

Response to Rupiah Banda's economic manifesto

Just over a week after the burial of the late President Levy Mwanawasa, the vice president and MMD's presidential candidate gave a hint of the economic policies that he would follow if elected into office in the October 30th elections. Below is my short comment to that manifesto based on the article that appeared in *The Times of Zambia*:

Mr. Banda confirmed his readiness to continue the reforms undertaken by the late president. This means continuing market reforms, continuing and implementing the Fifth National Development Plan (FNDP), realizing Vision 2030 – a plan aimed at increasing the number of poor into middle class people by the year 2030. Continuing market reforms is a good move by the current president but in the long run, I can see that people in Zambia still do not understand the market reforms. Basically, the term market reforms mean that the price of all of services and goods (products) is set by the market forces of demand and supply. This means that there should be people on the market who supply these products and people who have the capability to purchase these products. The problem is with the second group of purchasers who cannot afford because there is no money in the economy; this is manifested by the huge level of unemployment in Zambia. There is simply no money in the economy to go around and increase consumption and thus facilitating market economics. Secondly, the Vision 2030 Plan refers to increasing the standards of living of the common man by 2030. How will that be achieved is not clear from the acting president's speech. I propose that Vision 2030 must be revisited and changed into Vision 2015 by specifying what has to be done, in what timescale and is expressed in numbers. The same applies to the Fifth National Development Plan which can be a success if it is expressed with numbers and a timescale. Otherwise, it will just be wishful thinking.

Mr. Banda goes on to say that access to energy facilities will be major part of his plan. He specifically mentioned the rehabilitation of Kafue Gorge and Kariba North Bank power stations and is ready to welcome new power generating stations. The question is that all these are electric power stations. In this case, what is the rate of access to electricity for a common man in Zambia? Is electricity the main source of energy in industrial activities undertaken in the country? I am of the opinion that the major problem with energy supply in Zambia is to find a replacement for charcoal since this is the major source of energy for cooking in the majority of the households in Zambia. What do we have to do in this situation?

Mr. Banda says that he will also concentrate on agriculture, especially be strengthening the Fertilizer Support Program. The question here is how far does this Program go into assuring

food security in Zambia? How is this program financed and operated? What are the criteria to qualify for support? You might find that it is a program suited to large scale farmers who are just less than 10% of the farming community of Zambia. In my opinion agriculture should be the basis of the economy in the sense that first it must assure us of food security both as a nation and each individual household. Once we assure ourselves of food security, then can we think of exporting, first to the neighboring countries and then to other countries even Europe, Asia and North America. After achieving food security, we can go on to start other sectors of the economy that will increase jobs and generate foreign earnings for the country. Therefore, Mr. Banda should also presented in his manifesto how Zambia will become an export-oriented economy because this is the only way we can generate income to be used to finance the FNDP and the Vision 2030.

The other factor raised by Mr. Banda was the concentration of the economy on mining. We know very well that this concentration was the one of the major reasons (apart from a shortage of local management skills) that brought economic problems in Zambia during the reign of Dr. Kaunda. At that time Dr. Kaunda failed to diversify the economy which means reducing dependency on mining (especially copper) and coming up with new sectors of the economy that would be generating income. The same mistake was made by his successors – Chiluba & Mwanawasa and I can foresee the third one - Rupiah Banda making the same mistake. In my opinion I feel that it is time Zambia changes its economy from mineral-based to other income and export-oriented activities. Due to the abundance of natural resources in Zambia, we can concentrate on agricultural activities of growing and exporting cash crops, tourism and/or transform Zambia into a center for new business activities like business process outsourcing or low cost production centers for multinationals. We have an abundance of educated people and locations that can quickly be transformed into such centers. Towns like Kabwe, Ndola, Kafue and Luanshya are simply waiting to undertake such activities after the extinction of industrial and mining activities in these towns.

Currently, mining accounts for 80% of the foreign earnings of Zambia. The new president must endeavor to reduce this number to a maximum of 40% while increasing the numbers for agriculture, tourism and new business based on information technology (IT) and the internet. This should be achieved in the next five to seven years.

By this I am NOT saying mining should be abandoned. On the contrary we should concentrate activities on those minerals (the so called non-traditional minerals) that will bring more income and are cheaper to mine. In his speech, Mr. Banda mentioned the Munali Hills Nickel Project. Currently nickel is selling at US\$ 16 750 per tone. Compare that to US\$ 6 500

in the case of copper! Therefore, I strongly recommend implementing this project as soon as possible. But the question is who will be in control of the project – the government or private businesses? In either case, what will be the benefit for the common man?

Finally Mr. Banda went on to say that he foresees the liberalization of the media in order to allow for private sector participation. While this is the move in the right direction, Mr. Banda falls short of saying that privatization should be implemented throughout the economy. But how do you achieve this while having in mind the benefit of the common man. Whilst we still have fresh in our minds the disastrous privatization conducted by Chiluba, we should NOT go on to think that privatization is a panacea for all economic diseases as per se. We must privatize based on our history, culture and aspirations. This is missing in Mr. Banda's proposed policies.

Secondly, Mr. Banda does NOT explain how he wants to solve Zambia major social and economic problem that is unemployment. Some statistics suggest that unemployment in Zambia is 50% as of the year 2000. During my last visit in 2004, I estimated unemployment at 70%. Taking into consideration that the majority of the Zambians (around 52%) are in the production age and that 45% of the population is less than 14 years old, then this means that there is an URGENT need to cater for the income generating capabilities of this people, now and in future. Therefore, government should concentrate on creating jobs within a short time frame, which is in the next 7 – 10 years. Especially that the life expectance in Zambia is just around 38 years! So when the government endeavors to introduce Vision 2030, this suggests that it is out of step with society!

In conclusion I am of the opinion that Zambia should first concentrate on job creation by diversifying the economy into agriculture, tourism and IT-related businesses. Then go further to create a middle class society that will generate income for the government (through taxation) and consumption. Simultaneously, improve the education system to cater for ALL, especially females (as it was during Kaunda's time) and finally make health services accessible and affordable to ALL. We now live in a World of paying, therefore the health services should be payable especially that medicines are very expensive because pharmaceutical companies simply want to be paid.

But how do you achieve that? The solution lies in registering every Zambian in a central registration system. It is simple if the system was computerized (after all EACH one of us a national registration card with a unique number – making digitalization easy). Then this computer data base of all Zambians must be controlled by a company like Zambia National provident Fund (ZNPf) or the Ministry of Home Affairs. Then the Ministry or ZNPf

whichever is the case, issues each Zambian with a card with a chip that contains information about him and especially where he is employed and if his social security dues are paid. If they are paid, he has access to the medical system. If a person is unemployed, he must be forced to work and find means of paying some minimal tax that makes him have access to the medical system. This is the major reason why job-creation MUST be the primary responsibility of the government. This means improving the economy and its diversification, the key issues in Zambia future. Remember this: Singapore got independence in 1965, a year later than Zambia. The country was extremely poor compared to Zambia at that time. Where is Singapore today? And where is Zambia? *Seeing is believing* – I have been to Singapore a number of times and what I saw there, simply shows me the mistakes we made in Zambia and gives me hope that we can still remedy the situation.

But that is totally another discussion.

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