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Zambia: Socio-economic issues and unionization

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Introduction

Zambia is a landlocked country in Southern Africa covering an area of approximately 752,612 square kilometres. Zambia has a population of about 10.1 million people (1998 estimates). In 2000 a national census of population and housing was conducted, but results have not yet been released. The national per capita income is estimated at US$400, while debt per capita is estimated at US$624. The literacy rate in Zambia is about 79%, and life expectancy is about 46 years. Zambia is also among the most urbanized countries in Africa, with an urbanization rate of 38%.

Zambia is endowed with rich mineral resources, electricity, wildlife, and agriculture products. However, Zambia has remained a predominantly mining economy since achieving its independence. Despite its great potential and rich resource base, Zambia has not made significant strides to diversify the economy. The dependence on a single commodity, copper, explains to a large extent Zambia's economic malaise.

Zambia attained political independence in 1964 from its former colonial master, Britain. Since independence, Zambia has transformed from a multiparty democracy to a one party dictatorship and then back to a multiparty democracy. The latest return to multiparty democracy in 1991 saw a former trade unionist, Frederick Jacob Titus Chiluba, emerge as president of Zambia's Third Republic. Dr. Chiluba was former Chairman General of Zambia Congress of Trade Unions (ZCTU).

This report outlines the socio-economic progress of Zambia over the past few years as well as its political situation.

Economic situation

For the last 10 years Zambia has been pursuing economic reform policies under the IMF and World Bank supported structural adjustment programmes. As with most structural adjustment programmes, the Zambian model is premised on a simple neo-classical model that views free markets as the key to economic growth. The assumption behind this model is that liberalization allows markets to set the right price, hence promoting efficiency and increasing income, in turn leading to economic growth. The government, through its economic reform measures, has managed to attain a tolerable level of stability in some major macroeconomic indicators. However, this has been attained at a very high social cost and at the expense of stagnation in the economy, as the table below indicates.

Selected economic indicators

	1994	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**
Real GDP growth, Africa	2.2	3.1	5.8	3.1	3.4	3.2	3.5
Real GDP growth, Zambia	-8.6	-4.3	6.4	3.5	-2.0	3.4	3.5
Real GDP growth per capita	-12	-7.8	2.9	0	-5.5	-0.1	0
Annual change in consumer Price index (periodic average)							
CPI change in %	35.2	45.5	43.1	18.7	30.6	20.6	30.1
External debt US$ million	7190	6380	6570	7100	6980	6500	6,310
Dept per Capita, US$				700			624
GDP Per Capita, US$				400			
Population growth, % yearly	3.5				3.5		
Population index 1990=100	103.5				137		

Source: Budget Speeches 1992-2000, IMF-World Economic Outlook, May 1999

However, the ambitious economic reforms under SAP have not been as rewarding, despite the government's effort to implement the same to the letter. It is evident from the above that the performance of the economy has not been impressive for most of the years under review. Zambia recorded positive growth in real GDP of 6.8% in 1993, 6.4% in 1996, 3.5% in 1997, 3.2% in 1999, and 3.5% in 2000. There was notable growth in the sectors of manufacturing, road transport, wholesale and retail trade during 2000. However, the growth in GDP has not been accompanied by a significant growth in jobs. Neither has the standard of living or the quality of life of the Zambian people improved. It is estimated that about 80% of the population live in conditions of acute poverty (families with income less than a dollar per person per day).

The decline in the agricultural sector for most of the years also affected incomes of the majority of the Zambian population that obtain their livelihood from subsistence agriculture. Copper mining, the mainstay of Zambia's economy, has been at its lowest ebb since it was privatized. The production of copper has continued to decline over the past years. This has also affected the Copperbelt economy in that most industries in Zambia depend on the copper mines and related activity for the bulk of their business and survival. The conclusion of the privatization of the mines brings some hope,even though recovery is not likely to be rapid.

Another sector that has not been spared is banking, which in the last 10 years has seen 10 commercial banks, all privately owned, go under receivership with small depositors from the general public losing life-long savings.

The fall in export revenues arising from declining copper production, the reluctance by the donor community to inject aid into the economy, and the free fall of the Kwacha further dampened the economic situation in 1998. According to the 1999 budget, Zambia's GDP fell by 2% in 1998, a development that lowered per capita income by at least 5%.

The rapid depreciation of the Kwacha against the U.S. dollar in the recent past and the attendant rise in inflation both threaten to bring back economic instability that the government was fighting very hard. The exchange rate of the Kwacha against the U.S. dollar depreciated sharply in 2000. The Kwacha depreciated by 58.3% to K4, or US$108.8 in 2000 (BOZ 2000). With economic instability entrenching itself once again the prospects of economic growth and improvement in living standards for the citizens appear remote.

Zambia also continues to be one of the most heavily indebted countries in Africa. The external debt stock stood at US$6.310 billion at the close of 2000. The per capita debt is estimated at US$624 implying that every Zambian, including children, carries a debt burden of US$624. This does not compare well to the GDP per capita estimated at US$400.

Employment situation

Zambia suffers from high levels of unemployment and underemployment. The situation has worsened ever since Zambia embarked on the IMF/World Bank imposed Structural Adjustment Programme (SAP). Economic growth has drastically declined or been very low over the years, diminishing employment prospects even further. Due to massive labour layoffs in both the public and private sectors of the economy, and with very few new jobs being created, the unemployment rate, which was estimated at 13% of the labour force in 1986, increased to 22% in 1991 (CSO 1993). It is estimated that about 122,500 young people (CSO 1993) enter the labour market every year without any hope of finding gainful employment. Unemployment is higher among youth and women and is now affecting college and university graduates.

Formal wage employment has continued to decline, forcing more people to seek refugee in the rapidly expanding informal sector or to rely on relatives for subsistence or become simply destitute. The picture has been worsened by the labour rationalization measures in both the public and parastatal sectors that have resulted in massive job layoffs. The two major policy measures responsible for these trends are the Public Sector Reform Programme and the Privatization Programme.

Experience has shown that jobs are usually lost in the process of privatization. Almost all of the companies privatized have reduced their employment. A study by the Zambia Privatization Agency (ZPA) in 1997 shows that privatization resulted in some 6,000 layoffs. It further estimated a total loss of formal sector employment of 61,000 between 1992 and 1995.

Furthermore, some of the privatized companies have not performed to expectation under the new private owners. A considerable number have gone into liquidation soon after privatization, causing more job losses. This has been the case with Kabwe Pharmaceutical Limited and Kapiri Glass factory, to mention two prominent examples. Some of the privatized companies, particularly in the mining sector, are faced with enormous problems.

The Roan Antelope Mining Corporation of Zambia (RAMCOZ) have faced such serious liquidity problems since being privatized that RAMCOZ has failed to pay for vital services such as electricity and sanitation. Workers salaries and wages at RAMCOZ are often paid late. RAMCOZ is now under receivership, putting the future of about 4,000 miners and their families in limbo. The same thing happened to Maamba Collieries, the sole coal producers in Zambia, which was sold to Benicon Limited of South Africa. The government, through the ZPA, has again re-advertised Maamba Collieries for sale to prospective buyers.

More jobs are also being lost in the on going Public Sector Reform Programme (PSRP). In 1993, the public service was estimated at about 180,000 employees comprising 75,000 civil servants, 26,000 Local Authority employees, 45,000 non-joint council employees, and 34,000 classified daily employees. The expenditures involved in employing this many workers was seen as too high for an effective and sustainable public service sector. According to the PSRP, 3,000 civil servants would be pruned each year from 1994 to 1996 (totalling 12,000 civil servants) plus 2,000 more non-civil servant positions in 1993 and 3,200 non-civil servants a year from 1994 to 1995. The government, however, could not proceed with the exercise because of the high cost of the redundancy packages that it did not budget for in the first case. The layoff exercise has been suspended for the time being. Sectoral distribution of formal employment further reveals that the public service accounts for the biggest proportion of formal sector employment at 36%.

The table below shows the trend in formal sector employment from 1997 to 2000. In the private sector, agriculture is the biggest employer followed by trade and distribution. Electricity and construction employ the smallest numbers.

Formal sector employment trends, 1997-2000

Sector	**1997**	**1998**	**1999**	**2000***	**% Change**
Formal Employment by Industry	**475,161**	**467,193**	**477,508**	**476,347**	**-0.2**
Agriculture, Food, and Fishing	58,898	58,898	60,000	59,377	-1.0
Mining and Quarrying	44,498	39,160	38,521	35,042	-9.0
Manufacturing	47,118	46,685	46,000	47,782	3.9
Electricity, Gas and Water	5,009	5,237	5,300	5,049	-4.7
Construction	17,106	13,459	12,895	13,828	7.2
Trade and Distribution	48,893	48,964	51,097	52,336	2.4
Transport and Communication	45,963	45,840	45,000	46,719	3.8
Finance, Real Estate, and Business Services	37,862	35,276	34,682	31,483	-9.2
Community, Social, and Personal Services*	169,814	173,674	184,013	184,731	0.4
Formal Employment by Sector	**475,161**	**467,193**	**477,508**	**476,347**	**-0.2**
Central Government (civilian)	129,200	117,250	112,345	101,300	-9.8
Local Authorities	15,161	13,048	12,900	12,500	-3.1
Parastatal Companies	73,900	68,046	65,300	65,700	0.6
Private Companies	256,900	268,849	286,963	296,847	3.4

*** Estimates as of June 30, 2000.**

Source: Central Statistics Office.

Agriculture accounting for 14% of formal employment can significantly contribute to employment if promoted. Other employment growth areas are in private sector services in trade and distribution and transport.

On the other hand, formal employment has tended to decline in the key sectors of mining and manufacturing. The performance of construction is equally dismal accounting for only 2% of total formal employment.

The levels of unemployment and the accompanying poverty have continued to increase over the years. The government has not addressed the problem of unemployment over the past few years, as reflected in the absence of a national policy on employment. The impact of the structural adjustment programme on the labour market and on unionization is remarkably visible. Zambia's labour force has continued to record high growth against a backdrop of an economy that can't create employment, particularly in the formal sector. As mentioned earlier, even in the so-called growth years Zambia's formal sector employment continued to fall. (See table below.)

Formal employment and labour force trends

	1992	1993	1994	1995	1996	1997	1998	1999
Total Labour Force (millions)	3.3	3.5	3.7	3.8	3.99	4.4	4.41	4.6
Formal Sector Employment (Thousands)	546	526	496	485	479	475	467	478
Formal Sector Employment as % of total Labour Force	17	16	15	13	12	11	10.5	10.4

Source: CSO Reports, 1999.

It is evident from the table above that the generation of real jobs in the economy has continued to lag behind the growth in the labour force. In fact, since the early 1990s the trend in formal sector employment showed a persistent decline up to 1998. In 1999 formal employment increased but was still insignificant compared to the growth in the labour force. In 1997, out of a total labour force estimated at 4.194 million workers, only 11% were employed in the formal sector. The remaining 89% of the labour force was either unemployed or employed in the informal sector. It is estimated that formal employment has been declining at an annual average of 2%.

As employment in the formal sector has declined in absolute terms, the quality of employment in the formal sector has also declined. Real wages for most categories of workers have continued to fall as the purchasing power gets eroded. Wages for workers in Zambia are very low compared to some neighbouring countries and the developed world. Even though nominal wages have increased over the years, corresponding real wage levels have actually declined over the same period. (See table below.)

Trends in average earnings per month (Kwacha), 1997-2000*

	1997	1998	1999	2000	% Change 1999-2000 1999 as base year
**Average Nominal Earnings by sector ** **	**150,230**	**184,281**	**233,687**	**245,265**	**5.0**
Central Government (civilian)	134,154	154,850	194,377	205,265	5.6
Local Authorities	152,328	124,536	189,792	197,681	4.2
Parastatal Companies	291,176	341,564	467,001	501,612	7.4
Private Sector Companies	103,264	141,780	187,661	206,771	10.2
Real Average Earnings by Sector	**625.4**	**616.5**	**616.6**	**513.4**	**-16.4**
Central Government (civilian)	566.5	524.0	515.9	429.7	-16.7
Local Authorities	643.3	421.4	503.7	413.8	-17.8
Parastatal Companies	1,229.6	1,155.9	1,239.4	1,050.1	-15.3
Private Sector Companies	436.1	479.8	498.0	432.8	-13.1

* Estimates as at June 2000.

** Totals do not add up as a result of weighted averaging.

Source: Central Statistical Office and Ministry of Finance and Economic Development.

According to a GRZ/UNDP 1996 report*, Prospects of Sustainable Human Development in Zambia*, the typical monthly salary of a middle-level civil servant was between K30,000 and K50,000 (or US$45 to US$70). Their Botswana counterparts were earning approximately Pula 998 (US$333) per month in 1995 (Torres 1998). There exist wide wage differentials between and within sectors, industry, and enterprises. Wage differentials of up to 50% to 70% are common. The personal income tax is also high and regressive for the average worker.

It is now not uncommon for employers to default on paying workers' wages and salaries even in the public sector. Workers in local authority jobs have not been paid for periods of up to 24 months. This is a serious violation of trade union standards and human rights. It is now becoming difficult for the unions to negotiate, particularly in the public sector due to government interference in the collective bargaining process.

For instance, in 1998 government imposed a wage freeze for public service workers and grant aided institutions that spilled over to other sections of the economy as well. And recently government refused to accept court judgements passed by the Industrial Relations Court to award salary/wage increases to public service workers and to end the government-mandated wage freeze. Zambia's government appealed to the Supreme Court, but it, too, ruled in favour of the public service unions.

Trade union membership

Currently there are 29 registered national unions out of which 25 are affiliated with the Zambia Congress of Trade Unions (ZCTU). ZCTU is the first and largest federation, and it was established in 1965. The remaining four are affiliated to the second federation, called the Federation of Free Trade Unions of Zambia (FFTUZ).

In general trade union membership has declined over the years. The table below shows the trend in trade union membership from 1995 to 1999. The decline in trade union membership over the years can be attributed to many factors.

Trade union membership, 1995-99

Union	1995	1996	1997	1998	1999
Airways and Allied Workers	2,800	3,000	3,000	2,500	775
Bankers' Union of Zambia	1,000	1,000	1,600	500	500
Civil Servants Union of Zambia	29,000	29,000	34,500	30,000	39,267
Copperbelt University Workers Union	800	800	800	560	560
Hotels Catering Workers Union of Zambia	5,000	6,000	7,000	5,600	8,000
Guards Union of Zambia	10,000	10,000	10,000	8,000	6,720
Mineworkers Union of Zambia	48,000	47,.000	40,000	38,000	31,251
Primary Education Teachers Union**	-	-	-	-	N/A
National Energy sector and Allied Workers Union*	4,000	4,000	4,500	4,000	4,000
National Union of Agriculture Technical Staff**	-	-	-	-	N/A
National Union of Building, Engineering and General Workers	11,000	10,000	10,000	7,000	11,392
National Union of Commercial and Industrial Workers	18,000	15,000	15,000	12,000	18,000
National Union of Communications Workers	5,547	5,000	4,800	3,900	4,381
National Union of Plantation and Agriculture Workers	16,000	18,000	20,000	19,000	16,020
National Union of Public Service Workers	35,000	34,000	33,000	20,000	16,000
National Union of Technical Education Lecturers	-	800	800	800	800
National Union Transport and Allied Workers	5,000	5,000	5,200	3,000	1,099
Railway Workers Union of Zambia	7,000	6,000	5,000	4,000	4,000
Secondary Education Teachers Union**	2,600	3,000	5,000	4,500	4,500
University of Zambia and Allied Workers	4,275	4,000	4,000	2,500	2,500
University of Zambia Researchers and Lecturers Union	-	-	-	282	282
Workers Union of Tazara	-	-	-	2,000	2,383
Zambia National Union of Teachers	45,000	46,000	46,000	46,500	38,249
Zambia National Union of Health and Allied Workers	6,000	5,000	5,000	5,000	5,000
Zambia Revenue Authority Workers Union	2,000	2,000	2,000	2,000	1,743
Zambia Typographical and Allied Workers Union	2,000	1,500	1,200	1,000	1,000
Zambia Union of Financial and Allied Workers**	7,000	6,000	6,000	5,800	5,800
Zambia Union of Journalist	300	300	300	300	300
Zambia United Local Authority Workers Union	22,000	18,000	18,000	17,000	10,000
Total Trade Union Membership	**289,322**	**280,400**	**282,700**	**245,742**	**234,522**
Total Formal employment	485,000	479,000	475,000	467,000	478,000

* Formerly Zambia Electricity and Allied Workers Union.

** Not affiliated to ZCTU.

Source: CSO and ZCTU Survey on Trade Union Membership and Profile, 1999.

The decline in economic activity and formal employment during the period of economic reforms under the IMF and World-Bank-inspired structural-adjustment programmes is a major factor. It is during this period that the Zambian economy experienced massive layoffs in almost all sectors of the economy. Natural attrition and voluntary retirement is another factor. Improvement in technology, especially in banking services in the financial sector, also contributed to decline in trade union membership, as automated machines replaced human beings.

The table below shows trade union membership and unionization rates in respect to formal sector employment, not the *total* labour force. The unions in Zambia currently organize workers that are employed in the formal sector. Workers in the informal sector and the unemployed in the labour force are not organized by the unions.

The decline in unionization rates is another factor often ignored by unions, allowing the decline to worsen. Unionization rates in the 1970s and 1980s were around 70% to 80%, but currently have dropped to around 50%. The decline in trade union membership can also be attributed to lack of capacity by unions to organize in the new and increasingly hostile environment, particularly in the emerging private sector after privatization. The new private industry is more anti-union and some investors/employers are even refusing to recognize unions. Workers showing union sympathy are usually intimidated and threatened with dismissals. The new investors are encouraging part-time, temporary, and casual employment in an attempt to lower costs and avoid unions.

Trade union membership and unionization rate, 1999

Union	Paid-up Member-Ship	Potential Membership	Number of Workers in industry	Estimated Unionization Rate (%)
Transport and Communication Industry				
Airways and Allied Workers Union of Zambia	775	2,000		
National Union of Communication Workers	4,381	6,000		
National Union of Transport and Allied Workers	1,099	9,000		
Railway Workers Union of Zambia	4,000	6,000		
Worker Union of Tazara	2,383			
Sub Total	12,638		45,000	28.1
Agriculture, Food and Fishing				
National Union of Plantation and Agriculture Workers	16,020	30,000		
Sub Total	16,020		60,000	26.7
Mining and Quarrying				
Mineworkers Union of Zambia	31,251			
Sub Total	31,251		38,521	81.1
Electricity, Gas and Water				
National Energy Sector and Allied Workers Union	4,000			
Sub Total	4,000		5,300	79.2
Manufacturing, Trade and Distribution				
National Union of Commercial and Industrial worker	18,000	30,000		
Zambia Typographical and Allied Workers Union	1,000	3,000		
Hotels Catering Workers of Zambia	8,000			
Sub Total	27,000		97,097	27.8
Construction				
National Union of Building, Engineering and General Workers	11,392			
Sub Total	11,392		12,895	88.3
Finance, Real Estate and Business Services				
Bankers Union of Zambia	500			
Guards Union of Zambia	6,720			
Zambia Financial and Allied Workers Union*	5,800			
Zambia Revenue Authority Workers Union	1,743	2,000		
Zambia Union of Journalist	300			
Sub Total	15,063		34,682	43.4

Union	Paid-up Member-Ship	Potential Membership	Number of Workers in industry	Estimated Unionization Rate (%)
Community, Social and Personal Services				
Civil Servants Union of Zambia	39,267	55,000		
National Union of Public Service Workers	16,000			
National Union of Agriculture Technical Staff*	N/avail.			
National Union of Technical Education lecturers	800			
Secondary School Teachers Union of Zambia*	4,500			
Zambia National Union of Teachers	38,249			
Primary Education teachers Union of Zambia*	Not available			
University of Zambia and Allied Workers Union	2,500			
University of Zambia Researchers and Lecturers Union	282			
Copperbelt University Worker Union	560			
Zambia United Local Authorities Worker's Union	10,000			
Zambia National Union of Health and Allied workers	5,000			
Sub Total	117,158		184,013	63.7
Total Zambia	**234,522**		**477,508**	**49.1**

Source: ZCTU Survey on Trade Union Membership and Profile and Central Statistical Office

* not affiliated to ZCTU (these rival unions claim to be affiliated to the Federation of Free Trade Unions of Zambia)

This assertion is supported by the low levels of unionization in the sectors that are predominantly private such as transport and communication (28.1%), agriculture (26.7%), manufacturing, trade, and distribution and hotels (27.8%), and finance (22.6%). The only exception is the mining sector, which, despite recent privatization, unionization rates are still at a high 88.3%. This can be attributed to the presence of a strong national union (MUZ) that enjoys both local and international support. On the other hand unionization is still high in public dominated entities such as electricity and water (79.2%) and construction (88.3%). Unionization in the public sector is moderate at 63.7%. This can be attributed to the current public sector reform programme that has placed a number of workers on contract employment as well as the casualization of the bulk of the Classified Daily Employees (CDEs). These unionization levels, however, can be increased with targeted and aggressive organization campaigns.

Another interesting trend is the increase in the number of trade union registered over the years despite general trade union membership declining. In 1995 there were only 20 registered unions out of which 18 were affiliated to ZCTU with a combined membership of 289,322. At present there are 29 registered unions out of which 25 are affiliated to ZCTU, for a combined membership of 234,522. However, the increase in the number of affiliates has not resulted in any significant increase in actual trade union membership. The reason behind this is that most of the new unions are splinters from existing unions, and as such, they have continued to share the already declining membership among them. It is only a few unions that have been established in new areas that were previously unorganized, such as the University of Zambia Researchers and Lecturers Union (UNZARALU), and the Zambian Union of Journalists (ZUJ). The other exception is the Zambia Revenue Authority Workers Union that emerged from the transformation of the former government customs and excise department. The membership of new unions such as Primary Education Teachers Union of Zambia and Agriculture Technical Staff Workers Union is not yet ascertained because they still claim members from the Civil Servants Union of Zambia and the Zambia National Union of Teachers, respectively.

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