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Zambia's economic dependence and the satisfaction of basic needs

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Introduction

This article deals with aspects of poverty and basic needs in Zambia and one of the factors influencing them, namely dependence on the outside world.[1] It aims to demonstrate, firstly, that dependence has created a dualistic pattern of economic development and, secondly, that approaches to the solution of economic and social problems have either been impeded by dependence or induced by it. As the dependent situation of Zambia has its roots in events which took place in the first half of this century, the article begins with a short discussion of the concept of economic dependence and a review of past developments leading to national independence, and continues with an analysis of post-independence developments, mainly in the areas of agriculture, industry and foreign trade. This analysis will then be used to show how the level of living and the satisfaction of basic needs have developed over time. On the basis of all these considerations the last section will discuss some policies to remedy the effects of Zambia's dualistic dependent economy on the level of living and on the satisfaction of basic needs.

Economic dependence

The extent of a country's economic dependence is defined by the UNCTAD secretariat in terms of the percentage of export earnings it receives from one or two main commodities. According to this definition, Zambia can be classified as the country with the highest level of dependence, since an average of 93 per cent of all its export earnings between 1970 and 1978 originated from a single product, namely copper (Laidlaw and Laishey, 1980). A somewhat wider definition is given by Elliott (1971 (b)) for whom dependence is a situation "in which economic entity A controls the flow of resources to economic entity B" and in which "by implication B has no means of controlling the flow of equivalent resources to A and is therefore at

* International Labour Office.

the mercy of A". This wider definition thus includes aspects of foreign investments, banking, aid and skills and earnings from commodity exports. All of these aspects are still relevant in the case of Zambia. However, in view of space limitations, the present article will concentrate on the indicator of dependence used by UNCTAD, namely the existence of a dominant export industry.

Before independence

The various stages of Zambia's development, first as a British protectorate administered by a private company, the British South Africa Company, until 1924, and later as a British colony until 1953 when, together with present-day Zimbabwe and Malawi, it was incorporated into the Federation of Rhodesia and Nyasaland, have all left their mark on contemporary society. The most important phenomena are the development of a mining industry, the consequence of this for the structure of the labour force, the retardation of agricultural development and the increasing gap between urban wage earners and peasant farmers. These will be discussed briefly in the following paragraphs.

Towards the end of the last century, the British South Africa Company (BSAC), founded by Cecil Rhodes, obtained a charter from the British Government to administer Zambia (then Northern Rhodesia). Its major aim was the exploitation of minerals. In the early days of the Company, the discovery of minerals was slow and irregular, and, in order to cover its costs for administration, the Company increased native taxes, with the twin aim of obtaining a source of revenue and of encouraging unskilled indigenous labour to move to Southern Rhodesia (now Zimbabwe). The Company also encouraged European farming in order to raise some additional revenue and did not hesitate to discourage the development of African farming and African trade. Although the Company was successful in raising a wage labour force, it was still incapable of generating sufficient revenue.

In 1924 the administration of the territory was taken over by the British Government, while the Company retained for itself large areas of land and all mineral royalties. The first mines were developed only in the early thirties, when new methods for treating low-grade sulphide ores had been discovered. As a system of labour recruitment had already been developed some decades previously, it proved relatively easy to find workers for the mines, and during the recession the companies would rely upon labour voluntarily presenting itself for employment.

Within a few years, copper mining dominated the economy. In her pioneering works on national accounting, Phyllis Deane calculated that in 1938, 55 per cent of the national product of Northern Rhodesia originated from the mining industry, as compared to 13.5 per cent originating from agriculture. Within a decade the economic and social picture in Zambia had changed considerably (Fry, 1979, p. 22).

During the Second World War, production in the copper mines remained more or less stable. Employment increased gradually, and after the Second World War the mining companies were soon able to profit from rising demand and prices. This post-war boom, however, increased the inequalities already existing between mineworkers and others. The policy of stabilisation of the labour force which had started during the second half of the thirties continued and labour turnover, which was already low, decreased still further. The huge profits in the mining industries allowed them to increase wages for African mineworkers dramatically and so to keep their privileged position in the labour market and avoid confrontation with the industrial proletariat.

As far as African farmers were concerned, the views of the colonial Government were, on paper, more sympathetic than those of the British South Africa Company but, in order to avoid any conflict with the established settler community, Africans were given little or no direct voice in public matters. The colony remained open to white settlers. By the mid-thirties the land was divided into land for Africans, land for Europeans, and forest or game reserves. Generally speaking, land reserved for Europeans had much better soil, and those parts of the African reserves which did have soils of good quality were in remote areas. Also, a substantial part of "African" land was infested with tse-tse fly. Despite these restrictions, African production of maize (the main staple crop) rose considerably (Dodge, 1977, pp. 8-9).

In order to remove further the threat of African competition to European farmers the market was divided into an internal and an external pool, the latter, in which Africans had no share, being available for exports. Africans were allocated one-fourth of the internal pool only, and received much less for their maize than did Europeans. With the outbreak of the Second World War, world market prices for maize increased, but domestic producer and consumer prices were kept at a lower level. The net effect of this measure was a subsidy to employers of African labour, who could continue to buy their rations for their workers at low cost.

After the war, the situation of African workers in agriculture compared still more unfavourably with that of workers in the urban areas, who gradually came to be protected by minimum wage regulations. Many European farmers relied–without conspicuous success–upon a mixture of low wages and coercion to enlarge their labour force. Although wages were increased somewhat by government subsidies, by 1950 many European farmers had to recruit labour from Nyasaland and Tanganyika (Fry, 1979, pp. 38-39). Government circles finally showed some concern for the development of African farming, but rather than improving market conditions for African farmers (for example by removing the dual price structure) the Government took a more paternalistic approach. A scheme of "African improved farmers", paying higher prices to farmers who adopted "European" methods of maize cultivation, was started in 1946 and enlarged in 1949. This scheme, which affected mainly farmers who were already successful, in effect replaced the dual price structure by a triple price structure. Moreover, several government services were available only to farmers who were members of it (Baldwin, 1966, p. 156).

In 1953 Zambia entered the Federation of Rhodesia and Nyasaland. Most decisions were taken at federal level, in the capital of the Federation, Salisbury, which was also the capital of the then Southern Rhodesia. This had a devastating effect on agricultural policy. The Federation divided the responsibilities for European and African agriculture and encouraged their separate and unequal treatment. Marketing was the responsibility of the Federal Government, which had no responsibility for African agriculture. The 1957-61 five-year development plan of the Federation accorded less priority to agricultural and rural development and social services than did the original 1947-56 ten-year plan for Northern Rhodesia (Baldwin, 1966, pp. 190-199). The bulk of resources were allocated to the Kariba hydro-electric project and to power and water services and communications along the line of rail, and European immigration was also encouraged, with the result that outside agriculture African employment fell, while non-African employment rose by 30 per cent. Expenditure on the European population also rose: even in 1960, expenditure on European education was as large as that on African education. Yet the European population never accounted for more than 2 per cent of the total population.

One year before Zambia's independence in 1964, the Federation was dissolved, and Zambia inherited as legacies of colonial development:

- lack of skilled manpower: fewer than 1,000 Africans had completed secondary school by 1963, and fewer than 100 possessed a university degree;
- emphasis on urban development, which had pushed up the difference in income between urban wage earners and peasant farmers from a ratio of 1.9 in 1945 to 3 in 1953, and to 5 in 1963 (Fry, 1979);
- complete dependence on copper mining (92 per cent of exports, 71 per cent of government revenue and 40 per cent of GDP);
- two widely divergent agricultural systems–a European one and an African one–and, within the African system, two vastly different levels of development, that of farmers along the line of rail and in Eastern Province and that of farmers in all other areas (Dodge, 1977, p. 49).

From independence to the present day

Independent Zambia was, at first glance, in a comfortable economic position. Its per capita gross domestic product was one of the highest in Africa, and, unlike other countries, it was not short of foreign exchange. The government current account also showed a reassuring surplus. Most of this was due to the record level of copper prices. The picture should be completed, however, by the constraints mentioned above (a weak agricultural sector, shortage of skilled manpower). In addition, the manufacturing industry of Zambia was underdeveloped by comparison with that of other developing economies. For example, the food and tobacco industry achieved only 60 per cent, and the textile industry only 11 per cent, of the output of those of an average developing country of equal size and GDP (Elliott, 1971 (a), p. 5).

The emphasis put on developing the mining industries and urban amenities created an economy which was dependent on the outside world for capital, skills and the proceeds of the sale of copper, and had set a pattern of dualistic development leading to extreme inequalities in incomes. In 1959, 45 per cent of the total income accrued to only 10 per cent of the population, while the poorest 60 per cent could only claim 27 per cent (Baldwin, 1966, p. 48).

The leadership in Zambia, and especially the President, was well aware of the structural imbalances in the economy, and Zambia's underlying philosophy, "humanism", developed since its independence, reflects the wish for an egalitarian society. At various times, however, the President warned of the danger of Zambia's becoming two nations.[2] In the following pages of this section we shall discuss several issues from the twin angles of dependence and income inequality. First, we shall consider the development of the agricultural sector and the attitude of the Zambian Government, second, industrial development and the formation of the "parastatals", and third, the effects of the world economic situation on Zambia's economy. This is followed in the next section by a review of the problems of inequality and access to basic needs.

Agriculture

As already mentioned, Zambia inherited an agricultural infrastructure of a highly dualistic nature. Aware of the relatively poor position of the majority of peasant farmers, the Government launched, soon after its independence, several programmes designed to develop agriculture. As Quick (1977) has pointed out, three main policy options were open to the Government: individual capitalism, macro-socialism and micro-socialism.[3] Zambia's philosophy, as expressed in the various writings of its President, K. D. Kaunda, is based mainly on the micro-socialist approach. However, decision-makers were plagued by a lack of means to implement it in rural areas and favoured a more centralised system; in this they were supported by extension workers and other agricultural technicians, who had all been trained to develop commercial enterprises of considerable size. Several schemes, such as co-operative tractorisation, developed in the early days of independence to increase the production of the small farmers, were less successful because of divergence between the objectives and the measures to support their implementation. Elliott (1980), for example, speaks of "the unresolved tension at the heart of official decision-making between two normative approaches to rural development strategy". The first of these approaches is a technocratic one, aiming at maximising agricultural output, which puts rural development in a macro-economic context. The second approach, more concerned with ideological issues surrounding the political economy of agriculture, lacks consistency in Elliott's view in that it retains the ideal of the family farm while advocating the creation of different forms of co-operatives and not actively opposing the establishment of state farms and state production.

The relative wealth of Zambia, earned by high revenues from the mining industry, initially allowed it to spend large sums of money on agriculture without being affected by the contradictions between the various approaches. The last two decades have seen the adoption of a multiplicity of schemes, each of which has, according to the report of the most recent ILO/Jobs and Skills Programme for Africa mission, been presented as "*the* solution". These have been backed up, especially in the beginning, by large amounts of money (compared to those invested by neighbouring African countries). Most of these schemes have failed, mainly because they have placed too much faith in isolated "special projects" as the mainspring of rural development (ILO/JASPA, 1981, Chapter 5).

The "special project" approach has been influenced by that adopted in the highly developed mining industry, whose conceptual basis dominates thinking in many government circles. However, the virtual stagnation of the economy since 1975 has made such solutions more and more difficult because of their cost. Moreover, as the Government wants to keep the price of food low, an increased part of the recurrent expenditure of the ministries responsible for agriculture has gone to consumer subsidies, and consequently cannot be spent on agricultural development. As we shall see later, this protection of the modern sector (in the form of low food prices) in order to enable it to function under erratic revenues from exports, has resulted in the almost total stagnation of the agricultural sector.

The ILO/JASPA report further points out that the position of the majority of the poor in rural areas has deteriorated. It describes a process of accelerating socio-economic decline, and of households with weaker labour denied access to the benefits of modern agriculture because of their lower earning power. In less favoured areas with permanent outmigration, stagnant or declining agriculture is the general rule, and a scattered population of small, weak and poor households has emerged. Its number is estimated at around 200,000, some 28 per cent of all rural households.

Industry

After independence, Zambia's industry, which apart from mining and related activities had stood at a relatively low level, expanded rapidly. Value added in manufacturing went up from K49 million in 1965 to K164.5 million in 1972 (at constant 1970 prices). Several factors were responsible for this rapid expansion. The unilateral declaration of independence by Rhodesia (then Southern Rhodesia) in 1965 and the consequent rupture of economic links with that territory encouraged the development of some new local industries: construction of an oil pipeline and the expansion of roads and road haulage stimulated various activities related to these industries. Other infrastructure also grew rapidly because of increased government expenditure as a result of high copper prices. Moreover, wages and salaries rose in various sectors; this led to a growth in private demand, which to some extent stimulated domestic manufacturing, although most of it was for imported commodities.

Seidman (1974), however, points out various disturbing factors of this rapid industrial growth: first, the manufacturing sector became more dependent on imported parts and materials. Local value added actually declined from half to about one-third of the gross output of manufacturing industry. Secondly, the composition of manufacturing remained much as it had been before independence, with the notable exception of beverages and tobacco, whose share in manufacturing value added increased to 40 per cent. Thirdly, the number of establishments dropped, while the number of workers per establishment and the average amount of fixed capital invested per employee doubled in the period 1966-69. Moreover, the larger firms were still foreign-owned. Fourthly, manufacturing activity remained concentrated in the urbanised provinces. In short, the "success story" of Zambia's manufacturing sector consolidated the existing dual pattern and did not reduce dependence.

Nor was manufacturing able to provide sufficient jobs for the unemployed and the new entrants to the labour market. During its boom period, until 1974, employment in manufacturing increased by 8 per cent per annum, but decreased somewhat in 1975, and finally dropped to a level of 42,000 workers in 1976.[4]

After independence, Zambia underwent major reforms resulting in an increased influence of the State on the industrial sector. It now controls many companies through a state-owned corporation (ZIMCO). This parastatal sector provides employment for almost 140,000 workers (a third of the workforce in the formal sector), is involved in almost all industrial activities (including mining) and accounts for about half of the GDP. However, it is not so much the form of ownership of the parastatal companies as their economic behaviour that has become a topic of discussion. On the basis of reports of various commissions of inquiry, Turok (1979) indicates that "parastatals are grossly undercapitalised . . . shortages of raw materials and spare parts due to the lack of foreign exchange have cut production drastically, in some cases to a bare 20 per cent of capacity". Moreover, in many cases, parastatal companies enjoy a monopoly over the market, often resulting in the passing on of inefficiency in the form of inflated prices to the customer. The high pay rates are, however, partly due to the presence of expatriates in senior management positions: the proportion of non-Zambian employees is still

12 per cent in the mining industry and 6 per cent in manufacturing, all occupying senior posts. This dependence on foreign skilled workers to keep up a capital-intensive industrial structure adds to the income differentials already existing.

Zambia and the world economic situation

The heavy reliance of Zambia on copper production was already pointed out earlier. In the first decade after independence (1965-75) copper production contributed on average 35 per cent to GDP, 50 per cent to government revenue and 95 per cent to export earnings. This picture has changed drastically during the last five years because of falling copper prices. Copper's share of GDP dropped to 14 per cent, and its contribution to government revenue amounted only to a few per cent since profits had been whittled away. It still contributed, however, some 85-90 per cent of export earnings, as exports had not been diversified.

Thus Zambia's dependence on copper resulted in a serious decline in export earnings and government revenue in the years when prices were falling rapidly. Not only did copper prices decline, however, but prices of imports rose, and the purchasing power of Zambia's exports in terms of real imports dropped sharply after 1975, in some years even to less than 50 per cent (table 1).

Zambia was therefore forced to decrease its imports sharply. Over the period 1974-79, the total drop amounted to *$1^{3}/_{4}$ years* of imports forgone (table 1). But even this reduction, which would have tested stronger economies than Zambia's, was not sufficient to make up for the loss in purchasing power of exports, which amounted to *$2^{1}/_{3}$ years* of potential imports over the 1974-79 period. How did Zambia cover this deficit? Mainly in three ways: first of all by running up payment arrears with often high interest charges, secondly by allowing foreign exchange reserves to decline, and thirdly by increasing capital inflow, mainly on concessional terms.

Zambia's debt burden rose sharply from 5.5 per cent of exports in 1970 to 20.8 per cent in 1978 (compared to average percentages for middle-income developing countries of 9.3 per cent and 13.8 per cent respectively). This forced the Government to seek support from the IMF in April 1978 in order to decrease payment arrears which were threatening the credit position. Following negotiations on a stabilisation programme the IMF provided standby credits with a total value of about a year's imports.

The agreement with the IMF contained, among other things, a restriction on government expenditure and a ceiling on credits. Its full effects are, however, difficult to analyse. In 1979, the first full year of implementation of the agreement, copper prices rose. This, together with high sales of copper because of selling out of stocks (not because of high production), caused a balance-of-payments surplus and a brief respite on the foreign exchange market.

Table 1. The erosion of Zambia's international purchasing power, 1974-79 (1974 = 100)

	1969-73 average	1975	1976	1977	1978	1979
Value of exports	75	57	83	78	75	125
Unit cost of imports	71	124	137	159	167	(190)
Purchasing power of exports in terms of real imports	106	46	61	49	45	(66)
Actual import value	105	94	67	62	51	(53)

Note: The data for 1979 in parentheses are estimates based on incomplete data and approximate rises in import prices.
Source: ILO/JASPA (1981).

The over-all economic situation was, however, less bright. Real GDP in 1979 fell by 9 per cent, partly because of a drop of almost 50 per cent in marketed maize production. This can to some extent be explained by the drought in 1979, but there was also a 44 per cent decrease in the area under maize because of low producer prices and credit restrictions.

The developments in 1979 cannot therefore really be seen as a yardstick to measure the consequences of the IMF standby agreement. The ILO/JASPA report (1981) suggests that it was too much geared to curbing excess demand in the economy, while the real problem is the short supply of goods of all kinds and production, transportation and distribution bottlenecks caused by the lack of foreign exchange. In order to tackle these problems, measures to restructure the economy rather than curb demand are necessary and will, because of their difficult character, require more time than short-term measures to influence demand.[5]

The decline in Zambia's position on the world market has thus clearly hampered its growth and, as we shall show in a later section, most people have not experienced any improvement in their level of living. The decrease in copper revenues has also seriously affected government revenue. An enormous effort was made to increase revenue from other sources (both income taxes and consumption taxes were raised considerably) but this could not fully compensate for the loss of copper revenues (see table 2). Although both recurrent and capital expenditure decreased in constant terms, capital expenditure decreased more. This, of course, affected all kind of government services for the satisfaction of basic needs. The ILO/JASPA report (1981) indicates shortages of drugs, cleaning materials and linen in clinics, textbooks and furniture in schools, absence of road maintenance, etc. Moreover, most of the cuts have fallen first and hardest on the peripheral rural areas.

Problems with declining copper exports were compounded by other setbacks. Not only was Zambia confronted with slack markets, it also had difficulties in delivering goods because of its landlocked position. Its traditional export and import routes were disrupted for a number of reasons,

Table 2. Analysis of government revenue and expenditures at constant 1972 prices (millions of kwacha)

	1973	1974	1975	1976	1977	1978	1979
Mineral revenue	67.5	177.2	80.0	11.6	−1.2	74.4	5.3
Taxes on income	94.8	84.3	128.0	123.6	199.9	139.5	110.8
Taxes on consumption	62.8	72.4	112.6	119.8	115.7	112.0	107.2
Taxes on imports	40.8	23.0	21.0	14.9	13.3	10.2	8.2
Total revenue	**265.9**	**356.9**	**341.6**	**269.9**	**327.7**	**336.1**	**231.5**
Recurrent expenditure	343.0	330.9	435.8	394.1	357.5	302.9	309.2
Capital outlays	130.6	118.4	148.0	85.3	63.8	65.6	39.2
Total expenditure	**473.6**	**449.3**	**583.8**	**479.4**	**421.3**	**368.5**	**348.4**

Source: R. Van Der Hoeven: *Zambia and the IMF*, unpublished paper for ILO/JASPA mission, 1980.

including political ones; this resulted in shortages and further increases in the costs of imports. The opening of the railroad to the east (through Tanzania, in 1976) provided only partial relief.

Incomes and basic needs

The developments in agriculture, industry and foreign trade have, of course, had repercussions on the satisfaction of the basic needs of the various groups of society. The following paragraphs will discuss this in greater detail, from two viewpoints: the guarantee of a sufficient income to purchase a minimum amount of necessary goods, and the provision of government services.

Higher copper prices and the growth of the formal industrial sector of the economy just after independence brought about a considerable increase in urban wealth up to the middle of the seventies. Even by 1972, income inequality between the formal sector and the others had become more pronounced compared with the level of 1959 as estimated by Baldwin (1966). By 1974 real wages were 60 per cent higher than in 1965, while total employment in the formal sector had risen from 232,000 to 352,000. The urban population had increased even more dramatically, from 715,020 in 1963 to 1,663,000 in 1974. Agricultural production per person had likewise risen–by 50 per cent from 1965 to 1974–but farmers' incomes showed little increase, and had, in fact, decreased when expressed in terms of the power to purchase urban goods: the total value of their produce in urban prices, despite its greater volume, was in 1974 only 62 per cent of the 1965 level; thus the favourable position of Zambia on world markets did not lead to greater equality at home. Indeed, by the time copper prices had reached their peak, Zambia belonged to the group of countries with the highest income inequality in the world (Van Der Hoeven, 1977).

After the period of high copper prices, neither wage increases nor agricultural producer prices could keep pace with inflation. The result was a decline in real wages, destroying some of the gains made in the decade before. Urban real wages were, however, still 43 per cent higher in 1977 than in 1965, but farmers selling their products were on average still worse off in 1978. Their produce was worth only 50 per cent in urban prices of what it was in 1965, and they were thus drastically impoverished.

It is difficult to give an exact definition of poverty, and every definition of poverty contains an element of value judgment. On the basis of a judicious mix of actual and desired spending patterns a family of two adults and four children needed K100 a month in order to satisfy a minimum of nutritional and other needs in 1980. The distribution of households by income group in urban and rural areas is shown in table 3; the incomes of households in the first group are less than K100 a month.

Thus the incomes of 26 per cent of urban households and 79 per cent of rural households do not enable them to meet their basic needs. Moreover, the situation seems to have worsened compared to seven or eight years ago. The percentage of households in poverty in 1972-73 (using a definition of poverty which set minimum income at a slightly higher level) was 24 per cent for urban areas and between 62 and 73 per cent for rural areas (ILO/JASPA, 1977). As the percentages have increased the absolute numbers have increased even more. This cleavage between rich and poor is reinforced by a recent process of marginalisation. In the remoter rural areas weaker families (often without any males of working age) stay behind, while stronger families and individuals try their luck elsewhere, often without much success.

Most Zambians have lost out not only on incomes, but also as regards other aspects of basic needs, such as the provision of essential services. These aspects are, however, more difficult to illustrate, partly because statistics show only one side of the picture: in the case of education, for example, most statistics show a high school enrolment rate, but on closer observation it is found that in many instances recurrent expenditure on education has decreased, so that books and furniture are often so dilapidated that they are no longer fit for use.

An important item in the quality of government services is adequate transport, especially in a country like Zambia with a low population density. A study of the transport situation in one district (Serenje) by the National Institute of Public Administration reports that "between 1972 and 1980 figures . . . indicate that the transport situation has got worse in every department during this period". This situation is fairly typical of the country as a whole. Furthermore, transport in rural areas is often used for unproductive purposes. Other decreases in the provision of services are reported in ILO/JASPA (1981).

Another indirect measure of the decline in services and incomes is the observation by professionals that the health and nutritional status of rural children has deteriorated during the past decade. An increase in the

Table 3. Estimated distribution of households in different income groups in urban and rural areas of Zambia, 1980

Household	Urban		Rural	All
	Squatter and low-cost housing areas	High-cost housing areas		
Poor and very poor	106 000	—	572 000	678 000
Middle income	230 000	2 000	137 000	369 000
High income	44 000	31 000	11 000	86 000
All	**380 000**	**33 000**	**720 000**	**1 133 000**

incidence of scabies, a disease of poverty and dirt, and a decline in children's height, for example, both tell the same story (ILO/JASPA, 1981).

Some policy responses

We have seen that the cleavage between rich and poor and between urban and rural areas, although never as serious as today, is not new. Barely a few years after independence, the Government of Zambia invited the ILO to appraise Zambia's wages and income structure. The conclusions of the appraisal (the Turner Report, after its author–ILO, 1969) warn of an increase in differentials between rural and urban incomes and advocate wage restraint in order to avoid a slowdown in employment creation. In the main, the report was supported by the Second National Convention in 1969.[6] In his opening speech, the President referred to the rise in the standard of living of the urban population compared with that of the rural population. The same themes were repeated by an ILO mission in 1975 (ILO/JASPA, 1977) and in a second report on incomes and wages by Turner (ILO, 1978).

One might wonder why the dualistic pattern in Zambia, set long before its independence, still continues. A prime reason seems to be the continuing dependence on the world market for a considerable part of Zambia's gross domestic product. This dependence has created an enclave within Zambia which is virtually self-supporting, especially when sufficient foreign exchange is available. The present economic crisis, however, makes it more vulnerable, and creates internal political pressures, not for a narrowing of the rural-urban gap but for a reinforcement of it.[7] For example, in order to diminish demands for higher wages, prices of essential commodities may be kept low, financed partly by government price subsidies and partly by lower producer prices to farmers. Both measures retard a process of restructuring, the first by diverting resources away from development expenditure, the second by discouraging national food production. Another short-term measure could be to redirect more investment to the present export industries (mainly copper mining) in an attempt to obtain more foreign exchange.

Although some short-term relief measures are necessary to keep the momentum going, a substantial improvement in the living standards of the mass of the poorer households can be achieved only by a major increase in their own production and incomes which will give them greater command over the goods and services they need. This would mean in practice (ILO/JASPA, 1981) raising producer prices, reducing constraints on informal marketing and craftsmen and restoring the effectiveness of government agricultural extension services. It would also call for an increase in the supply of basic commodities, particularly throughout the rural areas. In addition, higher priority should be given to the allocation of government funds for the provision of essential services, which can be achieved mostly by shifting resources within the government budget rather than by increasing expenditure. Finally, community involvement, which has already proved highly effective in townships (Bryant, 1980) should be encouraged throughout the country.

Conclusions

In this article we have shown that Zambia's dependence dates back to the beginning of the present century, when copper mining was developed as virtually the only source of economic advancement, all other development aspects being regarded as subsidiary to copper production. At independence Zambia was fortunate in that high copper prices made it one of the richest countries at that time in Africa in per capita terms. Ironically, it was this very dependence on copper and its revenues that prevented a serious break with the past, although various attempts to do so were made, especially in agriculture. Instead, the higher revenues increased the gap between urban and rural areas. The decline of copper prices after 1975 has put the economy under great pressure: shortage of foreign exchange, together with increased import prices, has prevented the importation of essential goods, and diminishing returns for output have resulted in declines in both urban and rural incomes as well as in government expenditure on the satisfaction of basic needs.

Dependence has placed Zambia in a dilemma as regards policy options. Most of the country's political forces support the present industrial structure, which is, however, mainly linked to the export enclave or providing products for a small part of the urban population; this attitude tends to reinforce the dependence of the nation as a whole. Zambia is thus faced with the challenge of dismantling the structure which has created its dependence and reviving its stagnating economy in a spirit of self-reliance that will ensure a fairer share for all in the fruits of development and guarantee the satisfaction of basic needs. The international community should support Zambia, and other countries in the same position, in efforts to this end.[8]

Notes

[1] The author wishes to express his thanks to Jan van de Moortelle and Hans Singer for comments on an earlier draft.

[2] The national slogan is "One Zambia, One Nation".

[3] The distinction between the macro-socialist and micro-socialist approaches lies in the location of the area where public funds are spent: at the centre, or in the rural areas themselves.

[4] Figures for later years are not comparable as the Central Statistical Office has changed the coverage of establishments in its surveys. But the general impression is that employment in manufacturing has stagnated since 1976.

[5] At the time of writing the IMF and the Government of Zambia had agreed on a second credit scheme for US$944 million (2½ times the credit allotted under the 1978 scheme). The Government has committed itself in this three-year programme to expand and diversify production and to achieve financial equilibrium (*Daily Mail* (Lusaka), 13 May 1981).

[6] *Report of the Second National Convention on Rural Development, Incomes, Wages and Prices in Zambia, Kitwe, 12-16 December 1969.*

[7] Scott argues, for example, that the basis of the only political party in Zambia (UNIP) has shifted from mass political support (before and just after independence) to more middle-class representation. The middle class is at present also affected by the unfavourable economic situation, making the short-term policy options for the Government rather narrow.

[8] H. W. Singer (ILO/JASPA, 1981, Technical Paper No. 21) argues, for example, that application of the proposals of the report of the Independent Commission on International Development Issues would result in a one-time benefit of K800 million, or half a year's GDP, and more than make up for the export deficit over the past five years, while other measures would result in better and more stable revenues from exports.

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