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## **Zambia's Economic Performance: A More Positive Verdict from Zambians**

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### **1. Background**

In 2011, the World Bank reclassified Zambia as a middle income country, a notch up from the low income category. After the reclassification, then President Rupiah Banda said the following: “This decision is the latest in a long line of economic achievements which are directly impacting the people of Zambia. Our economy is delivering growth of more than seven percent despite continued recession in many parts of the world, thanks to sound government policies, and it is good that this is being recognized again on the world stage”. The reclassification excited the ruling party, but how does this reclassification, which is based on macroeconomic data, compare with Zambians’ perceptions of economic performance?

Using data from the latest Afrobarometer survey (2013), this briefing paper discusses Zambian citizens’ perceptions of the country’s economic performance, as well as the government’s management of the economy. The discussion is set in the context of official and aggregate figures on the country’s economic performance. The main finding is that though the economy has been growing since 2000, the majority of Zambians have not been perceiving changes in the performance of the economy for most of this period, except in 2013. Economic growth has not translated into a more positive view of Zambia’s economic conditions until recently, and this recent increase in positive assessments of economic conditions has been accompanied by an increasingly positive assessment of the government’s handling of the economy.

### **2. Afrobarometer Survey**

The Afrobarometer is a comparative series of public attitude surveys, covering 35 African countries in Round 5 (2011-2013). It measures public attitudes on democracy and its alternatives, evaluations of the quality of governance and economic performance. In addition, the survey assesses the views of the electorate on critical political issues in the surveyed countries. The Afrobarometer’s main goal is to produce scientifically reliable data on public opinion in Africa while strengthening institutional capacities for survey research, and sharing research findings to inform policy and practice. The Afrobarometer also provides comparisons over time, as five rounds of surveys have taken place from 1999 to 2013. Previous Afrobarometer surveys were conducted in Zambia in 1999 (Round 1), 2003 (Round 2), 2005 (Round 3), and 2009 (Round 4).

Afrobarometer surveys use a common survey instrument and methodology. The instrument asks a standard set of questions that permits systematic comparison in public attitudes across countries and over time. The methodology was based on a national probability sample of 1,200 adult Zambians selected to represent all adult citizens of voting age, allowing for inferences with a sampling margin of error of +/- 3% at a 95% confidence level. The sample was drawn randomly based on Probability Proportionate to Population Size (PPPS), thus taking account of population distributions, gender as well as rural-urban divides. The sampling process ensured that every adult Zambia citizen had an equal and known chance of being selected in the sample. Fieldwork in Zambia was conducted by RuralNet Associates Ltd between 21 January and 8 February 2013.

### **3. Aggregate Economic Performance Over Time**

There are several accepted measures of development, which include Gross Domestic Product (GDP) and Gross National Income (GNI). These measures (e.g., GDP and GNI) are aggregate and country level indicators of development. In comparison to aggregate figures, such as GNI, Afrobarometer examines public perceptions of economic performance. The question becomes whether, if at all, do citizens form their perceptions of economic conditions on the basis of aggregate figures, and more specifically, if aggregate figures reflect individual's experiences in the economy.

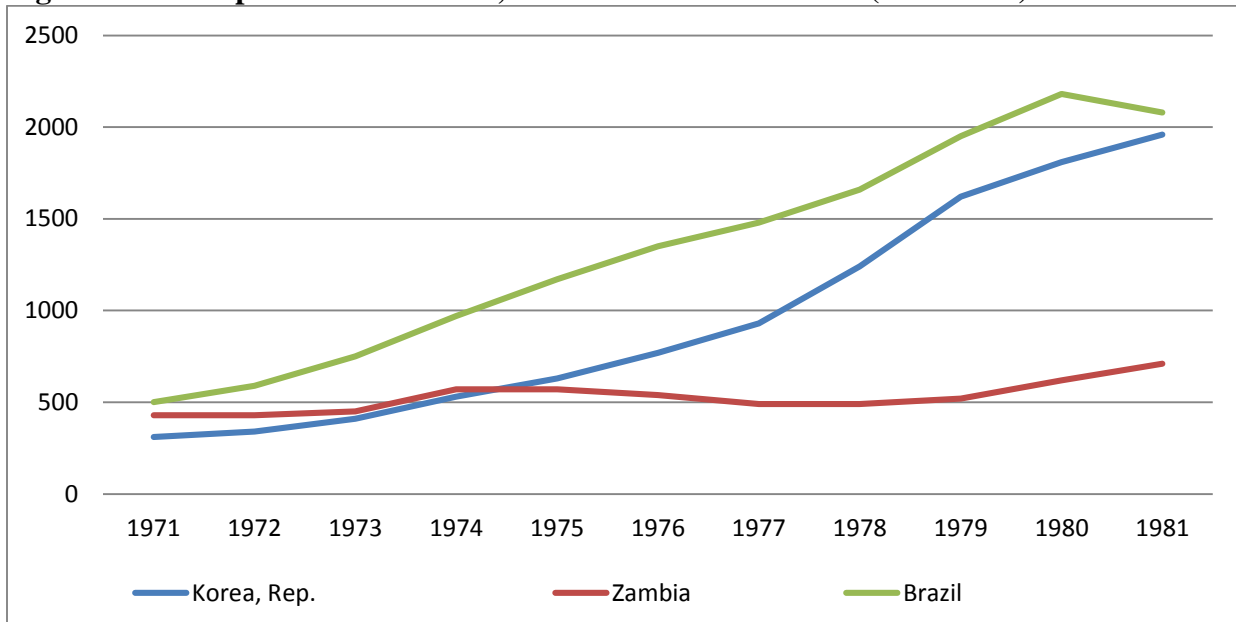
There are several potential explanations for an individual's perception of economic performance. First, he or she could be rating the economy on the basis of his or her knowledge of economic concepts, such as GDP or GNI. In this case, the respondent would be reporting what they know about official macroeconomic statistics. Relatedly, the respondent could be rating conditions based on his or her impression of the general level of economic wellbeing for the majority of Zambians, irrespective of his own personal economic experience. This is often called a sociotropic assessment. Finally, the respondent could answer from their own personal experience of economic wellbeing. This is often called an egocentric or pocketbook assessment. It is also possible that a combination of these different assessments—sociotropic and egocentric—could influence an individual's perception of the economy.

By using a comparison between historical and recent trends in development at the aggregate level (e.g., GNI per capita) and Afrobarometer survey results on the experiences of Zambians, it is possible to provide some indication about the relationship between economic development on aggregate and perceptions of the economy.

#### ***Zambia's Economic Performance: A Historical Perspective***

Zambia's GNI per capita for the six years after independence was growing, and was fairly even with Brazil and far ahead of the Korean Republic. However, from 1971, the Zambian economy began to stagnate. By 1975, the GNI per capita for the Korean Republic continued to steadily grow, and development—by this measure—was higher than Zambia and Brazil (Figure 1).

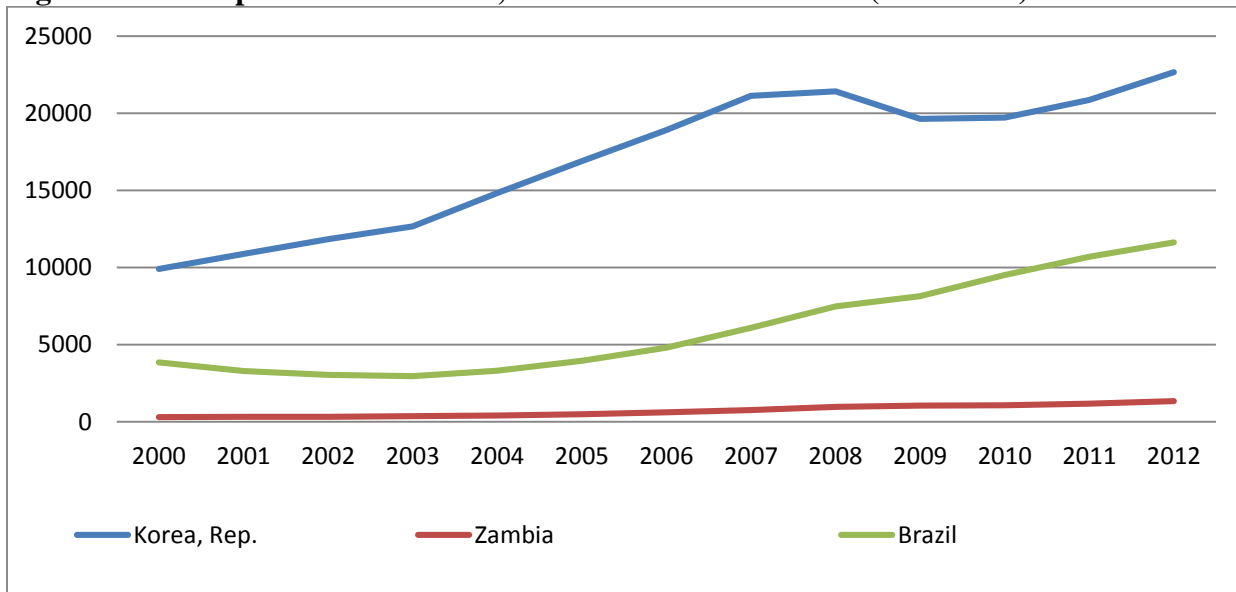
**Figure 1: Per Capita GNI for Brazil, South Korea and Zambia (1971-1981)**



Source: World Bank Databases, 2013

However, since 2000, Zambia has experienced steady economic growth albeit at a slower pace than both the Korean Republic and Brazil (Figure 2).

**Figure 2: Per Capita GNI for Brazil, South Korea and Zambia (2000-2012)**



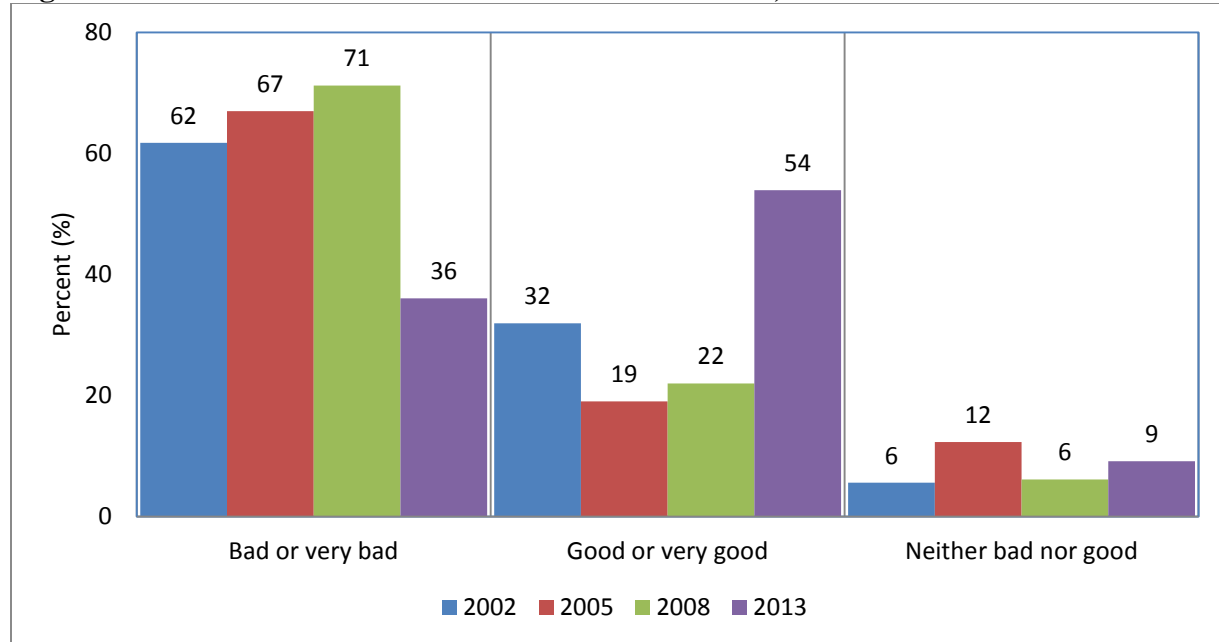
Source: World Bank Databases, 2013

The recent trend for Zambian economic development leads to the following question: How does this increase in aggregate economic output compare with Zambians' perceptions of the economy and the government's handling of economic conditions?

#### 4. Zambians' Opinions on Economic Performance

Since 1999, the Afrobarometer survey in Zambia has asked Zambians for their opinion on the state of the economy. Figure 3 displays Zambians' views through four Afrobarometer surveys. From 2002 to 2008, more negative evaluations of the Zambian economy were clearly present. In 2002, 62% believed the economy was bad or very bad, and 67% and 71% viewed the economy as fairly bad or very bad in 2005 and 2008, respectively. In 2013, however, the percentage of those who believed the economy was bad or very bad decreased to 36%.

**Figure 3: Assessments of National Economic Conditions, 2002-2013**

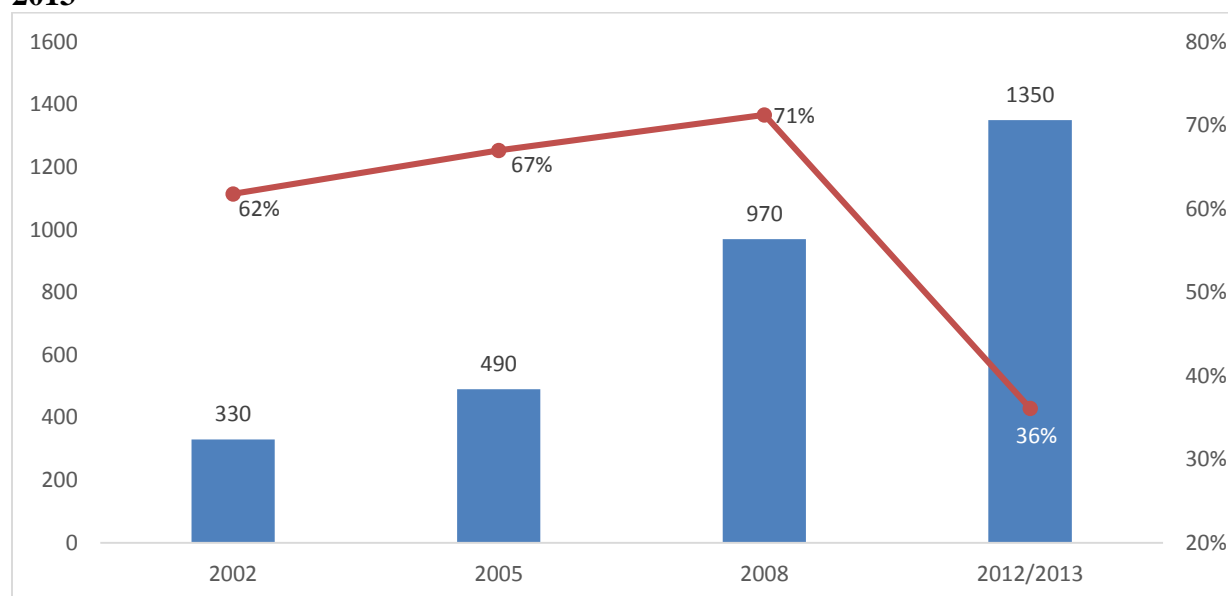


*Question: In general, how would you describe the present economic condition of this country?*

Figure 4 provides the GNI per capita values and the proportional of negative economic assessments for the years 2002, 2005, 2008 and 2013<sup>1</sup>. During this period, the GNI per capita was growing. However, in spite of this positive growth, Zambians perceived a worsening economic situation, except for 2013. From 2002 to 2008, the trend in the perceptions of Zambians regarding the economic situation in the country was the very opposite of GNI per capita statistics.

<sup>1</sup> The 2012 World Bank development data is the most recent and proximate data available to the 2013 survey conducted in Zambia.

**Figure 4: Zambia’s GNI Per Capita and Changes in Negative Economic Perceptions, 2002-2013**



Source: World Bank Databases, 2013

*Question: In general, how would you describe the present economic condition of this country? (% who say “bad” or “very bad”)*

Earlier it was stated that the views of citizens on the performance of the economy could be conditioned by three factors: their knowledge of economic performance in terms of GNI, their impressions of the general level of sociotropic economic wellbeing for the majority of Zambians, or their personal, egocentric experience of economic wellbeing. The observed negative relationship between GNI per capita and citizen judgments on the performance of the economy suggests that the majority of Zambians may not actually be using GNI to assess the level of economic performance. It appears the majority depend on other society level assessments and personal experiences in terms of economic wellbeing.

Economic wellbeing is experienced daily in the sense of poverty (or wealth). It is known that a majority of Zambians are poor. The 2004 Living Conditions Monitoring Survey (LCMS) estimated poverty at 68% of the population (CSO, 2004). By 2010, the levels had scarcely reduced. In fact, rural poverty increased from 78% in 2004 to 80.3% in 2006, and retreated to its 2004 level (77.9%) in 2010 (CSO, 2011). There seems to be a stronger link between citizens’ economic assessments of their country and their experience of poverty, rather than aggregate macroeconomic figures.

However, this may require further investigation as the data presented here does not provide sufficient evidence for the case of sociotropic or egocentric assessments. More importantly, the most recent Afrobarometer data reveals a major change, with many fewer Zambians believing that the national economic conditions are bad. In this scenario, it is unclear whether recent aggregate economic growth is or is not translating into a more positive economic outlook.

### ***Level of Education and Assessments of Economic Conditions***

Table 1 illustrates the relationship between the education of a respondent and assessments of economic performance. According to the 2013 survey, the more educated an individual is, the more likely he or she is to positively assess the performance of the economy. Apart from those who had no education at all, Zambians who had more education tend to view the economy as being good (“good” or “very good”). Thus, 70% of those who had post-secondary education rated the economy as good compared to 52% of those who had no formal education (Table 1). This could be related to personal experiences of economic wellbeing. In general, there is a positive correlation between education and income (Beaton, 1975; Goldina, et al., 2000). Respondents with higher education are more likely to earn more money. These same people with higher incomes will most likely be above the poverty line, and it is possible that their economic assessments will be more favorable.

**Table 1: Education and Individual Assessments of Zambia’s Economic Conditions, 2013**

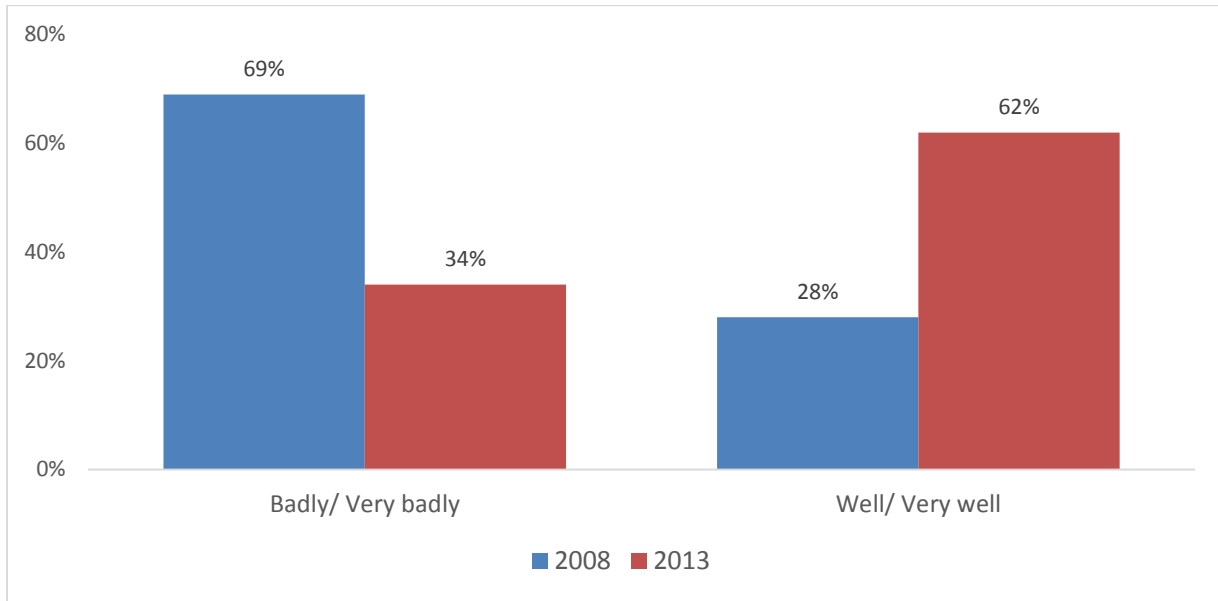
Education of Respondent	Assessment of Economic Conditions		
	Bad or very bad (%)	Good or very good (%)	Neither bad nor good (%)
None/informal	40	52	8
Primary	44	46	9
Secondary	32	57	10
Post secondary/university	24	70	6

*Question: In general, how would you describe the present economic condition of this country?*

## **4. Government’s Management of the Economy**

Zambian assessments of the government’s performance in managing the economy are quite similar to assessments of the performance of the economy. In 2008, an overwhelming majority of Zambians (69%) believed that the government was performing “badly” or “very badly” in managing the economy. This proportion fell sharply such that the 2013 survey revealed that only 34% said that the government performed “badly” or “very badly” in managing the economy (Figure 5). The proportion of Zambians who thought that the government performed badly was cut by half.

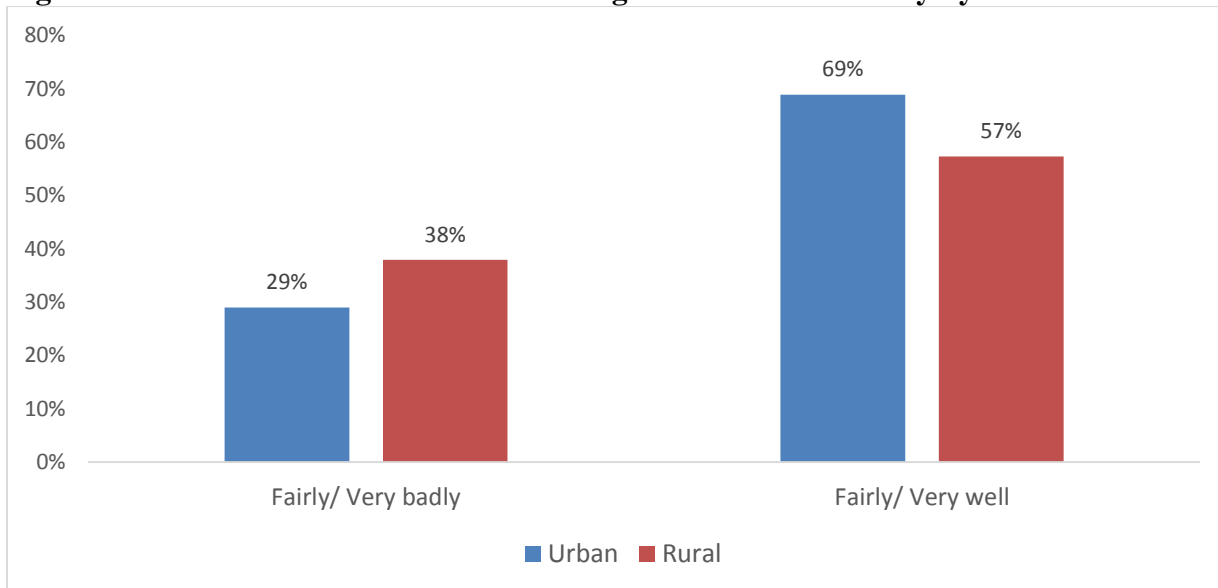
**Figure 5: Assessments of Government Management of the Economy**



*Question: How well or badly would you say the current government is handling the following matters, or haven't you heard enough to say: Managing the economy?*

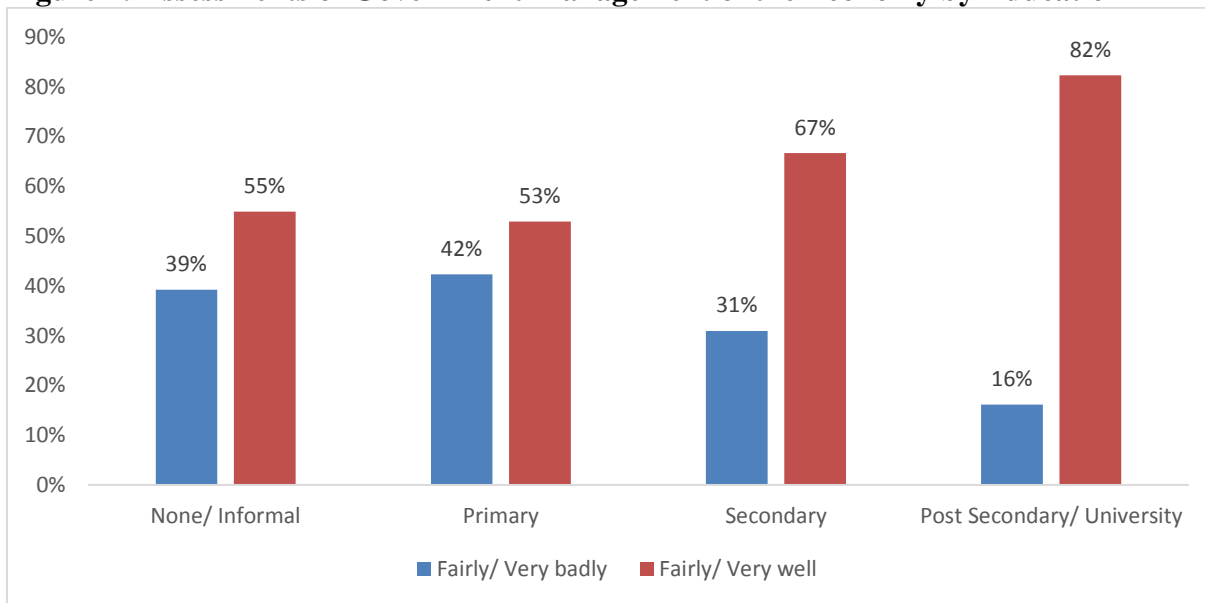
The sense that the government is managing the economy well is not shared evenly across different segments of Zambian society. Although Zambians are generally favorable about the government's management, the positive sentiment is more clearly present among urban dwellers and the most educated (Figures 6-7).

**Figure 6: Assessments of Government Management of the Economy by Urban and Rural**



*Question: How well or badly would you say the current government is handling the following matters, or haven't you heard enough to say: Managing the economy?*

**Figure 7: Assessments of Government Management of the Economy by Education**



*Question: How well or badly would you say the current government is handling the following matters, or haven't you heard enough to say: Managing the economy?*

In sum, the survey results seem to suggest that more urbanized and educated Zambians believe that the government is doing a good job managing the economy in comparison to rural dwellers and the less educated. Nevertheless, it is observed that the Zambian government has, overall, received much better marks for managing the economy than in the recent past. It may be possible that the recent positive national economic perceptions (presented in the previous section) and the government's handling of the economy are related.

## 5. Conclusion

The Zambian economy has been growing at an increasing rate for slightly over a decade now. However, for the greater part of this decade of growth, macroeconomic growth did not translate into more positive perceptions of the Zambian economy for a majority of Zambians. Most recently and illustrated in the 2013 Afrobarometer survey results, some kind of turning point was reached in the assessments of Zambians about the country's economic conditions. For the first time, Zambians who said the economic conditions were good were more than those who said they were bad. In addition, a similar positive change occurred for perceptions of the government's handling of the economy. It is possible that improvements in per capita GNI take time to translate into tangible economic welfare changes for the majority of people. Also, it is possible that government involvement in the economy may influence citizens' perceptions of the national economy, or economic growth may influence citizens' assessments of the government. The Afrobarometer survey provides a useful tool to shed light on what Zambians think about the performance of the economy and government and specifically to explore the significant change in Zambians' perceptions of the national economy.



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The Afrobarometer is produced collaboratively by social scientists more than 30 African countries. Coordination is provided by the Center for Democratic Development (CDD-Ghana), the Institute for Justice and Reconciliation in South Africa (IJR), the Institute for Development Studies (IDS), University of Nairobi, and the Institute for Empirical Research in Political Economy (IREEP) in Benin. Survey implementation in Afrobarometer's work in Namibia is coordinated by the Institute for Public Policy Research. We gratefully acknowledge generous support from the UK's Department for International Development (DfID), the Mo Ibrahim Foundation, the Swedish International Development Agency (SIDA), the United States Agency for International Development (USAID), and the World Bank for Afrobarometer Round 5.

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