DOES ZAMBIA NEED THE IMF?

Dr. Peter Henriot

"Zambia needs the IMF more than the IMF needs Zambia!" This at least is the opinion of a high-ranking official in the Ministry of Finance and Economic Development, Mr. James Mtonga, Secretary of the Treasury, expressed during a recent IMF public relations seminar held in Lusaka. Backing up his opinion is a letter to the TIMES OF ZAMBIA Editor from Kitwe businessman, Mr. Murray Sanderson, who urges us not to attack but to be grateful to the IMF for obliging Zambia to face needed economic reforms.

But I would like to offer another opinion, based on economic, political and ethical grounds. The IMF has not, on overall evaluation, benefited Zambia. Therefore, the only IMF that Zambia needs is one that is truly *transformed* and not merely *reformed.*

ECONOMIC MISTAKES

We all know that Zambians suffer immensely today because of unacceptably high rates of poverty. One major cause (not the *only* cause, but certainly one *major* one) has been the unfair and ineffective imposition of economic reform measures that have:

- lacked local ownership and democratic political commitment
- operated without a clear vision of sustainable human development
- deepened outside dependency and debt slavery
- hurt most the poorest in our society
- contributed to the degradation of our environment

The IMF along with the World Bank has been the key designer of the Structural Adjustment Programme (SAP) and the Enhanced Structural Adjustment Facility that have governed our economic reforms. In truth, these are not "home grown" programmes, no matter how loudly the outside institutions may cry that they are Zambian programmes, locally designed and freely chosen. Indeed, Joseph Stiglitz, outgoing vice-president and chief economist at the World Bank, recently noted that critics accuse the IMF of using a "cookie-cutter approach to economics," forcing many different countries into the same standard models of adjustment.

What in fact has happened to Zambia since the total acceptance after 1991 of the most rapid and strict SAP in Africa?

- Government, World Bank and United Nations figures show increasing deterioration of social conditions of the people – facts ordinary people know from experience and without the need for statistical analysis.
- Hoped-for economic turn-around has not occurred as the local industrial base has been eroded, agricultural development has stagnated, trade patterns have primarily profited only outsiders, and the kwacha continues to fall in value.
- Servicing of external debt has continued to drain scarce resources away from social services and productive programmes and the promised debt relief has been partial, delayed and rigidly tied to structural adjustment conditions.

Who is to blame for the economic mistakes experienced in Zambia? Surely the government bears some fault, but even more surely the IMF does also. It has not in fact helped economically.

POLITICAL DANGERS

When we evaluate whether the Zambia needs the IMF, one serious question to be asked is: "What have IMF polices meant for political stability and maturity in the country?" I think that at least three dangerous political trends can be said to have resulted from IMF policies, whether intentional or not.

First, the neo-liberal economic theory grounding SAP is not just an economic theory but also a political theory. It pushes the retreat of the state, the disengagement of political authority from areas of public concern and promotion of common good, and the upholding of essentially non-democratic private forces as central to decision-making that affects the well-being of the people. This anti-government perspective can be seen to be a reaction against socialist policies such as prevailed in Zambia during the Second Republic. But it certainly is an exaggerated reaction and one that is neither reasonable nor helpful.

Second, democratic politics is about openness and accountability, neither of which virtues has been outstanding in IMF activities in Zambia or around the world. The IMF public affairs seminars last month for parliamentarians, civil society and the media were significant public relations events but not designed for large-scale public debate over crucial issues for the future in Zambia. The negotiations between Zambia and the IMF during recent years – the outcome of which have had immense impact on the socio-economic well-being of the country – have not been conducted in an open and democratic fashion. Again, this is a critique voiced not simply by anti-IMF demonstrators on the streets of Washington DC, but by political leaders of right and left persuasions in developed and developing countries alike and by orthodox and respected economists in prominent positions inside and outside Africa (like Stiglitz).

Third, Zambia has experienced a highly ambivalent relationship with the IMF on key policy points such as the wages paid to civil servants. This has raised serious political *sovereignty* questions, not simply as rhetorical issues but as substantive issues that affect the authority and legitimacy of the Government. The recent accusations back and forth as to who is to blame for the failure of the Government to pay a minimum wage of K200,000 (a figure that is already shockingly below a basic poverty line!) illustrates well the problem. Some may argue that the Government wants to use the IMF as a "scapegoat," an excuse for its own ineptness. There may truly be incidents of such irresponsibility. But the fact remains that without the "seal of approval" from the IMF for policies that agree with its ideology, the Zambian Government has no capability to take action it deems to be in the interest of its own people. Therefore the basic political question is: "Who is in charge here?!"

ETHICAL CHALLENGES

The final argument against the thesis that Zambia needs the IMF and has benefited from its policies comes from the impact these policies have had on ordinary Zambians. Whether or not the strict conditions of SAP and ESAF (e.g., rigid budgetary curtailment of social services, disjointed changes in agricultural support policies, or rapid liberalisation of trade and market policies) have been done with the full endorsement and cooperation of the Government of Zambia, they have not really benefited the majority of Zambians.

It is a basic ethical principle that the greater cost of effecting necessary change should not be borne by those who already are suffering from the current situation. But the IMF model for reforming an economic system under which many Zambians previously suffered has in fact caused these very same people to suffer even more. How else explain the decline in social indicators (e.g., health, education, life expectancy, maternal and child mortality, etc.)? The average Zambian is worse off today than ten years ago, and is very fearful of a future when things will be even worse.

During the IMF public relations seminar last month, figures were touted to show that African countries undergoing SAP reforms have spent more money on social expenditures. But these are aggregated figures for all of Africa. When disaggregated, these figures clearly show Zambia to be a loser. And this means not only short-term social suffering but long-term erosion of economic viability – you cannot build a solid economic future without educated, healthy and committed citizens!

THE BOTTOM LINE

So what can we say to the question today: "Does Zambia need the IMF?" My answer: Zambia does not need the IMF in its *present form* – non-democratic and secretive, nor with its *present policies* – macro-economic structural adjustment that has consistently ignored the social dimensions of development.

To give the IMF the primary responsibility of overseeing the so-called "poverty reduction strategies" that are now supposed to guide Zambia's and other poor countries' futures – "home-grown" futures, it is alleged – is the wrong approach. The IMF is neither historically nor institutionally the best choice for such a task. It would be much better to utilise some United Nations agency that is properly geared for such work, for example, the UNDP.

Sharp critique of the IMF such as I offer here is not to put all the blame for Zambian's current extremely serious social crisis only on that one institution. Of course problems have been caused by the Government itself and by other international cooperating partners. But to ignore the mistakes of the IMF, or to praise it as absolutely necessary for Zambia, or to dismiss those who offer honest criticisms: these are responses that do not promote the intelligent analysis and constructive negotiations that are necessary to lead this country out of the doldrums of our current socio-economic situation. Surely the people of Zambia deserve much more!

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IMPACT OF GLOBALISATION ON SUB-SAHARAN AFRICA

Coming from Lusaka to Johannesburg for this "Consultation on Economic Justice," I must acknowledge at the outset two pertinent facts about Zambia that definitely influence my presentation here this morning.

The first fact is that Zambia is very much impacted by South Africa these days. But it is not now the presence of the ANC headquarters in Lusaka, nor even the threat of the Bafana-fana to upset our fondest hopes of football glory. Rather it is the invasion of our economy by so many South African investors and traders. Not only is our "crown jewel" of ZCCM (Zambia Consolidated Copper Mines) falling further into the hands of Anglo-American and other South African corporations, but our breweries, supermarkets and agricultural lands are being sold to South African interests. Shoprite, Pep, Ackermans all have opened stores in our major cities, and even the smallest local market is flooded with goods manufactured in South Africa.

The second fact is that the Zambia's future development is being strongly shaped by the Structural Adjustment Programme (SAP) rigorously adopted by our MMD government. Serious questions about the economic and social consequences of this programme are being raised in many circles, most recently in a strong critique offered by the Catholic Commission on Justice and Peace (CCJP) last month of the 1997 Budget presented by our Minister of Finance and Economic Development. As the CCJP noted, the Minister spoke glowingly about the "visionary will of how a determined nation will cope with the dynamic challenge of change" but never once acknowledged the shocking and growing levels of poverty nor even mentioned the word "employment" in his address presenting the Budget.

Well, I believe that I am going to return to Zambia in a few days importing not only a few new South African products but also some of the language and hopes expressed in your government's macro-economic strategy, GEAR. True, the explanations and challenges of this Consultation are raising for me serious questions about the ability of GEAR to *implement* the language and *achieve* the hopes. But I must admit that I at least like the oft-repeated phrases about "equity, universal access, addressing income inequalities, improving distribution of income and opportunities, stronger employment creation, etc., etc." Sadly, we don't even hear these phrases in Zambia today!

I have been asked to address (1) the impact of globalisation on sub-Saharan Africa, with particular attention to the Southern African region, and (2) the role of the Economic Structural Adjustment Programmes (ESAPs), and even more specific attention to the experience I know best, that of Zambia. Since I am only a visitor here, I don't offer any evaluation or recommendations regarding South Africa's RDP, GEAR, etc., but I hope that what I have to say may raise questions in your own mind about directions for the church to take in engaging in this public debate and decisions. I look at these topics from the two-fold perspective: first, of a political economist specialising in sustainable and integral human development issues, and second, of a Jesuit priest specialising in the social teaching of the church in areas of justice, peace and development.

ELEMENTS OF GLOBALISATION AND SUB-SAHARAN AFRICA

Since the start of the 1990s, most of the countries of sub-Saharan Africa have been experiencing two major structural transformations: (1) *political democratisation*, with the transition from authoritarian regimes to some form of multi-partyism, and (2) *economic liberalisation*, with the transition from state-controlled economies to free-market, neo-liberal capitalism. Different countries, of course, have had different experiences with these transformations. But by-and-large, the 1990s have been a time of significant challenge and change, both politically and economically.

These challenges and changes in Sub-Saharan Africa have gone on within the context of what has come to be called "globalisation." The global dynamics that have brought the nations of the world more closely together -- at the very time, ironically, when many of the nations are *internally* falling apart -- are made up of several elements that daily affect us. Let me mention here a series of these elements of globalisation, and give examples of how they are affecting sub-Saharan Africa.

1. *Political breakdown of a bi-polar world*: With the collapse at the end of the 1980's of the Soviet Empire and the end of the Cold War, there is no longer major political division along economic lines of capitalist and socialist countries. The West reigns supreme, and if the "New World Order" proposed after the Gulf War of 1991 has not in fact become a reality, at least there is no serious challenge to that supremacy. Sub-Saharan African feels that dynamic with the wane of the influence of competing Super Power interests in the local affairs, for example, of Ethiopia, Angola and Mozambique, and South Africa. Where outside interests do play a role -- for example, in the tragedies currently being played out in the Great Lakes Region -- they are French and English rather than East and West.

2. *Technological innovations*: The new electronic communication possibilities bind together the globe in previously unimaginable ways. Personal computers, fiber optics, satellites, networks of faxes, e-mail and Internet: all of this makes economic and political globalisation more and more a reality. Transfer of funds is almost as important as transfer of information, all of it done by punching keys and flipping switches. ("F1" opens, or closes, whole new worlds!) Human interface is frequently not necessary and often not desired. In sub-Saharan Africa, this technology is coming in rapidly and will be a major force in the future. A personal example: I am able to get first-hand information in Zambia about South African developments through "surfing" the Internet, and I could make my transportation arrangements for attending this Consultation by using e-mail.

3. *Regional blocs and trade agreements*: The new configurations of globalisation are made up of regional efforts at cooperation and integration. These include agreements and institutions such as the World Trade Organisation (WTO), the European Community, the North American Free Trade Association (NAFTA), the Asia Pacific Economic Cooperation (APEC), the Lome arrangements with the ACP countries (Africa, Caribbean and Pacific). Again, sub-Saharan Africa feels the impact of the global dynamics of these regional blocs and agreements, both as recipients and as participants. The WTO agreements (former GATT) that have come from the Uruguay Round of negotiations are estimated to have immensely disproportionate gains for rich developed countries and seriously harmful effects on poor developing counties in Africa. On this Continent, there is increased attention given to regional agreements. We heard earlier this morning about the Southern African Development Community (SADC). ECOWAT in West Africa is better known for military

action than economic integration; and we are still to see the outcome of efforts in Eastern Africa, coming firstly in currency agreements.

4. *Financial markets and labour markets*: Money moves across the globe both at incredible speeds and unbelievable magnitudes. More than three trillion US dollars are exchanged through the financial markets every day. Investments, speculations, purchases, shares, etc., know no national boundaries in a globalised economy. There is also increased mobility in labour markets, as corporations move production sites to the most favourable areas of cheap wages, trained personnel and political stability ("law and order"). This accounts for job losses and lowered wages in many areas. What does sub-Saharan Africa have to learn from these developments? What does the experience of Mauritius, for example, have to tell us?

5. *Transnational corporations*: Major actors in the drama of globalisation have for many years been the large transnational corporations (TNCs). Expansions, mergers and acquisitions have meant that large corporations have become even larger. Indeed, you have surely heard the figures that of the largest one-hundred economies in the world today, fifty are global corporations and not nation states. What can the struggling countries of sub-Saharan Africa do in negotiations aimed at attracting these mammoths except offer financial and tax incentives, docile and cheap labour forces, and reduced social and environmental regulations? What impact does all this have on the social well-being of the residents of these countries? For example, the TNCs moving into the Copperbelt in Zambia view the social infrastructure of ZCCM (schools, hospitals, clubs, pensions, etc.) differently than does local management.

6. *International financial institutions and donor groupings*: A second set of major actors in globalisation includes the banks and donor. These are indeed formidable actors, whether we speak of the Paris Club of bi-lateral donors, the London Club of commercial banks, or the Washington Club of multi-lateral donors (most particularly, World Bank and IMF). (None of these "Clubs" are discos!) As is well known and will be commented on below, the impact of these banks and donors on the political, economic and social realities of sub-Saharan Africa is immense.

7. *Environmental challenges*: The image of the earth as seen from the moon is "a picture worth a thousand words" when it comes to thinking about globalisation. We are all bound together through ecological concerns. A growing consciousness of this interdependence affects at least some efforts to save the purity and sustainability of our planet. But a globalisation driven by market dynamics is not always respectful of the environment of sub-Saharan Africa. For example, poor African nations can be lured into accepting toxic wastes in exchange for dollars; unregulated pollution punches holes in the ozone layer that causes increased skin cancers especially in southern Africa; the tropical forests of West Africa can be cut down for hardwood export products; and SAP constraints mean less budget money available for environmental protection.

8. *Cultural consequences*: One commentator has called the process of globalisation the birth of the "McWorld" -- a cultural integration and uniformity that mesmerises the world with fast music, fast computers, and fast food. This "McWorld" is the product of the influence of MTV, McIntosh and McDonald's. [Benjamin Barber, "Jihad vs. McWorld," The Atlantic Monthly, March 1992] Cultural imperialism is not a new phenomenon but it assumes alarming proportions today when driven by the new technologies and profit propensities of

the dynamics of globalisation. It is disturbing that at the very moment our Christian church in sub-Saharan Africa calls for efforts at "inculturation" that are respectful of African cultures, the cultures themselves are suffering the consequences of commercialised destructiveness for "McWorld" forces.

9. *Crime and drug trafficking*: We all know that an analysis of economic growth must include figures on the *informal* economy as well as the *formal* economy. Indeed, the former sector is frequently the fastest growing part of an economy. But we also must pay attention to the *underground* economy -- the part that flourishes outside the law and includes theft, corruption, bribery, prostitution, smuggling and drug trafficking. To be honest, this also is a very fast growing economic sector in sub-Saharan Africa. And on this continent it definitely has links to globalisation. Much corruption is fostered by international business deals; prostitution spreads with sex tourism to many countries in West and East Africa; smuggling of stolen cars is a big business in many African states (I know that from personal experience in Zambia!); and drug trafficking is reaching horrendous proportions throughout the continent -- as you in South Africa and we in Zambia unfortunately know all too well.

10. *Arms trade*: Another globalisation dynamic that I want to highlight here is the trade in arms, instruments of destruction, earners of profits by enabling people to murder each other in systematic and efficient fashion. The African Synod referred to the arms trade in Africa as "obscene." There are other even more damning names that it can -- and should -- be called! I know it is a sensitive matter to speak of in the "new South Africa," but do you really accept that your economy must be kept thriving (jobs created and foreign exchange earned) by participating in the global arms trade that is killing so many of your sisters and brothers, especially your African sisters and brothers?

(Coming from Zambia, a country still heavily mined because of the wars of our neighbours, I join with the South African Catholic Bishops Conference in applauding your government's recent decisions regarding the manufacture and sale of landmines, but I ask you to pressure for the full implementation of the recommendations of the Maputo conference on landmines of two weeks ago. And I also ask you to question the approval that seems to be accorded to the announcement last week of your President's signing of a multi-billion Rand contract to sell weapons to Malaysia.)

11. *Gap between the rich and the poor*: Globalisation is marked by the dynamic of a widening gap between the rich and poor, both between nations and within nations. The 1996 *Human Development Report* of the United Nations Development Fund (UNDP) documents that the richest 20% of the world's population receives 85% of global income, while the poorest 20% receives 1.4%. That gap is continuing to grow, having doubled over the past thirty years. You may have heard the figure that the UNDP report gave that the 358 billionaires worldwide together possess more wealth than the nations with the poorest 45% of the world's population. In sub-Saharan Africa, this dynamic of the growing gap between rich and poor is all-too-evident. You in South Africa know the gap within your own borders, but do you realise that as a whole, the South African economy accounts for over 40% of the sub-Saharan GDP? South Africa's GNP per capita of US$ 3010 contrasts sharply with Zambia's of US$ 350, Malawi's of US$ 145, and Tanzania's and Mozambique's of US$ 80. The growing gap in Zambia is graphically portrayed along Cairo Road, our main street of Lusaka. There are more Mercedes Benz and Shoprite stores, and more and more street vendors and beggars.

12. *Ideology of neo-liberal capitalism*: Finally, the driving dynamic of globalisation today is an ideology that many feel is the only alternative for the future, and some even argue marks "the end of history." (This is the "economic fundamentalism" spoken of yesterday.) This is the ideology that puts an absolute value on the operation of the market and subordinates people's lives, the function of society, the policies of government and the role of the state to this unrestricted, free market. Socialism is dead, and it is now not only capitalism that is alive but a version of capitalism that Pope John Paul II has called "savage capitalism." Neo-liberal policies support economic growth as an end in itself (with, of course, some social side-effects), use macro-economic indicators as the primary measurement of a healthy society, promote an export-oriented strategy of economic development in the context of free trade and privatisation, impose austerity measures that hurt those who already are hurting the most, curtail social Programmes that may be demanded by the common good but are referred to as "too costly," disregard environmental concerns, restrict the regulatory, protective and enhancing roles of the state, and reinforce the concentration of wealth and power in the hands of a small and undemocratic elite. This globalised ideology and the policies it supports are spreading throughout sub-Saharan Africa. To challenge it, either as a whole or in key parts, one runs the risk of being labeled a socialist (or, worse, I suppose, a communist), of wanting to return to the "bad old days" of the Second Republic of Kaunda's Zambia or of other unsavory African regimes, and of being a "populist" bent on disrupting the legitimate law and order. (These are not imaginary charges, but ones directly leveled against our Zambian CCJP a few weeks ago by the Minister of Finance and Economic Development!) But as I will argue in the second part of my paper, there *are* alternatives!

ECONOMIC STRUCTURAL ADJUSTMENT PROGRAMMES

We turn now to a look at the economic structural adjustment programmes in sub-Saharan Africa, and in particular, as a case study, we look at the SAP of Zambia. This is important for at least two reasons relevant to this Economic Consultation. First, the economic model pushed by the dynamics of globalisation in sub-Saharan Africa is only one: SAP. Whether we like it or not, SAP is the one and only approach currently sanctioned, supported and sustained for Africa. Second, the integrated economic strategy of South Africa, GEAR, is, I believe it is accurate and fair to say, a form of SAP. However much it may aim to implement RDP, it still has elements of SAP. Therefore it is important for you to understand how SAP has been operating in other parts of Africa, what have been its consequences, how it has been evaluated, and how it is responded to by groups such as yours, that is, churches concerned with sustainable, integral human development that is particularly sensitive to the poor.

To begin with, what does SAP stand for? In Zambia and elsewhere we use the initials SAP, but in Zimbabwe they chose to use ESAP. I'm told that that ESAP was used so as not to confuse the structural adjustment programme with the South African Police! (Maybe that is why you speak of GEAR instead of SAP!) Well, depending on your point of view, SAP might stand for "sweet and powerful," or "sustain automatic performances," or "swell all portfolios." On the other hand, it might be translated, as we sometimes do in Zambia, into: "starve African people," "stop all production," "send away profits," or, in ciNyanja, "satana ali pano" -- "the devil is in our midst!"

Seriously, SAP is simply an economic model for stabilising and restructuring an economy, one of many models, neither divinely-inspired nor a natural law. It is a formula, a recipe, for orienting the organisation, operation and output of a national economy along the lines of a free market, liberalised and privatised structure. It is largely the result of planning done by Western economists who follow capitalist models, and it is designed to be applied almost indiscriminately around the world as a reform package to get a dormant economy moving. It is particularly proposed (imposed) by the arrangements between a country whose economy is ailing and the major international financial institutions and donors, led by the Bretton Woods institutions, the World Bank and the International Monetary Fund.

SAP came to most of the sub-Saharan African countries because their economies had fallen upon hard times, both by reason of their own inefficiencies and mistakes (for example, failure to plan properly, distorted priorities, corruption, etc.) and also by reason of external structural influences (for example, falling commodity prices, raising costs of imports, increased debt servicing costs, etc.) Some of the economies were state-controlled (socialist) while others were more capitalist. Ghana was one of the first to go fully into SAP, to pull out of its serious collapse. Kenya and Nigeria have made ambivalent efforts -- one step forward, one step back. Zimbabwe moved into ESAP with vigour but late in the game. Zambia is a classic case, so let me use it as my explanatory example.

With independence in 1964, Zambia inherited an apparently strong economy that had, however, severe structural weaknesses. Dependent on copper for 80% to 90% of its foreign exchange earnings, the nation went into serious economic decline in the 1970s when the price of copper collapsed and the price of petrol doubled and then doubled again. By the mid-1980s, Zambia had begun borrowing heavily and had to start a structural adjustment process to secure continued foreign support. But negative popular reaction -- deadly riots in 1986 on the Copperbelt over a large increase in the price of mealie-meal -- forced the Kaunda government to retreat on the IMF/World Bank programme and attempt to "go it alone." The attempt did not succeed, and a half-hearted return to SAP in 1989 brought more riots and an attempted military coup in 1990, and eventual rejection of the ruling party in free democratic elections at the end of 1991.

The new MMD government of Frederick Chiluba embraced SAP completely (the President even acknowledges, somewhat reluctantly, that he kisses SAP in the morning and kisses it again in the evening!). The economy was in ruins: 80% of economic activity was in government hands (everything from the copper mines to dry cleaning, from banks to travel agencies); production stood around 30%; the external debt was over US$ 7 billion (about US$ 1000 for every man, woman and child in Zambia!); inflation was running at over 200% per year; and the official kwacha exchange rate was one-half to one-third of what could be obtained on the street. Zambia was now reclassified by the World Bank and United Nations as one of the "least developed" nations. Clearly, the Zambian economy needed some significant changes if it were to survive and serve the people.

So what does the SAP recipe call for? First, the economy is to be *stabilized*, by short-term monetary measures and budget restrictions; then the economy is to be *restructured*, by longer-term market arrangements and trade and investment agreements. Stabilization requires devaluation of the currency and an increase in interest rates; it also demands budget balancing by curtailment of subsidies on basics (such as mealie meal, petrol, fertilizer), imposition of fees for health and education services, and retrenchment of civil service employees. Restructuring requires giving market forces full reign (no government interference in prices), restraining wages, privatizing government para-statals; it also moves to open trade and invite foreign investments. And key to both parts of SAP: as the economy is liberalised, the state retreats.

Zambia has followed the SAP recipe to the letter and beyond. As a result of meeting the macro-economic benchmarks (for example, inflation rates, foreign exchange rates, money supply, privatisation arrangements, servicing of debts, etc.), Zambia graduated a few months ago to the "enhanced structural adjustment facility" giving it more favourable terms with the IMF and the World Bank. But what has been happening to the economy at the level of people's participation in benefits?

The SAP is open to three very serious critiques. These are critiques presented to the Zambian government and to other sub-Saharan African governments that have been implementing this economic reform package.

1. *Economic*: the SAP is primarily a *fiscal* (financial) management programme and not a *development* programme. Consequently many very important development issues are neglected, side-lined or overridden. In Zambia these development issues have included employment generation, human capital enhancement, informal sector strengthening, regional cooperation, environmental protection, etc. This just is not good economics.

2. *Political*: because major decisions affecting the lives of all Zambians are made without wide consultation of the people (imposed from the outside by the World Bank and the IMF and from inside without widespread public debate), democratic processes are endangered. And in a newly forming democracy such as Zambia, government stability is threatened by negative popular reaction to the austerity dimensions of SAP. This is dangerous politics.

3. *Ethical*: the burdens of structural transitions fall heaviest on those who already are suffering; the victims are asked to bear the brunt of the SAP. The social price of the economic reforms is too great: for example, poverty levels continue to grow (over 80% of Zambians live in households that lack sufficient daily income to meet basic needs); school enrolments are declining (especially among girl children, a particularly dangerous trend); malnutrition rates are increasing; and life expectancy is dropping (from 42 years at Independence, to 54 years a decade ago, to 44 years today). This describes an ethically-unacceptable situation.

It is important to note that these critiques come from across the political spectrum (not simply from opposition parties), and from churches, NGOs, trade unions, women's groups, professional associations, etc. Moreover, the critiques are often grounded in the analyses done by major United Nations bodies such as UNDP, UNCTAD, ILO, UNICEF, and from international organisations such as OXFAM and other funding agencies. For example, in 1993 the Catholic Bishops of Zambia released a very strong pastoral letter entitled, *Hear the Cry of the Poor*, challenging the government, not to go back to the previous, discredited economic regime, but to implement its reforms with less ideological rigour and more compassionate concern. A similar challenge came from our CCJP three weeks ago, with a critique of the 1997 Budget Address. These challenges from the Catholic Church in Zambia are well researched and sharply written, based on work done at the grassroots by our "SAP Monitoring Project" that gathers data, quantitative and qualitative, on the impact of SAP on the poor.

But of course the question inevitably comes from government and from World Bank and IMF: are there any *alternatives* to SAP? The answer of course is: *yes*, there certainly are alternatives. To repeat again, SAP is an economic theory, it is not a natural law that must be followed with absolute obedience lest we risk divine retribution, or, perhaps even worse, the retribution of the IMF and the World Bank! Dogmatic fundamentalism has no place in socio-economic discussions and decisions.

An historical point that should be noted is that in 1989, the Economic Commission for Africa of the United Nations proposed an *African Alternative Framework to Structural Adjustment Programmes* (AAF/SAP). While recognising the need for restructuring bankrupt economies, this AAF suggested both different modalities and different timeframes. It was not guided by a neo-liberal belief in the absolute reliance on unrestricted market forces. But the AAF remains only a proposal, not tried by African governments nor welcomed by international donors.

In their 1993 pastoral letter, *Hear the Cry of the Poor*, the Catholic Bishops of Zambia suggested three elements that deserved attention in designing alternatives to the rigid and austere implementation of SAP:

1. *Timing*: Both the timing and phasing of SAP need to be oriented to serve people's needs and not simply the calendered benchmarks of the IFIs. For example, in Zambia, the always inefficient and often inequitable system of subsidies on basic commodities was removed at once, before any provisions were made for effective cushioning of the most vulnerable in our society. Moreover, trade barriers were precipitously dropped without taking into account the shock effect on small, struggling Zambian industries.

2. *Content*: As mentioned earlier, SAP is fiscal management programme, and many elements essential to sustainable and integral human development are lacking in its approach to economic reform. Zambia, for example, has no employment policy -- if anything, it has only a de-employment policy through massive retrenchments in the civil service and the para-statal sectors. Nor is there a major effort to improve human capital through education and health care reform -- although some lip service is paid to such reform. Agricultural policy aimed at feeding people -- a real "food first" policy -- appears stranded as export crops of flowers, exotic vegetables, tobacco, etc., are promoted.

3. *Direction*: SAP is a "top-down" model that promotes economic growth with the expectation that benefits will "trickle down" to the general public. But economic growth must be analysed with a series of very important questions: What sort of growth? In what sectors of the economy? Who participates in it? How? Who benefits from it? How? Who suffers because of it? Why? Is it sustainable? What is its impact on the environment? Key to the questions raised here is how the reduction of poverty is seen: as a *possible consequence* of economic growth or as a *necessary cause* of sustainable growth.

What I am arguing is that a non-dogmatic search for alternatives to the way SAP is currently being implemented can indeed come up with approaches of *time*, *content* and *direction* that will move an economy toward more sustainable, integral human development. I do not need to go into specific details here -- nor is it the role of the church to design specific economic programmes. But I do believe that a *critique* based on the principles of the church's social teaching, with a *vision* of development inspired by those principles, can indeed come up with alternatives to the current destructive path of SAP.

CONCLUSION

In conclusion, I want to offer several questions to this audience, some questions that I brought with me to this Consultation and some that have arisen as a result of listening to the spirited discussions so far. I repeat what I said at the outset: I do not have proposals for South Africa nor evaluations of RDP or GEAR or whatever. I make proposals and evaluations back home in Zambia. But now there seem to me to be important questions for you to deal with, especially if the church is to enter into the economic arena with the same commitment that marked its engagement in the political struggle.

- What is the vision of a just economy that guides your evaluations and proposals?
- Can you live with a market system and with what modifications or regulations?
- What contribution can you make to policy debates and decisions?
- How credible is the church's witness to economic justice in its life style, property ownership, investment patterns, wage policies, etc.?
- Is there an effective and coordinated effort for economic justice that involves the various SACBC departments: Justice and Peace, Development, Church and Work, Education, etc.?
- What training is going on in basic economic literacy?
- What plans are there for obtaining more specialised expertise in economic matters?
- What connections can you establish with solidarity groups outside of South Africa that are working on economic justice issues (just as you collaborated with anti-apartheid movements)?

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