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How conflict disrupts relief and development work

As Oxfam has learned, the effects of conflict in southern Africa are far-reaching. War in Angola and Mozambique has all but destroyed local-level development work and community services. But conflict has also affected such work even in those countries not at war. Two case studies illustrate the way this has happened.

Case-study 1: Mozambican refugees in Malawi

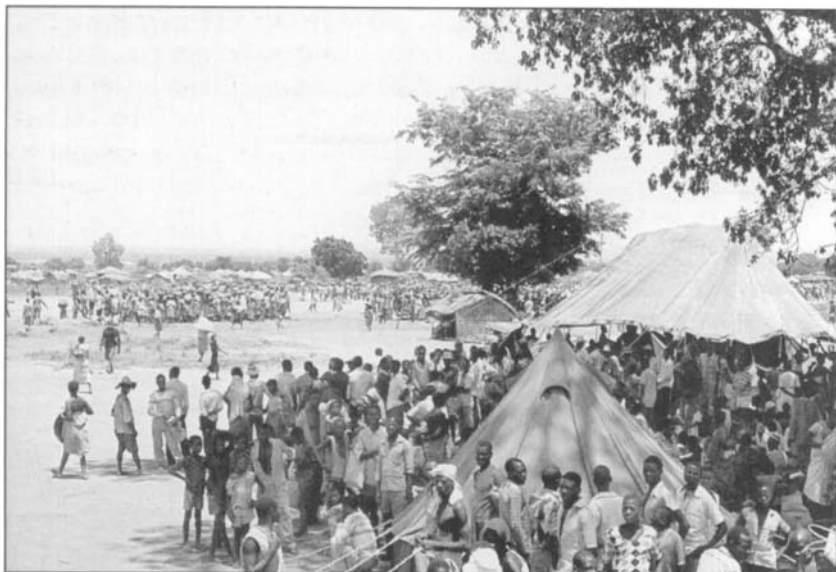
Background

The destruction of settled communities by conflict in southern Africa creates problems which can overwhelm not only refugees and displaced people themselves, but also the host communities and local services and resources. While the largest numbers of internally displaced people in southern Africa are in Mozambique, Malawi hosts the largest number of refugees — a burden which has created many humanitarian and development problems.

By December 1989, there were an estimated 790,000 Mozambican refugees in Malawi, most of them living in specially designated settlements along Malawi's long southern border which dips deep into northern Mozambique.

Influx peaks

The flow of refugees into Malawi responds directly to events in Mozambique. Over the last few years, the steady stream of refugees crossing the border to



Mozambican refugees collecting food rations at Mankhokwe settlement in southern Malawi, January 1987.

(Mike Edwards / Oxfam)

flee 'routine' rebel attacks on their villages has suddenly risen as crisis overtakes large numbers of people. When there have been concerted military clashes between government troops and the Mozambican National Resistance (MNR), increased levels of displacement are inevitable, and this has made planning the relief effort especially difficult.

The massive increase in the number of refugees who fled into Malawi during 1987 and 1988 was caused by the military advances into MNR-held territory made by Mozambican government troops over that period.

As government forces moved into rebel-held territory, thousands of people who had been confined in these areas fled from their captors,¹ thus creating a marked increase in the numbers of displaced people needing humanitarian assistance both inside and outside Mozambique.

For example, in September 1986 an MNR offensive on Milanje town had sent thousands of people over the nearby border into Malawi, where Muloza camp was established (a few hundred yards from the border, on low-lying land prone to flooding). When government troops retook the same town, in June 1988, an estimated 18,000 more refugees poured over the border. According to these refugees' reports, FRELIMO officials told them to "run to Malawi until we can assure you that Milanje will be protected on a permanent basis".

Many of these refugees were later moved to another settlement in Malawi. According to Oxfam reports, this was done both to relieve congestion at Muloza settlement and to defuse political tension. Conflict had arisen between some of the refugees from the 1986 MNR offensive, and some of those who arrived after the 1988 government offensive. Those who 'stayed on' after the MNR took control of Milanje were held in political suspicion by many of the refugees who had fled at that time.

Another example occurred on 6 June 1988, when Mozambican government troops attacked an MNR-held area near Tengani, just south of Nsanje, Malawi's southernmost District town. The result was a sudden influx of some 23,000 refugees, bringing the total refugee population in the District up to approximately 232,000.² Of all the areas in Malawi where refugees are concentrated, Nsanje is the District with the highest numbers. In mid-1988 there were over 30,000 more refugees than Malawians,³ and it is a particularly poor and drought-prone area.

Harvest time can also be particularly dangerous, as refugees have explained.⁴ When standing crops are ready to eat, villages in the insecure areas are frequently raided and the harvest taken.



Mozambican refugees in southern Malawi carrying sorghum and firewood. Land shortage means that natural resources such as thatching grass, firewood, and poles for building are increasingly scarce in this area.

(Ken Wilson)

Strain on government services

The influx of refugees has put a great strain on the Malawian government's local services and administration. In Nsanje District, for example, the District Commissioner's office is responsible for government services in the area. From September 1986 onwards, when the first big influx of refugees arrived in this District, his office had to cope with the local coordination of relief work, as well as the registration of all new refugees. In mid-1987 he explained,

The population of this District has nearly doubled, and the strain on our services is enormous, because the refugees are highly dependent on relief assistance. By the time the refugees get here, many are in a pathetic condition.

Our health services are also under pressure. The District hospital is having to cope with the increased numbers. And we are worried by the high incidence of TB among the refugees, and the potential risk of a cholera outbreak, because clean water supplies in the camp are totally inadequate.⁵

The influx of refugees has also exacerbated Malawi's already acute land pressure, thus worsening environmental degradation. The enormous quantities of relief goods which need to be moved around the country have also damaged roads and bridges.

Sabotage of trade routes

MNR sabotage of Malawi's trade routes out through Mozambique to the coast (and, until 1987, the land route through Mozambique to Zimbabwe) presents extra logistical problems for the relief agencies.

During 1986 and 1987 Oxfam had to fly in relief supplies for the refugees, at great extra expense. The importation of food aid has also been made all the harder by the disruption of transport routes. In mid-1987, for example, as relief demands had exhausted Malawi's domestic maize stocks, the World Food Programme (WFP) was importing maize bought in Zimbabwe via Mozambique's then insecure Tete Province. The WFP representative in Lilongwe explained,

It is cheaper to get the food aid we need to use in the southern areas of Malawi in through Tete than the long way round through Zambia, although it is more risky. Our trucks have to travel in militarily-protected convoys, and the risks mean that we can't always rely on buying food from Zimbabwe because the costs of transport either through Tete or through Zambia will escalate. We badly need the Nacala line to be repaired and made safe, which would allow us to get regular food supplies in for less cost. WFP has, therefore, taken the unusual step of providing thousands of sleepers for the rehabilitation of the Nacala line inside Mozambique. It is vital to the long-term food security of the refugees in Malawi.⁶

The effect on Oxfam's work in Malawi

Oxfam has been working in Malawi since 1964. In the 1980s, our development programme concentrated on long-term investment in three main areas: firstly, contributing to the establishment of a countrywide Primary Health Care programme relevant to the needs of the poorest; secondly, work on disability issues; and thirdly, establishing a community development programme in the Mulanje and Phalombe districts of south western Malawi. This is one of the country's poorest areas, where land hunger and the socially disastrous consequences of migrant labour are painfully evident.

But the nature of Oxfam's Malawi programme was dramatically changed from late 1985 onwards, when it became clear that a serious refugee problem was developing as a result of the conflict in Mozambique. In September 1985, Oxfam's representative for Malawi telexed Oxford his initial assessment of the situation:

HAVE JUST VISITED MALAWI/MOZAMBIQUE BORDER IN DEDZA AREA TO ASSESS REFUGEE SITUATION. ALTHOUGH WE WERE PREVENTED BY THE MALAWIAN ARMY FROM REACHING CERTAIN AREAS DUE TO FRELIMO/MNR CLASHES OVER THE BORDER, SITUATION OBVIOUSLY SERIOUS WITH REASONABLE ESTIMATE OF 10,000 REFUGEES IN AREA. MOST SETTLED WITHIN MALAWIAN VILLAGES.

MOST HAVE BUILT GRASS HUTS SO DON'T NEED IMMEDIATE HELP WITH SHELTER, HOWEVER FEW HAVE FOOD, MONEY, OR BLANKETS. WE ESTIMATE 25 PER CENT (OR 500 FAMILIES) ARE IN IMMEDIATE NEED OF ASSISTANCE, WHILE THE REST ARE BEING HELPED BY RELATIVES AND CAN PROBABLY GET BY FOR THE TIME BEING.⁷

DUE TO ACUTE LAND SHORTAGE HERE, REFUGEES PROHIBITED FROM SETTLED FARMING BY MALAWIAN AUTHORITIES. UP TO NOW, SOME HAVE SURVIVED BY WORKING ON LOCAL FARMS AND AGRICULTURAL ESTATES, RECEIVING PAYMENT IN FOOD. HARVEST NOW OVER AND NO MORE WORK AVAILABLE, THEREFORE FOOD SITUATION BECOMING CRITICAL AND WILL REMAIN SO UNTIL NEXT HARVEST A YEAR FROM NOW.

NO LIKELIHOOD OF REFUGEES RETURNING HOME UNTIL IT IS SAFE TO DO SO. THEREFORE PROVISION HAS TO BE MADE TO MEET INTERIM BASIC NEEDS ...

MAIZE MEAL, MEDICAL SUPPLIES, AND BLANKETS REQUIRED IN FOLLOWING QUANTITIES AND COSTS ...⁸

Oxfam immediately made emergency funds available, and from this point on became increasingly involved in a programme of relief assistance, starting in the Dedza area, but spreading to other points along the south western border as and where new influxes of refugees arrived.

One of Oxfam's key concerns at this point was that, although the number of refugees was becoming critical, the Malawian authorities had not officially sanctioned an international aid effort. This meant that the scale of the problem in areas other than Dedza was not easily verifiable, and that it was not possible for the large UN organisations such as UNHCR and WFP to assist the refugees, because these organisations operate only after an official invitation from government.

The full reasons for the government's reluctance at this point to appeal for official international assistance are unclear. There is a long history of migration from Mozambique, but Malawi had never been a signatory to the international refugee conventions which permit refugees some basic rights and safeguards under international law, and open the way for UNHCR assistance. However, it was widely thought that a combination of factors lay behind the lack of action, including Malawi's political ties with South Africa, and the support which Malawi was alleged by other key Front Line States to be extending to the MNR.⁹ It is also likely that the government was reluctant to attract more refugees with an official reception and relief programme.

In any event, it was to be a year before any other international relief organisations were permitted to help the refugees in Malawi. This meant that local Malawian communities and relief organisations in the refugee areas shouldered a disproportionate share of the crisis, and that the refugees did not have access to the resources to which they would otherwise have been entitled.

By January 1986, the plight of the refugees in the Dedza area had become worse. Their makeshift grass shelters - known locally as 'zitsakasa' - were not fit to withstand the rains. One of the organisers working with the mission-based relief operation wrote from Malawi,

There is considerable sickness, malnourishment, and death among the displaced people.¹⁰ The people are terribly at risk, as the original funds you sent have already been used up... I want to bring the distribution points nearer to the people in distress ... The hungry months are only now beginning. They have been surviving (not all) on piece work, on the generosity of their Malawian relatives, which is limited by poverty, on periodic returns to hidden maize stores in Mozambique, and by selling things of value like sewing machines or bicycles if they have them.

In spite of the enormous burden placed on this one mission station and its church workers, the relief operation was handled methodically. It was based on the knowledge and skills of local church and traditional leaders, and was carefully designed to ensure that the limited supplies of relief goods were fairly distributed. Again in January 1986, the mission reported,

OUR SUPPLIES OF MAIZE, BLANKETS AND SMALL AMOUNTS OF CASH FOR FOOD HAVE BEEN DISTRIBUTED THROUGH A COMMITTEE OF CHURCH ELDERS WHO MEET THE NEEDY EVERY TUESDAY AND FRIDAY FROM 8 A.M. TO 1 P.M. NORMALLY LETTERS ARE REQUIRED FROM THE VILLAGE HEADMEN WHERE THE DISPLACED PEOPLE ARE RESIDING. NAMES AND VILLAGE ARE WRITTEN DOWN, AND ASSISTANCE IS MONITORED IN THIS WAY. URGENT CASES COMING ON OTHER DAYS OF THE WEEK ARE HANDLED SEPARATELY.

By March 1986, the situation had worsened. Oxfam's representative reported,

Local estimates suggest that around 180 people have been killed along the border in the last two months (the MNR is reported to have launched a major offensive against the border town of Villa Ulongwe), resulting in more refugees. The numbers are now estimated at 13,000 altogether ... There seems to be no diminution of the problem, with many reports of refugees stealing food crops from the fields of local people. Therefore, in the short term at least, we have no alternative but to continue relief assistance ... I have asked for a nutrition survey among the refugee population. The medical assistants in the nearby clinics will perform the survey.¹¹

Underlining the deteriorating situation, the mission organiser wrote again to Oxfam in March 1986,

We now have upwards of 12,000 displaced people who are getting no other assistance from any official or unofficial source apart from what they can get from the local villagers who are good enough to receive them even though they are needy themselves.

I must stress the needs of these displaced people. They have come in terror of their lives. In Mozambique, they have been robbed of their maize and livestock. Sometimes their clothes have been taken, and their villages burned. Many have had relatives murdered. Many have been separated from their families and it is not known if they are alive or dead. I have met groups of children of about 12 years old, travelling together with no one to look after them. If they have Mozambican money it is of no exchange value in Malawi. They sell their possessions for food and then have to steal. Many have no relatives to give them shelter, and those that have are not welcome for long, due to local people's inability to support visitors.

By this time, the mission's arrangements for distribution and monitoring had developed with experience, and some local food supplies had been identified from which it was possible for the mission to buy maize.

We now have local committees distributing food in the six affected areas around this parish. These committee members actually visit the needy in their small huts and distribute tickets on the basis of 12 kg of maize per individual per month. The recipients then go to nearby big farmers and collect their portion. The committee are there to see they get their correct quotas.



Oliva, a Mozambican refugee staying in the Dedza area of south western Malawi. She fled from her village, which she said was controlled by the MNR, in mid-1987. "This time they came shortly after dark. They came to take the maize standing in our fields. Nobody was killed, but we were all very frightened. We hid in a ditch and then escaped over the border. We don't want to go back until the war is over. What is the use of staying there just to grow food which you don't eat?"

(John Clark / Oxfam)

By June 1986, refugee numbers were creeping up, and UN agencies were still unable to assist. Oxfam remained the only agency supporting the mission relief programme in the Dedza area, and more funds were needed. Oxfam's representative telexed the following information to headquarters:

JUST BACK FROM VISIT TO REFUGEE AREA WHERE I VISITED THE 7 DISTRIBUTION CENTRES AND HELD MEETINGS WITH 1,000 DISPLACED PERSONS IN 3 GROUPS. A FURTHER GRANT HAS BEEN REQUESTED, WHICH I SUPPORT FOR THE FOLLOWING REASONS:

NUMBER OF DISPLACED PEOPLE NOW AROUND 13,000, AT LEAST 50 PER CENT OF WHOM ARE ENTIRELY DEPENDENT ON RELIEF.

NUTRITION SURVEYS CONDUCTED LAST MONTH AMONG RECIPIENTS INDICATE OUR ASSISTANCE IS KEEPING SITUATION IN HAND ...

SYSTEMS BEING USED FOR IDENTIFICATION OF BENEFICIARIES,

*DISTRIBUTION AND MONITORING SEEM TO OPERATE VERY WELL
INDEED.*

*NO PROSPECT OF ASSISTANCE FROM ANY OTHER AID DONORS YET.
SOME PROGRESS FOLLOWING OUR REPRESENTATIONS TO UN AGENCIES,
BUT NO FIRM PROMISES. THEREFORE SEEMS NO ALTERNATIVE TO
CONTINUED OXFAM ASSISTANCE. GRATEFUL IF YOU COULD
AUTHORISE NEW GRANT OF £25,636 (ACCORDING TO DETAILED
ESTIMATES ALREADY SENT) FROM CATASTROPHE BUDGET IF FUNDS
CAN BE FOUND.¹²*

In September 1986, fresh MNR military offensives in Mozambique, just over Malawi's southernmost border, changed the situation in a matter of days. An estimated 50,000 new refugees fled from the fighting into Malawi's Nsanje and Mulanje Districts. The scale of this influx meant that the Malawian government had no option but to appeal for outside assistance, and it authorised the Malawi Red Cross Society to appeal for international support.¹³ However, Malawi did not sign the relevant refugee instruments until November 1987, more than a year later.¹⁴ The government has responded generously to the refugees ever since.

Also in September 1986, another development occurred which is thought to have helped resolve the political impasse over the official recognition of the refugees. In an unprecedented summit, Presidents Kaunda, Mugabe, and the late President Machel met President Banda. According to reports of the meeting, the Front Line States delegation pressed home their view that Malawi's support for the MNR was contributing to the destabilisation of the region, and that they would be prepared to take sanctions against Malawi if necessary. Although President Banda was reported to have denied supporting the MNR, it was agreed that Malawi and Mozambique would hold a further Ministerial meeting to discuss the problem.¹⁵ A Joint Defence and Security Commission was duly established between Malawi and Mozambique, and two agreements were signed in December 1986, which reportedly comprised an accord on mutual cooperation and a bilateral protocol on defence, state security and public order.¹⁶ Speaking of his hopes for the agreements, Mozambique's Minister for National Defence said there should be "maximum cooperation between the two countries in wiping out banditry".¹⁷

By March 1987, the number of refugees in the country had risen to 141,000. It rose steadily to 400,000 by December 1987, and to 550,000 by July 1988. By 1988 over half of Oxfam's total expenditure in Malawi was being taken up by relief assistance for Mozambican refugees.

The impact of the refugee emergency on Oxfam's Malawi programme has been considerable. Although Oxfam's long-term development programme in Malawi continues, the demands of the refugee crisis have affected our ability



The large influx of refugees into Malawi means that time and resources have to be diverted away from development work. An important part of Oxfam's long-term work in Malawi is support for Primary Health Care. The aim is to make health services accessible, and relevant to the needs of the poor. Here, Liya Chiucha, a voluntary community health worker, is weighing children at Dambule village.

(George Murray / Oxfam)

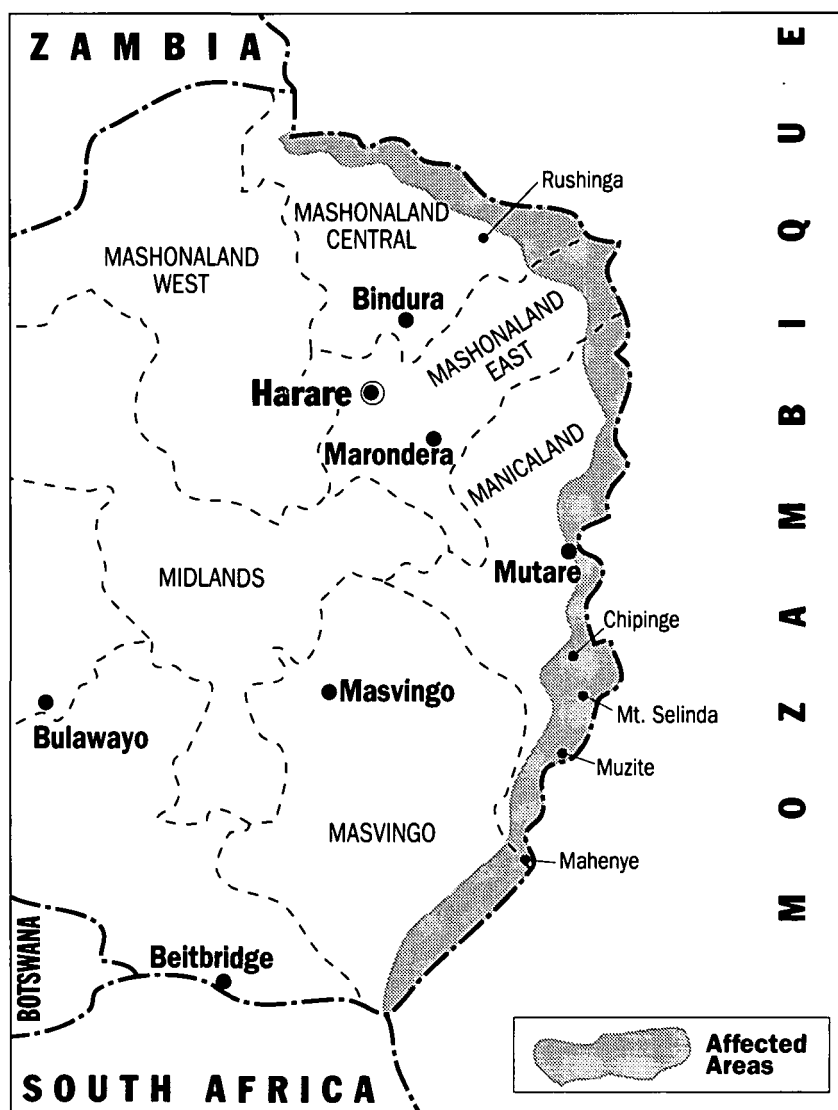
to concentrate time and resources on this side of our work. As Oxfam's representative for Malawi explained in mid-1987,

South Africa's destabilisation has changed the whole balance and framework of Oxfam's programme in Malawi.

As an agency committed to responding to human need, we have seen the regional conflict bringing the plight of vulnerable groups in society into sharper focus. As a result, our time and resources have been skewed towards emergency work, and relief assistance now accounts for a large proportion of our annual expenditure in Malawi. This is bound to detract from our longer-term development programme, but this is now the reality of working in Southern Africa, and there is every indication that the situation will deteriorate.¹⁸

Case-study 2: The effects of MNR terrorism in eastern Zimbabwe

Eastern Zimbabwe: areas affected by MNR cross-border attacks



From the early 1980s until mid-1989, MNR terrorism in eastern Zimbabwe resulted in the murder of over 350 civilians, approximately 300 people injured, over 650 people kidnapped, and some 400 missing.¹⁹ Food production suffered, and essential commercial and development activities were curtailed, including the government's Primary Health Care Programme which Oxfam has supported.

Following the commitment of Zimbabwean troops in Mozambique in late 1982, numerous brutal cross-border attacks by the MNR have taken place along the length of Zimbabwe's eastern rural border with Mozambique.²⁰ There has been a marked increase since June 1987.

These attacks follow a similar pattern to those inside Mozambique. They appear designed to create fear and uncertainty among the local population, through random attacks on civilians and the basic services they need. Homes, crops, livestock, shops and schools are frequently attacked. Moreover, some of the large commercial farms in the fertile eastern highlands have also been attacked. These farms produce export crops vital to Zimbabwe's national economy.

Concerned about the effects which this under-reported²¹ aspect of regional conflict was having on local people and their development, Oxfam commissioned a report in late 1988. The research was conducted in Chipinge District of Manicaland Province and Rushinga District of Mashonaland East



This Zimbabwean woman, displaced by MNR cross-border attacks, walked 50 km with her three children to reach Chipote, a village farther away from the border, where she hopes to start a new life.

(Chris Johnson / Oxfam)

Province, and a range of local people and development workers were interviewed.²²

A health worker interviewed in Rushinga District summed up the outrage felt in the community where she works and lives when she said,

As if the poverty already prevailing here was not enough, now we are faced with another monster in the form of the MNR. Buses have stopped coming to our area. Shops have closed. It is difficult to undertake vaccination campaigns. Although the clinics are still operating, we do not know for how long. People are afraid to move — especially on foot.²³

Background to the MNR attacks in eastern Zimbabwe

Today's situation has its roots in Zimbabwe's liberation war, which was fought from the mid-1960s until 1979, shortly before independence was finally won in 1980.

Shortly after Mozambique came to independence in 1975, it granted rear base military facilities and other forms of solidarity support to the Zimbabwe African National Liberation Army (ZANLA) forces (the military wing of the Zimbabwe African Nationalist Union (ZANU)), which were fighting for independence from settler-ruled Rhodesia.

The difficulties involved in defending Rhodesia's eastern front from guerrilla infiltration from Mozambique advanced the nationalists' military position substantially. As is now well established, Rhodesian security retaliated by creating the MNR.²⁴ The Rhodesian regime's aim was to undermine the military opposition to the Rhodesian Front by destabilising newly independent Mozambique in general, and by targeting Mozambique-based ZANLA personnel, bases, and communications networks in particular.

As is also well established, Rhodesian support for the MNR was taken over by South Africa from 1980 onwards, Prime Minister Ian Smith having no further use for the MNR, after negotiating at Lancaster House with the Patriotic Front (the then tactical political alliance between the two popular nationalist movements, ZANU and the Zimbabwe African People's Union — ZAPU).

Independent Zimbabwe first committed troops to Mozambique in November 1982,²⁵ initially to guard the Mutare-Beira oil pipeline; but the Zimbabwean 'Special Task Force' soon extended its involvement. For example, in August 1985, Zimbabwean troops launched an airborne assault on the MNR's headquarters at Casa Banana near Gorongosa, and Zimbabwean troops overran another MNR base at Nyarunyaruru in November of the same year.²⁶ Towards the end of 1988, there were an estimated 8,000-10,000 Zimbabwean troops in Mozambique.²⁷

Under the terms of its 1981 Defence Agreement with Mozambique,²⁸ Zimbabwe had an obligation to assist the Mozambican government's war effort. Also, landlocked Zimbabwe had strong reasons of self-interest for fielding troops in Mozambique. Zimbabwe's 'natural' trade routes run through Mozambique. There is the 'Beira Corridor', which comprises an oil pipeline, a road and a rail line, and the Limpopo rail line which connects Maputo port with central Zimbabwe. Both routes have been the object of MNR sabotage inside Mozambique since the early 1980s.

Arguing that the unity and survival of the Front Line States was threatened by insurgency in Mozambique, President Mugabe also took a leading role in persuading other Front Line States to assist Mozambique militarily.²⁹ In November 1986, the month after Mozambique's President Machel was killed in an air crash on South African territory, President Mugabe said of the Front Line States' alliance, "Survival of Mozambique is our survival. The fall of Mozambique will certainly be our fall ... All and one stand together. All and one fight together."³⁰

Following this, British military aid to the war against the MNR was increased. In March 1987, for example, it was agreed between Zimbabwe, Britain, and Mozambique that the number of Mozambican officers being trained by the British Military Advisory and Training Team³¹ in Zimbabwe would be doubled by mid-1987. And in November 1987, Britain pledged £500,000 worth of military assistance to equip Tanzanian troops fighting in Mozambique.³²

A village headman in Chipinge District described his experience of the MNR's motives:

They came at night, on 6 September 1987, at around midnight. They robbed a shop which stored everything we needed, including food and agricultural equipment like ploughs. They took as much as they could carry from the shop. They could not even tell the food from the soap; the next morning we found that they had tried to eat several bars of soap while they were robbing the shop. When they had finished, they set the shop alight. Later that night, they killed a woman who refused to carry their loot. They left a note to say they would be back. In the note, they said that as long as Zimbabwean soldiers were in Mozambique, they would return.³³

The effects of MNR aggression on community life

As described in Chapter 3, widespread fear has been one of the worst results of the MNR attacks in eastern Zimbabwe. But there have also been other extremely disruptive consequences: people's livelihoods have been affected, as has local trade, agricultural production, health services, and schooling.

Against the background of MNR-sponsored insecurity in eastern



Members of a cooperative in eastern Zimbabwe, photographed in 1982. Brutally oppressed by the Rhodesian authorities during the liberation war, they fled into Mozambique. After independence they returned to rebuild their lives, and received help from Oxfam. Now their lives are disrupted again by cross-border MNR attacks.

(John Baguley / Oxfam)

Zimbabwe, it is important to remember the recent history of the people in this area. It was the rural villagers in Rhodesia who bore the brunt of the liberation war, and people in the eastern border areas were particularly affected, because this was the area nearest to ZANLA's Mozambican rear bases. Many civilians were shot by the Rhodesian forces for assisting ZANLA guerrillas in this area, while others were killed or maimed by anti-personnel mines laid to prevent the guerrillas from infiltrating into Rhodesia.

Throughout Rhodesia, an estimated 750,000 people were forced from their homes by early 1978, and herded into 'protected villages' by the Rhodesian security forces in an attempt to cut off civilian assistance to the nationalist guerrillas. Many of the protected villages were located in the east. Now, less

than a decade later, these people's lives are disrupted again. Many people in the area resent the way in which the insecurity has disrupted their family and trading links with people across the border. For security reasons, the Zimbabwe government has banned villagers from offering hospitality to Mozambicans unless they have official permission to do so. Government has also forbidden petty trading across the border, and people are banned from crossing over except at the official crossing points, which are often an inconvenient distance away.

However, it is the indiscriminate nature of the MNR attacks which is most disruptive and which has resulted in widespread fear. This is all the more marked because it has come so soon after the tremendous optimism and determination to make things work and catch up on lost development, which characterised this area directly after independence. Nowadays, people all over the insecure area are sleeping out in the bush. In Mahenye area, for instance, the local people have not slept in their houses for over a year. Nothing could make them sleep in their homes, not even the five-month long rainy season. Until the Zimbabwean security forces were reinforced in 1988, people were frequently sleeping several kilometres from their homes. With the security forces patrolling the area at night, they feel confident to sleep closer to their homes, but not inside them.

Effects on education

As in Mozambique, schools and teaching staff are a key target for the MNR. One example occurred at Nyatsato school in Rushinga District, which was attacked in September 1988. Six people were killed in the incident, and the school teachers' houses and the classrooms were gutted. The same school was attacked a couple of months later on 15 November. This time, the attack was carried out by four men armed with machetes and pangas (large knives). Again, six people were murdered, four women and two babies — one aged 18 months, and the other only seven months old.³⁴

To escape fear and insecurity, many families have left their homes either to settle, or to sit it out with friends or relatives in other parts of the country. School enrolment has therefore dropped in the worst-affected areas. Staffing levels have also been difficult to maintain because of insecurity. Some teachers have left, and it is hard to find replacements for them. Surprisingly, by the end of 1988 all of the schools in Chipinge and Rushinga Districts had managed to stay open.

A villager from Rushinga District explained what had happened to his local school:

In October (1988), MNR bandits killed five people and seriously injured two

others. The attack took place at our local Primary School, in spite of the close-by army camp. In our area, people have begun to dig trenches to sleep in. Nobody sleeps in their houses any more. Although the schools are protected by the army, they are still not safe.³⁵

A headmaster from a school in Chipinge District described the environment he works in:

There have been several incidents of MNR attacks near our school in the last year. The last one was in July (1988) when one person was killed, and eight others were severely injured. They were hacked with pangas and stabbed with bayonets. During the raid, the bandits burned down houses and a baby was thrown alive into the fire. They also looted houses, stealing food and clothes. We feel very nervous for our children here.

The insecurity in this area has resulted in a drop in the school enrolment from 1,400 pupils last year (1987), to 1,094 this year as parents have moved away to safer areas. ... Our school also used to cater for Mozambican children and at any one time we had more than 200 children from over the border, but now the children are not able to cross over to us on a daily basis any longer.³⁶

The concern about the effects of conflict on local education services expressed by people in eastern Zimbabwe has to be understood in the context of Zimbabwe's recent history. Today's generation of school children are the first to enjoy the benefits of the significantly upgraded education services now provided to all. Their parents lived through the long and painful liberation struggle, in which popular aspirations for education played a key part.

Effects on health services

Insecurity in the border areas has also affected the delivery of health services. This is another sector of public life in which the independent nation has made great achievements, and which is under threat because of MNR terrorism. Oxfam has been supporting Zimbabwe's rural health services since independence.

Helping to establish appropriate health services was one of Oxfam's key priorities in newly independent Zimbabwe. Between 1980 and 1988, Oxfam spent £1.4 million on health, nutrition, and disability programmes throughout the country.³⁷ Since 1984, when Oxfam began its support for the community health services in eastern Zimbabwe, our grants in MNR-destabilised areas have totalled £463,615.³⁸ Not surprisingly, the work which Oxfam has supported has been seriously affected.

Insecurity has affected health services in a number of ways. Several outreach clinics have had to be closed down, because staff cannot travel to them. These clinics are a vital component of the national PHC programme,

especially because they provide child immunisation, child-growth monitoring, and ante-natal screening services to remote areas. Conversely, many villagers cannot easily travel to reach clinics and hospitals when they need to. An Oxfam-recruited doctor working in Chipinge District reported,

As far as health services are concerned, it's clear that the district has been seriously affected, cancelling out a lot of hard-earned achievements. We used to have outreach workers who would travel out into the countryside and camp for several days doing their work, but this has been cancelled. Outreach clinics also used to be held once a month by nurses from the hospitals, who used to travel on bicycles, but now nobody is prepared to cycle into those dangerous areas any more.

The abandonment of outreach services affects a number of important preventive activities. Our programme to immunise children has suffered serious setbacks. We are unable to carry out the Expanded Programme of Immunisation (EPI)³⁹ in several areas. Our EPI coverage is 60 per cent for the rest of the district, but less than 40 per cent in the affected area. In the Mahenye area, for example, it is less than 20 per cent.

Also, in the insecure parts of the district our programme of spraying against the malaria mosquito is now haphazard, with some areas left out altogether because of safety considerations.

People here have also been affected by drought, and a supplementary feeding programme for children was under way. This too has been suspended because of insecurity, so malnutrition is rife. Even for adults, the drought relief food cannot reach the affected areas. Health education services have also been curtailed.

Because the outreach clinics no longer function, we are seeing more cases of preventable diseases like malnutrition, measles, tuberculosis, malaria and diarrhoea here at Chipinge hospital.⁴⁰

The matron at another of the hospitals serving Chipinge District explained,

Our outreach activities have been severely curtailed. From here we used to cover 22 different rural locations, but of those, only five areas are still considered safe, so outreach visits to the rest of the places have been cancelled. Our student nurses used to travel to these outlying areas, but they no longer felt safe.

Our primary health care programme has suffered greatly. Children born in those areas over the past five months have not received any vaccination. As a result, there was recently an outbreak of measles among the children.⁴¹

Staffing shortages caused by insecurity

Insecurity also makes the recruitment of health staff for the area even harder. In spite of the growing numbers of Zimbabwean health workers now qualified, it is proving hard to attract staff to remote rural areas, partly because many prefer to take up employment opportunities in the towns and in



Mahenye health centre in eastern Zimbabwe has not been able to function effectively since it was built, because of repeated MNR attacks.

(Chris Johnson / Oxfam)

the private medicine sector. MNR terrorism makes eastern Zimbabwe even less attractive to health workers. As the Oxfam-recruited doctor explained,

The district I work in has 300,000 people, and with the current doctor/patient ratio applying for the rest of the country, it should have more doctors. But at the moment there are only three. There are four hospitals in the District, and two of these have no doctors. We can't get doctors to come into the district because of the security situation.

The clinics served from this hospital are also affected by understaffing.⁴² For example, the clinic in Mahenye has no qualified staff. A clinic nurse at Mabe has resigned. There are no staff at Hakwato clinic, which has not been in commission since it was built because of the security situation. Gwenzi clinic has one nurse. Nurse aides have also been helping, and in places like Mahenye the army medical corps stands in for the nurses.⁴³

This problem was also reported by the matron at the neighbouring hospital. She said,

On the staffing side, we are operating with only one doctor instead of the normal three. The hospital has also lost a number of experienced nurses who could not stand the pressure and the tension of never knowing where and when the next bandit attack would be. For someone from outside this area, our hospital is the last place they would want to come and work. So although we think that the security situation here has improved somewhat,

you can't tell that to an outsider.

Describing the effects on the staff of an MNR attack on a clinic in Chipinge District, an Oxfam worker wrote,

In Mahenye, one of the worst affected parts of the district, the health services were suspended completely for a short time earlier this year following an attack on the clinic. (When I visited the clinic, I saw holes in the window panes left by bullets.)

Following the attack, the three nurses who were working at the clinic fled. The health services were for some time in the hands of army medics. But recently, two young women from the area went to Chipinge Hospital, where they were trained in basic nursing for two weeks. They are now running the clinic and providing basic services, such as vaccination and treating cases of malaria. The clinic has no telephone or radio contact with the hospital in Chipinge. Transport in the area is now erratic since the MNR started their attacks, so any patient who needs urgent attention has to rely on the chance of an army truck going to Chipinge or any other hospital in the urban centres.

Refugees and migrant workers from Mozambique

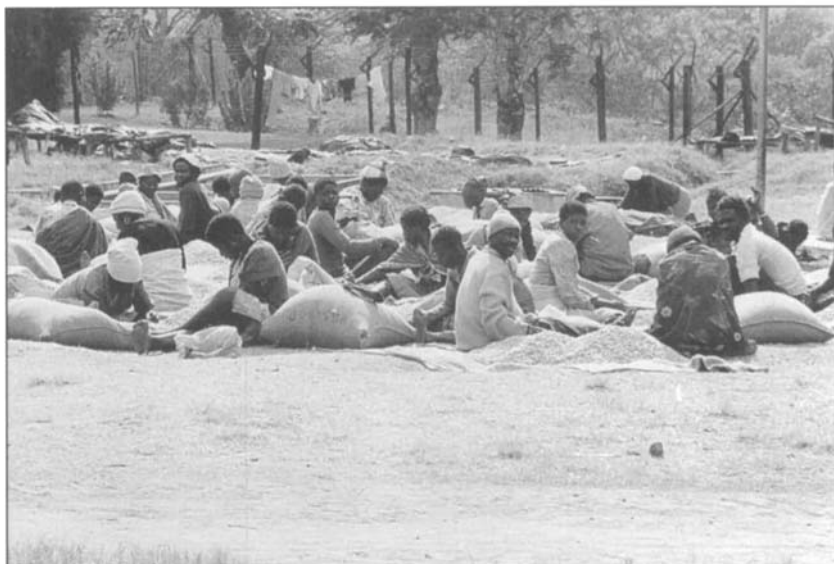
Additionally, the growing numbers of Mozambicans in the area — both refugees from the war and migrant workers — create a strain on local services. Talking about the way in which the refugee influx has affected health services, the Oxfam-recruited doctor explained,

Our hospital also has to cater for the Mozambican refugees in the nearby Tongogara Camp. We don't mind treating the refugees, but our resources — equipment, drugs, and personnel — are limited. The budget we receive is only supposed to cover treatment for the local Zimbabwean population; it does not include provision for the refugees. At any one time, at least 20 per cent of the bed occupancy is taken up by refugees from the camp. We spend 35 per cent of our working hours with the refugees, and this limits what we can give to the local people.

The Mozambican migrant workers (there is a long tradition of migrant labour in this area) have particular problems.⁴⁴ They are mostly employed on the large commercial farms in the area, because they are prepared to work for wages below the legal minimum rate which must be offered to Zimbabweans. Many experience very poor living conditions on their employers' farms — overcrowding, poor sanitation, and long working hours. One Mozambican seasonal worker on a tea estate in Zimbabwe's eastern highlands said,

Each little room here in the workers' compound has eight to ten of us living in it, and many of us will stay like that for four to five months — as long as there is work for us. It's better for a person to suffer here and earn something at the end of the month, than to stay there (in Mozambique) with nothing.

Those of us who do not have permanent work here in Zimbabwe are afraid of being unable to return here if they're sent back to Mozambique. In



Mozambican migrant workers sorting coffee beans on a commercial farm in eastern Zimbabwe. Casual migrants generally earn well below the national minimum wage.

(Julian Quan / Oxfam)

Mozambique, the MNR robs people of their food, so many come to Zimbabwe to work and have the money to buy food, sugar, salt, soap, and clothes. Some come and go, but many stay here because of the war.⁴⁵

Government's efforts to introduce a health-worker scheme for farm labourers, along the lines of the village health-worker component of the national PHC programme, have been hampered by shortage of funds and lack of cooperation from the commercial farmers.⁴⁶ As a result of inadequate preventive services, the local curative services have to treat a high proportion of the migrant labour population,⁴⁷ many of whom cannot safely return to their homes now because of the war.

The migrant workers are not included in the headcount on which hospital budgets are fixed, so catering for them strains local health resources. As Oxfam was told at another hospital,

Most of the malnutrition cases which come to our hospital are the children of Mozambicans who are living on this side of the border, who work as labourers on the nearby coffee and tea estates. Of the 120 malnourished children we have admitted at the moment, we think 80 are Mozambicans, although it is sometimes difficult to tell. Some of the pregnant Mozambican women coming to the hospital are also malnourished, which means their babies are very often born underweight.⁴⁸

Until the conflict in Mozambique is resolved, it will not be possible to assess the overall effects which conflict has brought to the eastern border areas of Zimbabwe. What is already clear is that the people in the eastern border areas will have borne much of the brunt. As is demonstrated by President Mugabe's active role in the current round of diplomacy to find a peace solution, Zimbabwe is desperate to find a just settlement.



South Africa's economic integration with southern Africa

Southern Africa is dependent on the Republic of South Africa as a focus of transport and communications, an exporter of goods and services and as an importer of goods and cheap labour. This dependence is not a natural phenomenon, nor is it the result of a free market economy. The nine states and one occupied territory of southern Africa ... were, in varying degrees, deliberately incorporated — by metropolitan powers, colonial rulers, and large corporations — into the colonial and sub-colonial structures centering in general on the Republic of South Africa. The development of national economies as balanced units, let alone the welfare of the people of southern Africa, played no part in the economic integration strategy. Not surprisingly, therefore, southern Africa is fragmented, grossly exploited and subject to economic manipulation by outsiders. Future development must aim at the reduction of economic dependence not only on the Republic of South Africa, but also on any single external state or group of states.

(Excerpt from the "Lusaka Declaration on Southern African Development Coordination", April 1980, the official founding document of SADCC.)

The difficulties of economic development faced by most of the SADCC states have to be understood both in their regional and global contexts. Vulnerable to the range of economic pressures currently affecting much of sub-Saharan Africa (see Chapter 8), most of the SADCC states also relate economically to South Africa. This chapter looks at some of the structural economic issues particular to the region.

The SADCC region's dependence on South Africa

The countries of this region have very difficult, entrenched, structural economic problems, largely because the South African economy was created to be the most dominant one in the region. By design, we were supposed to be economic appendices. This needs to be tackled.

(Kebby Musokatwane, former Prime Minister of Zambia')

Over the last century, a complex network of regional economic relationships has grown up in southern Africa, with South Africa as the dominant power. International political influence and entrepreneurial interests, especially those of Britain, have played a key role in this process, which centred on the requirements of foreign and national business interests in South Africa, and on colonial interests in the surrounding territories.

Each SADCC state has a different economic relationship with South Africa. Angola and Tanzania have insignificant economic links, but in the case of the others, apart from the 'natural' economic linkages, South Africa has also sought to impose other dependencies. As a consequence, there are now a number of different links and dependencies between the SADCC countries and South Africa.

Firstly, transport dependency on South Africa has been an important structural feature. Because of their geographical position, Botswana² and Lesotho have to use South African rail services for their external trade. And South Africa's military destabilisation has resulted in other SADCC states (especially Malawi, Zimbabwe, and Zambia) also having to use its transport networks because of sabotage attacks on the alternative routes. But in times of peace, the rail links passing out to the east and west coastlines would mean that little of SADCC's world trade would need to pass through South Africa.

Secondly, most of the SADCC states trade extensively with South Africa, but not with each other. Mozambique, Zimbabwe, and Swaziland, for example, have official South African trade missions in their capital cities, while others have official trade agreements with South Africa.

Thirdly, migrant labour from the SADCC states to South Africa, though diminishing, is still significant. The Overseas Development Institute claims that migrant labour employment opportunities and the workers' foreign exchange remittances are 'important' for Swaziland and Malawi, 'more important' for Botswana, and 'essential' for Mozambique and Lesotho.³

Fourthly, South African transnational companies have invested heavily in key SADCC economies — Zimbabwe, Zambia, Botswana, Lesotho, and Swaziland, and Namibia in particular.⁴ However, Zimbabwe, which inherited an economy extremely dependent on South African investment, has made

significant efforts to reduce the amount of South African investment in its economy. The only SADCC countries without extensive investment links with South Africa are Angola and Tanzania. Even in Angola, the diamond mining industry is managed by Anglo American, which (via its subsidiary de Beers) also controls sales. In Tanzania, de Beers has a 50 per cent interest in the diamond mine at Mwadui, said to be the world's largest pipe mine.⁵

Fifthly, Lesotho and Swaziland are heavily dependent on South Africa for their supplies of oil, coal, and electricity.

Historical background

In 1886 the discovery of gold in the Boer Transvaal Republic (and, previously in the mid-1860s, the discovery of diamonds at Kimberley) set off a train of events which was to make South Africa the dominant regional economy.

The ensuing mining boom (1870 onwards) provided the conditions for the development of commercial agriculture (1870 — 1920), largely because the growing mining workforce needed to be fed. And then South Africa's industrialisation process (1910 — 1940) took off on the strength of mining wealth and the international investment which gold had initially attracted to the country. External finance came from France, the Netherlands, and Germany, but the main source of capital was Britain,⁶ whose imperial interests in the area dated from 1806. After the second world war, US investment came to play an increasingly important role in the South African economy.⁷

Although South Africa's gold deposits were the largest ever to have been discovered, the relatively low-grade, deep-level ore of the Witwatersrand, the main gold-bearing reef, meant that profitable exploitation depended on a plentiful supply of cheap labour, and substantial finance.

Labour recruitment soon stretched into neighbouring territories, partly because black labourers within South Africa found that the rates of pay offered by the mining houses were not as attractive as the returns to be had from the peasant farming sector.⁸ Along with the development of the mines came the apparatus of control, regulation, and minimal living conditions: labour 'reserves'; contracts and their legal enforcement; pass laws; single-sex 'hostels'; mine security armies and exploitative employment practices; even liquor franchises.

The need for international finance resulted in the domination of the South African economy by a few large companies, who formed the powerful Chamber of Mines in 1889. Individual prospectors and smaller companies were squeezed out of business because they could not command the finance necessary for profitable exploitation of the gold-bearing rocks. By contrast, the companies which comprised the Chamber of Mines were large and



The migrant workers' hostel at City Deep Mine in Johannesburg, in 1984. Unlike the majority of migrant workers (women as well as men) in South Africa, these people are there legally.

(Afrapix)

powerful enough to command ready access to the money markets of London, Berlin, and Paris.

The modern descendants of these early Rand mining companies are now sophisticated South African transnational companies (TNCs), a handful of which now dominate South Africa's economy. (The main non-state TNCs are the Anglo American Corporation, SANLAM (South African National Life Assurance Company), the Barlow Rand Group, the Volksas Group, South African Mutual, the Rembrandt Group, Anglovaal, and South African Breweries.) Because they were well-placed to diversify their activities and to extend their operations into the wider region over time, they have also come to dominate key neighbouring economies. The main such company is Anglo American, which not only has key interests in neighbouring states, but also

has extensive interests in the wider region and outside Africa.¹⁰ In the early 1980s, through its subsidiary Minorco, Anglo American was reported to be the largest foreign investor in the USA.

Migrant labour

Although migrant workers are found in other parts of the world, not least in the United States as seasonal agricultural workers and in western Europe as *gastarbeiters*, there is no other country where such a system has existed for so long and has trapped so large a proportion of the labour force in a dehumanising structure.

(Excerpt from the 1989 Report for the Second Carnegie Enquiry into Poverty and Development in Southern Africa¹¹)

The mining companies' requirement for plentiful cheap labour gave rise to the institution of migrant labour, which was to be the first layer of regional economic integration. As the need for labour in the mines grew, workers were soon recruited from neighbouring territories. As early as 1896, for example, 60 per cent of the black miners in the South African gold industry came from Mozambique. By the beginning of this century, many other workers came from the colonial territories now known as Lesotho, Swaziland, Botswana, Malawi, Zambia, and Tanzania. Once the tradition of migrancy had been established, it became a way of ensuring that labour costs were kept low, and, as the South African economy later diversified into commercial agriculture and manufacturing, migrant labour was also drawn into these sectors.

In 1891, the Chamber of Mines set up a recruiting arm known as the Witwatersrand Native Labour Association (WNLA).¹² WNLA recruiting agents travelled to villages all over southern Africa, hiring labourers, and arranging for their passage down to the mining areas.¹³ The governments of the labour-supplying colonies received roughly half the miners' wages, holding the money to be paid to them at the end of their contracts. In this way, migrant labour to South Africa was a valuable source of revenue for the colonial authorities, just as it still is for the independent governments of labour-providing countries.

By 1986 40 per cent (albeit a declining proportion from the late 1970s onwards) of the labour force employed in South Africa's mines were external migrants. The proportion is declining, because since the 1970s, the South African government has been promoting strategies to reduce foreign labour. This stems from the combined political pressures of rising domestic unemployment and an unwillingness to remain dependent on foreign workers.¹⁴ However, for the time being, the requirement for skilled labour in

the mines has meant the Chamber of Mines has resisted a sharp decrease in migrant labour coming from Mozambique.

Nevertheless, the scale of migrant labour remains significant. In 1989, UNICEF estimated that between 600,000 and 750,000 families in the labour-exporting SADCC countries were highly dependent on the remittances of migrant men and women in South Africa. Put another way, this represents some four million people, approximately seven per cent of the region's population. Most of these workers come from the poor, drought-prone, rural areas of Lesotho, southern Malawi, southern and central Mozambique, and southern Botswana.¹⁵

The drawing of labour from neighbouring territories into South Africa and into the developing colonial economies of the region did not happen spontaneously. In Zambia (formerly Northern Rhodesia), for example, the British South Africa Company (BSAC), a chartered company formed in 1889 and backed with finance from South Africa and Britain, occupied the territory from 1891/2 until 1924,¹⁶ intending to widen British South Africa's territory and labour control. As one leading writer on the urbanisation process in Zambia has observed,

When power-driven machinery came into general use, factory owners in Europe had at hand large numbers of landless people uprooted from the countryside by earlier changes. This was not the position in Zambia and other African countries, whose inhabitants were largely self-sufficient landed proprietors. There was no ready-made army of unemployed persons looking for employment. One of the first aims of the British South Africa Company was to create such an army, to turn villagers into wage-workers, to separate men from their wives, families, fields, cattle, rivers, and hunting grounds. The measures adopted to bring about these changes initiated a process that gave rise to the present condition of rural displacement and urban overgrowth.¹⁷

In Zambia, the recruitment of labour on the required scale was achieved by a two-pronged strategy: firstly, through the introduction of waged labour; and secondly, through the imposition of various cash taxes which obliged men to seek wages, together with other measures to undermine the value of African people's agricultural and manufactured production — their accustomed means of economic survival.

As WNLA's recruiting reach developed, the contradictions between South Africa's need for labour from the surrounding territories and the increasing labour requirements of those same colonial economies sharpened.¹⁸ In any event, that so many workers were drawn south into the South African economy was made possible by the overriding compatibility of interest between the private investment interests in South Africa and the often



Colonial magistrates collecting the 'hut tax' in South Africa. Frequent protests and revolts against such taxes took place throughout Africa.

identical business and administration interests in the surrounding British and Portuguese colonies.¹⁹

Enduring effects

In southern Mozambique, migrant workers' remittances from South Africa soon became a substantial and integral part of the local economy, supporting rather than merely supplementing peasant production. During the 1980s, as war and drought have further ravaged this area, migrants' remittances have become all the more important.²⁰

Mozambique has been a major labour-supplying country. During the early 1970s, just before South Africa started cutting back on foreign recruitment for the mines, Mozambique was supplying 100,000 workers, some 25 per cent of the Chamber of Mines workforce. Numbers started to decrease during the 1970s, with the biggest wave of expulsions taking place during the first two years of Mozambique's independence. Numbers fell to around 40,000 by 1977, but have varied since then. For example, after the 1984 Nkomati Accord, in which South Africa pledged economic assistance to Mozambique, the number of migrant workers rose again to an estimated 55,000.

So it came as a major blow when, in October 1986, the South African government announced, not for the first time, a ban on the recruitment of Mozambican migrant workers, purportedly in retaliation for Mozambique's

support for the African National Congress (ANC).²¹ At the time, the Mozambican Ministry of Labour estimated that some 1,500 miners a month would return, unable to renew their contracts.²² Although the ban (in so far as it affects skilled workers) has been partially rescinded as a result of pressure from the Chamber of Mines, nevertheless thousands of families will now have to find an alternative living in Mozambique's poor and war-ravaged economy, and there is little prospect of migrant employment opportunities in South Africa increasing.

Just six months after the 1986 ban had been announced, an Oxfam researcher interviewed Mozambican migrant workers about their experiences, in Ressano Garcia. This is a railway town just inside Mozambique's border, where tens of thousands of migrant workers come and go. Many of those disembarking from the trains there were unsure whether they would ever return. They come home laden with goods for their families, goods which are unavailable in Mozambique's shattered economy.

Raimundo Manuel Matsinhe supports his wife and seven children, who live in Matola near Maputo. Because of the ban, he is unable to return to South Africa. He said,

It's hard. I was counting on going back there to work ... I was earning good money doing general jobs in an Anglo American mine compound. At home, there's nothing for me, there's no solution.²³



Mozambican miners at the end of their contracts in South Africa leave the train at Ressano Garcia, carrying gifts and supplies bought in South Africa and largely unavailable in Mozambique.

(Julian Quan / Oxfam)



Former migrant mine workers wait for news of jobs outside a WNLA recruitment centre in southern Mozambique. They display certificates showing the length and type of their service in South Africa.

(Julian Quan / Oxfam)

Since the 1986 ban, workers regularly visit the recruitment centres of the Witwatersrand Native Labour Association (WNLA) in Mozambique, hoping to learn that they can renew their contracts. At a meeting outside the WNLA office at Maxixe in Mozambique's southern Inhambane Province, some of the workers who were queuing up explained their situations. Luis Sadeiro Vincent said,

I had to return here from the mines in 1986. I haven't gone back, because I can't get work there. I'm stuck doing practically nothing now. I've got a machamba (plot of land), but because of the war I don't manage to grow much. I still hope to go back to 'Djoni' (Johannesburg). I don't know what I'll do if I can't. I have a wife and three children. At the moment we're living off my father, he has machambas. There are thousands of people here doing nothing, with no hope of getting back to the mines.²⁴

Romosa Fane Chissano said,

I have six children. Up to now we have been living off my earnings from the mines. I'll have to see what happens when the money runs out, I don't know if I'll find work, I don't know if I'll start to rob, I don't know. For the time being, my plan is still to go back to the mines. I know I can earn there.²⁵

Alfaio Niwane Gwambe explained,

The situation is serious, because I'm used to working in the mines to earn

money to support my family. Now I'm not doing anything, just working my little plot of land to grow something to feed us. It's not enough, and there are no clothes to buy. There is much hunger in our house.²⁶

Hamnus Kamdlene Babaloi said,

I've worked in the mines since 1953. With things as they are now, my children cannot go to work there. One day we will have to stop, because we will be too old. How are things going to be then? Our fathers were miners, and so are we. We'd like our sons to be miners. My family has no other means of earning a living. We could farm, but it would not be enough.²⁷

Development programmes to create employment for former migrant miners in southern Mozambique are under discussion. The hope is to use the varied skills, work discipline, and familiarity with a cash economy which the migrant labourers have gained from the South African mines to develop small-scale industries. But until funding is secured, and conflict resolved, the only alternative is to attempt subsistence farming.

By 1987, migrant workers' remittances earned Mozambique more than any single export crop.²⁸ This dependence means that the underlying trends in migrant labour policy seriously affect Mozambique's national economy as well as the livelihoods of the workers directly affected. As one writer put it,

Mozambique has been converted from a regular supplier of a substantial proportion of the mine labour force to an occasional supplier of a small proportion of 'supplementary' labour in response to irregular, unpredictable and haphazard demand from the mining industry. By contrast with Lesotho, therefore, the Mozambican economy has suffered immediately, directly, and very substantially from the cut-backs in foreign labour.²⁹

The dramatic social engineering involved in the drawing of labour into South Africa changed entire local economies and traditions of economic survival in the labour-supplying countries and households. Lesotho is the most striking example, where colonial migrant-labour requirements and the incorporation of the kingdom's prime farming area into the Orange Free State were the key elements which transformed the country from a maize-exporting area into an agricultural wasteland.³⁰ Now dependent on the remittances of its migrant citizens for 70 per cent of its GNP,³¹ Lesotho exports its structural unemployment, and some 111,000 migrant workers are officially employed in South Africa's mines.³² Overall, Lesotho is the SADC state most economically dependent on South Africa.

In Zambia, although the supply of migrant labour to South Africa was banned soon after independence,³³ many of the acute structural economic distortions of today relate back to the early labour recruitment for South Africa, which started the long tradition of migration away from rural production. When the official recruitment of labour to South Africa was

banned from 1912 to 1933,³⁴ Northern Rhodesia came to be primarily used as a labour pool for the emergent economy of Southern Rhodesia. And, once the copper boom in Northern Rhodesia itself had begun, labour was required in the copperbelt towns.³⁵ Not surprisingly, rural subsistence production and social relations were deeply affected by the withdrawing of male labour from the rural areas.³⁶

This was how Zambia got a 'head start' in the global urbanisation process. Today, after South Africa, Zambia is the most urbanised sub-Saharan African country. Less than half of its population remains in the rural areas, and this major economic and political factor has distorted national development since independence. If Zambia's economy had thrived, the extreme degree of urbanisation would not have resulted in the deep urban poverty which now accompanies the country's economic crisis. However, the government's economic mismanagement, which has included its failure to diversify the economy away from reliance on copper — an unstable commodity — and deteriorating international terms of trade have ensured the opposite. Zambia is now one of the most debt-distressed countries in sub-Saharan Africa (see Chapter 8).

By the 1980s, therefore, the pattern of migrant labour to South Africa had been woven into economic survival traditions for a century. When they became independent, Zambia, Tanzania, and Zimbabwe stopped labour out-migration and survived the process. However, in addition to Lesotho's national economic dependence (Lesotho is often called a 'suburb of the Rand'), migrants' earnings also remain important in southern Botswana, southern Malawi, and southern and central Mozambique. UNICEF reports,

Not merely households but whole rural districts could be pushed into absolute poverty by the rapid withdrawal of employment opportunities in South Africa. This happened in Mozambique from 1974 — 1977 and again in 1987 — 1988.³⁷

Investment and trade

South African trans-national companies

Over time, the handful of large foreign-owned finance companies which formed the South African Chamber of Mines in 1889 consolidated their domination of the developing South African economy as they diversified from mining into agriculture and then into manufacturing industries. They adapted to and survived the complex sequence of political developments in South Africa, not least because of the sustained western investment in the economy.³⁸

As the South African economy industrialised, it drew in not only labour but also raw materials from the British and Portuguese territories in the rest of the region, and sold its manufactured goods to these nearby markets. South African companies, often in conjunction with western finance, were well placed to undertake much of this business, and so moved into mining, trading, agriculture, and finance in the region.

The case of copper in Zambia provides a good example. In the 1890s, Cecil Rhodes' British South Africa Company (BSAC) was given administrative control of Northern Rhodesia, together with mineral and land rights. The BSAC was formed by British gold and diamond interests in South Africa, and in Northern Rhodesia (Zambia) it hoped to make enough profits to cover its administrative outgoings.

However, although copper had been worked in Northern Rhodesia for centuries, and world demand for copper was booming (from the mid-1800s) as the electrical and telegraph industries expanded, Northern Rhodesian deposits were not fully exploited until the mid-1920s. This was due to a number of reasons. Firstly, the early workings were either of a low grade or difficult to exploit, and the small mining and prospecting companies were undercapitalised because British investors were more interested in financing the nearby copper deposits in the Belgian Congo. Secondly, a line of rail was extended from Southern Rhodesia up to the Congo mines in 1909, but it bypassed most of the Northern Rhodesian deposits. And thirdly, copper production and marketing was already dominated by the USA and Chile.

All this changed from 1923 onwards. Firstly, there was a new, post-war copper boom, largely due to the growing US automobile industry. This meant that the Northern Rhodesian deposits won the attention of two interconnected combines: Ernest Oppenheimer's Anglo American Corporation (of South Africa), and Chester Beatty's Selection Trust Ltd. (of the USA). Although Anglo American was a South African company, it was largely American-financed, and came in on this deal as the consulting engineers, using its experience of mining in nearby South Africa. The US concern had the finance necessary to develop and exploit the Northern Rhodesian mines.

Secondly, in 1923 the British South Africa Company changed its former loss-making economic policy and began to 'privatise' its concessions by extending rights to companies interested in Northern Rhodesia's copper. The US/South African combine was well-placed to buy.

Towards the end of the 1920s, the price of copper rose — largely due to price fixing by an American producers' cartel known as Copper Exporters Inc. This meant that the few copper supplies not controlled by the US cartel, such as those based on the cheap labour of Northern Rhodesia, became even

more profitable. Despite a crash in prices (from 24 cents/lb. in April 1929 to 6.25 cents/lb twenty months later), the mines in Northern Rhodesia went on to become one of the world's most important producers.

Since then, the independent Zambian government has taken a controlling share of the copper industry, but Anglo American remains the other shareholding partner and has diversified its operations in Zambia. It now has important interests in most sectors of the Zambian economy, ranging from mining and mining supplies to catering and farming.

Today, a small number of South African TNCs hold investments in strategic sectors of the economies of all the nine SADCC states, particularly so in Zambia, Zimbabwe, Botswana, Swaziland, and Lesotho (and Namibia, expected to join SADCC on its independence).³⁹ And much of the international investment in the region is still based in South Africa, thus reinforcing South Africa's position as the region's economic centre of gravity.

South Africa's trade with the SADCC region

These corporate links have also been instrumental in developing the trading pattern between the SADCC states and South Africa. One feature of this trading relationship is that it is a regional cameo of a major distortion in global North/South trade. For the most part (as table 1 in Chapter 8 shows),



Workers at Durban docks in 1986 unloading rice from Thailand, and loading maize from Zimbabwe for export.

(Gideon Mendel / REFLEX)

South Africa exports its manufactured and agricultural goods to its neighbours, in return for raw materials. (Botswana, Lesotho, and Swaziland are especially important to South Africa's exports to the region.) This helps to inhibit the economic growth of many of the SADCC countries, unable as they singly are to develop and diversify their economic bases.

South Africa's own economy is also highly dependent on foreign trade: it depends on the import of machinery and complex manufactures from the west, and on the export of its raw and processed primary commodities; in particular, its gold and diamonds go all over the world.⁴⁰ But its agricultural and manufactured goods are not competitive in the markets of Europe and North America (because of protectionist trade policies), which makes the markets of Africa,⁴¹ especially southern Africa, of key economic importance. (In the mid-1980s South Africa had a net trade surplus with the SADCC states equivalent to 44 per cent of South Africa's worldwide trade surplus.⁴²)

Another feature of the economy of the region is the comparative absence of intra-SADCC trade in comparison with the amount of trade each country conducts with South Africa (see table 5.1). Namibia, Lesotho, and Swaziland are isolated from intra-SADCC trade by geography and by the limitations of the regional transport network. But there are other important factors which

Table 5.1: Trade balances of the SADCC countries, 1970-84 (\$m. at current prices)

	With SADCC countries				With South Africa			
	1970	1979	1982	1984	1970	1979	1982	1984
Angola	1	-26	-7	-2	-8	-95	...	...
Botswana	-3	8	16	-36	-31	-426	-542	-493
Lesotho	...	...	-1	-1	-13	-426	-488	-362
Malawi	-18	-7	-1	-3	-9	-155	-90	-86
Mozambique	1	-14	-19	-7	-29	-76	-80	-56
Swaziland	3	1	5	3	-38	-344	-317	-215
Tanzania	16	26	-6	-2	...	...	...	...
Zambia	-47	3	-13	17	-63	-76	-140	-124
Zimbabwe	47	7	27	64	-60	-160	-147	28
SADCC	...	...	...	...	-251	-1,757	-1,808	-1,308

(Source: "SADCC in the 1990s: Development on the Front Line", EIU, op. cit., p. 133)

inhibit intra-SADCC trade, such as lack of foreign exchange, and consequent constraints on trade credit; and the fact that, because the SADCC countries were largely developed during the colonial era as suppliers of primary products to Europe and South Africa, there is not much mutual trading advantage between them (except for Botswana; and Zimbabwe, which has a comparatively developed manufacturing sector, and exports extensively to other SADCC states).

The Southern African Customs Union (SACU)⁴³ has further strengthened South Africa's trading links with the other members — Botswana, Lesotho, Swaziland, and Namibia. SACU provides for a unified customs tariff and a sharing of revenue from a common customs pool based on the levels of imports from all sources.

Because of these distorted trading relationships, SADCC has recently given priority to its 'Investment in Production' programme, which aims ultimately to increase intra-regional trade (see Chapter 8).

South Africa's need for the region's markets is likely to increase, given the present US policy towards South Africa and the gloomy export prospects which the Single European Market could mean for South Africa after 1992. This is one reason why South Africa has gone to great lengths to maintain its share of the regional markets, using a variety of export incentives.⁴⁴

Trade in energy supplies is also an important factor in regional trading relationships, and one which has been significantly manipulated by South Africa for its political leverage and economic benefit.⁴⁵ For example, Zimbabwe's oil pipeline to Beira has been frequently sabotaged, and the routine destruction of the Cabora Bassa pylons — built so that Mozambique can sell electricity to South Africa — has meant that instead Mozambique has had to import electricity from South Africa. Although Angola's oil supplies are not traded within the region, South Africa has also sabotaged Angolan oil storage and refinery facilities.

Thus, energy supplies, particularly for Botswana, Lesotho, and Swaziland, are a key area of dependence. Accordingly, developing the region's energy sector has also been a key priority for SADCC, and one which has attracted much international support.⁴⁶

Transport networks

Transport routes in southern Africa have always been a highly political issue, closely tied as they are to economic interests. An early example was the rail link from the gold mines in the Transvaal to Lorenzo Marques (Maputo) port, which was built by mining wealth in the 1890s. It was not only the shortest route to the coast, but it was also the first outlet to the sea from the goldmines

in the Transvaal Boer Republic which could not, at the time, be controlled by the British. (At that time, the British South African colonies were Natal and Cape Colony, straddling all the other rail links to the sea.)

Because Britain's heavy engineering industry was the most advanced in the world during the boom period of European colonialism (following the 'scramble for Africa' in the 1880s), a great deal of British investment, skill, and machinery was exported to build up the transport networks of the colonies, including those in southern Africa. Even non-British colonies turned to Britain for their railways. The important Lobito (Benguela) line in Angola, for example, was completed in 1928, using British investment and equipment. Today, Angolan railway workers carefully restore the old British-made rolling stock which is so frequently blown up by UNITA guerrillas.

Another 'political' railway was the Chinese-built 'Tazara' line between Tanzania and Zambia, built in the 1970s to help landlocked Zambia during the period of sanctions against Rhodesia. For this reason it was called the 'Uhuru' (freedom) railway. During the liberation war in Zimbabwe, Rhodesian forces blew up the Chisamba railway bridge on this line, successfully cutting off Zambia's lifeline and forcing it to reopen its border with Rhodesia.

Destabilisation has made southern Africa's transport system more politically charged than ever before. As we have seen, in theory the region is well served with five east—west transport corridors. But in practice South Africa has sabotaged and manipulated SADCC trade transport in a number of ways.⁴⁷ This element of its regional destabilisation strategy has come to be known, with more than a tinge of irony, as 'transport diplomacy'.

The SADCC region's first priority has been to rehabilitate the SADCC region's five transport corridors, and the shared need to take action has formed the basis of most intra-SADCC political cooperation to date. Despite sustained sabotage, this strategy has started to bring results to the Beira line, while work on the Limpopo and Nacala lines is also beginning to bear fruit. As at the end of 1989, however, work on plans to rehabilitate the Lobito line was still held up by conflict, although international funding had been pledged.

Between 1980 and 1988 aid worth around US\$1,000 m. went into rehabilitating the region's transport network.⁴⁸ Once these routes are fully rehabilitated, the SADCC region stands to save over US\$300 m. a year on transport costs.⁴⁹ To date, international aid to Mozambique for transport rehabilitation, worth some US\$150 m., has been blown up by MNR guerrillas.

As part of its transport and communications focus, the rehabilitation of SADCC's ports has also been a key priority, with the aim of upgrading

handling efficiency and profitability.. Profits from transport routes and the use of ports are a valuable source of foreign exchange to all the seaboard SADCC countries. It is especially important to Mozambique, where the pre-independence economy was structured to take full advantage of South African and Rhodesian trade traffic, to the extent of extreme dependence. In the year before independence, this accounted for over 25 per cent of Mozambique's foreign exchange earnings, less than half of which came from exports of goods. Since then, Mozambique has paid dearly for the sealing of its borders with UDI Rhodesia, for South African-backed sabotage of its transport routes, and for South Africa's imposition of sanctions in the form of a reduction in the amount of its trade passing through Maputo port.⁵⁰

The case of Namibia

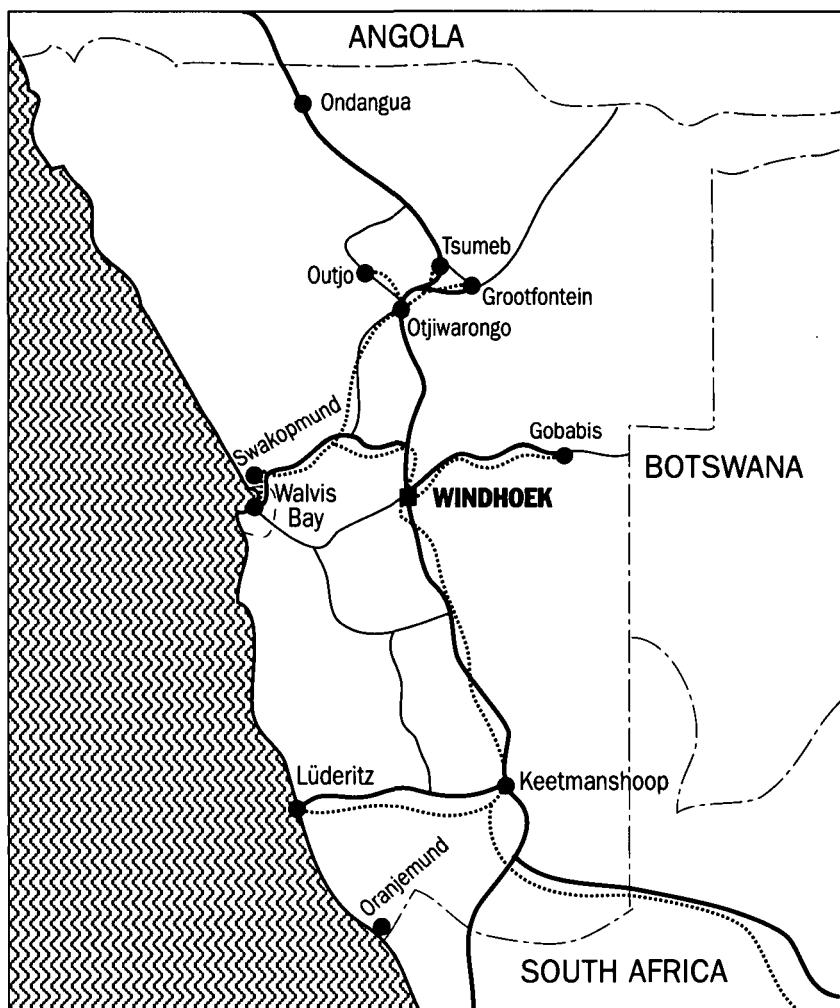
Alongside Lesotho, Namibia is perhaps the most striking example of South Africa's economic dominance in the region. It was ruled by South Africa for 69 years, and its economy has been entirely shaped and controlled to suit South African and other foreign interests.⁵¹ As a result, the Namibian economy is highly dependent on South Africa for both trade and transport links, and is integrated into its financial system. These dependencies and the structural economic distortions which South African occupation has created⁵² pose a challenge to Namibia's independence, in all but the formal, political sense. Prospects for the kind of development which is so badly needed are slim.

Shortly before the transitional period to independence began, Andimba Toivo Ja Toivo, SWAPO's Secretary General, said that independent Namibia might elect to join SACU. He explained, "We will have to sit and talk with them, otherwise we are the ones who will suffer; even if they don't want to, we will keep knocking at their door." Citing the stranglehold which South Africa has on Namibia's economy, he said that independent Namibia would have to negotiate agreement over the use of Walvis Bay, over which South Africa insists it has sovereignty.⁵³

Walvis Bay

The Walvis Bay enclave (covering 1,214 square kilometres) contains Namibia's only deep-water port. Despite eventually agreeing to decolonise Namibia, South Africa claims Walvis Bay as part of its own territory.⁵⁴ This defies world opinion, expressed clearly in 1978 when the UN Security Council ruled that the status of Walvis Bay was a matter for negotiation between an independent Namibia and South Africa, and called for the early reintegration of the territory into an independent Namibia.⁵⁵ A number of

Namibia



strong legal arguments have also been advanced to refute South Africa's territorial claim.⁵⁶

Control of the Bay and the surrounding area gives South Africa a military foothold in the heart of independent Namibia (Walvis Bay has long been a South African military and naval base), and control over the fishing industry based on the Bay. But arguably the most important leverage is its control over the only port capable of handling the independent nation's trade in any quantity. Some 40 per cent of all Namibia's foreign trade passes through



Walvis Bay, December 1989. Namibia's only deep-water port is claimed by South Africa. This sign has been erected in preparation for Namibian independence. (IDAF)

Walvis Bay (a proportion which would increase once Namibia managed to diversify its trading partners), including some 97 per cent of its sea trade. In 1989, 99 per cent of all Namibia's foreign trade passed either through or to South Africa, or through the South African-held Walvis Bay.

In other words, South Africa's grip over export and import routes will in no way be loosened by Namibia's independence. This crucial leverage is enhanced by Namibia's economic integration with South Africa and by South Africa's domination of Namibia's transport network. Regaining control of Walvis Bay will be vital to Namibia's future development. Schemes to develop an alternative port, or to channel trade through Angola, would be extremely costly.

Britain, with its historical links with Namibia and particularly its former annexation of Walvis Bay, has a responsibility to press for its reintegration into Namibian territory.

South African domination of Namibia's transport networks

Firstly, the state-controlled South African Transport Services (SATS) manages Namibia's road and rail transport system on a contract basis, and administers the ports.

Secondly, although Namibia's communications infrastructure is well

developed in comparison with many other SADCC states, it was established to serve the military, economic, and administrative interests of South Africa as the occupying power, rather than to serve the goals for which SADCC was formed. As a result, Namibia's transport links with its other neighbouring states — Angola, Zambia, Zimbabwe, and Botswana — are very restricted.

Taking these two factors together with South Africa's occupation of Walvis Bay, it is clear that South Africa could, if it wanted, impose a trade blockade on Namibia, in much the same way as it did on Lesotho in 1985.

South African domination of Namibia's production and trade

Namibia inherits a distorted production system, shaped for the most part by colonial interests, but also by a small population and a very particular ecology.⁵⁷ 85 per cent of goods produced in Namibia are exported, and 80 per cent of goods consumed are imported — mostly from South Africa, from where 75 per cent of Namibian imports originate.⁵⁸ Half of the food consumed in Namibia is imported from South Africa.⁵⁹

Although, for the time being, most exports must be routed either through South Africa or through South African-held territory (Walvis Bay), there is



Judging cattle at the Otjiwarongo Agricultural Show for commercial farmers, Namibia, 1985. Most of Namibia's viable farmland is owned by commercial farmers. Peasant farmers subsist in the poor, overcrowded, 'homelands'. (Susanna Smith / Oxfam)

real international demand for Namibian raw materials (in particular for its uranium, base metals, diamonds, beef, and fisheries products). And, for as long as this demand continues, there will not be total trade dependence on South Africa, which presently accounts for only 25 per cent of all Namibia's exports by destination.⁶⁰

Uranium, diamonds, and copper account for a third of Namibia's GDP, and 85 per cent of export earnings.⁶¹ In the long term, Namibia's dependence on mining earnings leaves it vulnerable to external demand and price shocks, although the outlook is good for the time being.

Most of Namibia's population depend on agriculture (although in many of Namibia's impoverished rural areas it is not possible to speak even of 'subsistence' agriculture), but the development of small-scale agriculture has been ignored. The colonial authorities concentrated resources on the white-owned commercial farming sector⁶² (mostly ranching), while black Namibian farmers were actively discouraged from the commercial production of fruit, cereals, and vegetables in order to give South African producers a captive market for their own food surplus.⁶³ Some 48 per cent of the 6,000 cattle and karakul ranches are owned by foreign (mostly South African) absentee landlords, who either live in town and make occasional visits to their farms,



A resident of Otjimbingwe, central Namibia. Many of the households in this area are headed by women caring for their grandchildren, while their sons and daughters are looking for work in the towns.

(Susanna Smith / Oxfam)

or who live abroad (mostly in South Africa).⁶⁴

All of Namibia's oil and coal supplies are shipped in through Walvis Bay, or brought in by rail from South Africa. However, Namibia has significant energy resources of its own — gas and oil — which remain to be fully exploited.

South African state and private corporations

Namibia's mining industry is totally dominated by foreign investors, mainly by British and South African TNCs.⁶⁵ In the overall context of this foreign ownership pattern, South African corporations — especially Consolidated Diamond Mines, Gencor, and the parastatal Iscor — play an important role.

In particular, the diamond industry (which generated US\$271 m. in export earnings in 1986) is dominated by Consolidated Diamond Mines (CDM), a wholly owned subsidiary of de Beers, itself controlled by (and a major shareholder of) the giant Anglo American Corporation.

Namibia's offshore fish resources are among the richest in the world, but have been almost entirely exhausted by foreign interests (principally, South African⁶⁶ and Soviet⁶⁷). On independence, the Namibian government will be able to do much to secure these resources for the national benefit.

Debt

South Africa claims that Namibia stands to inherit a national external debt of some R500 m., over 10 per cent of its GDP (1989 figures),⁶⁸ a 'debt' which has accrued because of South Africa's occupation.

From the early 1980s onwards, the South African-appointed administration financed the country's budget deficit by transfers from the South African government, and by commercial loans from South African banks guaranteed by the South African government. During the 1980s, the South African government cut back its funding of the territory (from 21.6 per cent of GDP in 1983 to 3 per cent of GDP in 1989⁶⁹), with the result that the deficit became increasingly financed by commercial loans, and by greater domestic tax revenue. In effect, payment for South Africa's illegal occupation was being deferred — until the establishment of an independent nation.

Namibia will also inherit a budget deficit of R382 m.,⁷⁰ partly as a result of South Africa withdrawing budgetary support during the transition period. The South African government was unwilling to underwrite fresh loans to cover this. According to the South African-appointed Administrator General, Louis Pienaar, "The question is the incoming government's approach to the country's debt obligations".⁷¹ Implicit in this statement is a clear warning to the independent government not to refuse responsibility for its inherited debt.

Katutura, Namibia, 4 May 1989: the anniversary of the Kassinga massacre in 1978, when South African troops killed 700 SWAPO refugees in southern Angola. The crowd is also celebrating Namibia's forthcoming independence.

(Kelvin Jenkins / Oxfam)



During the politically crucial first few years of independence, when the popular expectations which fuelled the struggle for independence will run high, the new nation will need to raise loans to finance development projects. Independent Namibia's economic and development challenges will be difficult enough as it is; an inherited debt burden will be a serious additional handicap. Under international law, a strong case can be made to the effect that the independent nation should not be held liable.⁷³ Coordinated international action is needed to relieve newly-independent Namibia of this burden.

Rand Monetary Area and Southern African Customs Union

Two key decisions for the independent government of Namibia to tackle are Namibia's membership of the Rand Monetary Area (RMA),⁷³ and the Southern African Customs Union (SACU).⁷⁴ In both cases, Namibia has been involved involuntarily as if it were a part of South African territory. These structures have done much to knit Namibia's economy into South Africa's.

Among other things, membership of the RMA has meant that all financial transactions are made in rand, and that South African regulations apply to all international movements of capital in and out of Namibia. Separation from the RMA would therefore involve the establishment of a Namibian Central Bank, a national currency, and a policy on exchange rates. The independent strength of a new currency would mostly depend on the origins and destination of Namibia's trade, its main foreign-exchange earner. If Namibia manages to develop and diversify its trading relationships successfully, then there will be less pressure on the independent government to re-enter SACU. However, in the short term, the 'cash in hand' incentive of SACU customs pool receipts⁷⁵ will put the new government under considerable pressure to negotiate entry into SACU as a separate state.

The reintegration of Walvis Bay and the construction of more regional transport networks are crucial, not only to Namibia's future independence from South Africa, but also to its independence, if so desired, from SACU. Although more than 70 per cent of the value of Namibia's exports could be transported directly to international markets by air, more than 90 per cent of all imports come directly from, or via, South Africa by sea, road or rail.⁷⁶ South Africa is well placed to exert leverage and ensure Namibia's continued trading dependence.

But there would be long-term disadvantages of SACU membership for the economy. In particular, the development of local industry and therefore Namibia's future capacity to play a full role in SADCC's 'Investment in Production programme (for strengthening regional production and trade) would be hampered by tariff-free imports from South Africa, where there is a relatively efficient, high-volume production capacity. Furthermore, it has been calculated that some 80 per cent of Namibia's imports would be cheaper if bought from elsewhere.⁷⁷ On the other hand, if it is to develop a viable, indigenous industrial/manufacturing base, Namibia will have to produce goods for overseas export which either compete with, or cannot be produced by, other countries in the region.

Although Namibia will join SADCC on independence, all the signs are that Namibia's economic independence will continue to be compromised by South Africa. The process of delinking will have to be gradual (and will in all probability never be absolute). Even so, it will require substantial international pressure to reintegrate Walvis Bay, and to increase Namibia's foreign trade. It is to be hoped that the future relationship between Namibia and post-apartheid, democratic South Africa will show that the many 'natural' economic linkages between them need not be manipulated as political levers.

South Africa's dependence on the region

Much attention is paid to the economic vulnerabilities of the SADCC states in relation to South Africa, but this is not the whole picture. The South African economy has itself become significantly dependent on the SADCC region, despite its greater size and its unrivalled dominance.⁷⁸ This dependency has been enhanced by international trade and financial sanctions, and by trade protectionism in the West.

South Africa is looking to expand exports throughout Africa. Reportedly, in 1989, South African exporters were doing business in 47 African countries.⁷⁹ In spite of sanctions, foreign exchange shortages and other technical snags, South African government and business leaders believe that increasing the export of finished and semi-finished goods to African markets is vital for further growth in the economy. It is also thought that new export opportunities have been created in Africa for South Africa to take advantage of, because of the general downturn in international aid (much of which was tied to the purchase of imports from the donor countries).⁸⁰

By the mid-1980s (South African trade statistics have been classified as strategic information since 1986, and later data are therefore unavailable⁸¹), the SADCC states were purchasing 10 per cent of all South Africa's exports and 20 per cent of its non-gold exports. At the same time, South Africa's exports to SADCC were valued at \$1.7 bn., \$135 m. more than South Africa's total exports to the EC of all food, agricultural, and coal products. With substantially fewer SADCC imports moving the other way, South Africa had a net trade surplus with the SADCC states of \$1.3 bn., an amount which was equivalent to 44 per cent of its world-wide surplus.⁸² (See table 5.2.)

South Africa's balance of payments surplus with the region is further increased by other major flows, including revenue from transport services, and the profits and dividends on South African investment in the region. The Overseas Development Institute estimates that on top of the visible trade surplus given above, South Africa was running an overall invisible surplus as high as \$150 m. The most important element of this surplus is the revenue earned by South African Transport Services (the state-owned rail and port authority) for carrying SADCC's extra-regional trade, which brings in an estimated income of between \$200 m. and \$300 m. a year. (As we have seen, a substantial part of these earnings derives from South Africa's destabilisation of the alternative SADCC transport corridors.) The main reverse payment flows from South Africa to the region were derived from migrant workers' remittances, and from SACU dues to Botswana, Lesotho and Swaziland.⁸³

Table 5.2: South Africa's net current account surplus with SADCC countries * (\$ m.)

	Net receipts	Net payments
Visible trade	1,300-1,500	
Invisibles		
Transport	200-300	
Other non-factor services	100-200	
Labour remittances, pensions, etc from South Africa		200-350
from SADCC	50-100	
Profits & dividends	100-150	
Customs union **		300
Total	1,750-2,250	500-650
Overall balance	1,250-1,600	

* Summary estimate, mid-1980s

** These represent gross payments from the common customs pool. Taxes paid by Botswana, Lesotho and Swaziland (BLS) to the pool are partially included in the cif value of their imports from South Africa. Payments into the pool (a) for excise duties paid on excisable production in BLS, and (b) for import duties or import surcharges on goods imported from outside the customs area by BLS, are not available, but represent flows to South Africa from the BLS.

(Source: "SADCC in the 1990s: Development on the Front Line", op.cit., p.134)

Thus, the extensive economic links between South Africa and much of the region are part of a complex web of interdependence. This circumscribes the SADCC states' political independence and scope for economic development, but it also limits South Africa's economic responses to international pressure.

SADCC is working to reduce dependence on South Africa to levels which remove some of these constraints.⁸⁴ It also aims to promote intra-SADCC economic linkages, thus correcting the over-reliance on trade with South Africa created by history. Much hinges on this process and its outcome, and two key issues arise: first, the vexed question of the effect which increased international sanctions against South Africa might have on the SADCC states; and second, the prospects for future regional cooperation with South Africa.

Sanctions and South Africa's neighbours⁸⁵

It is often argued that imposing or extending sanctions against South Africa will increase the poverty and suffering of people living in the SADCC region. The argument is two-fold. One strand is that the harm done to South Africa's own economy will have adverse knock-on effects on the rest of the region. The second strand is that South Africa will respond to increased international sanctions against it by imposing its own sanctions against its neighbours, possibly severing links altogether, thus causing additional poverty and hardship.

In direct contrast to this view, SADCC,⁸⁶ the Commonwealth, the UN, and the FLS alliance repeatedly call on the international community to step up their sanctions pressure on the South African government, and many countries have complied.⁸⁷

However, towards the end of the 1980s, as the human and economic costs of destabilisation mounted beyond all expectations, as the South African economy has become increasingly dependent on the SADCC region, and as cumulative pressures on apartheid are seen to bring results, the equation has altered. It is now increasingly held that, on balance and in the long run, effective measures to hasten the end of apartheid, even including sanctions, would enhance the region's economic prospects. A number of factors have to be assessed.

The risk of retaliation

Of course, in the volatile political atmosphere of South Africa's politics and its relationship with the SADCC region, it is impossible to predict with accuracy what political pressures might bear on the future decisions of the South African government. However, if the growing influence of the 'verligte' outlook in government continues, South Africa seems unlikely to take extreme retaliatory measures, because such actions would further reduce the government's international standing.

As far as the economy is concerned, there are compelling reasons of self-interest why South Africa should not completely sever its links with the region. The economic interdependency factor means that it would be in neither side's interest.⁸⁸ However, targeted economic retaliatory measures might well be adopted in the future to cause economic damage, just as they have been frequently in the past.

If South Africa did not comprehensively sever its economic links with the SADCC region, and regardless of whether or not it adopted targeted retaliatory measures, there would nevertheless be various inevitable consequences.

The knock-on effects of sanctions against South Africa

The knock-on effects on the SADCC region have been assessed as likely to be a mixture of negative and positive.

On the negative side, the weakness of the SADCC economies and the range of their economic dependence on South Africa mean that, to the extent that sanctions against South Africa lead to lower growth rates in its economy, the demand for SADCC's imports and labour may be reduced. In turn, this will tend to reduce domestic demand within the SADCC economies, which will decrease their demand for South African exports, and thus stimulate a regional deflationary spiral — a run-down of trade and economic activity.⁸⁹

On the positive side, the SADCC region's export trade may get a boost. Firstly, although South Africa is a major supplier of SADCC's imports (and it must be noted that many of these are crucial to export production), it accounts for less than 10 per cent of SADCC's export markets, with the important exceptions of Lesotho and Swaziland. The most important influences on SADCC's export trade are the price and demand for their products outside the region (see Chapter 8).

Furthermore, one of the effects of already existing sanctions against South Africa has been to depress the value of the Rand, which has in turn reduced the price of South Africa's exports and services to the SADCC region,⁹⁰ on which there is considerable dependence.⁹¹

On balance, the difficulties created by the complex pattern of interdependency — whether increased sanctions provoke increased retaliatory action or not — should not be underestimated. However, it is thought that the adverse knock-on effects will be gradual enough in nature to permit a step-by-step programme of adjustment. In particular, there is a strong case for the international community to consider international aid to 'cushion' the SADCC region against adverse shocks, and ease the adjustment process.⁹² Lesotho — the 'hostage state' — would need to be treated as a special case.⁹³ Britain, however, is set against the idea of compensating the SADCC region for losses incurred through sanctions against South Africa.

The wider context

It is, however, a partial view to consider the arguments for and against sanctions as if the regional context was otherwise 'normal'. As this report aims to show, the people of the SADCC region are already paying a very high price for the way in which history has made South Africa the dominant economic and military power.

To the incalculable human costs of South Africa's regional policy must be added the gigantic economic costs. The most important issue therefore is to

tackle the root causes of poverty and underdevelopment in the region, among which apartheid in South Africa is prominent. As Peter Msumi, the Chairman of SADCC's Council of Ministers and Vice-President of Botswana, said when he opened the SADCC annual conference in Harare on 30.1.86,

When we join the international campaign for effective measures to end apartheid, we do so in the full knowledge that some of the effects of such measures will impose hardships on ourselves. But we accept these hardships, like a woman in labour, in the hopes that they will usher in a new era of peace, stability and security for the region.

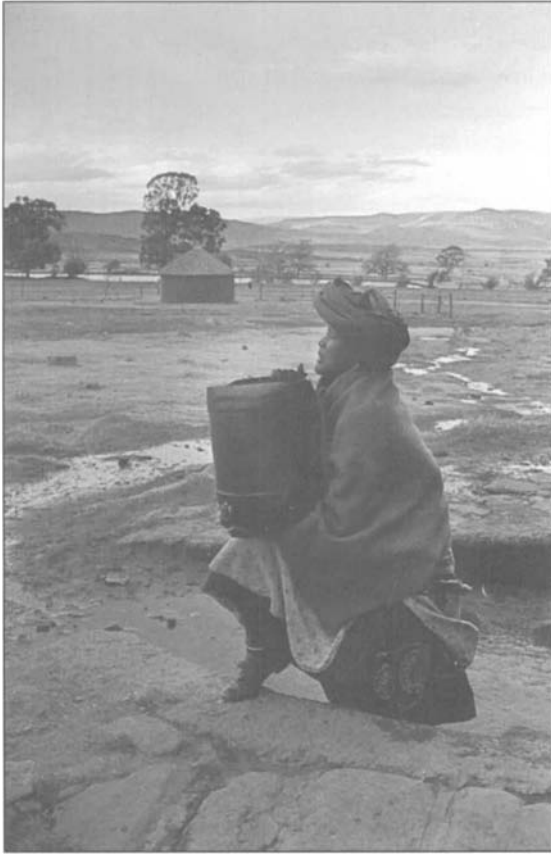
When an exasperated international community calls for effective measures to incapacitate South Africa's economic motor, which drives the aggressive machine, our dependency relationship is invoked as rationale and justification for resisting such action ... How much more suffering can be saved by world inaction and acquiescence to apartheid?

Southern African economic cooperation after apartheid

In a post-apartheid southern Africa, the potential for increased economic cooperation throughout the region will be substantial. However, for as long as apartheid and minority rule persist in South Africa, a triple economic brake is applied to the region.

Firstly, South Africa's destabilisation has cost the SADCC region an estimated US\$62,450 m. between 1980 and 1988.⁵⁴ As Chapters 4 and 6 point out, conflict in Angola and Mozambique still ravages local subsistence, the national economies, and neighbouring economies. Moreover, South Africa's aggressive economic actions have compounded these costs.

Secondly, economic development in South Africa itself is limited by apartheid in a number of important ways. The majority of South Africans have no democratic political rights and therefore no say in how the country's economy should be run to reflect their economic interests. Black education and training have been neglected, to the point where the industrial sector now faces a skills shortage.⁵⁵ Apartheid legislation restricting where people may live and work affects their economic options.⁵⁶ The huge inequalities in wealth and public service provision severely limit the development of human potential. Internal markets are restricted not only by the size of the population, but also by the vastly lower living standards of black people. The bureaucratic and security apparatus in place to police and administer apartheid is extremely costly and inefficient.⁵⁷ Disinvestment and sanctions are having an effect,⁵⁸ stimulated by political instability, a narrowing economic future, and public opprobrium.



Collecting water in the Transkei 'homeland'. Massive resources will be needed to redress the extreme inequalities created by apartheid.

(Monique Blanchet / Oxfam)

As is often pointed out, some economic developments inside the country are beginning to undermine many of the state's apartheid constructs, but it cannot be claimed that they will, alone, be able to demolish the system. The relaxation of some apartheid restrictions has facilitated the emergence of black entrepreneurs, but this alone cannot change the poor economic prospects of the majority — especially the millions of people living in the 'homelands'.

This debate was given a thorough airing in mid-1988. In a speech to the Royal Commonwealth Society, Sir Geoffrey Howe, then Foreign Secretary, said,

I believe that industrial interdependence in the modern South African economy, combined with demographic trends, will make apartheid increasingly unworkable ... On a reasonable birthrate projection the ratio of black to white in ten years' time will be eight to one. The means of life, and

basic economic and social rights, cannot be provided for numbers like these within the straitjacket of apartheid.”

Some three weeks later, Oliver Tambo, President of the ANC, replied, in a speech given on his behalf to a conference in London,

Once more it is being argued that economic development within South Africa and population growth will, in themselves, lead to the destruction of the apartheid system. Yet the point has been demonstrated over and over again that it was during the period of the strongest growth of the South African economy, during the sixties and the seventies, that the apartheid regime and the racist system were at their strongest and most vicious.

To take care of the rapid growth of the African population, even at that time, the apartheid regime carried out a vast programme of forced removals of the African people into the Bantustans and resettlement camps ...

At this point, we would like to advise, in all humility, that it does not contribute to the ending of the South African tragedy to have senior British politicians take on board and reiterate the false images of South African reality which the Pretoria regime propagates in its attempt to justify the existence of the apartheid system. One of these is the notion that the substance of the politics of our country is determined by the jostling of various tribes for a place in the sun.



A funeral gathering in Alexandra Township, South Africa, 1986. In the background is a casspir — the armoured vehicle used by the police and the SADF.

(IDAF)

What defines the substance of the turmoil in our country is the confrontation between the forces of democracy on the one hand and those of racism on the other ...¹⁰⁰

Over the last decade, it has become increasingly clear that apartheid is serving business interests poorly. In the view of the British Industry Committee on South Africa, "A healthy economy is impossible without political change and continued reform."¹⁰¹ And in a speech to The Urban Foundation in Johannesburg, Sir Robin Renwick, Britain's Ambassador to South Africa, said,

It is unfortunately a myth that capitalism guides the key decisions of the State in South Africa. I only wish it did. In fact the principles of free enterprise and of racial segregation are totally incompatible ... By modern standards this is a hopelessly over-regulated society, with one of the world's more cumbersome bureaucracies. And many if not most of those regulations, for instance the restrictions on land use, as well as a high proportion of those bureaucratic jobs, stem from the continued enforcement of aspects of the apartheid system.¹⁰²

Apartheid and minority rule in South Africa act as an economic brake on the region in a third way, in that they inhibit the realisation of full regional economic cooperation. Because of apartheid and South Africa's regional destabilisation, economic cooperation projects remain limited to those requiring the minimum of political cooperation. Yet the potential of full regional cooperation is immense, as was long ago realised by colonial Britain, and has since been recognised by South Africa and the SADCC states themselves.

What then are the prospects for future regional cooperation involving South Africa once democratic majority rule is established? There has not been a great deal of research into this question. Two different issues need to be separated in this highly speculative realm.

One is the market-led effects of South Africa on the region, which could cut both ways. For example, if South Africa's economic growth proves to be more rapid, one result of a higher rate of growth on the region is likely to be an increase in regional exports to South Africa. But at the same time, market forces alone may well, due to the dominance of South Africa's economy, continue to suck in resources from the region without promoting a more equitable form of regional development.

The other issue is the need for positive economic cooperation of the sort which requires a fair degree of political commonality. In this regard, there is ground for belief that the future holds greater, mutually advantageous, economic cooperation. For example, a great deal more could be done on a wholly regional basis to improve the region's transport system.¹⁰³ Repair and

maintenance facilities could be better (and more economically) pooled, ensuring access to all partners. And South Africa could greatly help the SADCC regional food security programme.

As SADCC spokespeople have pointed out, even after the advent of majority rule in South Africa, future economic cooperation must tackle the distorted economic relationships which have been built up over the years.¹⁰⁴

It has been argued that the establishment of majority rule in South Africa may not work in the interests of regional economic advancement.¹⁰⁵ This point of view holds that the sheer dominance of South Africa's economy, together with the need for the future government to give priority to the pressing domestic economic concerns which apartheid has created for the future, could combine to undermine equitable regional development.

Another point of view holds that SADCC programmes are wasting resources which should rather go towards developing the productive capacity of the separate countries of the region and towards the liberation of South Africa: "The most telling questioning of SADCC comes from the South African liberation movements. They point out that the underlying assumption of SADCC is that South Africa will be no nearer liberation in twenty or more years. If this is not the case, then surely the huge investment in this project is a catastrophic waste?"¹⁰⁶

SADCC's view, however, is that South Africa will be a great asset to the rest of the region, provided that a more balanced relationship is built. As Simba Makoni, SADCC's Executive Secretary, explained,

Economic cooperation on southern Africa is not based on our abhorrence of apartheid. It is firmly rooted in the realisation of the inadequacies of small, under-developed and truncated national economies, unable separately and individually to sustain a viable modern industrial base. It also recognises the benefits to be derived from an equitable, balanced regional integration based on the natural resource endowments of the different countries. It is based on the acceptance of collective self-reliance, inter-dependence and equity, rather than dependence and domination.

On this basis, SADCC and its member states have stated right from the beginning that an independent Namibia and a democratic South Africa will automatically be admitted into the organisation. A democratic South Africa, conducting its affairs according to the will of the people, and in accordance with regional and international norms, and accepting the rules of cooperation and equitable interdependence, holds enormous potential for the development of our region.¹⁰⁷

The key point is that the region's full economic potential cannot be discovered until the whole region can actively cooperate politically. Forward-looking collaborative ventures based on extensive inter-governmental

cooperation, such as prevails within Europe, for instance, require basic political common denominators. Although some joint initiatives are already being undertaken, for example, the Highlands Water Scheme in Lesotho and the Cabora Bassa Dam project in Mozambique, there is unlikely to be full cooperation for as long as apartheid and minority rule exist in South Africa.

6

The economic costs of destabilisation

The economic costs arising from South African-backed conflict in the region have been massive. The greatest losses have been directly due to conflict in Angola and Mozambique, intensified and prolonged by South African support to the rebel movements. The war-torn countries themselves are the worst affected, but the costs to the other countries in the region have also been high.

The economic consequences of this situation will be long-lasting. 'Recovery' is an elusive concept while war continues to ravage vital transport routes and economic infrastructure. It is the poor who are most vulnerable to the sharp economic decline which war has so greatly aggravated throughout the region.¹ (Chapter 8 describes the other economic pressures affecting southern Africa.)

The economic instruments of destabilisation

The southern African transport network is the key to the region's economic vulnerability. Systematic rebel sabotage of Mozambique's transport routes has seriously affected the economies of Zimbabwe, Zambia, Malawi, and Mozambique, and it has also increased the region's dependence on South Africa. This is because much of their trade has to be re-routed (at increased cost) to South African ports, using South African transport systems. Mozambique has lost the revenue which it could have earned from the trade traffic. Zambia and Zimbabwe have also suffered from deliberate, costly delays on routes through South Africa. (Lesotho, landlocked, and surrounded



Guarding the Beira line. Enormous resources have been diverted to defence. Zimbabwe spent an estimated US\$ 3 bn. between 1980 and 1988 to protect its trade routes through Mozambique.

(Keith Bernstein / Oxfam)

by South Africa, is especially vulnerable to South African interference with its trade routes: a blockade mounted in December 1985 brought about the fall of the anti-apartheid government in January 1986.)

In addition, direct attacks on production units, especially those earning foreign exchange such as tea estates, mines, and petroleum installations (as has happened in Mozambique, Angola, and Zimbabwe), cause loss of output and therefore revenue.

Widespread terror campaigns in the rural areas of Mozambique and Angola have not only destroyed peasant agricultural production and government services, but they have also created the need for massive relief programmes to cater for millions of displaced and destitute people.

As the years roll on, these factors have had a cumulative effect on national economic performance.

The economic costs

Many factors must be assessed when computing the economic costs of conflict and South Africa's regional policy.² The main elements are the destruction directly caused to infrastructure, services, and property; the extra defence costs, which represent a diversion away from development and

Table 6.1: Gross Domestic Product (GDP) loss in the SADCC region, 1980-1988

(\$ m. in 1988 prices)

<u>Country</u>	<u>1988</u>		<u>1980-1988</u>	
	<u>Loss</u>	<u>% of actual GDP</u>	<u>Loss</u>	<u>% of 1988 actual GDP</u>
Angola	4,500	90	30,000	600
Mozambique	3,000	110	15,000	550
Zimbabwe	1,350	25	8,000	145
Malawi	550	30	2,150	133
Zambia	500	20	5,000	200
Tanzania	500	10	1,300	26
Botswana	125	10	500	40
Lesotho	50	7	300	42
Swaziland	30	5	200	33
All SADCC	10,605	43	62,450	210

(Source: National data and preliminary GDP estimates)

productive investment;³ the loss of economic output; higher transport costs; and the costs of providing relief and survival assistance to the victims of war.

The total economic cost of conflict and South Africa's regional policy to the SAADCC states between 1980 and 1988 has been estimated by the UN's Economic Commission for Africa at \$62,450 m. (on a GDP loss basis, at 1988 prices, see table 6.1⁴). This is equivalent to over twice the combined annual Gross Domestic Product (GDP) for 1988 of the SADCC states, and three times as much as the gross inflow of external resources into the region (aid grants, 'soft' loans, export credit, and commercial loans) for 1988.⁵

Each of the SADCC national economies is differently affected by conflict and South Africa's regional policy, according to their different economic, geographic, and political positions within the region and in relation to South Africa. The following case study of Malawi illustrates how just one of the economic consequences of conflict listed above — the transport factor — has hobbled a national economy and worsened the (already narrowing) economic survival options for the poorest. Between 1980 and 1988, the disruption of transport routes alone cost Malawi approximately \$500 m.⁶



Displaced young people in Quelimane, Mozambique, crowded into the local school in December 1986. The war has done incalculable damage to the education and training of this generation.

(Jenny Matthews / Oxfam)

Case-study: How conflict in Mozambique affects the economy of Malawi

Sometimes described in tourist brochures as the “Switzerland of Africa”, landlocked Malawi has lakes, mountains, and beautiful scenery. But the picturesque analogy is limited. Malawi, along with Mozambique, is one of Africa’s poorest countries. In terms of Gross National Product (GNP) per capita, it is the sixth poorest country in the world, according to World Bank data, which recorded a figure of \$160 in 1987.⁷ The national economy faces very serious problems due to the combined effects of land shortage, international debt service obligations, unstable commodity prices, and rising import costs. Furthermore, since independence in 1964, the government’s harsh economic development policies have eroded the livelihoods of the poor. (See Chapter 8.)

This is the context in which the effects of the war in Mozambique should be seen. Although Malawi is the only southern African state which has formally established diplomatic relations with South Africa, it has suffered a great deal from the consequences of South Africa’s support to the MNR.

The peculiar political geography resulting from the colonial division of southern Africa has made Malawi vulnerable to the effects of the war in Mozambique for two main reasons. Firstly, because of its long, rural border with Mozambique, an estimated 790,000 Mozambican refugees have fled to Malawi. They impose an unprecedented burden on local host communities and state services. Secondly, because it is landlocked, Malawi's economy, dependent on the export of primary commodities, has been strangled by MNR sabotage of the two 'natural' rail routes to the coast — the lines through Mozambique to the ports of Nacala and Beira.

The disruption of Malawi's rail routes out to the sea through Mozambique began in 1982.⁸ It has exacerbated the structural weaknesses of Malawi's economy — its high degree of dependence on imported manufactured goods and on its overseas export crops (which contribute over 90 per cent of national foreign exchange earnings),⁹ a high level of external debt, and a very poor rural population, extremely dependent on employment in the export crop sector.

A landlocked agricultural economy

Hundreds of thousands of poor families depend, wholly or in part, on the wages of unskilled workers in the commercial agriculture sector. This has arisen because (in the absence of any other developed natural resource) agriculture for export is the chief productive sector of the economy, and (ironically) because of land shortage which has undermined subsistence agriculture, especially in the Southern Region. British investment still plays a key role in Malawi's export crop industry. (British companies involved include Lonrho plc, Eastern Produce (Holdings) plc, the Africa Lakes Corporation plc, Standard Commercial Tobacco Co. (UK) Ltd., Allied Lyons plc, and Unilever plc.)

Malawi's export trade involves the freight of high-bulk, low-value cargo, principally tobacco, sugar, and tea. According to the way in which local transit and transport systems are priced, the direct rail routes through Mozambique have been the only cost-effective means of exporting this produce.

The disruption of these routes means not only that exports have to be rerouted overland, at extra expense, to South African and Tanzanian ports, but also that commodities must be stockpiled, waiting for transport. For example, in June 1987, a British tea estate manager explained that transport hold-ups were affecting the 70-75 per cent of the estate's crop which was destined for overseas markets, and meant that "34 weeks of tea is sitting around in stores. It hasn't been economic to sell a lot of last year's crop and the next season's



Tea pickers on a commercial estate in Mulanje District, south eastern Malawi, July 1988 — earning the equivalent of 15 pence for a 10-hour day. (Jeanne Fitzsimmons)

crop is coming up. The only thing which may save us is the nasty war in Sri Lanka which is upping our price.”

These factors, together with the fundamental economic insecurity caused by falling and unstable commodity prices (see Chapters 8 and 9), have squeezed the foreign exchange cash flows of the commercial agricultural sector and the national economy, aggravated the decline in the profitability of the export crops sector, and so further weakened Malawi's international terms of trade. This, in turn, has adversely affected the other productive sectors of the economy, and their employment potential. This is particularly serious for the poorest in Malawi because, unlike many other African countries, land shortage means that many do not have the ‘last resort’ option of returning to the land and subsistence agriculture.

Because Malawi is landlocked, the profitability of its export crops and industrial sector is acutely sensitive to freight and insurance costs, as well as to timing. Until 1982, some 95 per cent of Malawi's trade went by rail through the Mozambican ports of Beira and Nacala (which handled approximately 65 per cent and 30 per cent of the total respectively). By 1987,

however, over 95 per cent of external trade was passing through South Africa, either via the Tete corridor to Zimbabwe and thence to South Africa, or to Zambia for onward transportation to South Africa via either Zimbabwe or Botswana. The distances involved are more than four times greater.

A further costly complication arises from the fact that the Tete road route through Mozambique's Zambezia Province (Malawi's shortest overland link with Zimbabwe and therefore with the South African ports), is kept open by a substantial presence of Zimbabwean soldiers, who escort all convoys, Malawi's included. During 1987, Zimbabwe complained to Malawi about the cost of this security cover.¹⁰

In addition to the long road haul to South Africa, a northern trade route of sorts has been in operation since 1985, leading to the Tanzanian port of Dar es Salaam. In its present state it involves several time-consuming and costly trans-shipments, and many stretches of the route are in bad repair. It has been able to handle only a small amount of Malawi's external trade (3.5 per cent in 1986).¹¹ Now a SADCC project, the plan to upgrade Malawi's access to the Tanzania/Zambia 'northern corridor', has attracted substantial pledges from donors, in order to ease Malawi's transport problems. 1988 estimates projected that the upgraded northern corridor will be operational in 1991/2. However, reports caution that even when the newly upgraded corridor is fully functional, it will not be able to handle more than 25 per cent of Malawi's external trade, because of the anticipated rise in pressure on the handling capacity at Dar es Salaam's port, which is expected also to have to cater for an increased amount of the trade of landlocked Zambia. Much therefore depends on upgrading the handling capacity of Dar es Salaam. This raises, in turn, problems for Tanzania's own cargo handling and domestic transport facilities. Tanzania could switch to using Mtwara or Tanga ports, but only at the cost of considerable investment.

Malawi's external trade transport costs were estimated to have wiped a fifth off the value of annual exports in 1987.¹² CIF/FOB margins (the difference between the value of imported goods, priced to include Cost Insurance and Freight, and the value of exports, priced as Free on Board — the most sensitive economic indicator of the transport factor) went up from 22 per cent in 1980 to around 40 per cent in 1985, much of which is a direct foreign exchange cost, since Malawian-owned road transport facilities have not had the time to develop in compensation.¹³

The extra foreign exchange transport costs which Malawi has had to pay since 1982, taken together with its debt-service obligations, have resulted in an unmanageable burden on the country's foreign exchange reserves. Consequently, Malawi approached its major Western donors (the UK, France,

Italy, Japan, the USA, and West Germany — also the main trading partners of South Africa — together with the World Bank and the IMF) in June 1988 for funds to meet a two-year external financing gap of \$555 m. According to reports of the 1988 meeting, the donors agreed “by and large” to Malawi’s request.¹⁴ Although some policy measures are likely to have been made conditional on this aid package, it was none the less clear that it mainly served as an interim rescue measure to alleviate pressure on the country’s foreign exchange crisis. The donors accepted that Malawi’s Mozambican trade routes cannot open up in the foreseeable future. They also hoped that the upgraded ‘northern corridor’ (together with improved economic performance to facilitate debt servicing) will make future rescue packages of this sort unnecessary. However, given the bleak outlook for peace in Mozambique, and reservations about the future handling capacity of the ‘northern corridor’, it was unlikely that any dramatic improvement in Malawi’s transport and economic performance problems would take place during the two-year grace period permitted by the agreement.

Further, whether Malawi can make progress in managing its external debt repayment obligations depends, in part, on investors’ confidence in the agricultural export sector, and the little-developed, import-dependent industrial sector. For the reasons outlined above, there is little room for optimism. Interviews with members of the expatriate business community in Malawi revealed that fresh private investment in Malawi’s agricultural sector had tailed off in the 1980s (reflecting the trend throughout Africa in the 1980s). With transport constraints set to continue, the task of riding the world commodity market fluctuations is made all the harder. As one expatriate businessman explained, “Only those companies which already have substantial investment here in the form of estates, processing plants etc., can keep hanging on, for the time being. At the moment, many of our concerns are operating at a loss, but we have a big stake in Malawi and so we keep going in the hope that the coming years will see improvements.”¹⁵

In 1986, due to the combination of the low world sugar price and war-related transport costs, one foreign transnational corporation decided that transporting the proportion of its sugar crop destined for the world market out through Harare and then on to Beira was decidedly uneconomic. So the company decided to start burning its stocks. However, this proved difficult, because the sugar turned into a sticky toffee-like substance, difficult to handle and dispose of. So they turned to a fermentation process, converting the sugar into alcohol, which was easier to burn than the raw sugar. Although the world sugar price has since recovered, the transport constraints remain. It is a cruel irony that so much ingenuity had to be used to find crop disposal measures in a country where thousands of people cannot grow enough to eat.

In mid-1989, the situation improved when the MNR stopped attacking the Nacala line. Reportedly, this was part of a deal between the Malawian government and Afonso Dhlakama, the MNR leader: in return for halting MNR sabotage of the Nacala line, Mr Dhlakama and his entourage were allowed to travel through Malawi to Kenya, to attend the Nairobi peace talks. Although this has partly relieved Malawi's transport problem, it is obviously not a long-term solution.¹⁶



Tanzanian communities have collected money to support the Mozambican government's defence effort against the MNR. Ako Gidabung'ed-Daremng'ajeg, a Barabaig man from northern Tanzania, gave the sale proceeds of a bull in 1987. "It is a Barabaig tradition to respond to such calls: you never know when you might need help yourself."

(Charles Lane)