. These factors lead to escalation in cost of living and decline in standards of living.[147] As noted above, the monetarist views underpinning adjustment fail to recognise this by positing that inflation requires either a rapid growth in the money supply or a persistently falling real demand for money.

Trade liberalisation and **tight fiscal policies** are two other key factors which give rise to **internal conflicts within the adjustment process**. As noted above, trade liberalisation will typically call for reduction of import tariffs as means of opening up the economy and making the economic environment conducive to foreign investment. However, by reducing tariffs adjustment directly assail a significant source of government funds, thus decrease its revenue and weaken the balance of payments. [148] Orthodox theorists counteract this proposition with the "future hope' conviction that export increases (as a result of trade reform) will make-up for any loss of revenue that reduced tariffs may bring. Seemingly, this assumes (without stating so) that the world market will respond agreeably to the adjusting countries exports; in the case of Zambia, at least, copper prices denounce this 'future hope' faith.

Private investment is another point of conflict within the adjustment process. A number of factors generated by adjustment

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[147] Woodward, 47.

[148] Woodward, 54

actually discourage this major component (as noted above adjustment aims to shift productive resources from less productive sectors to more predicative ones and from transferring resources from the public to the private sector) of the adjustment programme itself including: higher interest rates that increase the cost of investment; the reduction in the level of demand in the economy; the lower level of incomes in the economy which reduces the resources available for investment; the reduction in public expenditures which are reflected in weaker infrastructures (roads and railways etc.) which in turn may discourage investment particularly from abroad; and debt problems and adjustment may give rise to political, economic, and social instability (in the case of Venezuela, Brazil, and Zambia food riots.[149]

A second category of the critique levied on the orthodox theory are the **problems arising from adjustment by a number of similar and inter-connected economies simultaneously.** Because a large number of developing countries are undergoing structural adjustment programmes emanating from the same financial institutions who are motivated by common theories, spill-over effects from one country's adjustment on others cannot be ignored. For instance, the IMF and World Bank recommended that Senegal remove subsidies on rice increase taxes on petroleum products to reduce the budget deficit. Senegal's attempts were undermined when The Gambia simultaneously received the same

[149] For an excellent discussion of these themes see Woodward, Development Adjustment and Poverty in Developing Countries, 1992.

policy advice form the Bretton Woods Institutions.[150] The most significant of these spill-overs is the **impact of increasing export volume** on international commodity prices. As discussed above, for each adjusting country the need to raise exports is urgent.

> The obstacles to growth of developing countries' exports are largely internal, not external; economic agents in these countries have reacted to the distorting incentives created by projectionist régimes of trade control much in the way that standard economic theory predicts; planners have often shown a lack of foresight which would have swiftly bankrupted a private agent![151]

However, because of the extensive scope of the debt problem, many countries vigorously attempting to boost their exports at the same time. For a number of economic and mostly historical reasons (as presented earlier in the discussion of colonialism), many of these adjusting countries are attempting to expand the export market from a common pool of goods; mainly raw products. In short, the Bretton Woods Institutions are directing adjusting countries to concentrate on "what they do best", be it cotton, peanuts, or minerals. The pursuit if these policies have led to what Mills terms fallacy of composition. In other words, policies prescribed for African countries, especially with respect to export promotion, would at times be self defeating if carried out by all countries.[152]

Some 60 per cent of developing countries continue to rely on *one* commodity for 50 per cent or more of their income. Some, such as Uganda, are more than 90 per cent dependent on one

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[150] Cadman Atta Mills, Structural Adjustment in Sub-Saharan Africa, 1989, 7.

[151] Deepak Lal, The Poverty of 'Development Economics', 1985, 32.

[152] Mills, 7.

commodity, in this case it is coffee. As a result of the food-export blitz, which all the grain-exporting countries joined, some of the poorest countries in the world, including Somalia, Mozambique, and Angola, became dependent for the *first* time on imported wheat, corn, and rice. Both local economies and local diets were converted. Adopting policies of comparative advantage, in line with orthodox theories, countries in the South began exporting larger quantities of coffee, flowers, and other products for the international market. As a result (predictably) commodity prices plunged. Millions who continuously go to bed hungry live within sight of rich agricultural lands producing crops for export.

Other **slipover problems arising from simultaneous adjustment** by a number of countries also affect the practicability of adjustment. Some debtor countries depend significantly on other debtor countries to buy their exports. When a country's adjustment programme obliges it to cut down on imports the reduction adversely affects other debtor countries whose export market growth it tied to the adjusting country's imports; a ripple effect is created through many adjusting countries. Compounding this problem is the North's unpublicized but very real trade walls. As the Council of Economic Advisers reported in the mid-1980s, 'the world is moving away from, rather than toward comprehensive free trade' because even as tariffs go down, an increasing share of total manufacturing is 'subject to non-tariff restrictions.[153] According to the OECD

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[153] Barnet and Cavanagh, 349.

the economic opportunities denied the South by OECD members in the form of non-tariff trade barriers is worth twice the annual flow of official development assistance.

Moreover, landlocked countries such as Zambia are particular vulnerable to infrastructure deterioration in other countries. When adjustment in neighbouring countries reduces public expenditures (affecting roads, railways, ports and transport routes) or raises port fees, tariffs, and other transport related costs, landlocked countries may face a serious threat to the competitiveness of their exports and a price hike on their imports.[154]

A third problem involves export credits. Some debtors are owed considerable amounts by other adjusting countries, usually in the form of export credits. When the borrowers encounter economic problems, all creditors suffer from late or non-payments; the dominant creditors(the institutions who have the ability to extend loans) will undoubtedly secure whatever foreign exchange can be squeezed out of the troubled country leaving others with nothing to collect and further aggravating their own balance of payments problems.[155]

The third category of orthodox theory critique involves **problems emerging from the precipitous pace (shock therapy) of adjustment.** As noted earlier, the pace of adjustment is inherently determined by the availability of foreign lending which in the 1980s dropped significantly. Based on the World

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[154] Woodward, 64.

[155] See Woodward for a more complete discussion.

Bank's Development Report (1990/91) total debt lending for all debtor countries fell from $49 billion in 1980 to $19 billion in 1985 and then again to less than $15 billion in 1989.[156] This average yearly drop of 7 per cent in lending essentially forced adjusting countries to quicken the pace of austerity and shock therapy measures. Not surprisingly the intensity and ferocity of austerity measure protests set unprecedented records.

> Since the mid-1970s, an international wave of price riots, strikes and political demonstrations has swept across the developing world in a pattern at once historically unprecedented and reminiscent of classical food riots best documented in European social history. Modern protests, however, are fundamentally a product of the international political economy.[157]

Between 1976 and 1992, 146 such protests, dubbed as the "IMF riots" came to take place in 39 different countries affecting every continent except North America and Antarctica.[158]

The problems associated **the precipitous pace (shock therapy) of adjustment internal conflicts within the adjustment process, and problems arising from collective adjustment by a number of economies adjusting simultaneously** as noted above. In short, the critique levied on the orthodox theory points to: a degree and pace of adjustment that is externally determined with little or no consideration being given to the political, social, and economic constraints to adjustment or the far reaching effects of the programme itself.

> The result is that many debtor countries are forced to undertake macroeconomic adjustment at such a pace that it impinges on the political constraints, affecting its implementation; imposes unduly high social costs; and seriously undermines its own

156 Woodward, 65.

157 Walton and Seddon, 23.

158 Walton and Seddon, 39.

> effectiveness. Where this results in the adjustment process failing or being abandoned, this means that still further adjustment needs to be undertaken later, to overcome the counterproductive effects of the previous over-rapid adjustment, in addition to the original need for adjustment. This problem is compounded to the extent that foreign lenders and investors react to the apparent failure of adjustment by further reducing the availability of foreign exchange.[159]

3.6 STRUCTURAL ADJUSTMENT IN ZAMBIA. PHASE I: 'MODERATE REFORMS', 1973-1984

Zambia's economy has been discussed in a previous chapter and to avoid duplication that discussion will not take place here. Clarification of Zambian economic factors will be minimal; greater emphasis will be placed on actual adjustment measures instead. The reasons leading to Zambia's entanglement with the Bretton Woods Institutions have already been presented elsewhere in the thesis. The first period of adjustment (1973-1984) has been dubbed the 'moderate' reform period due to its mild adjustment measures relative to the more austere (1985-1987) 'radical' period. Indirect and direct social and economic consequences of these adjustment programmes are discussed in the ensuing chapter.

1973-74

In 1973, Zambia negotiated a one year SDR with the IMF valued at 19 million. The conditionalities attached to the credit were relatively minimal: purely demand management (as opposed to monetary policy)[160]. **Reductions in public spending,** a

[159] Woodward, 69

[160] **Demand Management** is one course of action that a government follows to stabilise the national economy by adjusting levels of spending and taxation. The intended result is higher levels of aggregate demand, national

ceiling on government borrowing from the Central Bank of Zambia and the national banking system, and a **wage freeze** were required by the IMF.[161] The intent of the adjustment package was to suspend the withering of external reserves and to restrain the budget deficit caused by deteriorating terms of trade and declining copper prices.

1976-77

With the terms of trade falling and the balance of payments climbing, another one year SDR was arranged, this time for 22 million. The 1976 resulted in a greater conditionality being imposed with quarterly performance verification. The notion of diversifying the economy was introduced for the first time. However, fiscal policy remained the dominant approach of this programme: 16 per **cent ceiling on domestic credit expansion**; a **wage freeze**; government expenditure reductions; nominal **exchange rate devaluation** of 20 per cent; and 25 per cent **hike on producer prices for maize.**

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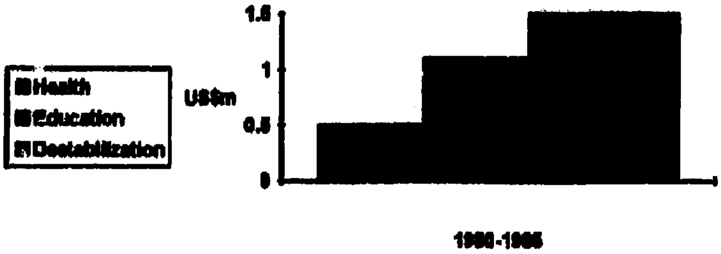
production, and employment. Government spending is reduced and tax rates increased to diminish investment and consumption when aggregate demand is excessive and the economy experiences inflation.

[161] Ritva Reinikka-Soininen, Theory and Practice in structural Adjustment: The Case of Zambia, 1990, 62.

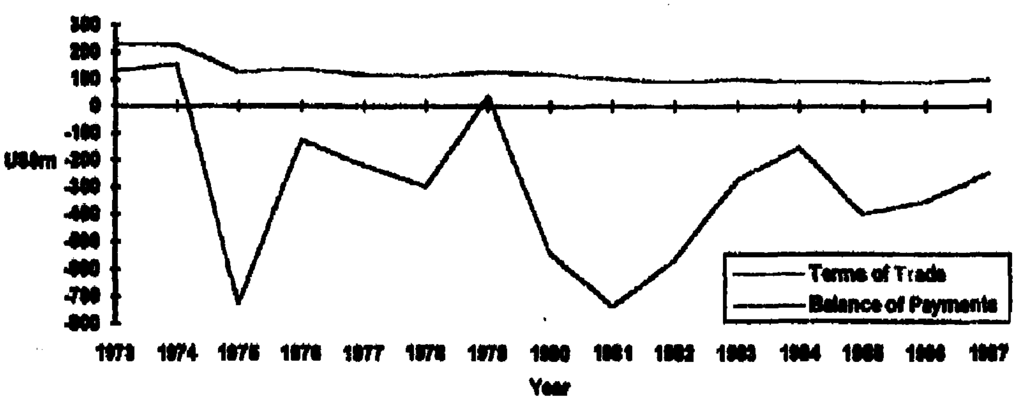
Figure 6: Selected Public Costs, 1980-1985



Source: Sivard, various years

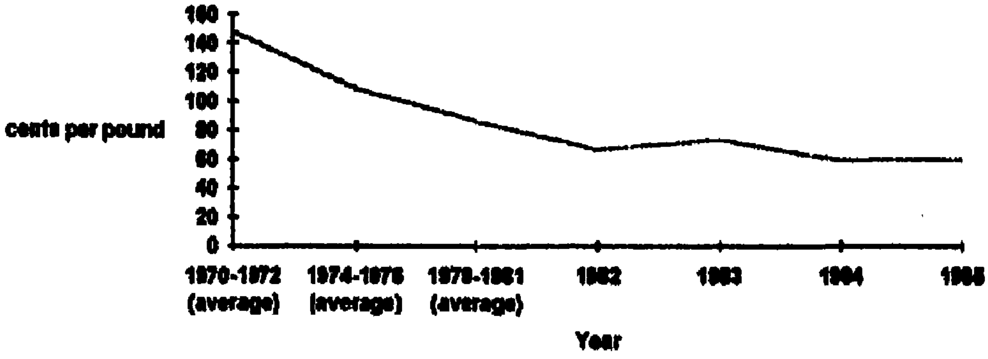
The costs of Rhodesian and South African destabilisation and the drop in copper prices (deteriorating terms of trade) persisted and the programme proved ineffective in containing the externally induced slide in the balance of payments and in the per capita GNP(Figure 6, 7 and 8).

Figure 7: Terms of Trade and Balance of Payments, 1973-1987 (US$m)



Source: World Bank, 1995

Figure 8: LME Copper Prices, 1970-1985 (cents per pound)



Source: Young, 1988

1978-80

The IMF provided Zambia with SDR 315 million. The objectives of this two year programme were to reduce domestic absorption and shift the balance of payments into equilibrium.[162] Conditionalities were the **devaluation of the Kwacha** by an additional 10 percent, additional **wage freeze, reduce domestic credit expansion,** and **increase agricultural producer prices.**[163] Targets were met and the full SDR was disbursed.[164] The balance of payments did improve and inflation did recede. However, per capita GNP continued to decline, import reductions lead to lower copper production (due to lack of imported inputs), deteriorating terms of trade, fluctuating copper prices, the

[162] **Domestic Absorption** being defined as consumption plus investment plus government expenditures (C + I + G).

[163] **Domestic Credit Expansion** is equal to the public-sector borrowing requirement (the excess of public-sector spending over its receipts) minus public-sector borrowing from domestic non-bank private sector plus the increase in bank lending to the private sector in domestic currency at home and overseas

[164] Roger Young, Zambia: Adjusting to Poverty, 1988, 15.

drought, and other obstacles cited in chapter two, soon aggravated the balance of payments again (Figures 1, 2, and 9).

1980-83

A three year Extended Fund Facility for SDR800 million was approved, with the following objective: "regain financial balance by curtailing aggregate demand, particularly government outlays". Specifically, the targets and conditionalities of the IMF programme were as follows: reduce the balance of payments deficit by 10 per cent; **devalue the Kwacha** by 20 percent and implement of a flexible exchange rate policy; **reductions in government spending; no net increase in employment and wage freeze in the public sector;** 10 percent wage ceiling in the mining sector; reduction of external commercial payment arrears; and timely payment of rescheduled debt service. Zambia fulfilled most of the conditions of the 1983 programme and qualified to draw from the IMF. However, the country's inability to service the debt and meet arrears targets(due to the toughest drought of the century, falling copper prices, and declining output and other external reasons discussed in earlier chapters) brought IMF denial of the final tranche of the SDR 800 million agreement.[165]

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[165] Gulhati, 32-33.

1983-84

Two separate SDRs were negotiated between Zambia and the IMF; SDR 211.5 million for 1983-84 and SDR 225 million for 1984-85. Additionally, World Bank SALs and SECALs of K39.2 million were provided. Underpinning the adjustments were the following conditionalities: **additional 20 percent devaluation of the Kwacha; further increases in agricultural producer prices** (maize and fertiliser prices to double and respective budget subsidies to be halved); and the retention of 50 percent of foreign exchange for the promotion of non-traditional exports. The 1983-84 programme proposed to reduce Zambia's debt arrears, and stabilise internal and external balances: reduce the budget deficit from 6.9 percent of GDP in 1983 to 5.2 percent in 1984; and raise budget revenues by 15 percent. All conditionalities were met; "the government succeeded in keeping expenditure within agreed limits" and subsidies were removed as per IMF stipulation.[166] However, the huge burden of military conflicts engulfing Zambia (refugees had reached 100,000), declining terms of trade simply, and huge debt service payments made it impossible for the government to meet the IMF stipulated goals (Figure 9, Table 4). Compounding the problem was the fact that foreign aid receipts fell some 67 per cent from the 1960-1982 period to 1984, and the fact that the Paris Club required Zambia to pay much more in debt service than had been agreed.[167] The

[166] Gulhati, 33

[167] Gulhati, 33

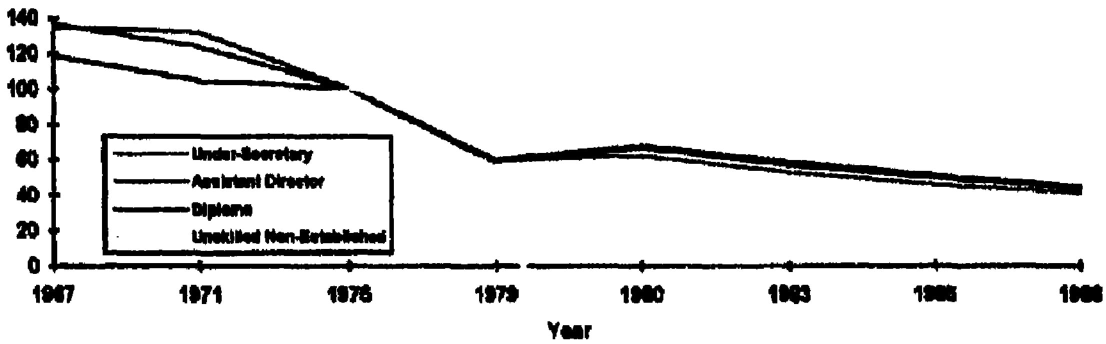
programme, despite the governments compliance, failed to halt the balance of payments decay and the accumulation of arrears on the debt service. In retaliation for Zambia's inability to control external forces, the IMF cancelled the SDR.

3.7 PHASE II: 'RADICAL REFORMS', 1985-1987

The World Bank acknowledged, in a 1985 report, that "no one had foreseen the acuteness and the duration of the decline in copper prices."[168] In other words, the 'future hope' approach had failed. Zambia's economic situation continued to precipitate leading to a radical turn in policy: full acceptance of IMF conditionality including **drastic cuts to the Kwacha** and **removal of most subsidies; and liberalisation of the private sector.** In 1985 no negotiations with the IMF were formalised. However, following IMF advice, **Zambia decontrolled interest rates, reduced the subsidy to maize meal** (the last government food subsidy), and **reduced civil service employment and fringe benefits** (Figure 9).

[168] Legum and Drysdale, 1986, 896.

Figure 9: Indices of Real Salaries in the Public Sector (1975=100)



Source: Colclough, 1988

The radical change in policy, labelled as "one of the toughest reform programmes on the continent" was expected to attract IMF support.[169] Following IMF advice, the government introduced a **foreign exchange auction** in October of 1985: the result was a steep drop in the value of the Kwacha (Figure 10)[170].

Figure 10: Real Effective Exchange Rates, 1979-1987

Source: Young, 1988

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[169] Legum and Drysdale, 1987, 869 and 1986, 896.

[170] The value of the Kwacha came to be determined by foreign exchange auctioning which worked \much like a conventional auction. A Foreign Exchange Management Committee, chaired by the General Manager of the Bank of Zambia, was introduced. The committee conducted weekly auctions and made allocations to Government, the mining companies, the oil companies, Zambia Airways, and Zambia-Tanzania pipelines. These institutions were not allowed to bid but would get the foreign exchange at the auction rate. The actual exchange rate was determined by the bid which would fully exhaust the weekly allocation of foreign exchange. Candidates would apply through their commercial banks by submitting details of the amount of forex required and how much they were prepared to pay for it. The first auction devalued the Kwacha by over 100 percent.

As a result of the devaluation, priority sectors such as agriculture as well as small local companies faced the risk of being plowed under as forex became scarce and prices rose sharply (Table 8).

Pledges from Zambia's donors were not fully honoured, "net resources transferred to Zambia declined sharply during the reform period."[171] In fact, foreign aid dropped steadily during the 1980s. A two year SDR 229 million was negotiated with the IMF in 1986 along with a World Bank recovery credit to sustain the reform program and long-term adjustment efforts (aimed at diversifying the economy) of the government. Conditionality stipulated by the IMF called for the **complete removal of subsidies** on the last item the government was subsidising; the country's staple food maize meal. The price of 'breakfast maize' jumped by 120 per cent on December 3, 1986; the Copperbelt erupted into food riots and the subsidies reinstated.[172]

By the end of 1986 Zambia's overall debt was US$5.4 billion ($761 per capita) equal to 362 percent of GNP and over 700 percent of exports. "The massive growth in the debt and debt service stand in the way of economic reform."[173] The IMF/World Bank programmes did not succeed in rescuing the economy. The balance of payments, the debt and debt interest,

[171] Gulhati, 36.

[172] Breakfast maize which is more refined and costs more was targeted to see the total subsidies removed to be followed by total removal of the poorer quality roller maize.

[173] Gulhati, 37.

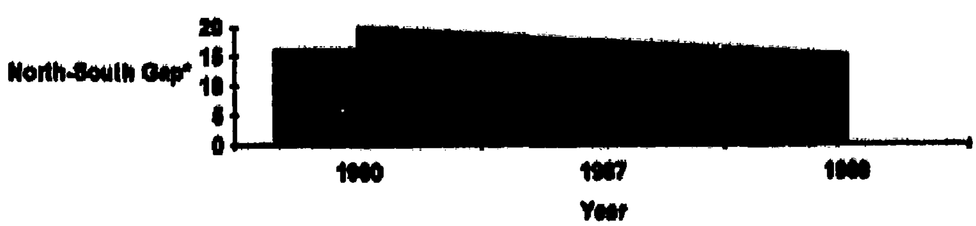
and inflation were much higher than in the pre-adjustment period. "All told, Zambia continued to be plagued by a very bleak macroeconomic picture."[174] In 1987 Zambia broke off with the Bretton Woods Institutions.

3.8 SUMMARY

> *A growth process that benefits only the wealthiest minority and maintains or even increases the disparities between and within countries is not development. It is exploitation.*[175]

The present chapter has revealed the nature of IMF/World Bank adjustment programmes, their theoretical foundations, and the critique levied on them. In analysing the Bretton Woods Institutions' own empirical data it is distressingly evident that its adjustment prescription for the ailing patient -- the Zambian economy -- failed to remedy the infirmities it proposed cure (Figures 2,3, 5 and 7).

Figure 11: Trends in North-South Human Gaps -- Mortality Rate & Real GDP per capita, Zambia, 1960, 1987 & 1990



*Note: All figures are expressed in relation to the North average which is indexed to 100. The smaller the figure the bigger the gap.
Source: UNDP, 1991

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[174] Gulhati, 37.

[175] The Cocoyoc Declaration quoted in Paul Harrison, Inside the Third World, 1993, 415.

Moreover, the dubious prescriptions appear to have inflicted some very negative side effects on other aspects of the country; particularly the food security situation. This situation becomes more grievously obvious when the gap between Zambia and the developed world is considered (Figure 11). The following chapter will analysis the policies which, during the course of the "radical" IMF/World Bank adjustment period, exacerbated food insecurity and what specific groups within Zambian society were most affected by these policies and their outcomes.

CHAPTER 4

'RADICAL REFORMS': IMPACT ON FOOD SECURITY AND SPECIFIC SEGMENTS OF ZAMBIAN SOCIETY

Must we starve our children to pay our debts?[176]

Julius Nyerere

On social impact, if we look at groups in Zambia -- and mostly at women and children -- we can see that the overall impact of a long period of social decline was accelerated by the structural adjustment program.[177]

Marcia Burdette

4.1 INTRODUCTION: SPECIFIC POLICIES THAT HAVE IMPACTED ON FOOD SECURITY

In what pertains specifically to the agricultural and food production policies introduced by the programme two distinct features need to be considered: **the increase in prices paid to agricultural producers and the emphasis on the commercial agricultural sector.** As identified earlier, the majority of Zambian farmers fall into the subsistence sector. This means that like the majority of rural people they tend to have very little income. However, as the data has revealed, particularly Table 8, the need for more cash has increased. Government spending for rural development collapsed in the wake of the country's economic and foreign exchange crisis while fertiliser prices increased. In large part due to the urgent need to

[176] Julius Kambarage Nyerere, president of Tanzania from 1964 to 1985, in Oxfam, 171.

[177] Burdette, 1989. Marcia Burdette is Director of development co-operation program at the North-South Institute (Ottawa).

service the debt while attempting to diversify the economy, greater emphasis was placed on commercial farming. Subsequently, many commercial farmers moved out of food production and into high-value export crops such as tobacco, coffee, sugar, and even strawberries. The detrimental implications of an adjustment programme that emphasises agricultural export production and simultaneously -- as Chapters 3 and 4 have illustrated -- contracts food imports become quite clear. This is especially critical, as demonstrated throughout Chapters 2 and 3, in light of the removal of subsidies to milk, sugar, maize, and other food items, and in light of the negative impact of devaluation on real incomes, consumer prices, and purchasing power of individuals.

> **Problems in food security do not necessarily result from inadequate food supplies, as is widely believed, but from lack of purchasing power.**[178]

In 1986, the World Bank published a widely referenced report entitled ***Poverty and Hunger: Issues and Options for Food Security in Developing Countries.*** The above quote has been lifted from the Bank President's (at the time A.W. Clausen) *FORWARD* to the report. Mr. Clausen's words are echoed in the report itself:

> The world has ample food. The growth of global food production has been faster than the unprecedented population growth of the past forty years. Prices of cereals on the world markets have been falling. Enough food is available so that countries that do not produce all the food they want can import it **if they can afford it.** Yet many poor countries and hundreds of millions of poor people do not share in this abundance. **They suffer from a lack of food security, caused mainly by a lack of purchasing power.**[179]

[178] World Bank, Poverty and Hunger, 1986, v.

[179] World Bank, 1986,1.

In his final remarks, Mr. Clausen goes on to say that: " The World Bank stands ready to help countries address their food security problems. It is also ready to contribute resources. The alleviation of poverty and hunger are, after all, the primary purpose of economic development."[180] The Bank chief's momentous and heartening declaration and commitment (like those of the report itself) are propitious to the analysis that follows. This chapter will identify those policies which, during the course of the "radical" IMF/World Bank adjustment period, exacerbated food insecurity and what specific groups within Zambian society were most affected by these policies and their outcomes; the declarations of the noteworthy World Bank report will assist in identifying the policies in question. The question becomes: **what policies imposed or recommended by the Bretton Woods Institutions during the 'radical' adjustment phase further caused specific groups of the Zambian population to, in the words of the World Bank, "suffer from a lack of food security, caused mainly by a lack of purchasing power."**[181]

If we accept that the food insecure "suffer from a lack of food security, caused mainly by a lack of purchasing power", then it can be argued that Zambia's ability to acquire food declined severely during adjustment (Table 4). Therefore, Zambia's food insecurity increased during the same period. Either the quantity of food declined or the quality of it

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[180] World Bank, 1986, VI

[181] World Bank, 1.

decayed. It is apparent that at least the quantity of food being imported declined considerably during adjustment (Table 13). By this measure, Zambia became worse off during adjustment than prior to it. Moreover, food production during adjustment in part (as demonstrated in earlier chapters) due to adjustment policies, dropped significantly (Table 10). Moreover, during adjustment, Zambia's debt situation deteriorated to unprecedented levels with colossal amounts of its resources being siphoned off for debt service leaving increasingly smaller resources for food imports or local production (Table 7). Additionally, government expenditures (including investment in food production, specifically subsidies) were curtailed. **If both food imports and food production declined, it follows that food insecurity would manifest itself both in hunger and malnutrition. Since per capita GNP shrunk, prices soared, and real wages contracted, real purchasing power declined. (Tables 6, 8, 15, Figure 5). In essence, Zambia saw its purchasing power decline during adjustment. However, to the Bretton Woods Institutions the results were predictable and not ingenuous; the World Bank in a 29 country study revealed in its noteworthy "Poverty and Hunger Report" of 1986 had concluded that food security, as measured by the energy content of the national diet, increases as the price of food decreases when income is held constant.**[182] Conversely, it can be safely assumed that both the IMF and World Bank were not unaware (based on the World

[182] World Bank, 1986, 63.

Bank's own study) that the policies which both institutions proscribed for Zambia would raise prices, reduce real wages, and slash purchasing power, thereby aggravating food insecurity in the country.

The discussion now turns to the groups within Zambian society that were most affected by this contraction in purchasing power.

4.2 WOMEN

Women have been particularly affected by adjustment programmes because many of the poor are women, and because women were already faced with socio-economic bias, which made them even more[183]

Krishna Ahooja-Patel

Women do not constitute a homogeneous category, since some women, including those with education, those in wage employment, and those with no desire or financial need for wage employment, are better off than those without education who, however, form the majority of the unemployed.

As producers, women are affected by job cuts and reductions in the public sector, where they had gained a foothold in some countries, and in the agrarian sector by declining terms of trade.[184] As shown in Chapter two, by 1986 real incomes had slipped to pre-1970s levels with the urban sectors feeling the greatest pinch. As well, in compliance with adjustment conditionalities, the government reduced public sector employment while slashing expenditures for social

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[183] In Jeanne Vickers, Women and the World Economic Crisis, 1991, x

[184] Emeagwali, 4.

services and removing food subsidies. Expenditures for health care and education were also retrenched. "Women are right in the middle of the crisis; they are the ones who have to carry the load of adjustment efforts. As wives and mothers, they were most affected by the imbalance between incomes and prices."[185] As Savane points out, in order to survive women had to invent strategies at the individual level, at the family level, and at the community level. "In urban areas, prostitution, household jobs, and beggary developed among both women and children."[186] In the informal sector, adjustment policies negatively affected income; regression in the formal sector means less opportunities to make money in the informal economy. Moreover, with more unemployed and underemployed people entering the informal economy shrinking revenues had to be distributed among larger numbers. Given the importance of the informal sector in women's economic survival the impact of these effects hit women the hardest. Subsequently, many women saw their low incomes becoming even lower and their purchasing power erode; this is especially severe in the case of female headed households where women are the sole providers for their families.

Secondly, in the wake of increasing prices and shrinking incomes, studies have revealed the following specific findings in respect to women: **a reduction in the frequency of buying certain foodstuffs, particularly protein food items (beef,**

[185] Marie-Angelique Savane, "What Next for African Women", (ed.) David Kennet and Tukumbi Lumumba-Kasongo, Structural Adjustment and the Crisis in Africa, 1992, 76.

[186] Savane, 77.

chicken, fish) which had become more expensive; bread was no longer purchased; reducing the number of meals per day from an average of two to one. The studies also reveal that -- due to reasons noted above -- women's extreme reliance on the informal sector, relative to men, had a decisive impact on women's food security during adjustment. Female household heads "appear to prefer cutting down on expensive [protein food items] to employ a strategy of reducing meals to the method most popular among male household heads -- borrowing/salary advances."[187] While the intention of adjustment policies are said to be gender-neutral or assumed to be non-discriminatory, in a country whose purchasing power contracted severely under adjustment, women were particularly hard hit.

4.3 CHILDREN

It is the young who are among the hardest hit by poverty. When a nation is crippled by debt, it is usually education, health and child welfare that suffer first. When living standards begin to fall, infant mortality rises, malnutrition grows.[188]

Richard Joly, UNICEF

"Adult literacy rates, especially for women, tend to be correlated with better child care and lower infant morbidity and mortality."[189] It follows then, that policies which restrict the financial resources made available for education, seriously threaten food security. Absolute poverty is usually associated

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[187] Dorothy Muntemba, "The Impact of IMF--World Bank Programmes on Women and Children in Zambia", (ed.) Bade Onimode, The IMF, the World Bank and the African Debt Vol. 2, 1989, 121.

[188] UNICEF, 5.

[189] UNICEF, 17.

with female-headed households with no remittances from an absent male head and with urban informal -sector casual employment or self employment. In the absence of targeted supplementary feeding programmes (which exist on a comprehensive basis only in Botswana) poverty almost inevitably means child malnutrition and increased susceptibility to disease.[190] Studies have shown that, where unemployment over extended periods has increased as a result of recession, the associated psychological, economic, and social conditions have led to a broad spectrum of health problems -- higher infant mortality rates and increases in mental illness, cardiovascular disease, suicide, alcohol dependence, and drug abuse.[191] As Table 16 distinctly illustrates, the case of Zambia strongly corroborates these studies. Children suffered excessively during adjustment: underweight children as percentage of under 5 year old rose 21 percent between 1985 and; child hospital admissions and deaths owing to malnutrition climbed 25 percent and 100 percent respectively between 1983 and 1985 and another 15 and 25 percent between 1985 and 1987.

4.4 YOUTH

> **Africa is going through a very severe economic recession and the youth in particular seem to be the first victims.**[192]
>
> International Labour Organisation

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[190] UNICEF, 17.

[191] D.E. Cooper et al. "The Impact of Development Policies on Health", 1990, 10.

[192] ILO, "Impact of Africa's Economic Crisis on Youth", The Human Dimension of Africa's Persistent Economic Crisis, edited by A. Adedeji et al, 1988, 179.

Zambia is one of the most urbanised countries in Africa with educated youth making up most of the migrants from rural to urban areas. As noted in earlier chapters, official governments reports and budget speeches in the 1980s were characterised by: the alarming rate of youth rural-urban migration of young people and by the frightful growth in urban youth unemployment. In the 1987 budget speech, the Minister of State and Youth and

Table 16: Underweight Children, Child Malnutrition, Calorie Intake 1982-1987

Year	Underweight Children (% of 0-59 months)	Child Malnutrition (0-14 Years Old)		Calorie Intake (% of daily requirements)
		Hospital Admissions Due to Malnutrition	Hospital Deaths Due to Malnutrition	
1982	-	13 404	1 856	89
1983	-	16 828	3 248	84
1984	-	17 774	3 760	-
1985	20.5	16 697	3 707	-
1986	24.6	17 053	3 772	92
1987	24.7	19 252	4 628	-

Source: *World Bank, 1989, Gulhati ,1989*

Unemployment noted that unemployment was rising at an "alarming rate" with youth accounting for over 70 percent of 2 million unemployed in that year, making Zambia one of the most extreme in Africa in terms of unemployed youth (according to the ILO, 50 percent is the average youth unemployment in Africa).[193] As demonstrated earlier, adjustment triggered "alarming" growth in Zambian unemployment, over 70 percent of which are youth, in particular young girls, who constitute some 60 percent of unemployed youth. In answer to this the ILO states that:

[193] ILO, 182.

> Massive youth unemployment constitutes one of the most obvious symptoms of economic maldevelopment and social mal-distribution within African societies. Finally, it should be noted that the balance of evidence suggests that the fundamental causes of youth unemployment are not associated with the attitudes of youngsters.[194]

However, as the ILO indicates, the prevalence of underemployment, in the African context, is primarily that of the "working poor." The prevalence of **underemployment is approximately three times as serious as that of open unemployment**. "The majority of the active population works hard and long hours but is underemployed and therefore earns less than a basic needs income."[195] As shown in earlier chapters, underemployment also grew during adjustment. As various polices of adjustment combined to exacerbate unemployment and underemployment in Zambia. As the "new labour" force recruits, youth became one of the most vulnerable groups and endured a great portion of the burden. Thus, adjustment not only reduced youth purchasing power but for a large majority it denied any possibility of securing a basic needs income. As such, food insecurity of young Zambians was severely acerbated by adjustment.

4.5 URBAN POOR

> Extremely low urban wages and informal sector incomes in the most constricted countries [of Southern Africa] -- Angola, Malawi, Mozambique, Tanzania, and Zambia -- have reduced the food security of urban low-income households and, judging from fragmentary data, have radically increased the rates of urban malnutrition.[196]

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[194] ILO, 188.

[195] ILO, 182.

[196] UNICEF, 16.

Rising poverty among the young is perhaps the most pressing urban social problem, particularly rural school-leavers seeking jobs in a shrinking work market.[197] When a country, such as Zambia, faces the harshest drought of the twentieth century, massive cuts in education, infrastructure, and employment, the migration from the country side is of gigantic proportions. With no access to land on which to grow food, the urban poor face an even greater attack on their food security (as inflation and unemployment rises and employment and real income drop) than the terribly off rural poor.

4.6 RURAL POOR

> One of sad features of the foreign exchange auction system was the misery it created for the ordinary people. The country witnessed an unprecedented rate of malnutrition[198]

The increase in fertiliser prices placed an impossible burden on subsistence farmers. Already unable to afford basic necessities, they certainly could not spare additional money for fertilisers at the new price and were left to rely on improved rainfall for any increase in production. As a result they did not benefit from the higher prices paid to producers and saw their incomes and purchasing power decline.[199] Like other vulnerable groups, the rural poor witnessed an intense contraction in purchasing power.

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[197] Vickers, 80.

[198] Mwanza et al, 22.

[199] Cleary, 25.

4.7 SUMMARY

The desolate reality of what is happening in sub-Saharan Africa today and what happened in Zambia during the adjustment period under review is summed up in a 1985 UNICEF poster of a young African girl. "What do you want to be when you grow up?" "Alive". As the evidence has revealed, during adjustment, hundreds of thousands of Zambia's children never lived to see this plea answered. As with millions of African children, "they are prematurely dead."[200]

In the 1980s, while UNICEF was calling for the international community to fully recognise the human and economic costs inflicted by South Africa on southern Africa countries, and to make a real commitment of solidarity and support the UN Agency noted:

> The countries of southern Africa should be given urgent assistance...Finance is also needed to build up stocks of key commodities, including food, fuel, and raw materials...Virtually all this support would need to be in the form of grants or soft loans. In several cases, notably Mozambique, Tanzania and **Zambia**, it would have to be accompanied by a major restructuring or **cancellation of external debt**. Even during 1986-1988, concessions by creditor institutions and countries, while generous in relative terms, have left annual debt service bills in excess of visible exports.[201]

When the Bretton Woods Institutions decided to 'help' Zambia in the 1970s, the country was bleeding; the IMF and the World Bank stopped the bleeding...by removing the blood. Sadly enough, the evidence unequivocally indicates that **food**

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[200] Green, I.

[201] UNICEF, 33.

insecurity in Zambia was indeed grievously exacerbated by that country's IMF/World Bank designed structural adjustment programme. If this occurred in the "real" world of high powered lawyers and multi-million dollar litigation, the Bretton Woods Institutions would be impoverished as a result of malpractice lawsuits. This is especially grievous, as shown in Figure 5, in light of the external adverse conditions operating on Zambia in the 1980s. Worst of all, the most vulnerable of Zambia's people suffered the most massive collapse in their food security situation. **Reminiscent of the inhuman and cruel conditions imposed in slave vessels of earlier centuries, it is as if Zambia's most vulnerable people were premeditatedly provided barely enough sustenance to meet the master's objective; in this case to keep the debt service flowing North.** The former Soviet leader Nikita Kruschev is said to have told a group of British businessmen: "When you are skinning your customers, you should leave some skin on to grow so that you can skin them again." It would appear, at least in the case of Zambia, the Bretton Woods Institutions, followed Mr. Kruschev's sarcastic recommendation to the letter. This is not to say that *everyone* in Zambia fared badly, on the contrary. A select few managed much better during adjustment. Obviously, as goods became more expensive some people achieved record profits and became the *nouveau riche.* As well, foreigners (especially whites from South Africa and Britain) witnessed levels of aggrandisement and class status not visible since colonial times. As adjustment diminished education expenditures a notable shortage of qualified professionals for Zambia's industries -- especially for the mining sector -- became apparent. Foreigners were paid exorbitant salaries and awarded unprecedented fringe benefits to keep key managerial and administrative positions filled.

CHAPTER 5
CONCLUSION

When I give food to the poor they call me a saint. When I ask why the poor have no food I'm called a communist.

Helder Camara

If you are neutral in a situation of injustice, you have chosen the side of the oppressor. If an elephant has his foot on the tail of the mouse, and you are neutral, the mouse will not appreciate your neutrality.

Bishop Desmond Tutu

The previous four chapters have empirically demonstrated that food insecurity in Zambia was indeed exacerbated by that country's IMF/World Bank designed structural adjustment programme. Moreover, the most vulnerable groups of Zambian society -- the rural and urban poor, and specifically women, children, and youth -- experienced the greatest deterioration of their food security condition. As the evidence has demonstrated adjustment emphasised agricultural export production while simultaneously contracting food imports; demanded removal of subsidies to milk, sugar, maize, and other food items; and precipitated real incomes and purchasing power to shrivel. **These factors combined to make Zambians -- especially the identified vulnerable groups -- more food insecure than ever.**

The validity of the critique levied by other UN agencies and NGOs on the orthodox theoretical foundations and the 'future hope' convictions of structural adjustment programmes is quite substantiated by the case of Zambia. It is of little surprise, given what the preceding chapters have revealed, that critics of IMF/World Bank adjustment regard such programmes as straining internal political stability, quickening and intensify social hardship on the most vulnerable members of society, and amounting to a new form of colonialism. Indeed, the case of Zambia confirms the critics' notion that IMF/World Bank adjustment further destabilises and shatters peoples' lives. Moreover, the preceding chapters have critics' argument that the Bretton Woods Institutions misconstrue the *root* causes of the economic crisis; certainly. Undeniably, thousands of children were denied the fundamental right of food; millions of Zambians endured the fierce contraction of social expenditures and purchasing power; domestic agriculture and manufacturing faced acute shortages of inputs from imports; and food production for the domestic market was undermined. Moreover, the case of Zambia corroborates the critics' reasoning that IMF/World Bank adjustment, by dismantling social services; escalating formal sector unemployment (especially among young people); and by abating real incomes paves the way for out-breaks of violence, criminilisation of economic activity (such as smuggling and poaching in Zambia), and general increase in crime and associated costs.

The IMF/World Bank programme failed to confront the root causes of Zambia's economic problems and aggravated the country's debt situation by failing to appreciate the economic and social environment created by British imperialism; the destabilisation efforts of white South Africa and Rhodesia; the impact of not enjoying one single day of peace in neighbouring countries since independence; the volatility of Zambia's dependent position in the world system; and the continuous influx of refugees from neighbouring war torn countries. In addition , it has been shown that IMF/World Bank policies and prescriptions failed to identify the world economic order, particularly the policies pursued by the North, as the predominant source of Zambia's crisis. Drawing on the discussion presented in chapter three one may deduce that Zambia does not simply represent a case of a defective programme. **IMF/World Bank adjustment is a flawed strategy generated by a sophistic theory that desperately hopes to uphold an irreparable world economic order that, for some time now, has been in desperate need of replacement.**

> [O]ne basic test of all stabilisation and structural adjustment, of all economic recovery and development programmes is whether they will improve the human condition -- make poor people less poor and vulnerable people less vulnerable by making it possible for them to produce more and by increasing their access to basic services. If a programme cannot pass that test in prospect or in operation, it is fatally flawed and itself in need of structural adjustment or total redesign.[202]

Based on the framework laid out in the quote above, the IMF's and World Bank's adjustment programme not only failed the 'test' but require expulsion from the 'school' and indeed, should have t.eir 'license' revoked. Were the impact of adjustment on the food security situation of the Zambian people

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[202] Reginald Herbold Green, "The Human Dimension as a Test of and a Means Towards Africa's Economic Recovery and Development." In The Human Dimension of Africa's Persistent Economic Crisis, edited by A. Adedeji, S. Rasheed, and M. Morrison, 1-8. United Nations Economic Commission for Africa, 1988.

not so tragic and sombre it could have been entitled *A Comedy of Errors*. Indeed, one wonders to what extent Bacchus or the Marx Brothers dabbled in the unfolding of the orthodoxy theory and the eventual propagation of adjustment programmes. Distressingly, one cannot help but wish that it is all but an experiment and that one's brain is suspended in a vat full of liquid in some laboratory, being fed the ghastly reality of World Bank/IMF adjustment programmes through some computer; one cannot help but wish that this reality only exists in the world of Rod Sterling's *Twilight Zone*. Indeed, as one reads what the World Bank and IMF "say they wish to do" for the developing world and what they actually end up doing, one is compelled to feel much like Mr.Utterson in Robert Louis Stevenson's *The Strange Case of Dr. Jekyll and Mr. Hyde*. The evidence is unfaltering. In its highly noted report, *Sub-Saharan Africa: From Crisis to Sustainable Growth*, the World Bank, in its conceptualisation of development strategy, calls for African countries to: **"invest in more infrastructure; empower women; achieve growth rates of 4 to 5 percent; invest more in higher education; harness technology; and invest more in rural infrastructure."**[203] Yet, as the World Bank's and IMF's own empirical data has shown, the polices these institutions imposed on Zambia not only ensured that these objectives could **not** be met, but in most cases, the neo-liberal polices wiped out gains the country had made in the post-independence period. In

[203] World Bank, 1989.

From Crisis to Sustainable Growth, the Bank goes on to postulate that if African countries are to develop they must "**receive more untied external Aid (in the form of Official Development Aid (ODA)); achieve better governance, and curtail corruption.**"[204] During the 1980s donor countries tied the flow of ODA to Zambia's ability to service its massive debt; the more arrears Zambia accumulated the more donors restricted aid. IMF and World Bank conditionalities worsen the country's food insecurity situation in this manner as well. Finally, the very measures imposed by the IMF and World Bank drastically reduced real incomes in the public sector to 1960s levels thereby threatening the very "good governance' they suggest. Moreover, the sharp purchasing power contraction generated by adjustment policies aggravated the corruption the Bank wishes to see curtailed. This is especially striking when one juxtaposes international Human Rights agreements with IMF/World Bank policies and their outcomes; it genuinely looks as if Abbott and Costello have taken a theory conceptualised in Alice's Wonderland and teamed up with Hydra the Monster to "stabilise" Chernobyl. The results are utterly cataclysmic but not unpredictable: the state is delegitamised; alienation between people and the state -- as Zambia's violent riots of 1986 illustrate -- is sharply increased; class divisions are intensified, the lower classes are further impoverished, the middle classes become the 'new poor', and a smaller minority become the financial masters; social and economic burdens of the

[204] World Bank, 1989.

most vulnerable -- women, youth, and children -- are increased; insecurity of all forms are intensified; human dignity is discounted; crime, social disorder, and violence are deepened; and a massive "brain-drain" to Europe and North America is triggered -- due to high unemployment and meagre salaries created by adjustment. **What does Zambia's ordeal with the Bretton Woods Institutions mean for the rest of sub-Saharan Africa?** Of all the developing regions of the world the worst debt is that of sub-Saharan Africa.[205] Collectively, the region's debt amounts to over $180 billion, three times the 1980 total, and 10 per cent higher than its entire output of goods and services. Debt service payments come to $10 billion annually, about four times what the region spends on health and education combined.[206] While in other developing world regions the gap in income among its people is widening, in sub-Saharan Africa almost no one is getting richer. Practically every country south of the Sahara underwent IMF/World Bank structural adjustment programmes in the 1980s. The per capita income of most sub-Saharan nations, not unlike Zambia, actually fell during this period. **It follows, that as in Zambia's case the severe drop in purchasing power translated into aggravated food insecurity. Additionally, the Bretton Woods Institutions have contributed significantly to undermining food security in the South in a manner not commonly dealt with in the literature.** Since the unfolding of the Green Revolution, diets world-wide

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[205] Excluding South Africa.

[206] Linda Starke (ed.), Vital Signs, 1994, 74-75.

have witnessed unprecedented revolution and standardisation. "Diets almost everywhere are becoming Americanised as global television ads, packaged-food products, and fast food chains make their way into traditional societies around the world."[207] Globalization of the food system has taxed the ability of national governments to maintain their own standards for the food their people eat. The case of China distinctly illustrates the point. Within the last two years, rising meat consumption has transformed china from a net grain exporter of 8 million to a net importer of 16 million tons as a result of diet conversion to more beef products. As Lester Brown notes, if the current world grain harvest, were equitably distributed it could **support 2.5 billion people at the American level of consumption, 5 billion at the Italian level and 10 billion at the Indian level of consumption.**[208] The Bretton Woods Institutions have created the global climate (especially through 'free trade' frenzy) to ensure the penetration of increasingly larger and fewer foreign food conglomerates that transform local economies as well as local diets. One of the most threatening results to food security is the raising of urban elite addictions to non-traditional, Western, "Americanised" foods. This seemingly harmless 'natural progress' gravely undermines food security in the South by, among other things, increasing food dependency and threatening local agricultural livelihoods; the case of Zambia is no exception. As shown in Chapter four, adjustment

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[207] Barnet and Cavanagh, 246.

[208] Lester R. Brown, "Facing Food Scarcity", WorldWatch Nov/Dec, 1995, 10-20.

encouraged commercial farming to turn to the export market while discouraging and making it increasingly difficult for subsistence farming (which traditionally has produced such staples as maize, millet, sorghum, cassava, and beans) to prosper. A recent World bank study has warned that "the wars of the next century will be over water."[209] But countries are still told by the World Bank and Western trained economists that they should develop, at the expense of their traditional water-sparse agriculture, foreign-exchange-earning crops like flowers, lettuce, and strawberries -- which even need more water.[210] The contradictions are absolutely staggering. The incongruities of structural adjustment become even more absurd when contrasted to the framework repeatedly spelled out by the international community in the realm of "universal, indivisible, and interdependent" human rights. Therefore, any attempt at general observations regarding the frenzy of the counter-revolution and any endeavour to generate general recommendations regarding structural adjustment programmes *vis-à-vis* justice and human rights frameworks laid out by the international community would be incomplete without a general consideration of the laws of 'Man' and God.

The most powerful shareholder inside the World Bank and IMF is the United States of America. Its July 4, 1776

[209] "As the world runs dry...Next, Wars Over Water?" World Press Review, November, 1995, 8-10

[210] World Press Review, 8-10

Declaration of Independence, on which the international term Human Rights if partially based, includes the following:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness. That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it...

The Universal Declaration of Human Rights adopted by the United Nations General Assembly on December 10, 1948 includes[211]:

Art.1	All human beings are born free and equal in dignity and rights.
Art.5	No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.
Art. 22	Everyone, as a member of society, has the right to social security and is entitled to realisation, through national effort and international co-operation and in accordance with the organisation and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.
Art.23 (I)	Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
(III)	Everyone who works has the right to just and favourable remuneration ensuring for himself, and his family an existence worthy of human dignity, and supplemented if necessary, by other means of social protection.
Art. 25 (I)	Everyone has the right to a standard of living adequate for health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.
Art. 28	Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realised.[212]

The **Human Rights European Convention for the Protection of Human Rights and Fundamental Freedom of 1950** was signed in Rome by 12 European nations, including IMF World Bank shareholders, France and UK.

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[211] Czechoslovakia, Yugoslavia, Poland, the Republic of South Africa, Saudi Arabia, Ukrainian SSR and the USSR abstained. Saudi Arabia and South Africa abstained because they found the declaration too progressive. The socialist States abstained because the majority deleted amendments proposed by those states which postulated: (1) equality not only of all people, but of all nations; (2) abolition of capital punishment in peacetime; (3) a ban on fascist propaganda, as well as militarist and racist propaganda as anti-human.

[212] Edmund Jan Osmanczyk "The Encyclopaedia of the United Nations and International Agreements", 1986, 361-63

The following is an excerpt from the Convention's 19 Articles: "The Governments signatory hereto, being Members of the Council of Europe, Considering the Universal Declaration of Human Rights proclaimed by the General Assembly of the United Nations on 10th December 1948...Have agreed as follows: **Art. 3** No one shall be subjected to torture or to inhuman or degrading treatment or punishment."[213]

On December 16, 1966 two Human Rights Covenants (International Convention on Civil and Political Rights and Covenants (International Convention on Economic, Social, and Economic Rights) were unanimously adopted by the UN General Assembly (Res. 2200/XXI). The text includes the following:

International Convention on Civil and Political Rights

Part I Art.1 (1) In no case may a people be deprived of its own subsistence.

Part III Art.6 (1) Every human being has the inherent right to life.

Art.7 No one shall be subjected to torture or to cruel inhuman or degrading treatment or punishment.

International Convention on Economic, Social and Cultural Rights

Art. 7 The State Parties to the present Covenant recognise the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:

(a) Remuneration which provides all workers, as a minimum, with:

(i) Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work:

(ii) A decent living for themselves and their families in accordance with the provision of the present Covenant:

(b) Safe and healthy working conditions;

Art. 10(3) Children and young persons should be protected from economic and social exploitation.

Art. 11(1) The State Parties to the present Covenant recognise the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing,

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[213] Osmanczyk, 355.

and housing, and to continuous improvement of living conditions.

(2) The States parties to the present Covenant, recognising the fundamental right of everyone to be free from hunger, shall take, individually and through international co-operation, the measures, including specific programmes which are needed:

(b) Taking into account the problem of both food-importing and food-exporting countries, to ensure an equitable distribution of world food supplies in relation to need.

On May 13, 1968, the International UN Conference on Human Rights held in Tehran, in keeping with Res. 2081/XX of UN General Assembly, called on **all peoples and governments to intensify efforts in pursuit of ensuring all people the possibility of physical, spiritual, intellectual and social development in conditions of freedom and respect for human dignity in the spirit of the principles of the Universal Declaration of Human Rights adopted 20 years earlier.**[214]

On November 22, 1969, a Convention called the Pact of San José, was signed by the Organisation of American States (OAS). The **Human Rights American Convention** included:

Art. 4. Right to Life

(1) Every person has the right to have his life respected. This right shall be protected by law and, in general, from the moment of conception. No one shall be arbitrarily deprived of his life.

Art. 5. Right to Human Treatment

(1) Every person has the right to have his physical, mental, and moral integrity respected.

Art. 17. Rights of the Family

(1) The family is the natural and fundamental group unit of society and is entitled to protection by society and state.

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[214] Osmanczyk, 361.

Art. 21. Right to Property

(3) Usury and any other form of exploitation of man by man shall be prohibited by law.

It is worth observing that, the Bratton Woods Institutions' largest shareholder, the United States, did **not** sign this landmark Convention.

The Law of God is resounded in the above declarations:

"If you make gifts to rich people or oppress the poor to get rich, you will become poor yourself." -Proverbs 22:16

"Listen to this, you that trample on the needy and try to destroy the poor of the country. You say to yourself, 'We can't wait for the holy days to be over with so that we can sell our grain. **When will the Sabbath end, so that we can start selling again? Then we can overcharge, use false measures, and fix the scales to cheat our customers. We can sell worthless wheat at high price. We'll find a poor man who can't pay his debts, not even the price of a pair of sandals, and we'll buy him as a slave.'** The LORD, the God of Israel has sworn, 'I will never forget their evil deeds.'" -Amos 8:4-7.

"This was the sin of Sodom, she and her daughters were proud, because they had plenty to eat and lived in peace and quiet, but they did not care of the poor and the underprivileged." -Ezekiel 16:49.

"If you oppress poor people, you insult the God who made them." -Proverbs 22:9.

"The Lord says to them (Israel), the truth is that at the same time you fast, you pursue your own interests and oppress your workers. Do you think this kind of fasting will make me listen to your prayers? What kind of fasting I want is this '**Remove the chains of oppression and the yoke of injustice, and let the oppressed go free. Share your food with the hungry and open your doors to the homeless poor. Give clothes to those who have nothing to wear...**" -Isaiah 58:3-4,6.

Why bring God into issues of structural adjustment and neo-liberal economics? Although the main concern is with the orthodox economic theory, it is nonetheless significant to recognise the social and political conditions that paved the way for what Walden Bello has so aptly labelled 'dark victory'; the counter-revolution which continues to dictate, among other things, IMF and World Bank policy. The 'new right' creed -- which regards the excessive expectations and demands of people as posing a threat to representative governments, calls for a return to the old pattern of relations between governors and governed, and demands reduced expectations of what economic and other goods governments should provide -- owes much of its prosperity to pharisaic Christian forces that presume to be *vox populi*.

This wave of religious neo-conservatism is a time warp to medieval conceptions of morality and religion. It is a regression to dark times in human history where the Holy Gospel was vulgarised to justify such atrocities as witch-hunting, slavery, and racial discrimination and segregation as recent as this century in countries such as the United States and South Africa. It is at this time for example that, in the United States, organisations such *as The National Conservative Political Action* and *Moral Majority* which in the 1980s claimed five million-members, advocated positions that included opposition to the equal rights amendment and increased US military spending (in the spirit of anti-communism). These organisations promoted conservative causes and candidates in the United States and contributed millions of dollars in support of Ronald Reagan's presidential campaigns. These groups, although to a lesser extent, were paralleled in Great Britain, Australia, Canada, West Germany and other Western countries. Such sanctimonious organisations have drawn many Christian people to become more active citizens, helping to win, among other things, passage of welfare 'reform' and other legislation aimed at degrading the less fortunate. They have made frightening strides in exalting individualism in a "survival of the fittest" mode while flagrantly vulgarising notions of collectiveness, solidarity, and "love one another as I have loved you." This new malignant wave has unleashed unprecedented contempt for the poor and hungry, violence, racial division, and a culture dominated by consumerism and self-interest. This deceitful and dangerous thrust of 'morality' upholds traditional family values but refuse to confront the obscenity in having hunger and poverty live side by side with affluence, exploitation, avarice, predatory business, extravagance, and travesties of justice. Yes, the IMF and World Bank are draining peoples' dignity in the South (and increasingly in the neighbourhoods of the shareholders as well), but these mighty Institutions do get their endorsement from people -- a minority perhaps who control a great deal -- but nonetheless, a class of people whose determination to achieve the 'American way of life' while trampling fundamental human rights and justice is absolutely relentless.

> Over time the market system shapes the values that govern the choices we make...It is no wonder that a great many parents in our country sacrifice family values for greater riches, even in families that are already living like royalty -- in material terms -- by the standards of human history. Its is no wonder that people in America typically channel the best of their energies into the pursuit of professional advancement and choose to allocate little time for friendship. It is no wonder that shopping centres, not parks or sacred groves, become centres of our communities.[215]

Justice means policies and institutions that protect rather than exploit or ignore destitute persons. "When 'love one another as I loved you' gets translated into 'tough love,'

[215] Andre Bard Somockler quoted in Bread for the World 1995, 4.

so tough that it allows the homeless to wander the streets...and leaves children to go hungry, and forces the poor to pay debts rather than go to school or get immunised, **Jesus -- and every other major religious figure** -- has been betrayed."[216] Which leaves one truly unable to disprove Marx's "Religion...is the opium of the people." Thus, the importance of linking the religious component of the counter-revolution becomes distressingly clear. "Any sensitive Christian today surely feels a bit like Moses. In numbing yet chilling detail, horrifying statistics depict the magnitude of the plight of God's suffering people: **500 million hungry, one billion living in extreme poverty, 40 million deaths a year from hunger and malnutrition, 1.5 billion without access to medical care, 2 billion without a stable water supply, and 358 billionaires on the planet whose combined net worth is equal to the combined income of the bottom 45 per cent of the world's population; In other words, 358 people's net worth equals 2 350 000 000 people's income.**[217] In the words of the late Russian leader, Nikolai Lenin, "Under capitalism we have a state in the proper sense of the word, that is, a special machine for the suppression of one class by another."[218] The "moral majority" -- while it is not by any means the only force behind the counter-revolution and contrary to what the name **implies it is not representative of the majority of Christians** -- is an extremely

[216] Father Jim Hug in Erich Mathias, "Beyond Numbers", Global Education and Advocacy Resource, July 1996, 5.

[217] Evan Farrar, "As Any Had Need" Global Education and Advocacy Resource, July 1996, 12.

[218] In The State and Revolution, V:2

potent one; for a Christian who reveres a God of **Justice and Love** it is impossible and immoral not to challenge and repudiate a 'morality' that invokes personal and exclusive financial gains that mock justice, human dignity, and fundamental human rights. This so called morality emulates a theology that worships the lowest wage, the fewest environmental rules, the weakest unions, limited health benefits, survival of the fittest, for the sake of divine profit and shareholder maximisation. It is a movement that fortifies the new colonial viceroys, the IMF and the World Bank, owned by the richest institutions run by the richest people in the richest nations. This 'new right' **ideology worships sophistic free markets**, exalts 'traditional' values, and vehemently attacks welfare state. The new divisions (as the neo-conservatives see it) are no longer between rich and poor or exploiters and exploited or powerful and powerless but rather between producers (managers and workers) and parasites (welfare claimants, immigrants and the like.) The remedy (in the 'new right' view) is to introduce tax cuts for wealth generators (i.e. top income earners and corporations) viewed as essential to restore incentives for economic growth and to leave state functions such as taking care of the old, sick, small children to be done by charities, families or the vulnerable themselves. **The notion of a community of shared goods and possessions revealed in the Scriptures are ignored or scoffed at as unrealistic and frighteningly socialistic.** This mendacious and self-serving view of Christianity is indeed nauseatingly selective and self-serving. St. Basil the Great (330-379) reminded "The bread in your cupboard belongs to the hungry man; the coat hanging unused in your closet belongs to the man who needs it; the shoes rotting in your closet belong to the man who needs it; the money which you put in the bank belongs to the poor. You do wrong to everyone you could help but fail to help."[219]

In his address to the UN General Assembly in October, 1995, Pope John Paul II conveyed this message:

> ...Nationalistic and economic utilitarianism are sometimes combined, a phenomenon which has too often characterised relations between the "North" and the "South". For the emerging countries, the achievement of political independence has too frequently been accompanied by a situation of *de facto* economic dependence on other countries; indeed, in some cases, the developing world has suffered a regression, such that some countries lack the means of satisfying the essential needs of their people. Such situations offend the conscience of humanity and pose a formidable challenge to the human family...**The international economic scene needs and ethic of solidarity, if participation, economic growth and a just distribution of goods are to characterise the future of humanity. When millions of people are suffering from a poverty which means hunger, malnutrition, sickness, illiteracy, and degradation, we must not only remind ourselves that no one has a right to exploit another for his own advantage, but also above all we must recommit ourselves to that solidarity which enables others to live out in the actual circumstances of their economic and political lives the creativity which is a distinguished mark of the human person, and the true source of wealth of nations in today's world."**[220]

Whether one accepts the Laws of God or the Laws of 'Man", (expressed in various Human Right Declarations) based on the evidence presented regarding the policies prescribed by the Bretton Woods Institutions; judging from the atrocious outcome of these policies; and by grasping the absurdity and pernicious tendencies of the orthodox theory, one must conclude that the IMF, the World Bank, and its supporting theory represent a vulgar violation and mockery of Human Rights set out by 'Man' or

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[219] Paul Valley, Bad Samaritans: First World Ethics and Third World Debt, 1990, 229.

[220] Catholic Worker, December 1995

God. This is more grievous considering that prior IMF and World Bank studies have revealed that such policies are harmful to the well-being of the 'target' population. Ironically, the inhuman conditions inflicted on adjusting populations by the Bretton Woods Institutions -- not least of which as this study as shown -- is the attack on peoples' food security, would in a time of war, constitute **crimes against humanity and even a violation of the Helsinki Accords**; tauntingly with the major World Bank and IMF shareholder, the United States, as one of the signatories of the accord.[221]

Indeed, one is compelled to believe that the minds behind structural adjustment have either satirised or misunderstood Marx's "Worker's of the world unite" into "parasites of the world unite." It becomes nearly impossible to overlook the correlation between the refusal of the capitalist states to include **"equality not only of all people, but of all nations"** in the Universal Declaration of Human Rights (recommended by the socialist nations) and the IMF's and World Bank's mandate, as inherently irreconcilable. The refusal of the West to include the socialist recommendations in the landmark Declaration; the United States' refusal to sign the OAS Human Rights Convention of 1969; the fact that UNCTAD, the ILO, and the UNDP, seen as more representative of developing world interests, came under attack by neo-liberals in the 1980s; and the United States' and Britain's withdrawal from UNESCO in the zenith of Thacherite and Reaganite counterrevolutions, **are not coincidental. Orthodox**

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[221] Canada, the USSR, and 32 European countries also signed the Accord.

economic theories directing World Bank and IMF policies have placed the two institutions on a collision course with sister organisations in the UN, specifically the World Food Programme, FAO, UNDP, UNESCO, ILO, WHO, and UNICEF. In the final analysis, as Zambia's case has depressingly shown, the Bretton Woods Institutions are highly toxic for the well-being of millions of human beings and especially dangerous to the most vulnerable. **The orthodoxy adjustment theory is about as reconcilable with human needs and development as neo-liberalism is with Christianity; they are utterly contradictory.** The policies of the Bretton Woods Institutions and the theory inspiring their operations are a violation to fundamental human rights and are nonsensical. They expect what is politically, socially, and morally unworkable.

Claude Ake makes an extremely fitting point when, referring to African countries under IMF/World Bank adjustment, he says:

> In some cases the reduction of the government [in] expenditures by as much as 60 percent is proposed. Can you imagine the reduction of government expenditures in the United States by as much as even 15 percent and the effects? Consider policies that reduce peoples incomes to about 10 percent of what they were just two years ago. Can you imagine a policy in the United States that would reduce peoples incomes by even 3 percent? Think of policies that increase inflation by one thousand percent. Can you imagine a policy in the United States that would increase inflation by a mere 3 percent? Yet, lightly, simply, routinely, people expect African's to take these policies as normal. "Africans", they say. "Are not embracing these policies, what is wrong with these Africans?"[222]

[222] Claude Ake, "The Legitimacy Crisis of the State", (ed.) David Kennet and Tukumbi Lumumba-Kasongo, Structural Adjustment and the Crisis in Africa, 1992, 37.

This is not to say that there are not good and socially responsible people within the Bretton Woods Institutions. However, these institutions are servants to their shareholders who (as time passes) are elected by an increasingly lower percentage of the populace. "A society divided between a large impoverished mass and a small favoured elite results in oligarchy (dictatorial rule of the small upper stratum) or in tyranny (popular based dictatorship)".[223] What is being witnessed is the distressing unfolding of a world where increasingly fewer are controlling increasingly more. In the words of the German poet Hans Magnus Enzensberger: "more and more people are being permanently excluded from the economic system because it no longer pays to exploit them."[224] The Bretton Woods Institutions play a pivotal role in providing the non-military muscle that ensures a favourable environment for achieving these heinous goals with the added bonus of delivering the desired results without the graphic carnage and unpleasant bloodshed associated with military methods -- such uncivilised strategies are left to "uncivilised third world dictators and terrorists."

Naturally, this raises a multitude of questions--regarding *real* democracy and prevalent political systems - which are beyond the scope of this study. As Jacques Attali reminds us:

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[223] The American sociologist and political theorist Seymour Martin Lipset quoted in Harrison, 398

[224] H. M. Enzensberger (*Civil War, 1990)* in P. R. Ehrlich, A.H. Ehrlich, and G.C. Daily, The Stork and the Plow, 1995, 257.

> This new order will not put an end to history. It will not be an utopia, harmonious and placid. Indeed, conflict is more likely now that the Cold War has ended and the market has triumphed...For inequality will cleave the new world order as surely as the Berlin Wall once divided East and West.[225]

In light of the framework laid out by the Law of God and the Laws of 'Man' three distinct recommendations may be suggested: **Continue, Reform, Abolish.** As the case of Zambia has emphatically revealed to **continue** with IMF/World Bank structural adjustment is suicidal. Empirically it has been demonstrated that continuing with adjustment: denies dignity; subjects people to "cruel, inhuman and degrading treatment"; "denies the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment"; negates "just and favourable remuneration that ensures an existence worthy of human dignity; refutes the right of "everyone to a standard of living adequate for health and well-being including food, clothing, housing and medical care and necessary social services; denies entitlement of "everyone to a social and international order in which the rights and freedoms set forth in international human rights declarations can be fully realised."; repudiates the right of "every person to have 'his' physical, mental, and moral integrity respected; and it induces "usury and other forms of exploitation of 'man' by 'man'.

[225] Jacques Attali, *Millennium: Winners and Looser in the Coming World Order*, 1991 quoted in Bello et al, 1.

According to *The Oxford Dictionary of the English Language*, **reform means "to make or become better by removal of faults or errors; removal of faults or abuses, especially of moral or political or social kind."** Based on: the discussion presented in Chapter three; the evidence presented in Chapter four, the context provided by the Laws of God and 'Man'; and the dismal outcome of structural adjustment in Zambia, if all **"faults or abuses, especially of moral or political or social kind"** are removed from structural adjustment not only are the very pillars of its supporting theory shattered but so little of the programme is left standing that no programme will actually remain. This raises the third possible recommendation of **dissolution.** Indeed, abolition of IMF/World Bank adjustment programmes and replacement of the current unsustainable, elitist, predatory, discriminatory, exploitative, and alienating world economic system is the only genuine and meaningful recommendation that can be reached. What should this chaotic, unstable, unpredictable, unjust, immoral, poverty engendering system be replaced with? Attempting to provide **the** solution would of course be presumptuous and unrealistic. Moreover, this approach would simply mirror the current strategy. Collectively, we have held for some time now, a worthy and promising blueprint that can provide a starting point for what this ongoing and ever evolving system may look like. The structure of universal, indivisible, and interdependent human rights proclaimed time and again by the international community provides such a blueprint. Moreover, the Law of God, if not vulgarised and if not allowed to justify a 'morality' that invokes personal and exclusive financial gains that mock justice human dignity and fundamental human rights can indeed unite with international human rights agreements to provide a starting point for a new order. A new world order rooted in and committed to these principles could not allow the dismal situation the world continues to witness in the wake of the 'dark victory' of a system that ensures "the suppression of one class by another." Indeed, a new world order embracing the Law of 'Man" and the Law of God could not allow: 500 million hungry human beings, one billion living in extreme poverty, 40 million deaths a year from hunger and malnutrition, 1.5 billion without access to medical care, and would not permit 358 to have a net worth equal to the combined income of the bottom 45 per cent of the world's population. This new world order would not allow the notion of a community of shared goods and possessions as revealed in the Scriptures to be ignored or scoffed at as unrealistic and frighteningly socialistic.

As the world system plunges further to the right, the Bretton Woods Institutions continue to secure a global framework that ensures the expansion of exploitative, humanly degrading, and tyrannical economic systems. As Ghandi reminds us:

> There have been tyrants and murderers and for a time they can seem invincible...but in the end they always fall. Think about it...*Always*.

The current tyrannical system is no exception. Whether the current masters wait for the unbearable, barbaric, and degrading conditions that the system itself generates to cause it to bring about its own demise or whether it is done peacefully, the system *will* fall. It is encouraging to know, contrary to what the current masters allege, that a blueprint for an alternative world order already exists.

APPENDIX 1: Statistical Overview of Zambia

GEOGRAPHY OF ZAMBIA

- TOTAL AREA: 752,610 sq km (290,584 sq mi); LAND AREA: 740,720 sq km (285,994 sq mi)

- COMPARATIVE AREA: slightly larger than the Province of Alberta

- LAND BOUNDARIES: 5,664 km (3,058 mi) total; Angola 1,110 km (599 mi), Malawi 837 km (452 mi), Mozambique 419 km (226 mi), Namibia 233 km (126 mi), Tanzania 338 km (183 mi), Zaire 1,930 km (1,042 mi), Zimbabwe 797 km (430 mi)

- COASTLINE: none - landlocked

- MARITIME CLAIMS: none - landlocked

- DISPUTES: quadripoint with Botswana, Namibia, and Zimbabwe is in disagreement; Tanzania-Zaire-Zambia tripoint in Lake Tanganyika may no longer be indefinite since it is reported that the indefinite section of the Zaire-Zambia boundary has been settled

- CLIMATE: tropical; modified by altitude; rainy season (October to April)

- TERRAIN: mostly high plateau with some hills and mountains

- NATURAL RESOURCES: copper, cobalt, zinc, lead, coal, emeralds, gold, silver, uranium, hydropower potential

- LAND USE: arable land 7%; permanent crops NEGL%; meadows and pastures 47%; forest and woodland 27%; other 19%; includes irrigated NEGL%

- ENVIRONMENT: deforestation; soil erosion; desertification

- DEFORESTATION RATE: -0 net annual percent

- NOTE: landlocked

PEOPLE OF ZAMBIA

- POPULATION, YEAR 199[illegible] 8,385,000

- POPULATION, YEAR 2010 (Projected): 15,515,000

- POPULATION, YEAR 2025 (Projected): 24,185,000

- POPULATION DENSITY: 28.9 persons per sq mi

- TOTAL URBAN POPULATION: 4,134,000

- URBAN POPULATION: 49.3%

- TOTAL POPULATION GROWTH: 316,115

- POPULATION GROWTH: 3.77%

- POPULATION DOUBLING TIME: 18.39 years

- TOTAL BIRTHS: 425,120

- BIRTH RATE: 50.7 births per 1000 persons

- FERTILITY RATE: 7.2 children born per woman

- TOTAL DEATHS: 109,005

- DEATH RATE: 13 deaths per 1000 persons

- POPULATION UNDER AGE 15: 4,100,000

- PERCENT UNDER AGE 15: 48.9%

- POPULATION OVER AGE 65: 193,000

- PERCENT OVER AGE 65: 2.3%

- LIFE EXPECTANCY AT BIRTH: 55 years male, 59 years female (1992)

- NET MIGRATION RATE: -2 migrants/1,000 population (1992)

- NATIONALITY: noun - Zambian(s); adjective - Zambian

- ETHNIC DIVISIONS: African 98.7%, European 1.1%, other 0.2%

- RELIGIONS: Christian 50-75%, Muslim and Hindu 24-49%, remainder indigenous beliefs 1%

- LANGUAGES: English (official); about 70 indigenous languages

EDUCATION IN ZAMBIA

- LITERACY: 73% (male 81%, female 65%) age 15 and over can read and write (1990 est.)

- AGES OF COMPULSORY EDUCATION: 7 to 14

- EDUCATIONAL EXPENDITURE: 5.5% of GNP

- EDUCATIONAL EXPENDITURE: 16.3% of govt. expenditure

- DAILY NEWSPAPERS: 2

- DAILY NEWSPAPER CIRCULATION: 89,000

- DAILY CIRCULATION: 11 per 1000 persons

- NEWSPRINT CONSUMPTION: 369 kg per 1000 persons

- NATIONAL LIBRARIES: 4,000 volumes

- SPECIAL LIBRARIES: 27,000 volumes

- MUSEUMS AND SITES: 80

HEALTH IN ZAMBIA

- MEDICAL CARE EXPENDITURES: 2.9% of gnp

- ACCESS TO HEALTH CARE: 70% with access

- ACCESS TO SAFE WATER: 58% with access

- ACCESS TO SAFE WATER, URBAN: 76% with access

- ACCESS TO SAFE WATER, RURAL: 41% with access

- CALORIE CONSUMPTION, TOTAL: 2,016 calories per person per day

- CALORIE CONSUMPTION, ANIMAL: 98 calories per person per day

- CALORIE CONSUMPTION, VEGETABLE: 1,918 calories per person per day

- HOSPITAL BEDS: 283 population per bed

- PHYSICIANS: 880

- PHYSICIANS PER CAPITA: 1.4 per 10,000 persons

- NURSES: 5,655

- NURSES PER CAPITA: 9.1 per 10,000 persons

- TOTAL INFANT MORTALITY: 32,309

- INFANT MORTALITY RATE: 76 deaths per 1000 births

- MEASLES IMMUNIZATION: 58% of immunized under 12 months

- DPT: 66% immunized under 12 months

- AIDS: 5,803 cases reported

GOVERNMENT OF ZAMBIA

- LONG-FORM NAME: Republic of Zambia

- TYPE: multiparty system; on 17 December 1990, President Kenneth KAUNDA signed into law the constitutional amendment that officially reintroduced the multiparty system in Zambia ending 17 years of one-party rule

- CAPITAL: Lusaka

- ADMINISTRATIVE DIVISIONS: 9 provinces; Central, Copperbelt, Eastern, Luapula, Lusaka, Northern, North-Western, Southern, Western

- INDEPENDENCE: 24 October 1964 (from U.K.; formerly Northern Rhodesia)

- CONSTITUTION: NA August 1991

- LEGAL SYSTEM: based on English common law and customary law; judicial review of legislative acts in an ad hoc constitutional council; has not accepted compulsory ICJ jurisdiction

- NATIONAL HOLIDAY: Independence Day, 24 October (1964)

- EXECUTIVE BRANCH: president, Cabinet

- LEGISLATIVE BRANCH: unicameral National Assembly

- JUDICIAL BRANCH: Supreme Court

- LEADERS: Chief of State and Head of Government: President Frederick CHILUBA (since 31 October 1991)

- POLITICAL PARTIES AND LEADERS: Movement for Multiparty Democracy (MMD), Frederick CHILUBA; United National Independence Party (UNIP), none; elections pending

- SUFFRAGE: universal at age 18

- MEMBER OF: ACP, AfDB, C, CCC, ECA, FAO, FLS, G-19, G-77, GATT, IAEA, IBRD, ICAO, IDA, IFAD, IFC, ILO, IMF, INTELSAT, INTERPOL, IOC, ITU, LORCS, NAM, OAU, SADCC, UN, UNCTAD, UNESCO, UNIDO, UNIIMOG, UPU, WCL, WHO, WIPO, WMO, WTO

- FLAG: green with a panel of three vertical bands of red (hoist side), black, and orange below a soaring orange eagle, on the outer edge of the flag

- BRANCHES: Army, Air Force, Police, paramilitary

- MANPOWER AVAILABILITY: males 15-49, 1,818,545; 953,718 fit for military service

ECONOMY OF ZAMBIA

- GDP: exchange rate conversion - $4.7 billion, per capita $600; real growth rate -2% (1991)

- GDP, AGRICULTURE: 16.69 percent of GDP from agriculture

- LABOR FORCE: 2,455,000; agriculture 85%; mining, manufacturing, and construction 6%; transport and services 9%

- LABOR FORCE, FEMALES: 28.7% ages 15/64

- ORGANIZED LABOR: about 238,000 wage earners are unionized

- INFLATION RATE (CONSUMER PRICES): 100% (1991)

- UNEMPLOYMENT RATE: NA%

- BUDGET: revenues $665 million; expenditures $767 million, including capital expenditures of $300 million (1991 est.)

- EXPORTS: $1.1 billion (f.o.b., 1991); commodities: copper, zinc, cobalt, lead, tobacco; partners: EU, Japan, South Africa, US, India

- IMPORTS: $1.3 billion (c.i.f., 1991); commodities: machinery, transportation equipment, foodstuffs, fuels, manufactures; partners: EU, Japan, Saudi Arabia, South Africa, US

- EXTERNAL DEBT: $8 billion (December 1991)

- INDUSTRIAL PRODUCTION: growth rate -2% (1991); accounts for 50% of GDP

- ELECTRICITY: 2,775,000 kW capacity; 12,000 million kWh produced, 1,400 kWh per capita (1991)

- INDUSTRIES: copper mining and processing, transport, construction, foodstuffs, beverages, chemicals, textiles, and fertilizer

- AGRICULTURE: accounts for 17% of GDP and 85% of labor force; crops - corn (food staple), sorghum, rice, peanuts, sunflower, tobacco, cotton, sugarcane, cassava; cattle, goats, beef, eggs

- ECONOMIC AID: US commitments, including Ex-Im (1970-89), $4.8 billion; Western (non-US) countries, ODA and OOF bilateral commitments (1970-89), $4.8 billion; OPEC bilateral aid (1979-89), $60 million; Eastern Bloc countries (1970-89), $533 million

- CURRENCY: Zambian kwacha (plural - kwacha); 1 Zambian kwacha (ZK) = 100 ngwee

- MINING / QUARRYING:

Silver: 29 metric tons

Gold: 262 kilograms

- MANUFACTURING:

Beer: 825,000 hectoliters

Cigarettes: 1,500,000,000

Sawnwood: 76,000 cubic meters

Paper and Paperboard: 4,000 metric tons

Nitrogenous Fertilizer: 1,900 metric tons

Cement: 405,000 metric tons

Copper: 422,300 metric tons

Lead: 6,400 metric tons

Zinc: 20,200 metric tons

Radios: 78,000

- ENERGY:

Hard Coal: 335,000 metric tons

Motor Gasoline: 180,000 metric tons coal equivalent

Electricity: 828,000 metric tons coal equivalent

Energy Consumption: 198 kwh per capita

AGRICULTURE OF ZAMBIA

- LAND IN AGRICULTURE: 46.86%

- AGRICULTURAL POPULATION DENSITY: 22.19 persons per sq km

- TOTAL AGRICULTURAL WORKERS: 1,930,000

- AGRICULTURAL WORKERS, 1991: 68.5% of workforce

- AGRICULTURAL IMPORTS: $35,000,000

- AGRICULTURAL EXPORTS: $24,100,000

- FOOD AND ANIMALS IMPORTED: $24,200,000

- FOOD AND ANIMALS EXPORTED: $10,600,000

COMMUNICATIONS IN ZAMBIA

- RAILROADS: 1,266 km (684 mi), all 1.067-meter gauge; 13 km (7 mi) double track

- RAIL PASSENGERS: 512,000,000 passenger-kilometers

- RAIL FREIGHT: 1,431,000,000 ton-kilometers

- HIGHWAYS: 36,370 km (19,638 mi) total; 6,500 km (3,510 mi) paved, 7,000 km (3,780 mi) crushed stone, gravel, or stabilized soil; 22,870 km (12,349 mi) improved and unimproved earth

- PASSENGER CARS: 75,200

- INLAND WATERWAYS: 2,250 km (1,215 mi), including Zambezi and Luapula Rivers, Lake Tanganyika

- PIPELINES: crude oil 1,724 km (931 mi)

- PORTS: Mpulungu (lake port)

- CIVIL AIR: 12 major transport aircraft

- AIRPORTS: 117 total, 104 usable; 13 with permanent-surface runways; 1 with runways over 3,659 m; 4 with runways 2,440-3,659 m; 22 with runways 1,220-2,439 m

- TELECOMMUNICATIONS: facilities are among the best in Sub-Saharan Africa; high-capacity microwave connects most larger towns and cities; broadcast stations - 11 AM, 5 FM, 9 TV; satellite earth stations - 1 Indian Ocean INTELSAT and 1 Atlantic Ocean INTELSAT

- TELEPHONES: 12 per 1000 persons

- TOTAL RADIOS: 603,000

- RADIOS: 74 per 1000 persons

- TOTAL TELEVISIONS: 200,000

- TELEVISIONS: 24.6 per 1000 persons

- NATIONAL HOLIDAYS: New Year's Day (Jan 1); Youth Day (2nd Saturday in Mar); Good Friday, Holy Saturday (variable); Labor Day (May 1); Airica Freedom Day (4th Tuesday in May); Heroes Day (1st Monday in July); Unity Day (2nd Tuesday in July); Farmer's Day (1st Monday in Aug); Independence Day (Oct 24); Christmas Day (Dec 25)

- TOURIST ARRIVALS: 141,000

- TOURIST RECEIPTS: $6,000,000

Source: Software ToolWorks Multimedia Atlas

APPENDIX 2: Declarations: Selected Excerpts

United States of America, Declaration of Independence July 4, 1776.

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness. That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organising its powers in such form, as to them shall seem most likely to effect their Safety and Happiness...when a long train of abuses and usurpations, pursuing invariably the same Object, evinces a design to reduce them under Despotism, it is their right, it is their duty to throw off such Government, and to provide new Guards for their future security."[226]

United Nations, Universal Declaration of Human Rights December 10, 1948[227]

"Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice, and peace in the world...whereas the peoples of the United Nations have in the Charter reaffirmed their faith in fundamental human rights, in the dignity and worth of the human person and in the equal rights of men and women and have determined to promote social progress and better standards of life in larger freedom, whereas Member Sates have pledged themselves to achieve, in co-operation with the United Nations, the promotion of universal respect for and observance of human rights and fundamental freedoms..."

Art.1 All human beings are born free and equal in dignity and rights.

Art.2 Everyone is entitled to all the rights and freedoms set forth in this Declaration...

Art.5 No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

Art. 22 Everyone, as a member of society, has the right to social security and is entitled to realisation, through national effort and international co-operation and in accordance with the organisation and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

Art.23 (I) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

(III) Everyone who works has the right to just and favourable remuneration ensuring for himself, and his family an existence

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[226] Allen Weinstein and Frank Otto Gatell, Freedom and Crisis: An American History, 1981, 949-51.

[227] Czechoslovakia, Yugoslavia, Poland, the Republic of South Africa, Saudi Arabia, Ukrainian SSR and the USSR abstained. Saudi Arabia and South Africa abstained because they found the declaration too progressive. The socialist States abstained because the majority deleted amendments proposed by those states which postulated: (1) equality not only of all people, but of all nations; (2) abolition of capital punishment in peacetime; (3) a ban on fascist propaganda, as well as militarist and racist propaganda as anti-human.

worthy of human dignity, and supplemented if necessary, by other means of social protection.

Art. 25 (I) Everyone has the right to a standard of living adequate for health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

Art. 28 Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realised.[228]

United Nations, Human Rights Covenants (International Convention on Civil and Political Rights and Covenants (International Convention on Economic, Social, and Economic Rights) December 16, 1966.

"Preamble. The States Parties to the present Covenant, Considering that, in accordance with the principles proclaimed in Charter of the United Nations, recognised of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world,
Recognising that these rights derive from the inherent dignity of the human person,
Recognising that, in accordance with the Universal Declaration of Human Rights, the ideal of free human beings enjoying civil and political freedom and freedom from fear and want can only be achieved if conditions are created whereby everyone may enjoy his civil and political rights, as well as his economic, social and cultural rights...
Agree upon the following articles:"

International Convention on Civil and Political Rights

Part I Art.1 (1) In no case may a people be deprived of its own subsistence.

Part III Art.6 (1) Every human being has the inherent right to life.

Art.7 No one shall be subjected to torture or to cruel inhuman or degrading treatment or punishment.

International Convention on Economic, Social and Cultural Rights

Part II. Art. 2 (1) Each State Party to the present Covenant undertakes to take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realisation of the rights recognised in the present Covenant by all appropriate means, including particularly the adoption of legislative measures.

Part III Art. 6 (1) The States Parties to the present Covenant recognise the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts, and will take appropriate steps to safeguard this right.

(2) The steps to be taken by a State Party to the present Covenant to achieve the full realisation of this right shall include technical and vocational guidance and training programmes, polices and techniques to achieve steady economic, social and cultural development and full

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[228] Edmund Jan Osmanczyk "The Encyclopaedia of the United Nations and International Agreements", 1986, 361-63

and productive employment under conditions safeguarding fundamental political and economic freedoms to the individual

Art. 7 The State Parties to the present Covenant recognise the right of everyone to the enjoyment of just and favourable conditions of work . ' h ensure, in particular:

(a) Remuneration which provides all workers, as a minim, with:

(i) Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work:

(ii) A decent living for themselves and their families in accordance with the provision of the present Covenant:

(b) Safe and healthy working conditions;

Art. 10(3) Children and young persons should be protected from economic and social exploitation.

Art. 11(1) **The State Parties to the present Covenant recognise the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing, and housing, and to continuous improvement of living conditions.**
The States Parties will take appropriate steps to ensure the realisation of this right, recognising the effect of essential importance of international co-operation based on free consent.

(2) **The States parties to the present Covenant, recognising the fundamental right of everyone to be free from hunger, shall take, individually and through international co-operation, the measures, including specific programmes which are needed:**

(b) Taking into account the problem of both food-importing and food-exporting countries, to ensure an equitable distribution of world food supplies in relation to need.

Art. 12 (1) The States Parties to the present Covenant recognise the right of everyone to the enjoyment of the highest attainable standard of physical and mental health.[229]

Organisation of American States (OAS). Pact of San José, Human Rights American Convention On November 22, 1969.

"The American states signatory to the present Convention, reaffirming their intention to consolidate in this hemisphere, within the framework of democratic institutions, a system of personal liberty and social justice based on respect for the essential rights of man;

Reiterating that, in acc .dance with the Universal Declaration of Human Rights, the ideal of free men enjoying freedom form fear and want can be achieved only if conditions are created whereby everyone may enjoy his economic, social and cultural rights, as well as his civil and political rights; and

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[229] Osmanczyk, 356-61

(1) The States Parties to this Convention undertake to respect the rights and freedoms recognised herein and to ensure to all persons subject to their jurisdiction the free and full exercise of those rights and freedoms...

Art. 4. Right to Life

(1) Every person has the right to have his life respected. This right shall be protected by law and, in general, from the moment of conception. No one shall be arbitrarily deprived of his life.

Art. 5. Right to Human Treatment

(1) Every person has the right to have his physical, mental, and moral integrity respected.

Art. 17. Rights of the Family

(1) The family is the natural and fundamental group unit of society and is entitled to protection by society and state.

Art. 21. Right to Property

(3) Usury and any other form of exploitation of man by man shall be prohibited by law.

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