



THEME -Economic Diversification

Features

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FREEWAY

Go for it, Zambia !

King Copper has lost his crown! So we must look elsewhere. 'Diversify the economy!' is the cry, and there are no dissenting voices. The only question is 'How?' This issue of the Journal sets out to answer it.

The list is headed by 'A' for agriculture. Zambia has more land per head of population than any other African country south of the Sahara, bar the Gabon. And most of it is fertile and well-watered. Yet we use less than 10% for growing crops and rearing livestock. Moreover, most of that use is totally unprofessional. The article on Conservation Farming explains how to revolutionize small scale agriculture. With less money, less labour, good timing and proper attention to detail, Zambia could easily raise itself from poverty and become the bread basket of central Africa.

Number two must be Tourism with a big 'T'. Africa may have suffered from a late start in economic

development, but the delay has delivered a huge bonus – a range of magnificent wild animals, such as 'development' has killed off in every other continent. This treasure, together with superb, unspoilt wild scenery, will, if properly preserved, be worth more than any quantity of finite mineral resources. However, tourism itself needs to be diversified, as is suggested in another article.

Next, the processing of crops and animal products. At present this is pretty well limited to the production of flour, stock feeds and edible oils. Read 'The Sylva Story' to learn how a modest sized food processing enterprise has diversified into new products and achieved success at home and abroad.

Hitherto Zambia, through mining, has put its economic faith in natural resources. Our future focus must be on human resources, with an emphasis on technical education. Diversification requires skills and professionalism in new areas. The article 'From 14 to 954' shows what great needs and opportunities still exist in vocational training.

But how to achieve success in new and as yet unfamiliar fields of business? This is where the availability at minimal cost of business experts

from abroad provides a wonderful opportunity. 'Consultants without fees' describes a scheme which enables our local enterprises to receive visits and obtain hands-on, practical advice from international business experts, virtually for free.

Come on, Zambians, let's diversify!

## Small scale farming can pay

by Peter Aagaard

In recent years Zambia has gained a reputation as a leader in the promotion of Conservation Farming, or CF as it is known for short. Conservation Farming offers an extraordinary opportunity to increase the productivity of Zambian farmers. When correctly applied the technology increases the yields of a wide range of annual rain-fed crops. It also reduces the amount of labour required and makes better use of increasingly expensive farm inputs, thus reducing production costs.

For the most part, nature has endowed Zambia with good soils, reliable rainfall and abundant land, and we have been spared the problems of excessive population pressure and political instability suffered by some of our neighbours. Despite these advantages, we are seldom self-sufficient in maize, our primary staple crop.

Evidence shows that of the total 4,410,000 hectares of maize planted by smallholders over the past 6 years, 1,440,000 hectares or 33% was abandoned. Even in 2005/6, one of the best rainy seasons on record, farmers abandoned 155,800 hectares or over 20% of the maize they planted. 70% of smallholders sell no maize at all. Yet we have all the resources at hand to become a major exporter – indeed to take over Zimbabwe's former role of being the 'breadbasket' of the region.

The 2008/9 season looks as if it may be one of the best for decades, and average smallholder yields may exceed 1.5 tons/ha. It appears that Zambia is set for a 'bumper harvest', yet what kind of bumper is this? American farmers relying on rainfall alone produce about 270 million tons of maize a year and average over 8 tons per hectare. Across east, central and southern Africa millions of smallholders get about 1 ton, just enough to feed one family for a year, and even in seasons of reasonable rainfall many get less, or

even nothing at all. The same may be said for all rain-fed crops, yields are generally less than half of what they could be and should be.

Productivity is dwindling, poverty is spreading, land degradation and deforestation are accelerating, and millions of farmers are busy depleting the soil upon which they and future generations depend. The production of sufficient food from the land, the most fundamental of all human enterprises, is in deep trouble.

What are the negative agricultural practices which are destroying our land and undermining our future? Most significant are the existing methods of land preparation known as 'conventional tillage'. These start with the current practice of burning crop residues from the previous season, instead of leaving them to protect the soil. After this comes ploughing or, in eastern Zambia, ridging with hoes. By causing overall soil disturbance these practices expose the soil to erosion, compaction and oxidation. This explains why thousands of hectares of formerly productive farmland have been degraded and abandoned.

The resulting low maize yields oblige farmers to plant excessive areas of this crop to achieve food security. In consequence they fail to apply crop rotation, which would benefit their soils, reduce the risk of total crop failure and improve household nutrition.

No less serious is late planting, a universal menace in Zambia. Farmers who lack their own animals often have to wait to hire oxen from neighbours. This can delay planting for weeks. To give an example, a delay of 4 weeks from the first opportunity to plant maize reduces the yield by 40%. Every year tens of thousands of farmers plant late. This causes many to abandon their crops altogether, especially if the rains cease early or the farmers have planted larger areas than they can weed.

In contrast to these destructive methods CF practices are easy to follow, and they produce dramatic benefits. Farmers who adopt CF reduce their costs, raise their yields, increase their profits and, in time, improve the fertility of their land.

Delivering the training and knowledge to enable thousands of small-scale farmers to convert to CF and to change ingrained habits is a big challenge.

However, steady progress is being made and it is now estimated that over 150,000 smallholders have adopted CF methods on portions of their land. The current CF campaign, organized by the Conservation Farming Unit (CFU) of the Zambia National Farmers Union and sponsored by the Norwegian government, is a continuation of efforts that started in 1996. Through an extension system involving 5,000 lead farmers the CFU gives quarterly training to 140,000 small scale farmers. It also holds 900 end of season field days attended by over 80,000 farmers.

Across the world today 100,000,000 hectares of crops are planted following CF systems, yet only 0.5% of this area is in Africa.

The technologies were developed in the aftermath of the dust bowl in the US mid west in the 1930's when a combination of ploughing and droughts destroyed over 40 million hectares of farmland and caused extreme hardship for over half a million families.

The basic principles of CF in Zambia are as follows:

- Maximize soil cover to the extent possible by retaining previous crop residues.
- Minimize soil disturbance to the extent possible by adopting minimum or zero tillage.
- Complete land preparation in the dry season.
- Target the placement of seed, fertilizers and lime accurately.
- Plant as soon as soil moisture is adequate for the crop to emerge.
- Adopt optimum crop rotation with legumes.

Conservation Farming can enable Zambia to become a major exporter of agricultural commodities. It also offers tens of thousands of rural families the opportunity to improve their livelihoods, while also addressing the challenges of climate change and environmental degradation. P.J. Aagaard, CFU

## South Pole or unknown Zambia?

By Murray Sanderson

These days western tourists are heading in large numbers for the South Pole. Why? Because it's different! Sea and icebergs, icy winds, snow

covered land without roads or vegetation, but with seals, whales, penguins and other birds, the Antarctic has become a major tourist attraction.

Doesn't that tell us something? Surely it is time we started to market the attractions of remoteness, wildness and lack of infrastructure! We have many such areas in Zambia, often combined with great natural beauty and remarkable flora and fauna. We also have David Livingstone's death-place. Why not invite intrepid tourists to follow the Livingstone trail? Surely there's an opportunity here to diversify our tourism industry.

- If you have yet to experience the breathtaking beauty of wild, almost inaccessible, parts of Zambia, make a wonderful journey by visiting [www.spirit-of-the-land.com](http://www.spirit-of-the-land.com)

**Author: Murray Sanderson, Executive Secretary, ZIPPA**

## The Sylva story

By Hector Banda

From a one-room establishment in 1987 the entrepreneurial gene of Sylvia Banda has spawned and expanded the family business, so that today Sylva Catering Services Limited occupies what for Zambia is a new and important business niche.

The method behind Sylva Catering's expansion has been to identify a strong market niche, to diversify within it, and to target local and export markets. The key to the success of the enterprise has been a deep-seated dedication to training suppliers and employees to meet exacting standards. Also important has been the multiplicity of experience, knowledge and skills contributed by the wife and husband team of Sylvia and Hector. The synergy thus generated is the pulse of their life's work.

Sylva Catering's core business is the promotion of indigenous Zambian foods. The organisation addresses food preservation, preparation and consumption. Its mission is *"To promote healthy eating habits in Zambia, encourage the consumption of nutritious foods, and offer the highest quality training in the hospitality industry, and thereby ensure the best individual, corporate*

and national practices.” In other words, Sylva Catering has set itself lofty ideals, with the aim of becoming the leading traditional food marketing and mindset-changing organization in Zambia.

Sylva Catering, the flagship enterprise in the business, offers catering services at all levels and of all scales: state functions, restaurant services, outside catering, bottling of mineral water, food preservation, provision of accommodation and training of personnel for the hospitality industry. All these activities have one thing in common – they are anchored on **food**. A trucking and courier service is the latest addition to Sylva Catering

These activities operate as separate companies, each prefixed by 'Sylva', thus: Professional Catering Services; Mineral Water, Food Solutions, Guest House and Catering Training College.

These businesses support one another. For example, the College students can do their practical training at the Guest House and also provide the personnel for functions under outside catering hosted by Sylva Catering. Similarly, Mineral Water supplies functions undertaken by Sylva Catering. In addition, the transport section delivers food and personnel to the function. It all pans out like a well-made play!

Sylva Food Solutions operates country-wide. This company organizes post harvest workshops under contract with non-governmental organizations such as Care Zambia, World Vision, International Development Enterprise and Zambia Chamber of Small and Medium Business Associations. The workshops train rural farmers in traditional food preservation and marketing. A solar dryer has been designed and manufactured for use in the food processing activity, so as to increase the volume of food products that the small-scale farmers can dry at a time, rather than using 'bare sun drying alone. The portable solar dryer has several advantages: hygiene; reduced drying time; increased volume of products dried at once; retention of freshness and nutritional value; and no waste of unsold food products. At the end of the workshops a Memorandum of Understanding is signed with the farmers' associations/cooperatives for the supply and delivery of processed vegetables.

Sylva Food Solutions also markets forest products such as honey, mushrooms and game meat. Already we have started canning village

chicken, game meat and other traditional foods, and registered the brand with all relevant authorities.

Partnering with rural farmers makes good business sense. It also serves the community. The five hundred-odd farmers Sylva has trained are able to improve their economic status and send their children to school from earnings they raise through improved production and the supply of value added foods.

Incorporated in 1991, Sylva Catering currently operates from the University of Zambia. However, plans are already under way to construct a 70-bed College Hotel, running side by side with the Catering Training College on the same site, at Marshlands. Building permission has already been received.

The establishment and expansion of all these Sylva group companies has not always been easy. To start with, the notion that Zambia can feed itself attracted derision from many quarters. Zambians have acquired a western taste in food, and their palates have long been attuned to fast foods and such like. However, five years after the first sachet was put on the market, the situation has now changed. More and more Zambians, and even international hotels, have belatedly fallen in love with local foods. Today, it is no longer uncommon to hear a Zambian order a meal with chibwabwa (pumpkin leaves) loudly and proudly! In addition, packaged Zambian vegetables are now being exported to America, Australia and the UK, without any problems with customs or airport control

Of course, Sylva Catering companies face challenges, no less than do other businesses. Diversification into new methods and new products can give a company an edge over competitors, as well as the benefits of a high profile. But it is also extremely demanding, and most of all in the food industry, where the highest standards are required. This necessitates rigorous training, minute attention to detail and total commitment.

For diversification to work well, determination, creativity, focusing on what you are good at, and trusting always in God are fundamental requirements.

**Author: Hector Banda BA Education MA (ELT); Executive Chairman Sylva Group of Companies**

## From 14 to 954

By Muyunda Mwanalushi

An increase from 14 students to 700 in 6 years is phenomenal. So I was curious to visit the institution concerned. But when I arrived I found that the information which I had was outdated. 700 related to 2008. In 2009 the number of students has risen to a staggering 954! And the institution is not even in Lusaka or another major town, but in the relative backwater of Mufulira. How can this fantastic achievement be explained?

Mopani Copper Mines Plc (MCM) was not keen to retain a lackluster technical training institute which it had inherited when it took over Mufulira Mine from the Zambia Consolidated Copper Mines in 2000. So, early in 2003 MCM decided to divest itself of Mufulira Mine Trades School. The eight staff manning the school at the time knew that there was potential in the school. They saw enough potential to convince themselves to acquire the school in a management buyout (MBO). They registered a company, the Mufulira Technical Training Institute (MTTI) Limited, capitalised with their terminal benefits, and with themselves as director shareholders. Then, with the help of MCM, which allowed the continued use of the premises and training equipment at minimal rentals, they set out to make a go of it. At the time the MBO took over the school, there were only 14 trainees. By the end of the year MTTI had nearly 200 students.

Many MBOs fail; not this one. At the outset there were just two programmes, Power Electrical and Armature Winding. These have been progressively added to and today the institute has nine programmes, covering a wide range of technical and industrial skills, including process instrumentation, plant fitting, metal fabrication, heavy equipment repair and automotive mechanics. Over the period 2003 to 2008, the institute awarded certificates to over 550 graduates; this year, it expects to graduate about 310. And the school has made a moderate contribution towards job creation in the town – the workforce has risen from 8 in 2003 to 57 today, 35 of whom are teaching staff.

But of course there was more to the success of the school than a greater variety of training

courses. Numbers of courses do not of themselves breed student numbers. Quality is vital. And here the close link with TEVETA gives confidence in both curriculum and standards, an assurance which students are willing to pay for. The fees of K2,850,000 and K5,400,000 per annum for self-sponsored and company-sponsored students respectively are clearly acceptable, judging by student numbers. In addition to in-house training, on-the-job training is also provided. Hostel accommodation is also available to meet the requirements of the 45% of students who come from outside Mufulira

Will the demand for training decline with the present recession? That is certainly a possibility. But shortage of employment also acts as an inducement to obtain training which can make jobs easier to find, as well as preparing people for self-employment.

It would seem that there is still scope for further expansion, and past performance certainly inspires confidence. The economic diversification which Zambia badly needs should also increase the demand for many kinds of technical training. And so the management of the institute are now set on transforming it into a polytechnical college to cater for the SADC region. The college will offer commercial subjects as well. To this end, they have already applied for land outside the Mine area on which to build the college. Given their track record so far, there is no doubt that this dream is within reach. They certainly deserve success.

**Author: Prof. Muyunda Mwanalushi, Chairman, ZIPPA**

## Consultants without fees!

By Kathelijan Smulders

Did you know that Zambian business enterprises can, on request, access international consultants without paying fees? This facility is readily available through PUM, a Dutch organization, and many companies have already benefited from it. Here are the details.

[Questions and Answers about PUM](#)

### 1. What is PUM and what is its purpose?

It is an organization funded by the Dutch government and the largest Dutch employers association. Active world-wide, it offers technical advice to small and medium businesses in developing countries. The word PUM stands for Netherlands Management Cooperation Programme.

### 2. What assistance can PUM provide?

PUM has enlisted over 4,000 experts – all volunteers and mostly retired –with professional experience in practically every field. Consultants come out for 2-3 weeks to give on-the-spot advice to enterprises which invite them.

### 3. What are the conditions and costs?

The applicant must be a local company, not foreign or multinational. It should have been in operation for at least 2 years and have at least 10 employees. PUM pays for air travel, insurance, visa and pocket money. The applicant pays for local costs – transport from the airport, transport to the workplace, board and lodging in a guest house.

### 4. What kinds of enterprise have been assisted in Zambia?

Hotels and restaurants, butcheries, a bakery, milk processing, agriculture, fish farming, timber, furniture, plastics, printing, engineering, marketing, transport.

### 5. How can potential applicants obtain more information?

PUM's website [www.pum.nl](http://www.pum.nl) contains much information, including the names and email addresses of the following representatives in Zambia. Kitwe: Kathelijn Smulders 0966-924179, Livingstone: Ingutu Mubita 0977-820545, Lusaka: Carianne De Boer 0977-826236, Solwezi: Etah Mande 0966-450792. Your nearest rep will be glad to meet you.

### 6. What else does PUM do?

After the first successful visit, the company can get assisted with

- ♣- follow-up projects, helped by the same or another expert
- ♣- training and traineeships in the Netherlands
- ♣- being connected with international business partners
- ♣- financial help through the Hans Blankert Fund

## Comments from Recent Beneficiaries

### *Business: Furniture Manufacture*

We wanted help to improve quality and extend the product range. As well as giving advice in these areas, the PUM expert showed us how to make jigs and taught us some useful new production techniques. He also advised on costing and maximum utilization of equipment. Furthermore, through his personal contacts he helped us to finance the acquisition of an additional piece of equipment. Even after leaving, he introduced us to useful contacts. We intend to ask PUM for another consultant at a later stage of development.

*Anthony Kabaghe, Klasic Kreations Limited, Kitwe*

### *Business: Bakery*

We have benefited from two visits by PUM experts, relating to separate divisions of our business, transportation and baking. First came the transport consultant. Our workshop and transport fleet have both gained greatly in terms of practical organisation, while the Transport Manager now has much better control of his staff. Baking technology does not stand still, and the bakery consultant provided valuable updating in areas like timing and fermentation. If we ever decide to go into farming, our first step will be to invite a PUM consultant.

*Stephen Voyiatzis, G & G Bakery Limited, Kitwe*

### *Business: Express Shop at Filling Station*

DAT Trading had been experiencing challenges with running the business subsequent to acquiring a franchise to run a 24-hour Express Shop. After we took it on without relevant experience, the business was soon making heavy losses. We approached PUM and selected one of their experts. He asked for details of operations, staff numbers, etc. before coming for 2 weeks. His on-the-spot selection of better products and services, together with better working methods and staff relations, soon raised turnover. And his suggestions for cost reduction, when implemented, raised profitability. Any enterprise which needs to turn around its performance should consider applying to PUM.

*Nancy Kalikeka-Phiri, DAT Trading Limited, Kitwe*

### *Business: Plastic Products Manufacture*

We asked PUM for an expert to advise on how to improve our production capacity and expertise. One of his first actions was to get rid of all obsolete

useless moulds and equipment, and to institute records of service history. He pointed out that standards of workmanship were far behind those in Asia, and helped us improve the production cycle. He enabled us to source a water-cooling-tower system, which was better and less costly than the one we intended to fabricate. I strongly recommend any company to take up this FREE offer of consultancy. We all fall into ruts, when our vision becomes impaired. Then it is a great help to receive expert guidance. Our PUM consultant is now a friend who offers advice by email.

*Spyros Enotiades, Athol Plastics Limited, Kitwe*

#### *Business: Franchising Restaurant*

I decided to franchise my restaurant business. However, franchising is a specialised branch of business, in which I lacked experience, so I felt the need for advice from an expert in that field. PUM located a consultant with wide franchising experience. During his two week stay he made a thorough study, both of the parent business and of the existing franchise arrangements. He then recommended changes needed in order to make the franchise business successful. After implementing these recommendations I intend to call him back for a second visit.

*George Christofidis, Mediterranean Foods Ltd. Kitwe*

**Author: Kathelijn Smulders, PUM Representative, Kitwe**

### **Quotations of the month**

Mr. Speaker.....the theme for this year's Budget is "Enhancing growth through competitiveness and diversification" – Situmbeko Msokotwane,  
**Minister of Finance**

Farming may be the dominant activity in sub-Saharan Africa, but productivity is the lowest in the world. The green revolution that helped drive development in Asia is not happening. – **'The Economist: The World in 2009'**

### **New Zealand aims for competitive advantage**

by Eustace Davie

A New Zealand (NZ) government is once again

adopting a contrary economic policy from which the country's citizens are likely to benefit substantially. Prime Minister John Key, leader of the National Party, heads a coalition government, which took over from the Labour Party in November 2008. The coalition has 68 seats in the 122-member parliament, with the National Party holding 58 seats and the ACT and Maori parties five each.

In a 6 March interview with Mary Kissel of the Wall Street Journal titled You Can't Spend Your Way Out of the Crisis, Key described the massive stimulus packages of the US, Japanese and Australian governments as "risky". Projecting into the future he said, "You've saddled future generations with an enormous amount of debt and then they have to repay. There is a limit to what governments can do."

The coalition government's programme for confronting the crisis includes tax cuts, regulatory reform, limits on government spending, and trade liberalisation. Lower taxes are intended to attract and keep good people and investment, and regulatory reform to remove entrenched regulations that drive away foreign capital.

One major concern is that countries will respond to the recession by raising tariff barriers, which will reduce world trade and retard the recovery process. Key is adamant that his country must be prepared to compete in the global economy and must do this by raising levels of productivity.

Another major concern is that the huge stimulus packages, especially those in the US, will cause inflation that will spill over to the rest of the world. Most of New Zealand's external trade is priced in US dollars and an unstable dollar will cause serious disruptions. Prime Minister Key, a former currency trader, is well qualified to speak on the subject of currency turbulence.

The liberalisation process now occurring in New Zealand harks back to the transformation that took place in the mid-1980s. Roger Douglas, who was then Finance Minister in the Labour Party but now represents the Act party as a backbencher in the new Parliament, led those early reforms. The reforms are now generally referred to as "Rogernomics" due to

certain similarities with “Reaganomics”, which had four components (1) reduce the growth of government spending (2) reduce the marginal tax rates on income from both labour and capital (3) reduce regulation, and (4) reduce inflation by controlling the growth of the money supply.

The far-reaching reforms liberalised and completely transformed the New Zealand economy. As a result NZ catapulted from 60th to 3rd place behind only Hong Kong and Singapore on the Economic Freedom of the World rankings in the decade between 1985 and 1995, without doubt the most dramatic change that has ever occurred in any economy. After a painful adjustment period the economy started growing rapidly, achieving a peak GDP growth rate of 6.2 per cent and a government budget surplus of 3.6 per cent of GDP in fiscal 1993.

Financial market reforms commenced in 1984 with all controls on prices, wages, credit, dividends, foreign exchange and out-bound overseas investment lifted. The requirement for banks to hold deposits with the central bank, or to hold specified investments in government securities, was abolished. Banking was opened up to competition and the requirement for licensing of foreign exchange dealers was discontinued. The law was also changed to allow contracts to be denominated in foreign currencies though the importation of foreign currencies intended for circulation was still prohibited.

Quantitative import controls were phased out by the early 1990s. Reduction of tariffs commenced in 1984 with trans-Tasman free trade established by 1995 and a target of 5 per cent set for all products by 2000. A target date of 2020 was set for free trade and investment in the Asia-Pacific region. Much of the trade liberalisation was unilateral as successive governments recognised that it was in NZ's own interest.

Agricultural and industrial subsidies were virtually abolished at an early stage. Monopolies and restrictive government controls in domestic air services, long-distance freight haulage, taxi operation, coastal shipping, electricity generation, courier services, shop trading hours and telecommunications were all abolished.

The labour market was liberalised in 1991 through legislation that placed employment contracts on almost the same basis as other

commercial contracts. Employees and employers could have individual contracts, or collective contracts, or a combination of both. This changed wage negotiations from centralised bargaining to company-based bargaining. Working days lost through strikes declined sharply and unemployment fell rapidly as employed numbers increased at 3.3 per cent per annum.

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A host of other reforms occurred, such as tax reductions, privatisation, devolution of school management to school boards of trustees and a great deal more. A remarkable reform was in making the Governor of the Reserve Bank personally responsible for ensuring that the rate of inflation remained low – at one time set at a maximum of 2 per cent. If the Governor did not meet his contractual obligation he could be fired. The effect was a long period of price stability and a thriving economy.

Labour government during the period 1999 to 2008 led to some re-nationalisation and increased welfare expenditure, a matter that will no doubt receive attention from the new government. A recent poll suggested that the National Party would gain a majority vote in a new election. This signifies satisfaction with steps the coalition has taken in the first 120 days of government. The country's people are no doubt very pleased to have a Prime Minister at the helm who is determined to give them a competitive advantage in the difficult economic times that lie ahead.

**Author Eustace Davie is a director of the Free Market Foundation.**

## Economics without tears.

### Land and People by Peter Bauer

It is widely held that the most important cause of poverty lies in the relationship between land and people, that is, in scarcity of land or exploitation of cultivators. This is not so. For instance, amidst abundant land and vast natural resources, the American Indians before Columbus remained wretchedly poor, without domestic animals and without even the wheel when much of Europe with far less land was already rich and had developed a very high culture.

Nor is the present Third World short of natural resources. Most of Africa and Latin America and much of Asia is sparsely populated. Many millions of extremely poor people have abundant cultivable land. Neither shortage of land nor exploitation accounts for the famines in thinly populated African countries such as Ethiopia and Tanzania. Even in India much land is officially classified as uncultivated but usable. The small size and low productivity of farms in much of the Third World reflect the want not of land but of ambition, energy and skill, which also explains the low level of productive capital.

Before the mid-nineteenth century, when many of them had already become rich, Jews and nonconformists in Europe had neither land nor political rights. Again, the poor, illiterate Chinese immigrants in prewar Malaya were largely barred from owning land, but they nevertheless greatly outdistanced not only the privileged Malays but also the immigrant Indians – one of many examples of group differences in economic performance.

Sustained prosperity owes little or nothing to natural resources – witness, in the past, Holland, much of it drained from the sea by the seventeenth century; Venice, a wealthy world power built on a few mud flats; and now West Germany, Switzerland, Japan, Singapore, Hong Kong, and Taiwan, to cite only the most obvious instances of prosperous countries very short of land and natural resources, but evidently not short of human resources.

If poverty were inherently self-perpetuating, as is often argued, countless people would not have

risen from poverty to riches all over the world, conspicuously so in the United States and the Far East.

Nor do income differences normally reflect exploitation, but differences in performance. Income and wealth are normally earned or produced, not extracted from other people by depriving them of what they had, or could have had. The way to look at income differences is this; some people and societies have emerged from the surrounding sea of poverty sooner or to a greater extent than have others, but the earlier emergence of the former helps rather than obstructs the performance and prospects of the latter.

Economic performance depends on personal, cultural, and political institutions. Where these are favourable, capital will be generated locally or attracted from abroad, and if land is scarce, food will be obtained by intensive farming or by exporting other goods.

Poverty and prosperity are not usually matters of land. Poverty or riches and personal and social satisfaction depend on man, on his culture, and on his political arrangements. Understand that, and you understand the most important cause of wealth or deprivation.

**Author: Peter Bauer 1915-2002, development economist**

## Charters

Service charters are promises to perform. Businesses don't need charters. Their standards of service, quality and price depend on competition. If companies are not competitive, customers can go elsewhere. But governmental institutions are monopolies; their customers have no alternatives. So customer service charters have real potential. If they could transform Zambia's bureaucrats into becoming efficient 'civil servants', members of the general public would benefit greatly. Consequently, ZIPPA was much encouraged last year when three governmental bodies introduced them.

However, to announce a charter is one thing; to make it work is another. There have indeed

been some improvements. But not to the extent promised, and not one of the first three charter institutions – the Zambia Revenue Authority, the Ministry of Lands, the Immigration Department – has fulfilled its undertaking to publish quarterly progress reports. Why? Because it is much easier to announce a charter than to implement and monitor it.

There is now talk of extending charters to many more government institutions. But that could merely breed disillusion. Far better to get down to making the first charters effective, and to treat that as a learning experience. We should then be able to extend success, instead of proliferating failure.

## Budget Submission

This year ZIPPA was, for the first time, invited by the Clerk of the National Assembly to comment on the National Budget, and we asked our members for suggestions. Vice Chairman Dr. Jonathan Chileshe duly appeared before the Expanded Committee on Estimates on 13th February. Among aspects covered were the inflation linking of personal tax allowances, the advantages of 'flat' taxes, protection for infant industries, and encouragement for long term saving. The Minister of Finance has asked for ZIPPA's submission to be sent to him again in August 2009 for his consideration when preparing the 2010 Budget. (For text see zippawiki.org)

## Human Rights

The ongoing Constitutional Conference has stimulated lively debate on human rights. ZIPPA participated by publishing a full page article in 'The Post' newspaper, entitled 'Human Rights – the Fundamentals'. It appeared on 27th January 2009. The text can be found at zippawiki.org

## Disclaimer

*The views expressed in this journal are those of the authors. They are not necessarily shared by members or by ZIPPA, which has no official view*

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April is membership renewal time, and at the same low rates, despite inflation. Subscriptions enable ZIPPA to be effective. Mail your cheque to P O Box 20516, Kitwe, or make a transfer to Account No. 020710017796013 Investrust Bank Plc, Kitwe. New members are most welcome.

### ZAMBIA INSTITUTE FOR PUBLIC POLICY ANALYSIS

The Exec. Secretary, P O Box 20516, Kitwe, zippamail@gmail.com



#### MEMBERSHIP APPLICATION / RENEWAL

I/We wish to subscribe as a member for the year of April 2009 / March 2010

Category	Subscription	
Student	K 20,000	
Individual	100,000	(Tick where applicable)
Institution	300,000	
Company	500,000	

#### Details of Applicant

Name..... Postal Address.....  
 E-mail..... Phone Nos.....  
 Signed..... Date.....