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t publication which promotes insight into the process of change in Africa

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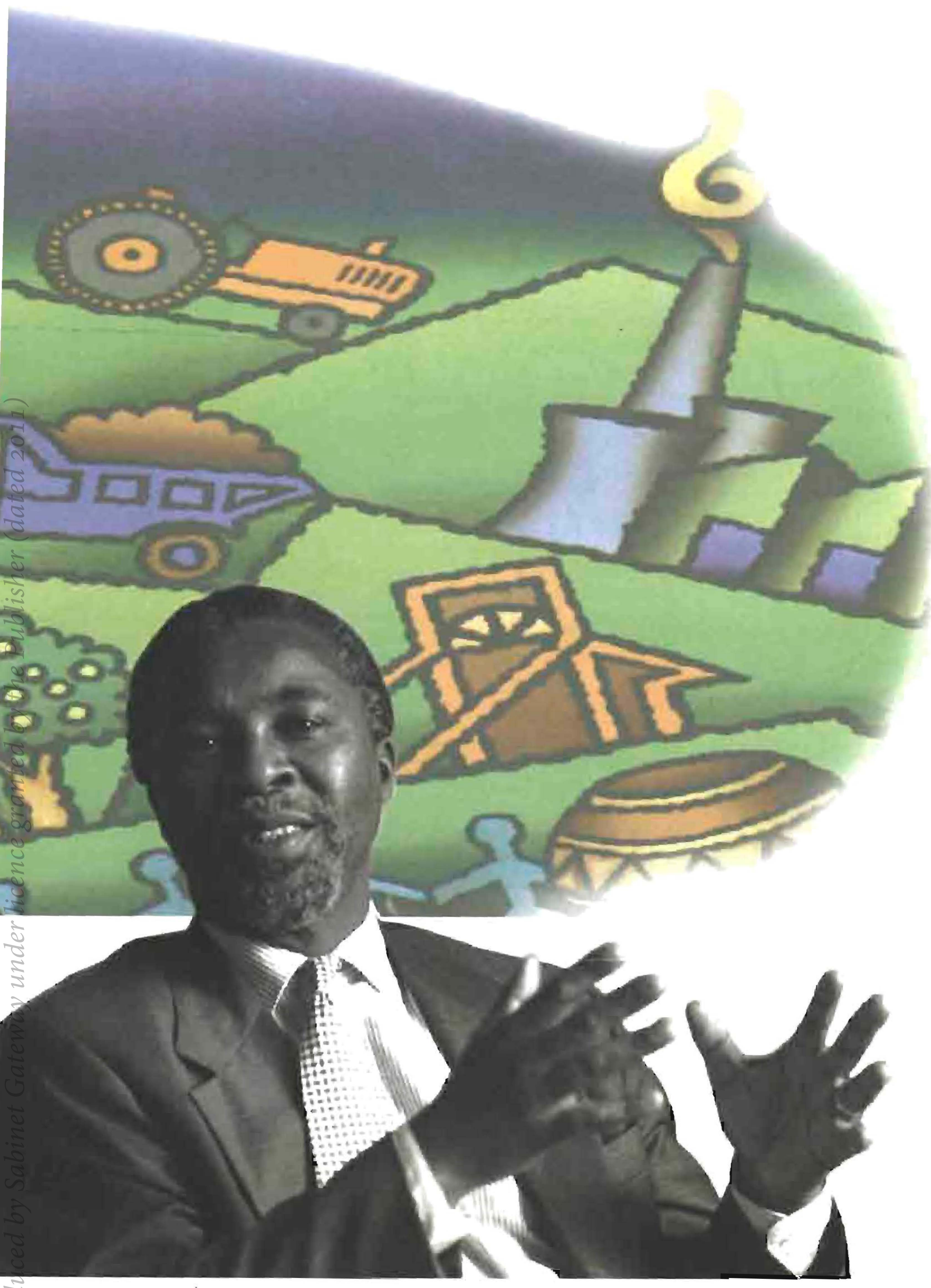

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CONTENTS

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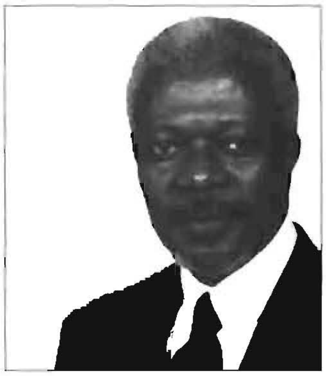


Madeline Lass

Renewal on all fronts

When the heads of state, ministers and their entourages left Algiers after the most recent Organisation of African Unity Summit in Algeria, a resounding question was left ringing through the continent of Africa: would this be deemed by history as the symbolic turning of the fortunes of Africa? Would the world's poorest continent enter an era of growth and global prominence in the new century?

Cynics may have observed that the concrete achievements of the summit differed little from the talk-fests of the past. But what was unmistakable was that a new spirit was abroad: a new resolve to engender an African Renaissance.

The summit was a platform on which appeared the two leaders with the strongest profile in Africa's revival: Nigeria's Olusegun Obasanjo and South Africa's Thabo Mbeki.

One of them, South Africa's newly elected president, left no doubt about his judgement of Africa's emerging prospects: "Africa has in a real way taken another step towards its rebirth."

There is reason to take Mbeki at his word.

Over the past four years the continent has averaged a 4,5 % economic growth. Though this falls short of the 7% per annum growth rate needed to reduce poverty, this growth is seen as the right step toward achieving poverty reduction in the short to medium term and toward attracting foreign investment.

Export growth has doubled from an average of about 4% between 1990 and 1994 to nearly 8% between 1995 and 1997 in many countries.

Authoritarian governments are being replaced by democratic systems and African leaders are voicing a commitment to fighting poverty and injustice.

Forty-three countries are presently ruled by leaders who were chosen in multiparty elections.

However, turning the tide will not be easy. The continent faces massive problems: an annual population growth rate of about 3% (the highest in the world); the threat of AIDS, which could kill up to a third of the population, leave millions of orphans and bankrupt already-stressed health budgets; a third of the world's refugees (despite accounting for one tenth of the world's population); increasing pressure on resources such as arable land, water and the environment; the paralysing cycle of deprivation; the debt trap; and globalisation, which presents most of Africa's unsteady economies with insurmountable problems.

It was Obasanjo who made the link between democracy and economic advance in Algiers. He pointed out that several countries were already working for good governance, accountability and transparency. The resulting confidence in democracy was, he said, "needed to allow us to tackle our economic problems boldly. Without stable political conditions and good governance, poverty alleviation will remain a pipe dream". He argued that poverty and conflict fed on each other and went hand in hand with bad governance, which marginalised the majority of the population.

President Mbeki's administration is one of those that is most likely to become a model of good governance in Africa. There is no doubt that he will firmly place South Africa where it belongs in African affairs after its tentative emergence on the Pan-African stage. He has already begun to do so with the articulation of his vision for an African Renaissance, the key elements of which are re the following:

- The economic recovery of the African continent as a whole.
- The establishment of political democracy on the continent.
- The need to break neo-colonial relations between Africa and the world's economic power.
- The mobilisation of the people of Africa to take their destiny into their own hands.
- People-driven and people-centred development aimed at meeting the basic needs of the people.

This vision forms the basis of South Africa's current foreign policy, both as far as Africa and the global environment is concerned.

The emergence of Nigeria and South Africa as a major gateways to Africa augurs a new prominence for the **Africa Institute** because, effectively, it is the gatehouse – meaning it can assist and smooth a way for all those who have business with the continent and wish to reach it in its awakening. In order to ensure it is ready for this role, the Institute has undertaken an intensive transformation process.

This transformation process was aided by a Review Committee that was set up by the Department of Arts, Culture, Science and Technology (DACST), which conducted an in-depth review of the Institute in November 1997. Once their recommendations had been accepted a transformation forum was constituted to guide the process further. The next step will be to establish a mission and vision for the Africa Institute that will be appropriate for the current environment in which it operates.

In the meantime an increased budget has made it possible to start expanding the research capacity of the Institute, its communications and publishing departments and library. This new-look *Africa Insight* is part of the renewal that will be evident on all fronts of the Africa Institute's operations in the future.

Two new senior appointments have already been made.

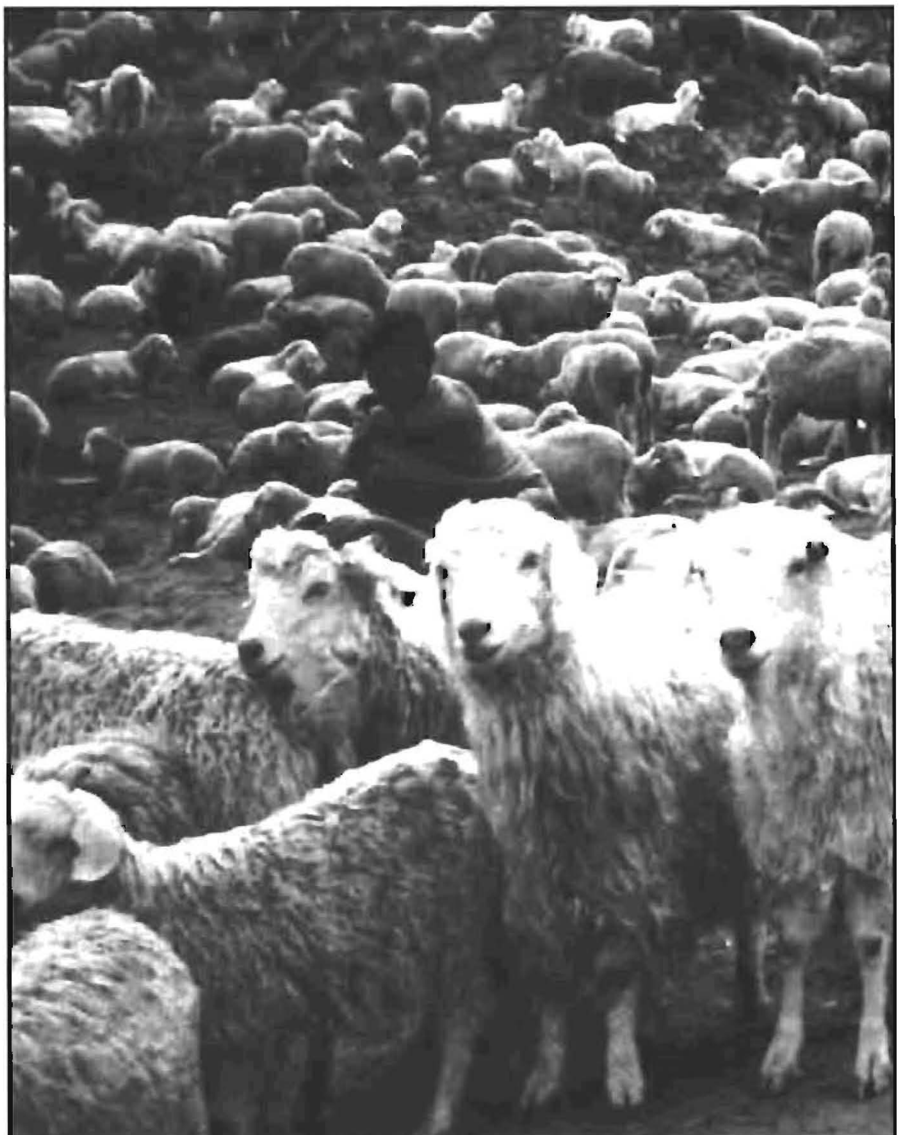
Dr Eddy Maloka is the new Executive Director. He comes to the Institute from the Gauteng Premier's Office. Khehla Moloi is the Institute's new Secretary.

Decentralisation of development administration in LESOTHO

Dr Tsitso Monoheng, formerly of the Department of Development Studies of the University of North-West, analyses the changes in Lesotho's decentralisation efforts since independence and identifies the main motivating factors.

Decentralisation is part of the process of institution building by which links are created between the national, regional and local levels of development planning and administration. The aim is to promote local development. Decentralisation and community participation are twin elements of institution building and mutually reinforcing. The former reflects institution building from the top down while the latter implies the same process from the bottom.

Within the framework of institution building, therefore, the choice is not between central government involvement and local level participation or between the different forms of decentralisation. Rather, the challenge is to determine the optimal combination of responsibilities and relationships between the national unit and the sub-national units to which authority is transferred. The different levels of development planning and administration (central government, regional and local government, non-governmental organisations and community-based organisations) all have their strengths and weaknesses.

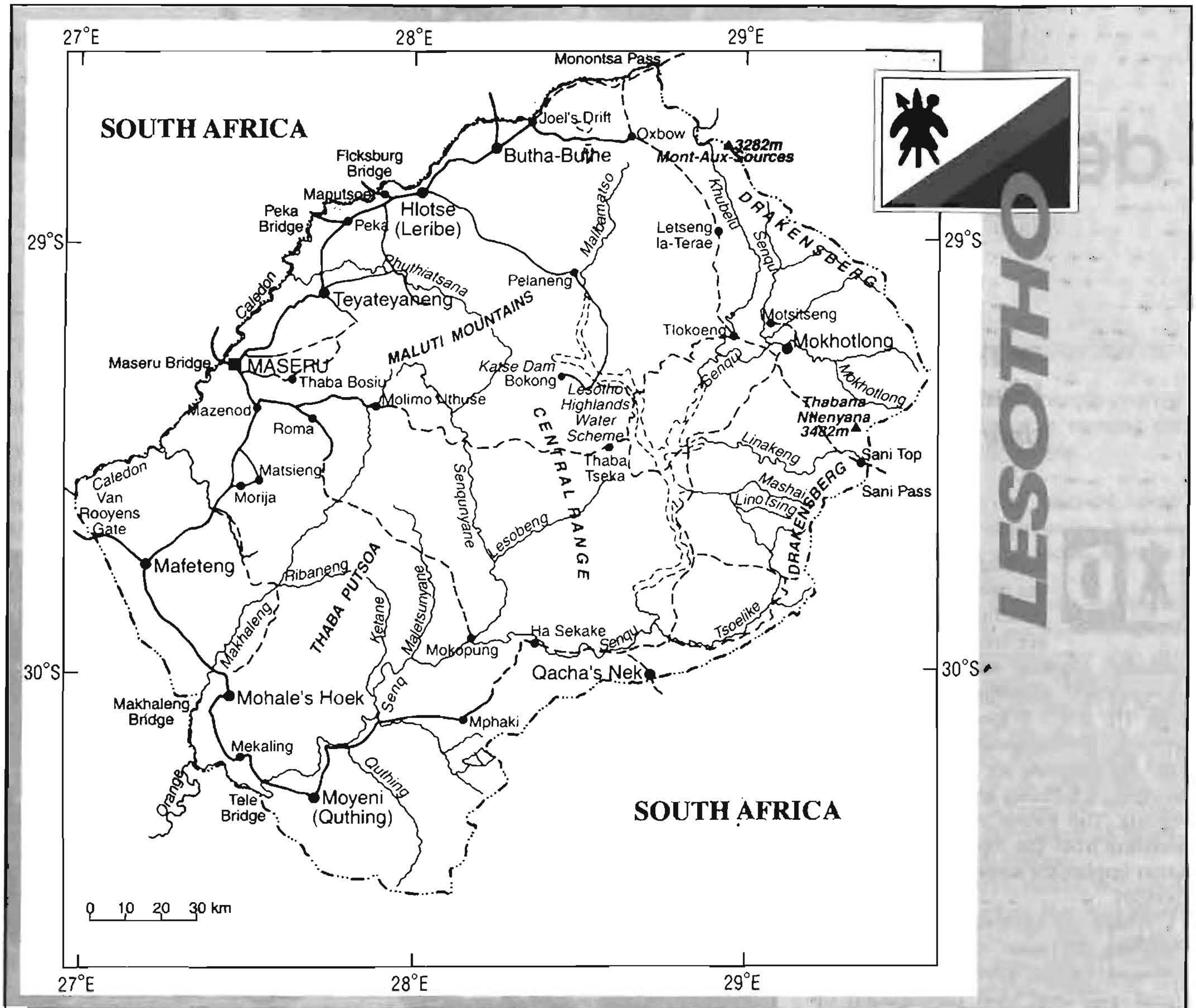


Forms of decentralisation

Decentralisation happens in four ways, namely: deconcentration, devolution, delegation and privatisation.[1] While they are distinguishable from one another, these approaches are not mutually exclusive. Thus, in any given situation one is likely to find a combination of two or more forms although one will usually predominate.

Deconcentration

Deconcentration entails the relocation of administrative staff from central to sub-national levels of administration.[2] This process, which is also known as administrative decentralisation, is rarely accompanied by any real transfer of decision-making power to the regional or district level of the administration.



Devolution

This implies the creation of autonomous structures of local government over which the central government exercises only indirect supervisory control. Devolution is also referred to as political decentralisation. While deconcentration tends to strengthen the local authority of central government, devolution can weaken it.[3]

Delegation

This form of decentralisation occurs when managerial responsibility for specifically defined functions is transferred to organisations which are outside the regular bureaucratic structures of government. Such structures are only indirectly controlled by the government. Examples are regional development agencies, special function authorities, autonomous project implementing units and public corporations.

Privatisation

Privatisation takes place when responsibility for planning and managing development activities is vested in a non-governmental organisation, that is, a philanthropic organisation or even a private business concern.

Objectives of decentralisation

Decentralisation is intended to facilitate the overall effectiveness and efficiency of development at the local level, especially among disadvantaged groups. Some of its specific goals are to:

- Reduce overload and congestion in the channels of communication within the central government machinery. It also helps to minimise bureaucratic red tape, thereby improving the responsiveness of the government and other agencies of development to the needs of the people.
- Obtain more accurate and less suspect information about local conditions and to be able to react more swiftly to unanticipated problems in the implementation of development programmes and projects.
- Facilitate the democratic participation of local people in development planning and decision-making. This not only leads to more equitable distribution of the benefits of development, but aims also to promote national unity by increasing the stake of different groups or regions in maintaining the stability of the political system.[4]

Decentralisation in Africa

In Anglophone Africa, the general practice for most of the colonial period was to use "native authorities" to decentralise administrative responsibility to local communities. These structures consisted mainly of traditional leaders in the form of chiefs and their councillors,[5] and operated under the supervision of a district commissioner appointed by the colonial regime. As the British were preparing their subjects for independence local authority was transferred to representative district councils.[6] It is these local government bodies which many African countries inherited at independence.

With the attainment of independence, however, a general move away from representative local government (devolution) took place. A notable exception in this regard is Botswana where district councils were a product of the post-colonial and not the colonial era.[7] Also in Botswana, unlike in other countries such as Lesotho where district councils were later dismantled, these were simply subordinated to the district representatives of the central government.

Jeppe identified three distinguishable trends in Africa's deconcentration process:

- In some cases responsibility has been vested in deconcentrated government departments at the regional or district level, with minimal, if any, participation by local representatives, and mainly in an advisory capacity.
- In other instances regional and special function development authorities are established within the deconcentrated structures of administration (delegation). Where local representatives are allowed, it is in the form of "token representation on management boards".
- In yet other cases civil servants in the regions or districts are brought together with local representatives in local development structures under the leadership of the area representative of the central government. This arrangement represents a marriage between devolution and deconcentration, in which local representatives often play a subordinate role.[8]

Lesotho's early experience with development committees reflects the first pattern of local development administration. But after 1986 these structures came to lean more towards the third. The most prominent example of regional and special function authorities in Lesotho is the Lesotho Highlands Development Authority (LDHA). As part of its mandate to oversee the Highlands Water Project it also caters for the development of those areas affected by the scheme.

Decentralisation in Lesotho

Local government

Representative local government in Lesotho existed for a brief period, starting in 1959 and ending soon after the attainment of independence in 1966. During this time local administration was the responsibility of district councils. While principal and ward chiefs became ex officio members, all other members were elected representatives.[9] Prior to the advent of district councils, local government in this country operated within the context of British Indirect Rule under which chiefs formed the focal point of local authority.[10]

District councils in Lesotho were responsible for both urban and rural development.[11] Their responsibilities included the maintenance of market places, public latrines, village water supply, the building of community halls and bridle paths, range management as well as soil conservation. During their life-span (1959–1968) district councils faced two major problems. Firstly, they experienced a shortage of funds and staff. Secondly, conflict existed between them, on the one hand, and the traditional leaders together with district offices of central government departments, on the other. However, it was the assumption of power by the Basotho National Party (BNP) at independence which signalled the end of the era of district councils.

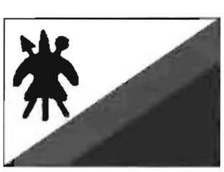
On the basis of its electoral victory at the national level, the BNP argued that district councils no longer reflected the will of the people. It also said that the system was incompatible with the efficient use of available financial and human resources.[12] Nevertheless, it would appear that the main reason the BNP government abolished district councils was that they were dominated by the rival Basotholand Congress Party (BCP) – six out of nine councils being controlled by the BCP.[13]

Deconcentration in Lesotho

To appreciate the significance of the changes which have taken place in Lesotho's administrative structure, one needs an understanding of the strategy of deconcentration as it has been applied in different contexts.

Deconcentration can assume one of two main forms, that is, ministerial deconcentration (the functional type)

LESOTHO



POLITICAL
Head of State:
King Letsie III
since 1996 (b 1963)
Head of Government:
PM Pakalitha Mosisili
since 1998
Independence: 1966
National day: 4 Oct
independence anniversary
National capital: Maseru
Official language:
English, Sesotho

PHYSICAL
Total area: 30 355 km²
Arable: 11% of land area
Coastline: Landlocked
Largest city, international airport:
Maseru

SOCIAL
Total population
Census (1986): 1,4 mn
Estimate (1997): 2,1 mn
Projection (2000): 2,3 mn
Av growth pa (1985–95): 2,4%
Age group 15–64 yrs (1995): 50%
Persons/km2 (1995): 66
Urbanized population (1995): 23%
Human Development Index
(1997)
Rank among 175 states: 137
Adult literacy (1995): 79%
Male (1994): 80%
Female (1994): 61%
Gross enrolment ratios (1992)
Primary schools: 100%
Secondary schools: 25%
Tertiary institutions: 1%
Primary pupils/teacher (1990): 51
Life expectancy at birth
1960: 43 yrs; 1994: 58 yrs
Male (1994): 57 yrs
Female (1994): 59 yrs
Population/doctor (1990): 2 500
Mortality/1000 live births
Infants: 134 (1970) 76 (1995)
Under 5: 154 (1995)
Population with access to
safe water (1994): 56%

ECONOMIC
Currency: Maloti (M)
Av exch rate/US$ 1 (1997): 4,6
Total GNP (1995): US$ 1,5 bn
GNP/capita (1995): US$ 770
Av growth p a (1985–95): 1,5%
GNP/capita rating (1995)
15th among 53 African states
Total GDP (1995): US$ 1 bn
Av growth p a (1990–95): 7,5%
Sectoral origin of GDP (1995)
Agriculture: 10%
Industry: 56%
(Manufacturing 18%)
Services: 34%
Investment, % of GDP (1995): 87
Av inflation p a (1985–95): 13,6%
Inflation rate (1997): 11%
Exports (1997): US$ 200 mn
Main exports (1995):
Manufactures (72%), livestock
products
Main markets (1995): South
Africa (53%), N America (41%)
Imports (1997): US$ 880 mn
Main suppliers (1995): South
Africa (82%)
Development aid (US$)
1980: 166 mn 1995: 104 mn
per capita (1995): US$ 60
External debt (US$ million)
1980: 71 1995: 659
% of GNP or GDP (1995): 43

INFRASTRUCTURAL
Railway track (1995): 2 km
Percent paved roads (1995): 18
Motor vehicles (1987): 18 000
Air (passenger-km) (1994): 9 mn
Electricity (1993)
Installed capacity (MW): 5
Output (kWh): 342 mn
Telephones (1993): 12 000
per 1000 people: 9
Radios/1000 people (1994): 33
TV sets/100 people (1994): 1
Daily newspapers (no) (1992): 2

or prefectorial deconcentration. Ministerial deconcentration occurs when the regional heads of central government departments are directly responsible to their headquarters without having to go through a regional intermediary.

Prefectorial deconcentration, on the other hand, establishes a local intermediary (prefect). This person becomes the chief representative of the government in the region, oversees the work of the different departments in the area, coordinates their operations and provides a link between them and the national capital.[14]

Prefectorial deconcentration can be sub-divided further as integrated and unintegrated. The former depicts a situation where the prefect forms the main channel of communication between the different departments at the regional level and their respective headquarters. The latter refers to a situation in which the prefect is only one of many channels of communication between regional departments and the centre.[15] It could thus be argued that better inter-departmental co-ordination is facilitated at the sub-national level through the integrated system.

Deconcentration in Lesotho has been of the unintegrated prefectorial type. Cosmetic changes – in the form of changes in the title of the prefect – were introduced from time to time but the basic form never really altered. After the abolition of district councils in 1968, the government appointed assistant ministers to serve as political heads of the districts. They were supported by district administrative secretaries, who became the civil service heads of the districts. However, the distinction between the political functions of the assistant ministers and the administrative duties of the district administrative secretaries was never clearly defined, and in August 1970 the former position was abolished.[16] The position of district administrative secretary was renamed district administrator (DA) and between 1970 and 1980 the DA was responsible for district administration.

Decentralisation after 1980

In 1980 a new decentralisation exercise was initiated. Effective coordination between government departments at the district level was the primary motivation for this initiative. Hence the government representatives subsequently stationed in the districts, replacing the former district administrators, came to be known as district coordinators. The essence of the decentralisation drive of the early 1980s was thus to move away from the unintegrated system and to establish the district coordinator as the main, if not the only, channel of communication with the capital.

An attempt was made to strengthen the power of district coordinators by making their offices directly responsible to the office of the prime minister. The aim was to give these officials more political clout and hopefully more authority over departments in the districts. (The district administrators before them fell under the Ministry of the Interior). However, the strategy failed because in practice they were not given sufficient powers over departments in the districts. In particular, budgets continued to be controlled from the headquarters of the different ministries in the capital. Ministries also failed to post senior staff in the districts. As a result, district offices continued to liaise directly with the centre.[17]

After the military take-over in January 1986, the position of district coordinator was abolished. Order 9 of 1986 established the post of district secretary in its place. The head of the military government referred to the District Coordinators as "Bahokahanyi ba lipolitiki". This meant people whose role was to coordinate the political activities of the ruling party or people whose appointment was motivated by party-political rather than administrative and developmental considerations. The entire public service had in fact been heavily politicised under BNP rule.[18] The change in nomenclature was thus intended to underscore the military government's intention to depoliticise district administration. Nevertheless, the military regime created confusion in district administration. It posted district military officers in the districts without clearly defining their relationship with the district secretaries, making it hard to say what their respective roles were.

Development committees

Following the abolition of district councils, development committees came to constitute a prominent feature of development administration in Lesotho. There were three types, namely: district, ward and village development committees.

District development committees (DDCs)

Before 1980 development committees (councils after the military coup) were composed mainly of public servants (i.e. chiefs and civil servants), together with a few representatives of local interest groups and voluntary associations – e.g. traders, church representatives and politicians. The post-1980 decentralisation process, referred to above, introduced elected representatives into district development committees who worked side by side with civil servants. The district development councils established by the military government came to be composed mainly of elected representatives. Only principal chiefs, who became ex officio members and chairpersons, and district secretaries, who became secretaries, were unelected.

The main problems associated with these structures were that:

- Although charged with the responsibility of coordinating local development planning they had neither the technical nor administrative capacity to be effective. As a result their role ended up being merely to advise government on the needs of the districts rather than planning, implementing and co-ordinating projects.
- They depended entirely on central government for funds, which compromised local autonomy and self-reliance.
- Civil servants tended to dominate the elected representatives thereby undermining community participation.[19]

Ward development committees (WDCs)

These structures formed an intermediate level between the district and village levels of development administration. A principal chief or a ward chief became the chairperson of the WDC in each of the 24 wards. Ward development committees were meant to submit development projects proposed by village development committees (VDCs) under their jurisdiction to the DDC for consideration. They were also expected to oversee on-going projects in the villages. WDCs elected from among themselves representatives on the DDC in their district.

Under the rule of the Basotho National Party there was sometimes confusion between WDCs and BNP constituency committees. In these cases, VDCs sent their project proposals through the ruling party constituency committees and not through WDCs – an indication of political interference in the functioning of WDCs. In other cases this intermediate level was simply by-passed by VDCs which dealt directly with DDCs – thus rendering the WDCs redundant.[20]

Village development committees (VDCs)

Members of VDCs were elected in village assemblies. However, under BNP rule, and especially after 1970, electing VDCs tended to be the prerogative of BNP supporters. The task of VDCs was to review local development issues raised by villagers. Afterwards they would be expected to set priorities, channel project proposals though WDCs and organise implementation of projects in their respective villages. Members of VDCs were also required to encourage villagers to play an active role in local development. In addition, VDCs formed electoral colleges for electing WDCs. The village chief became an ex officio member and chairperson of the VDC.

The most serious problem affecting both WDCs and VDCs was that members received inadequate training in the performance of their duties. This was mainly because the rural development field workers expected to guide these bodies (rural development assistants) were not properly trained themselves. The situation in the villages was thus usually characterised by lack of motivation and action among members of VDCs and the villagers. One often found recriminations between the villagers and officials of VDCs, each group blaming the other for lack of co-operation in carrying out development projects.[21]

Local Government Act 1996

The establishment of effective and representative local government in Africa during the 1970s and 1980s was mainly hampered by the fact that attempts at decentralisation generally took place within the context of one-party states and military regimes. By the beginning of the 1990s, however, a new spirit of democracy became apparent and this was reflected in increased recognition of the importance of representative local government.[22] It is against this background that Lesotho's Local Government Act must be viewed. It followed the election of a democratic government in 1993, after two decades of authoritarian rule.

Objectives of local government

The main policy objectives are contained in the white paper on the establishment of democratic local government. They are as follows:

- Deepening and widening access to the structures of government in Lesotho, and giving the electorate greater democratic control over development planning processes and making public institutions more accountable to elected representatives.
- Moving decision making, resource allocation, district level planning, local development and public services physically closer to the people.
- Distributing government's human, institutional and infrastructural resources and capacity equitably across the country.

Structures of local government

The white paper on local government gave rise to the Local Government Act of 1996. The Act provides for the establishment of four types of local authorities, namely: community councils, rural councils, urban councils, and municipal councils.

a) *Community Councils* – a community council shall consist of not less than 9 but no more than 1 elected members. In addition, a maximum of 2 chiefs who must also be elected by the community will sit on the forum. A community council may be composed of a single village or a group of villages. The size of the villages will probably play a major role in determining the boundaries of councils, though other factors (unspecified by the Act) may also be taken into consideration.
b) *Rural Councils* – each of these shall consist of not less than 17 but not exceeding 21 community councils. It will have the following composition:
   i) the chairpersons of constituent community councils;
   ii) one councillor from each community council; and
   iii) three chiefs elected from those representing participating community councils.

The rural councils will thus have between 37 and 45 members.

c) *Urban Councils* – each one will consist of 9 to 13 elected members; and not more than 2 elected chiefs.
d) *Municipal Councils* – between 11 and 15 elected people will form a municipal council. A maximum of 3 elected chiefs will also be members.

Municipal councils will function in the larger urban centres while urban councils will operate in smaller urban areas. In terms of the act, the power to declare some councils as urban and others as municipal rests with the minister responsible for local government.

It is important to note that some categories of chiefs (i.e. Principal Chiefs) may not serve on local authorities. These chiefs participate in governance through national level institutions in the form of the College of Chiefs whose function is to deal with matters affecting succession to the throne, and the Senate which is the second house of parliament. This situation coupled with the requirement that chiefs serving on local councils be elected by the people underscores the government's wish to

The streets of Lesotho's capital Maseru.

integrate "the social and cultural stability and continuity offered by traditional authorities" with "democratic principles of governance".[23]

Under military rule and the former BNP government Principal Chiefs automatically became chairpersons of District and Ward Development Committees. The military government went even further in its attempt to impose chiefs over local communities by filling the positions of district secretaries mainly with chiefs. Thus, "tradition" was used to compromise merit and the principles of democracy.

Functions of local authorities

The first and second schedules of the Local Government Act outline the functions of local authorities.[24] The first schedule contains a list of 27 duties allocated to urban, municipal and rural councils. The second schedule presents a much shorter list of functions – seven items – given to community councils. There is, however, an overlap between the duties of community councils and those of rural councils. All seven responsibilities given to community councils are also allocated to rural councils. These are: control of natural resources and environmental protection; land/site allocation; construction of minor roads; grazing control; maintenance of village water supply; provision and regulation of market places and administration of burial grounds.

Since community councils fall within the jurisdiction of rural councils, this sharing of responsibilities could be a source of conflict in the absence of any indication of how conflict or the sharing of responsibilities will be handled.

In addition to the above municipal, urban and rural councils have responsibilities in the areas of public health, physical planning, education, public order, traffic control, recreation and culture, promotion of economic development, provision of services for agricultural improvement, control of building permits, and local administration of central regulations and licences. To enable them to carry out their responsibilities the Act empowers local councils to raise funds through taxes, duties, service charges and rates. Councils may also impose fines and penalties (e.g. traffic fines) for offences committed under by-laws which they may pass. In addition to income generated through their own efforts, the government will allocate grants to local authorities. Rural-based and smaller councils are expected to be more dependent on government because of their more limited capacity to raise funds. The real question though is whether local government will have adequate financial support, given the financial limitations which the country generally faces.

Local development planning

District planning units

In terms of the Act, each of the ten administrative districts shall have a district planning unit. The unit will consist of planning officers from different ministries together with other civil servants working in the district. The unit has the following functions:

- to provide planning services to the councils in its district;
- to consider development proposals submitted by councils, prepare an annual district development plan on the basis of these proposals and submit such plans to the district development coordinating committee;
- to finalise the district development

plan having due regard for the recommendations made by the district development coordinating committee and submit such a plan to the ministry; and
- to ensure that the district development plan is in harmony with the overall national development plan formulated by the ministry responsible for economic planning.

It has been noted that development planning through development committees was hampered by their lack of technical and administrative capacity. The establishment of district planning units is an attempt to address this problem, although it still has to be seen whether properly trained planners will be appointed in the districts.

District development coordinating committees

These structures oversee the planning process in the districts. Their specific responsibilities are to consider draft development plans for the districts, to coordinate the different council plans to form a composite district development plan and to approve such a plan. Once the plan has been approved, each council can apply to the minister for the allocation of a grant to help it implement its programme. After considering the priorities of the district the minister will make a recommendation to the minister responsible for finance. If the application is successful, the account of the council will be credited with the relevant amount of money.

Whereas the district planning unit is composed exclusively of civil servants, the district development coordinating committee is predominantly comprised of elected representatives. It comprises:
- the mayor and two elected members representing a municipal council;
- the chairperson and two elected members representing an urban council;
- the chairperson, two elected members and three chiefs representing a rural council;
- ex officio members in the persons of:
  - the district administrator who shall be the secretary of the committee;
  - an officer representing the district planning unit; and
  - any such civil servants in the district as may be determined by the minister responsible for local government.

The ex officio members have no voting powers and they do not count for purposes of determining the quorum in committee meetings.

District administration

The Act provides for the appointment of a district administrator in each administrative district. This officer will serve as the administrative head of the district and "represent the interests of the central government at the district level". The district administrator will supervise all public officers in the district and co-ordinate their functions. A distinction is drawn in the Act between *public officers* of the central government and *executive officers* of the local government service. The latter are not accountable to the district administrator. In performing their duties, district administrators are answerable to the minister in charge of local government.

Local government service

A local government service is established parallel to the existing public service. Employees of the local councils (executive officers) fall under this unified local government service. For each municipal and urban council a town clerk is designated as the chief executive officer. In each rural and community council the council secretary assumes the position of chief executive officer. The terms and conditions of service of council employees will be determined by the Local Government Service Commission established in terms of the Act.

Potential problems and prospects

The Local Government Act seeks to integrate political decentralisation (devolution) with administrative decentralisation (deconcentration). Devolution takes place at the sub-district level where representative local government takes the form of different types of councils. At the district level administrative decentralisation remains. Formerly, deconcentration was the dominant feature of development administration below the national level. The introduction of representative local government helps strengthen the accountability of public servants to local people as well as responsiveness to local needs. When it comes into full operation, some provisions of the Act may, however, prove problematic.

District coordination

The continuation of the system of administrative decentralisation at district level poses potential problems. As noted, district administrative heads in Lesotho have never been effective in coordinating the activities of the different ministries. This was mainly because budgets were controlled by the headquarters of the different departments in the capital and because ministries failed to appoint senior officers who could take decisions at district level. Consequently, district offices continued to liaise directly with their respective head offices. Present district administrators face similar problems. The situation is all the more difficult because the DAs will be reporting to the minister of local government. Therefore, their authority may be resisted by ministries which view the supervisory role of the ministry of local government in the districts as interference.

Role of civil servants

Similarly, the attempt to marry political decentralisation with administrative decentralisation could have drawbacks. District administrators are expected to act as secretaries to the district development coordinating committees, bodies largely composed of elected councillors, even though the DAs are not accountable to local authorities in the normal course of their duties. The district planning units required to give planning services to local councils are also composed of employees of central government ministries.

Under these circumstances the relationship between the central government employees and local representatives will have to be carefully managed to ensure that the former remain advisers to and not masters over the latter. One of the problems in the former district development committees was that civil servants tended to dominate elected representatives. The government will therefore have to demonstrate its commitment to the objectives of representative local government. It will have to give adequate training to local representatives to ensure they understand their roles clearly and perform them effectively. It will also have to ensure that civil servants respect the authority of local councillors.

Powers of the minister

In terms of the Act, the minister of local government has a great deal of power over local authorities. The manner in which these powers are used will serve as a further indication of the commitment of the government to the success of local government. Functions given to councils in the first and second Schedules of the Act may be altered or amended by the minister. The minister will determine the amount of money which councils may borrow. The by-laws made by local councils are subject to ministerial approval, although parliament may also rescind or amend by-laws approved by the minister. Without explicitly stating who will set development priorities in each district, the Act says that in evaluating the merits of applications for financial grants from different councils the minister will consider the development priorities of a district. This seems to suggest that although district development coordinating committees exist to preside over development planning in the districts, the task of determining priorities lies with the minister.

Position of chiefs

As indicated, the Act solves some problems pertaining to the role played by chiefs. But it creates others. The requirement that chiefs serving in local authorities be elected cannot be reconciled with their traditional role. Chiefs acquire their positions by birth – which is often interpreted (misinterpreted?) to mean that they are appointed by God. A more serious problem is that this provision is likely to draw chiefs into party politics, which would be in conflict with their traditionally neutral standing.

However, since the Act requires chiefs to stand for elections, it would be undemocratic to bar them from canvassing support. They should be given the opportunity to say why people should vote for them. When this happens it will no longer be possible to distinguish between chiefs and ordinary politicians. It is unlikely that this is what the government intends. The issue of how traditional leaders participate in development administration therefore requires a different solution from that provided by the Act.

Conclusion

Before 1996 decentralisation in post-independence Lesotho reflected a lack of commitment to democratic local government. The BNP government heavily politicised local development administration. Key positions in district administration and development committees were filled by party functionaries and used to serve the interests of the ruling party rather than to facilitate development. Under military rule structures of local development administration came to be dominated by chiefs.

On the other hand, the principle of popular participation and local representation is inviolable in Lesotho's Local Government Act of 1996. This position reflects the trend in Africa away from political repression towards the establishment of stable and democratic societies. However, the role of chiefs in development administration remains problematic at best, and politically explosive at worst. Finally, it should be noted that the democratisation in Lesotho, although highly desirable and welcome, will not easily be translated into substantial material gains for the majority of the people. It will be difficult to achieve meaningful economic prosperity in the mountain kingdom. Nevertheless, by committing themselves to the objectives of representative local government the rulers are showing that they want to bring about a people-centred form of development. That is important as a guiding principle.

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Urbanisation dynamics in LESOTHO

***Lochner Marais,** a lecturer in Human Geography at Vista University's Bloemfontein campus,* *provides an insight into the rate of urbanisation in Lesotho and asks whether the real urban areas of Lesotho are inside Lesotho or inside South Africa.*

The analysis of urbanisation in sub-Saharan Africa, and less-developed countries in general, has received a great deal of attention over the last few decades.[1] However, only limited attention has been devoted to urbanisation dynamics and urban problems in Lesotho,[2] despite its relatively well-documented rural development[3] and a large volume of literature on urbanisation and urban problems in South Africa.[4] Against this background, this article aims to give a brief introductory analysis of urbanisation dynamics in Lesotho, focusing on inhibiting and contributory factors.

An overview of Lesotho's urbanisation statistics is provided in Table 1. A formal urbanisation level of 17,3% is calculated from a population of approximately 1,86 million, 321 243 of them urban, as reported in the 1996 census. This represents an urbanisation growth rate of approximately 5% per annum since 1986. However, the 1996 functional urbanisation level is much higher, estimated at approximately 30%, or a growth rate of 6,3% since 1986. From these figures it is clear that, although urbanisation levels in Lesotho are still very low, the process is accelerating. The remainder of this article will examine the reasons for the current low urbanisation level as well as its recent acceleration.

Table 1 The formal and functional urban population, percentage of urban population and annual urban growth rate in Lesotho, 1976–2025

Year	Urban population	% of population urban	Annual urban growth rate
1976 Functional urbanisation[5]	100 389	8,2	
1976 Formal urbanisation[6]	121 042	9,9	
1986 Functional urbanisation	312 794	19,8	12,0
1986 Formal urbanisation	180 754	11,5	4,7
1995 Functional urbanisation	574 087	30,1	6,3
1996 Formal urbanisation	321 243	17,3	5,2
2025 Functional urbanisation	1 920 858	58,9	4,1
2025 Formal urbanisation (Estimated at a growth rate of 4%)	1 001 844	30,7	4,0

Inhibiting factors

Although a low level of urbanisation is not uncommon in sub-Saharan Africa, Lesotho's is still lower than average.[7] A number of factors have important roles in bringing about this situation.

Negative urban perceptions

There seems to be a negative urban perception at two levels. The first is that of the policy makers of the country, the second a general perception, especially amongst government officials, that urbanisation is an evil that should be prevented.

The latest full declaration of urban areas was in 1979,[8] with a total of 16: Maseru, Hlotse, Mohale's Hoek, Butha-Buthe, Teyateyaneng, Mafeteng, Moyeni, Qacha's Nek, Thaba Tseka, Mohkotlong, Maputsoe, Mapoteng, Mazenod, Roma, Morija, and Peka (see Figure 2). However, in 1986 Mapoteng, Mazenod, Roma, Morija and Peka lost their urban status.[9] This left Lesotho with only 11 urban areas: the 10 district headquarters and Maputsoe. Among the strange consequences of this were that the international airport at Mazenod and the National University of Lesotho in Roma were declared rural.

In 1990 the National Settlement Policy suggested five categories of urban settlements for Lesotho – namely the capital (Maseru), regional centres,

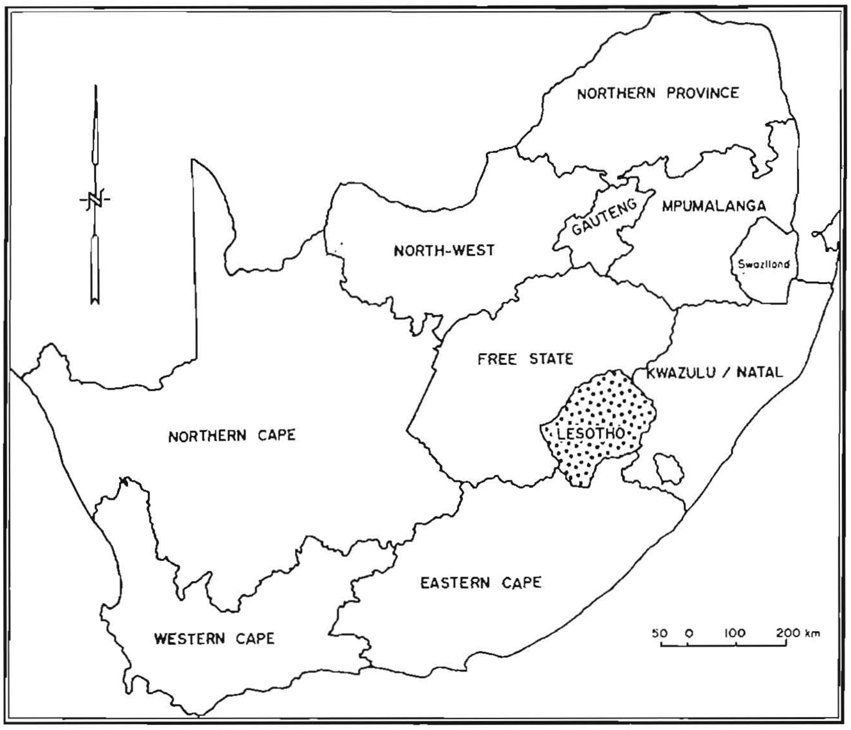

Figure 1 *The location of Lesotho in South Africa*

district centres, specialised centres, and rural service centres. Although ostensibly a guiding document for regional urban development, its proposals have been ignored (see Figure 2).

The second issue is the perception among government officials that urbanisation is an evil, and that war has to be declared on it.[10] This attitude, far from promoting the creation of an environment conducive to the accommodation of a growing number of people in urban Lesotho, aims to keep them rural for as long as possible. Even the National Settlement Policy is somewhat hesitant with regard to urbanisation, proposing that it should be balanced and that not too many people should be allowed to settle in Maseru.[11]

Large investments in agriculture

A relatively heavy investment by government and donor organisations in

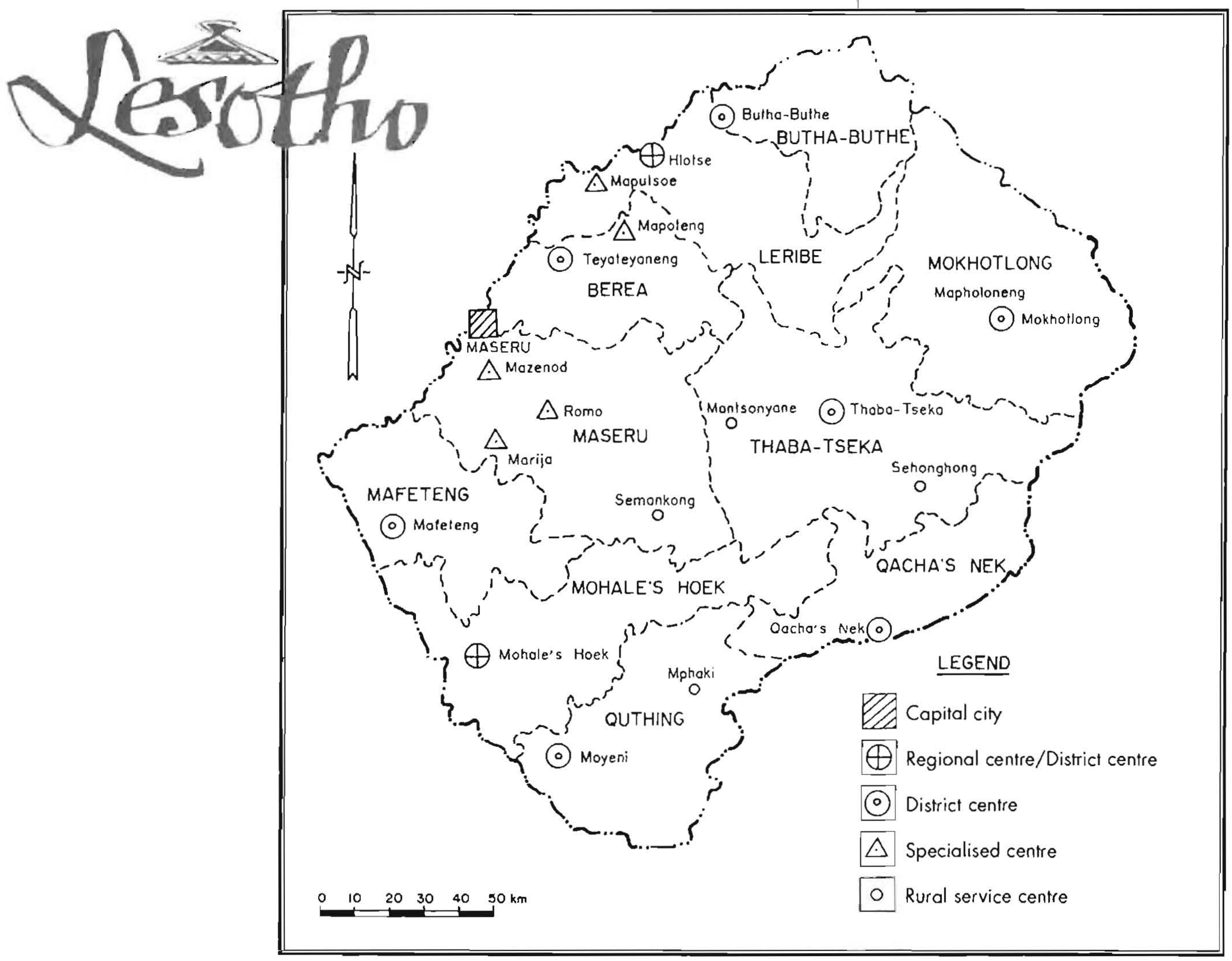

Figure 2 *Categories of settlements in Lesotho as proposed by the National Settlement Policy*

rural areas is common in Africa,[12] and Lesotho is no exception. The Ministry of Agriculture accounts for 6,8% of the national budget[13] (compare a South African budget of less than 2%), and agricultural output (in terms of cash and produce for own use) is at a ratio of 3:1 with government investment. That the budget for the Ministry of Agriculture is approximately M150 million, while agricultural output (cash and own consumption) is estimated at M450 million[14] is a telling equation. It is a negative reflection on the effectiveness of the Ministry of Agriculture, but, more important, it also stresses the minor importance of agriculture in (cash) income creation. The Lesotho government is nursing agriculture by providing and subsidising services (for example, tractor and harvesting services, as well as fertilizer) to the farmers. This results in uneconomical farming, while the government effectively subsidises people to remain rural.

Good services in rural areas

An argument related to the one above concerning agricultural investment regards the relatively high level of services available to rural people in Lesotho, brought about by government and donor investment (see Table 2). It is clear that Lesotho has a higher degree of service provision than other sub-Saharan African countries, despite its lower-than-average urbanisation. There is very little doubt that these services provide a relatively good rural living environment. The tremendous increase in life expectancy – from 40 in 1960 to 61 in 1994 – is further proof of this argument.[17]

When these issues were revealed during workshops in Lesotho, it was interesting to note the astonishment of the participants (mostly community leaders and government officials). They could not believe that Lesotho, in terms of the situation in sub-Saharan Africa, was actually in a privileged position.

There is very little doubt that this relatively high level of services to rural Lesotho is one of the reasons why people have remained rural. Of course, services must be provided to rural people, but it should be remembered that this is more expensive than providing services in consolidated urban areas. Furthermore, one might question the efficacy of making large rural investments if great numbers of people are already settling in urban areas or will do so in the near future.

Dependence on remittances from migrant workers

Approximately 100 000 Basotho men are currently working on South African mines.[18] Literature concerning the impact of migrant labour on family life and the economy of Lesotho is readily available.[19] However, an argument that has rarely been raised is the role of mining remittances in keeping people in their rural environment.[20]

Table 2 A comparison of selected development indicators between Lesotho, sub-Saharan Africa, and South Africa [illegible]

Service / indicator	Lesotho	Sub-Saharan Africa	South Africa
Access to safe water (1994/95) (%)	35	-	46
Health care (percentage of people within an hour's walk to a health facility)	80	51	-
Infant mortality rate (per 1 000 live births) (1994/95)	76	92	50
Male adult illiteracy (1994) (%)	35	54	18
Female adult illiteracy (1994) (%)	19	35	18
Life expectancy (1993) (%)	61	52	63

Of all households in Lesotho, 26% view migrant remittances (mining as well as non-mining related) as their main source of income.[21] In the Mafeteng district in 1996, 50% of all cash income was derived from such remittances.[22] This means that people can reside in rural Lesotho without being involved in agriculture. Secondly, migrant remittances provide cash for agricultural input.[23] In other words, without migrant remittances, a large percentage of people would probably be unable to make any agricultural input.

The migrant worker situation has played an enormous role in the shift of people from the mountains in the east of the country to the lowlands in the west[24] (see Figure 3). This affords relatives in Lesotho more easy access to migrant workers in South Africa. Evidence of this fact is the tremendous increase in population densities in the lowlands over the past 30 years. However, a large portion of this moving population did not move to urban areas in the lowlands;[25] instead they settled in rural areas in close proximity to roads. Thus, despite this huge shift of population from the mountains to the lowlands, urbanisation did not necessarily take place.

The role of chiefs, traditional culture, and land tenure

Lesotho is divided into 22 wards,[26] each with a principal chief. Each chief has a

number of subordinate chiefs. In total, Lesotho has approximately 2 300 traditional leaders who are paid by central government. Their renumeration amounted to about M10,5 million in 1996–97.[27]

The powers of the chiefs are limited (though not non-existent) in urban areas. In the countryside, however, a large percentage of chiefs have manipulated thousands of people so as to keep their subjects around them (in other words, they restrict them to remain rural). One should keep in mind that the power of a chief is dependent on his followers, and that this can be done in formal and less formal ways. This is not to insinuate that all chiefs are corrupt or that the traditional system has no good points, though allegations of corruption under traditional leaders in Southern Africa are common.[28] The point is that the chiefs and the traditional land tenure system play a major role in keeping people rural – and as long as they persist, they will influence people (directly or indirectly) to remain rural. For example, chiefs are very prominent (in conjunction with the village development councils) in the allocation of agricultural land. They would rather allocate land to as many people as possible than see a change in the land tenure system that would result in 80% of the rural Lesotho population moving to urban areas. This, together with a common perception that the land belongs to everybody, keeps people in the rural areas. It must not be forgotten, of course, that a relatively large percentage of people still acknowledge the existence of chiefs and their authority.

Contributing factors

Although the dominant trend, as explained above, is to reside in rural Lesotho, there are a number of factors

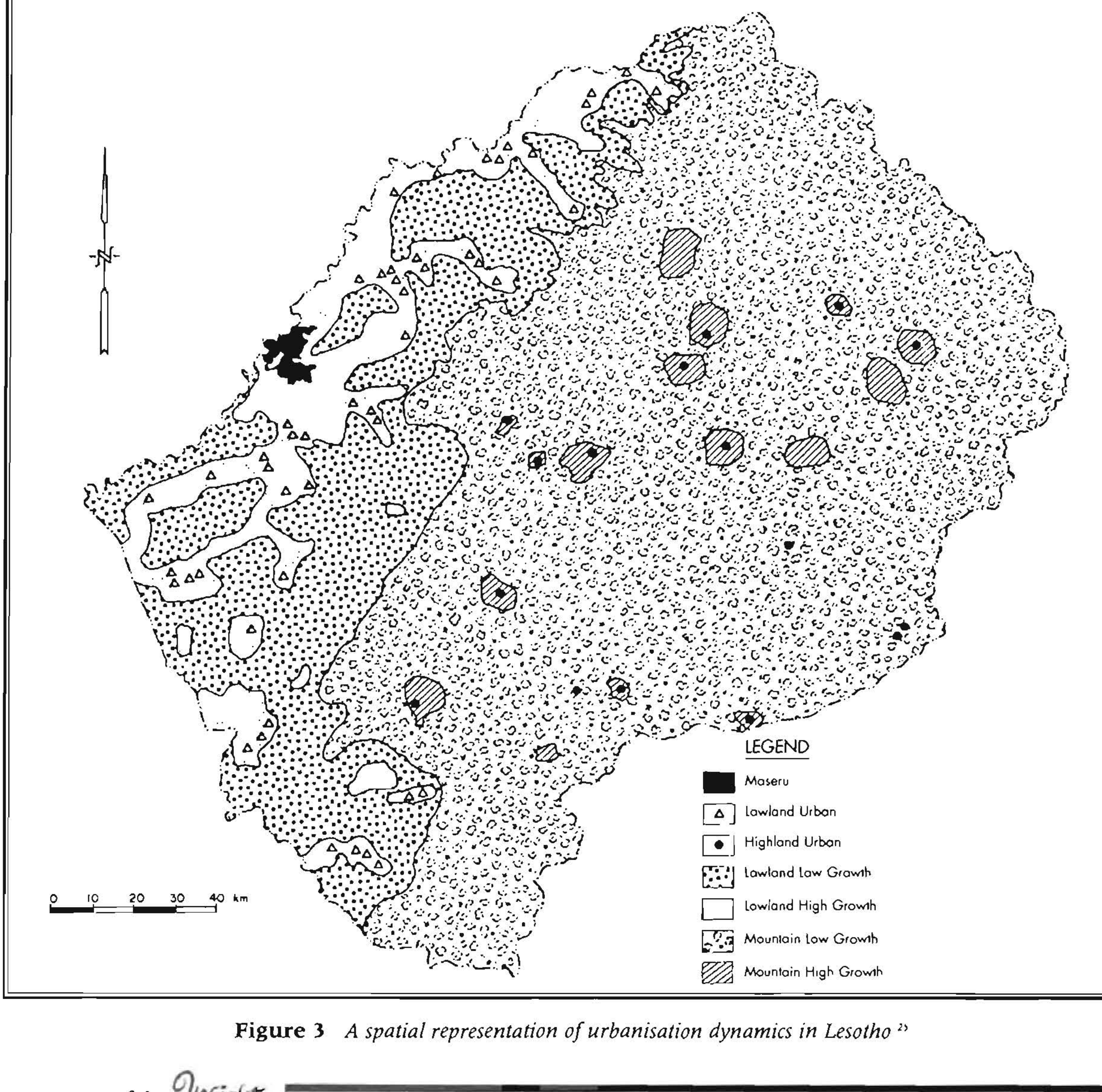

Figure 3 *A spatial representation of urbanisation dynamics in Lesotho* [25]

that resist this trend and that will have a bigger influence in future.

Better living conditions in urban areas

Despite relatively good services in the rural parts of Lesotho, they are still worse than those provided in the urban areas, dismal though these may sometimes be.[29] In Table 3, a comparison of urban and rural living conditions is shown, which clearly indicates this fact in Lesotho.

Table 3 A comparison of living conditions between urban and rural Lesotho, 1994/95 [30]

% of households within a 5 minute walk to drinking water	88,9	79,9
% of households with access to electricity for lighting	13,6	1,7
% of households less than 1 km from a primary school	48,1	35,0
% of households less than 1 km from a health centre	37,0	8,2
% of households within 500 m of public transport	54,4	31,3
% of households with a private telephone	10,5	0,4
% of households with access to a sewerage system	7,4	0,3

Agriculture does not provide sufficiently for the living needs of rural people

Although it has been stated in this article that large-scale agricultural investment by the Ministry of Agriculture subsidises those who remain in the rural areas without being involved in agriculture, the situation is changing slowly as people (especially the younger generation) find it more and more difficult to make a living from the land.

The Bureau of Statistics, through the Household Budget Survey for 1994–95, suggested that 7,1% of the households in rural Lesotho are dependent on agriculture for their main source of income, while 46,1% of all rural households are dependent on so-called subsistence farming as their main source of income.[31] This means that 53,2% of rural households are dependent on agriculture as their main source of income. However, according to Ruicon, agriculture is the only source of income for only 4% of the rural population in the Mafeteng District, while it estimates the agricultural income in the Leribe District (the most prominent agricultural district) to be 37% of total cash income.[32] At the same time, more than 80% of households are still in rural Lesotho, which confirms that a large percentage of people reside in rural Lesotho without being directly dependent on, or involved in, agriculture. An increase in so-called landlessness in Lesotho also supports this conclusion.[33]

Only 25% of parents in the rural areas of the Leribe district foresee that their children will work in rural Lesotho in the future.[34] Although one could challenge the limitations of the methodology of this survey and question the results, it confirms the urbanisation trends already mentioned in this article.

The poor state of the ecology

Something that goes hand in hand with the potential of agriculture to provide food and income is the state of the ecology and natural resources (specifically land). Although various reasons (including a lack of land, a lack of land tenure, ineffective farming methods, overgrazing.) are given for the poor state of Lesotho's natural environment, it seems that three factors dominate the ecology, namely topsoil erosion, major soil erosions (*dongas*), and a lack of biodiversity.[35] Research in the Matelile area has shown that as overgrazing progresses, a point of no return is reached when the grasslands are so degraded that the Aristida species becomes abundant and most of the soil mantle has

been lost, which often causes erosion right down to the bare basalt.[36] Furthermore, it is estimated that approximately 5% of the land in the Mafeteng district has already been lost as a result of gully erosion (*dongas*).[37] It has also been estimated that approximately 1 000 ha of arable land is lost annually as a result of erosion, indicating that by the year 2010 another 12 000 hectares of arable land will have been lost.[38]

There is little doubt that the capacity of the land to produce food and income for the entire rural community is dwindling. Surely this will, in the long term, stimulate people to settle in urban areas in search of work opportunities?

Access to South Africa

As already mentioned, one of the main motives for people to leave the more mountainous areas is the need to be more accessible to the household members employed in South Africa. One outstanding pattern that should be mentioned is that all of the major towns and cities are located no more than 50 km from a South African border (see Figure 2). This means that more than 90% of Lesotho's urban population reside no more than 50 km from a South African border. Even more important is the fact that more than two-thirds of Lesotho's entire population reside within 80 km of a South African border. Thus the population density close to the South African border is as high as 120 people per km^2 (in contrast to a density on the South African side of the border of approximately 10 people per km^2).[39]

The downscaling of the mining industry

Downscaling of the South African mining industry, the provision of permanent residence to Basotho mineworkers in South Africa, and the emphasis in South Africa on the employment of South Africans are all factors that will have an impact on Lesotho's urbanisation. In a projection by Ruicon it was estimated that the 1996 value of remittances will have halved by 2010.[40] Surely this will have an impact on many people who will look to urban areas in Lesotho and South Africa to provide employment and settlement opportunities?

Conclusion

This article has analysed a number of factors that inhibit or contribute to the urbanisation of Lesotho. In addition, large numbers of Basotho are flocking to South African urban areas. In other words, although a number of socio-economic factors inside Lesotho contribute to urbanisation, urbanisation is also taking place from Lesotho to South Africa. The prospects of finding employment or an old-age pension in South Africa seem to be better than in Lesotho. In fact, one may ask whether the real urban areas of Lesotho are inside Lesotho or inside South Africa. In a sense, the two countries are economically integrated, and it is only the strictly controlled border between them that keeps a relatively large percentage of people in Lesotho. Although the government of Lesotho is unlikely to opt for political integration with South Africa, socio-economic integration is bound to increase in decades to come, with concomitant increases in the flow of Basotho to the urban areas of South Africa.

Lesotho

Notes and references

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THE CENTRAL AFRICAN REPUBLIC

Political patrimonialism and economic malaise

***Dr Denis Venter**, former Executive Director and Head of Academic Programmes at the Africa Institute of South Africa, concludes that the UN's approach to the Central African Republic is a novel one: overtly linking economic reform to its traditionally neutral peace-building and political agenda.*

The Central African Republic (CAR) covers an area of some 623 000 km² and forms a link between the Sudano-Sahelian zone and the Congo River basin. Development of the CAR is inhibited by its landlocked location and great distance (1815km) from the sea, which is reached first by river, from Bangui to Brazzaville in the Congo, and thence by rail to Pointe Noire on the coast. Though there are a large number of other dialects and languages (such as Baya, Banda and Mandja), the CAR is one of the few sub-Saharan African countries where a single African language, Sango, is spoken almost universally (by some 89% of the population). The official language, French, is understood by about 11% of the people. Culturally the country has close ties with the peoples of the northern Congo River basin. Around a third of the population adheres to the Christian faith, almost evenly divided between Roman Catholic and Protestant, while a sizeable minority of between 5% and 15% are Sunni Muslim. The balance practise various forms of animism.

Most of the people live in the western part of the country, while large areas in the east are virtually uninhabited. With a projected population growth rate of 2,4% until the year 2000, the mid-1996 population was estimated at some 3,4 million – of which about 40% was urbanised. Although urbanisation continues apace, rural-urban drift may be slowed down by the impact of structural adjustment policies, which are tending to boost peasant farmer incomes (through higher producer prices) and increase rural development spending, and pruning back the public sector which is the core source of employment in the capital, Bangui. But, despite its relatively small population and considerable natural resource base, the CAR is both absolutely and relatively poorer than most other countries.

A mere 12% of the population has access to health care facilities and safe water – compared with 67% in Burkina Faso, and 60% in Guinea; and in 1997, the CAR ranked 151st out of 175 countries on the United Nations Development Programme's Human Development Index (HDI). However, 68% of adult men and 52% of adult women are literate – high levels by African standards. The national radio system broadcasts through six transmitters, but national television is limited mainly to Bangui and its immediate surrounds. The local press has mushroomed since the advent of a more democratic system in 1993: newspapers and periodicals include *E Le Songo, L'Eveil, Le Novateur, Kongo-Wara, Le Delit d'Opinion, Renouveau Centrafricain, Ta Tene.*

While some sources identify over 30 local ethnic groups, the main distinction is between the southern, riverine or Ubangi people and the northern, savannah people, such as the Sara who belong to the Nilo-Saharan linguistic grouping. Among the Ubangi-speakers, the Gbaya and Mandja (inhabiting the southwestern region) and the Banda of the central savannah region are the largest groups. In the southeast, the Zande predominate and along the Ubangi River are various smaller groups, such as the Banziri, Mbaka, Sango, and Yakoma. The Sango have always played a leading role in the economy of the riverine zone and their language developed into a *lingua franca*. Ethnicity has not been entirely eradicated and continues to play a role in the political arena.

Ranging from neo-patrimonial to personal-coercive regimes, the governments of the CAR have always depended on a mixture of clientalism: between the heads of state and powerful French patrons on the one hand and between the ruling cliques and their ethnic group supporters on the other.

The CAR's foreign and defence policy is built on two fundamentals: the franc zone, and its relationship with France. The *Communauté économique et monétaire de l'Afrique centrale* (CEMAC), a new framework for economic and customs union between the six states in the central African region of the franc zone (Cameroon, the CAR, Chad, Congo-Brazzaville, Equatorial Guinea, and Gabon), was established in the wake of the January 1994 devaluation of the CFA franc and is based on the much older *Union douanière et économique de l'Afrique centrale* (UDEAC), which is still functioning. The CAR is also a member of the *Communauté économique des états de l'Afrique centrale* (CEEAC), an umbrella organization which seeks to lower trade barriers between CEMAC members and other neighbouring states, such as the Democratic Republic of Congo (DRC). Since independence, relations with France have remained the cornerstone of foreign policy, regardless of changes of government. The United States is a strong supporter of democratic change and Canada, whose mining companies are active in the diamond sector, may also begin to take more interest. Although the CAR began to develop some business contacts with South Africa prior to 1993, the country has not yet emerged as a major area of interest to South African firms (unlike Congo-Brazzaville and Gabon).

Unstable post-independence politics: from Dacko to Patassé

The CAR's struggle for independence from France was led initially by Barthélemy Boganda (the territory's first Catholic priest), who was elected to the *Assemblée nationale* in Paris in 1946. Three years later, he and a group of French-educated Ubangians founded the *Mouvement d'évolution sociale de l'Afrique noire* (Mesan) – which was more of a symbol of resistance to white racism and oppression than a political party. In 1957 he headed the Ubangi-Chari government after Mesan took all the seats in the local assembly and when internal self-government was granted in December 1958 (to what was by then the Central African Republic) he was the obvious choice to become prime minister. However, he was tragically killed in an aircraft accident in March 1959.

So when the CAR became independent on 13 August 1960, David Dacko (a young school teacher who enjoyed the confidence of both Mesan and the French settler community) became the country's first president. Dacko's authoritarian inclinations soon led him to declare the country a one-party state and by the end of 1965 massive corruption in the civil service and government, as well as a stagnating economy, rendered his position extremely precarious. France planned to stage a coup to prevent leftists from assuming power but army chief Col Jean-Bedel Bokassa forestalled any foreign interference by forcing Dacko to resign.

Bokassa promptly abrogated the constitution. He also brought a number of disgruntled groups into an administration, which did however improve a generally chaotic situation. He, therefore, initially enjoyed considerable public support and gradually won the backing of the French government. Bokassa was nevertheless incapable of solving the CAR's chronic economic problems, or of reducing the country's dependence on France. Bokassa's rule was remarkable not so much for its brutality, though this was serious enough, as for its extravagance: for example, in November 1976 he announced that the CAR would henceforth be known as the Central African Empire, and he crowned himself Emperor in a ceremony reminiscent of French Emperor Napoleon's in 1804. Open opposition to Bokassa's behaviour erupted in January 1979 when students rioted in Bangui. Underlying these protests was a deep resentment of economic mismanagement and government ineptitude. The protests were brutally repressed, an international furore ensued, and the French government advised Bokassa to abdicate. When he refused, France supported a bloodless coup in September 1979, which brought former president David Dacko back to power. The country also reverted to its former name of the Central African Republic.

Dacko's government, however, was soon weakened by internal squabbles and public opposition, which made him even more dependent on French financial and military support. A new multiparty constitution was approved by referendum in February 1981 and Dacko secured just enough votes to be elected president, amid protests about alleged electoral irregularities. The result was that legislative elections were cancelled and the opposition suppressed. This time around, Dacko's tenure proved even more short-lived when, deprived of French support, he was persuaded to step down in September 1981 in favour of a military government under General André Kolingba.

All party-political activity was now suspended, though it was not long before opposition to the military regime became manifest. By February 1987 Kolingba had created the *Rassemblement démocratique centrafricain* (RDC) as the country's sole political party and in July, in the CAR's first legislative elections in 20 years, all candidates were nominated by the RDC. But by the early 1990s domestic and international pressure was mounting for a return to multiparty democracy. After the legalization of other political parties, legislative and presidential elections began in October 1992: subsequently suspended by Kolingba and annulled by the supreme court. Kolingba's continued delaying tactics ended when he lost French support and was pressed into calling an early election in August 1993.

After Kolingba dropped out in the first round of presidential elections, Ange-Félix Patassé defeated Dr Abel Goumba in the second round in September 1993 by garnering 52% of the total vote. In the legislative elections, Patassé's *Mouvement pour la libération du peuple centrafricain* (MLPC) won 34 seats out of a possible 85. Kolingba's RDC took 13 seats, the *Parti liberal-démocrate* (PLD) seven, and Goumba's alliance of four parties – the *Concertation des forces démocratiques* (CFD) – 17, while the balance of 14 seats went to various smaller parties and independents. Following a referendum, a new constitution (similar to that of France) was adopted in January 1995: both president and parliament are directly elected in two-round elections; candidates with more than 50% of the vote are elected in the first round. The government (a prime minister and a council of ministers) is appointed by the president, but needs to command majority parliamentary support for legislation. The presidential term is seven years, renewable once; parliament, the *Assemblée nationale*, has a five-year term; and the final arbiter on constitutional issues is the constitutional court, whose members serve a single nine-year term.

Security considerations: from Misab to Minurca

In April 1996 Bangui was shaken by a mutiny of 800 soldiers, angry about poor working conditions and arrears in salary payments. A second and more serious revolt was sparked in May when members of the presidential guard tried to disarm the soldiers who had earlier mutinied. A third mutiny flared up in November 1996 involving the same troops, but this time events took a noticeably ethno-regionalist turn with the soldiers representing riverine dwellers against the mainly northwestern supporters of President Patassé. Most of these ex-mutineers (including their spokesman, Captain Anice Saulet) are Yakoma from the presidential guard of Patassé's Yakoma predecessor, ex-President Kolingba. After French intervention and considerable bloodshed, the efforts of a multi-national African negotiating team, spearheaded by General Amadou Touré of Mali, brought a renewed truce in January 1997 and the introduction of a regional intervention force, the *Mission interafricaine de surveillance des accords de Bangui* (Misab). Although Misab performed well in other areas, it failed to disarm Patassé "loyalists" (described by Goumba as *tonton macoutes*, after the late Haitian President "Papa Doc" Duvalier's private militia) including 300 men from his home district of Ouham-Pendé under Commandant Jerôme Allam; a militia of several hundred *codos* (commandos), most of them former Sara rebels from southern Chad, under Jean-Jacques Mafoutapa; and a sizeable private guard at Karako base, previously under the command of Col Charles Massi.

The subsequent smooth transition from Misab to the new United Nations (UN) peacekeeping force, the *Mission des Nations Unies en République Centrafricaine* (Minurca), was encouraging for the CAR. Most of the components in Minurca were already used to working together, and they enjoyed increased back-up from the Canadian and French governments. Although the presence of foreign soldiers, who were paid regularly, continued to cause some resentment, the goodwill engendered by maintaining peace in Bangui gradually enhanced the underlying stability in the capital. However, security conditions outside Bangui deteriorated. The whole central African region was awash with weapons and it has proved difficult even for large and well organised security forces to curb the banditry which has been disrupting internal trade over the past two to three years. Minurca is composed of only 1 350 troops, and experts estimate that it would require at least 5 000 to make a significant impact on the security situation nationwide.

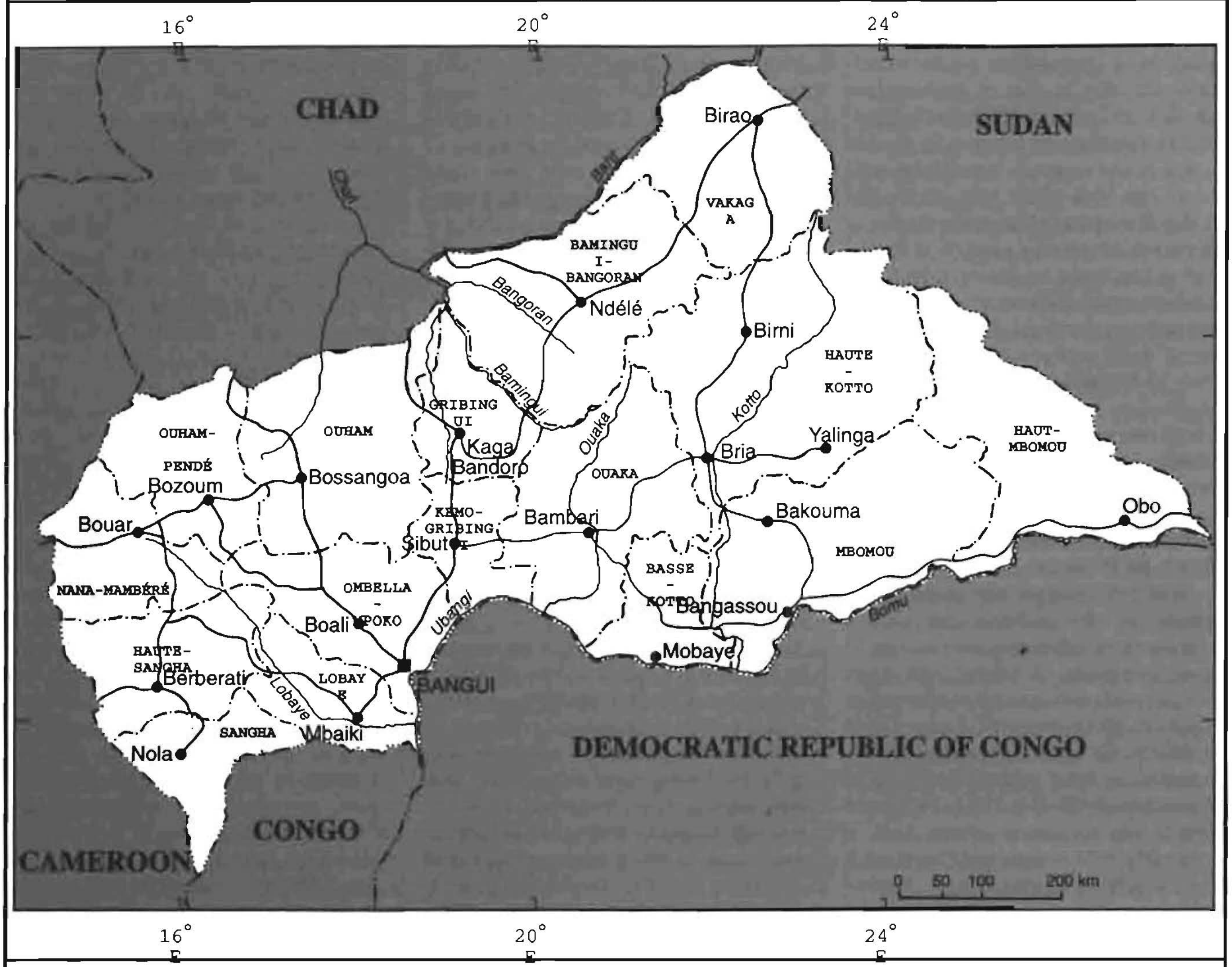
Minurca formally began its mission in the CAR on April 15 1998. Its brief is to maintain and strengthen security and stability in Bangui and environs; to continue the process of collecting illegally held weaponry; to maintain law and order in the capital which is prey to looting, mugging and other crimes; to guarantee freedom of movement and the safety of UN personnel and property; and to contribute to the establishment of a transparent environment conducive to free and fair parliamentary elections. It will also assist in training the police force and thus lighten the load of the CAR armed forces, which will allow them to step up their operations in the provinces where there is considerable insecurity. UN Security Council approval of Misab and, more recently, Minurca is very important for Africa, because it has recognised the capacity of Africans to assume their responsibilities in peacekeeping operations and preventive diplomacy.

The operation draws on troop contributions from the seven countries which were involved in Misab (Gabon, Togo, Senegal, Chad, Burkina Faso, Mali, and France – now replaced by Egypt) together with units from Côte d'Ivoire and Botswana (a 45-strong Canadian unit is confined to a supporting role). The UN was anxious to avoid an anglophone-francophone divide: Botswana replaced Ghana, which initially agreed to participate but then pulled out. France, engaged in a complete withdrawal of its permanent military forces in Africa, initially contributed soldiers mainly for logistical and health support. Minurca had a three-month mandate to begin with, but its tour of duty has been renewed regularly to cover both the parliamentary elections of 1998 and the presidential poll in August 1999, and to prevent any resurgence of latent political tensions. Indeed, Minurca's mandate has been extended until 15 November 1999, but the force's presence is subject to a fortnightly review ensuring that the Patassé government keeps its commitments. The likely results of this are the participation of the opposition in the legislature and in broader political life; a government budget that is satisfactory to the IMF and the World Bank; restructuring of the armed forces along multiethnic lines, with representation from all regions; restriction of the activities of the presidential guard; and implementation of privatization measures.

To oversee the Minurca operation (and to handle the delicate political relationship with the government of President Patassé), UN Secretary-General Kofi Annan has appointed Nigerian career diplomat (and disarmament and conflict-prevention specialist) Oluyemi Adeniji as his special representative. Indeed, the UN's approach to the CAR is novel on two counts: first, its overt drive to force the government in Bangui to adopt radical reform and consensus politics; and second, its direct linking of economic reform to its traditionally neutral peace-building and political agenda. Patassé has been quick to present at least the image of cooperation with the UN, but he may delay or dilute more sensitive reforms which could threaten his own power-base and prospects for re-election, particularly those associated with the military. Minurca's mandate views the army rebels of 1996 (now returned to barracks) as mutineers rather than as a separate opposition force of equal status with the national army. But Patassé may feel less comfortable with the UN's equally strong public line on the need for economic reform, the lack of which is at the root of current financial problems and the pay arrears which provoked the mutinies in the first place.

In the final analysis, Minurca will not be able to say its mission has been fulfilled unless economic and political stability returns to the CAR. Adeniji draws regular attention to the threat posed by the CAR's unresolved and profound economic problems. This reflects the degree to which the UN considers economic problems (and, implicitly, Patassé economic mismanagement and squandering of resources) to be the main cause of the instability of

CENTRAL AFRICAN REPUBLIC



recent years. The need for Minurca to recover the many weapons held outside official hands is explicitly linked to economic issues when Adeniji declares that "above all, it is necessary to disarm people's mentality, by delivering real social justice." For their part, the Bretton Woods institutions believe that, if managed properly, the CAR has adequate resources to achieve basic financial viability.

Unusual for a UN force, Minurca has been able to start its mission with soldiers (700 former Misab troops) already familiar with the terrain they have to operate in. Also, unlike many other UN missions, it appeared on the scene when the most difficult task of restoring basic stability had already been achieved. Following a mediation initiative decided upon by heads of state and government at the Ouagadougou Franco-African Summit in December 1996 (which involved a former military ruler of Mali, Amadou Touré, who had presided over Mali's return to civilian rule in 1992), Misab was set up to find a peaceful solution for a country torn apart by army mutinies. Shortly before the handover to UN authority, Misab claimed to have recovered 94% of the heavy weaponry taken by mutineers, 57% of light weapons, 30 000 explosive charges, and 500 000 rounds of ammunition. One month into the Minurca operation, Adeniji could say that arms were being handed in voluntarily and that the main weapon stocks originally looted from army depots had been recovered. The danger of a seriously armed rebellion thus appears to have receded though the large number of guns and other small arms still in the hands of individuals remains worrying. There is also a real concern that arms may be flowing in from surrounding countries where instability persists – Chad, Sudan, the Democratic Republic of Congo (DRC), and Congo-Brazzaville.

Chad is part of Minurca in the hope that a more stable government in Bangui could help pacify southern Chad and protect the new oil installations at Doba. Since Idriss Déby took power in N'djamena in 1990 and the oil business started moving, there have been several separatist risings by southern Chadians under Sara leadership – the rebels can melt easily into Patassé's Ouham-Pendé region of the CAR. Furthermore, both Patassé and President Laurent Kabila of the DRC share a concern about security in the Ubangi River valley (home area of the late President Mobutu Sese Seko of Zaire, ousted by Kabila in May 1997) and on the northern side of the river (home of Patassé's predecessor, André Kolingba, a cousin of Mobutu). Some Mobutuist fighters are thought still to be at large in the area, while troops from Kolingba's Yakoma ethnic group played a prominent role in the 1996 mutinies in the CAR. Both governments are also concerned about the presence of Rwandan Hutu refugees, who may include extremist Hutu *interahamwe* militia.

The last contingent of the French bilateral military force in the CAR, the *Eléments français d'assistance opérationnelle* (EFAO), has now left the country.

However, the French are maintaining a 50-strong military aid team to help in the retraining of the CAR armed forces. The main task of frontline peacekeeping on the streets of Bangui will be left to African soldiers, partly because of the local resentments stirred by earlier French intervention in the CAR, and partly because all Western governments are keen to encourage their African counterparts to take on the task of peacekeeping on their own continent. Clearly the departure of French troops, first deployed in 1979 under Operation Barracuda to help overthrow Emperor Jean-Bedel Bokassa, will hurt the economy as French soldiers have injected an estimated 13 billion CFA francs (US$21m) per annum into the economy. Their withdrawal prompted UN Secretary-General Kofi Annan to warn that it might create a situation that "could destabilise the fragile peace process" in the CAR, "with serious consequences for the humanitarian situation and international peace and stability in the region." On four separate occasions (the latest in January 1997), French troops have intervened to save Patassé's regime, although the President and his ruling MLPC have regularly denounced French military and economic "imperialism".

The party-political equation: squaring up for elections

Twice postponed, two-round legislative elections eventually went ahead on 22 November and 13 December 1998 (the presidential poll has been delayed until August 1999) amidst growing tensions in Bangui where the legacy of the upheavals and army mutinies remains strong. Most political parties represent personal loyalties and regional interests, though less so than in, for example, Congo-Brazzaville. In spite of the superficial trappings of constitutional democracy with elections patterned on Western models, no government of the CAR has ever been democratic. Moreover, the official political arena in the country remains small: even with the more open politics of recent years, most decision-making of importance to the majority of Central Africans occurs within local ethnically based communities rather than in the formal political sector.

The hegemonic groups that control the government in Bangui play only a small part in the lives of the 80% of the population residing in rural areas and smaller centres. Highly fluid, these ruling cliques are fundamentally variable in membership, incohesive and haphazard, with idiosyncratic behaviour substituting for coherent policy programmes. Political principles of negotiation, reciprocity and ideological preference are largely lacking or poorly developed, even in the case of the *Mouvement d'évolution sociale de l'Afrique nôire* (Mesan), whose pedigree stretches back to the father of an independent national identity in the CAR – Barthélemy Boganda. However, formal names give little indication of party thinking.

While key executive powers are vested in the presidency of the CAR (now limited to two seven-year terms), the 1998 parliamentary polls were certain to be keenly contested. The ruling MLPC was looking for a good performance to give its leader and president, Ange-Félix Patassé, a solid platform in his bid for re-election in August 1999. Ethnically based support in the densely populated northwestern regions of Ouham and Ouham-Pendé was almost bound to leave the party the largest in parliament. The southern and Bangui vote was more likely to be split between the RDC of the former military ruler, André Kolingba, where loyalty to him still seemed the main binding force; and an alliance of more radical groups, the *Union des forces acquises à la paix* (UFAP), an alliance of parties which included the *Front patriotique pour le progrés* (FPP) of veteran opposition activist, Dr Abel Goumba, and the *Alliance pour la démocratie et le progrés* (ADP) of François Pehoua. The other members of UFAP were the *Mouvement démocratique pour la renaissance et l'évolution de la République Centrafricaine* (MDRERC), led by Joseph Bendounga; the *Forum civique* (FC) of former prime minister and general, Timothée Malendoma; the *Mouvement pour la démocratie et le développement* (MDD), led by a former president, David Dacko; the *Union de démocrates pour le renouveau centrafricain* (UDRC); and the *Parti social-démocrate* (PSD) of another former premier, Enoch Lakoué.

Other significant parties were the *Parti libéral-démocrate* (PLD) of Nestor Kombo-Naguemon; the *Convention nationale* (CN) of David Galiambo; the *Parti d'union nationale* (PUN), recently set up by Gaston Makouzangba; the *Forum démocratique pour la modernité* (Fodem) of Charles Massi; and the *Parti de l'unité du peuple* (PUP) of the former reformist prime minister, Jean-Paul Ngoupande (whose diplomatic skills were appreciated during the three army mutinies in 1996, but who was forced out of office in early 1997 because of disagreements with Patassé over constitutional reforms – a situation aggravated by an attack on the presidential

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patronage networks in the parastatal sector). Given the personal and ethnic backgrounds of their leaders, all these groups were positioned to take a slice of traditional MLPC support. Further, encouraged by the examples of Mathieu Kérékou in Benin, Didier Ratsiraka in Madagascar, and Denis Sassou-Nguesso in Congo-Brazzaville, expresident Kolingba wanted to regain power.

Then there were parties like the *Parti républicain centrafricain* (PRC), the *Mouvement pour la libération de la République Centrafricaine* (MLRC) of Hugues Dobozendi, the *Mouvement socialiste centrafricaine* (MSC), the *Rassemblement populaire pour la reconstruction de la centrafrique* (RPRC) of former General François Bozize, and the *Union populaire pour le développement économique et social* (UPDES) of Hubert Simani. The Roman Catholic Church, trade unions, and students were also forces to be reckoned with. The once united trade union movement had, however, fragmented into the *Union syndicale des travailleurs de la centrafrique* (USTC), which seemed to be more interested in politics than in traditional trade union demands, and the pro-Patassé *Organisation des syndicats libres du secteur public* (OSLSP). But the real opposition was to be found on the streets, waiting to be mobilized by a populist leader.

Some 846 candidates from 29 parties were registered to contest elections for the 109-seat parliament on a voters' roll which had risen to 1,4 million from 885 000 in 1993. Although the run-up to polling was marked by insecurity and political tension, the presence of Minurca ensured a relatively violencefree campaign. Under the CAR's constitution, the Assemblée nationale plays only a limited role in decision-making. The real significance of legislative elections, therefore, related to three issues: the ability of the authorities to organise the poll effectively and without controversy; the extent to which violence became a factor in the political process; and indications as to how political forces may be shifting in the run-up to the far more important presidential elections due in late 1999. On the first two issues, conclusions were mixed: while the process went far better than the sceptics had predicted, there remains room for improvement. Although there was little evidence of systematic rigging or disruption that favoured any particular party or ethnic group, international monitors visited few areas outside Bangui, allowing little international scrutiny of voting in the rural fiefdoms of the MLPC and the RDC.

As the elections approached, there was increased dissatisfaction within the political elite (and to some extent at grassroots level) with President Patassé's style of government which had been characterized by patronage, incompetence, factionalism, ethnicity, and intimidation. Lack of faith in the political process and an absence of confidence that any government could solve the country's problems threatened to produce a poor voter turnout. Also foreign direct investment (FDI) in the CAR had long since slowed to a trickle and government could not afford a rash vote-buying exercise. The

UN Secretary-General Kofi Annan: pushing for radical reform and consensus politics.

final outcome of the elections left independents in a position of pivotal influence. Neither the opposition alliance nor the outgoing governing coalition, built around the MLPC, secured an overall majority of seats in parliament; and the situation became increasingly confused as independents and smaller parties vacillated over whom to support in forming a new government. In the end, the MLPC managed to hang on to power, but only at the price of confusion, opposition anger, and speculation about the inducements that might have been offered in order to cement its parliamentary majority. This was hardly the best platform from which to take forward the process of national reconciliation and the pursuit of a reform agenda that commands consensus cross-party support.

In the outgoing assembly, which had only 85 members, the governing coalition held 44 seats (a clear, if narrow, overall majority), while the opposition had 36 seats and independents five. This time, in an expanded assembly of 109 members, opposition parties (grouped with trade union and civil society allies in UFAP) made some advances, although not enough to secure an overall majority. Final results gave the UFAP parties 52 seats, while the MLPC had 47 and its ally, the PLD, two; eight independents were elected. Although the MLPC remains the largest party, it fell eight seats short of an overall majority, prompting furious competition for the support of smaller parties and independents. A decisive factor in the final results seems to have been a sufficient fragmentation of the savannah vote to see the likes of Ngoupande and Massi elected to parliament. This was not a massive switch, but it was nevertheless significant given the fact that the northern economy has prospered over the past few years, while it may also reflect rural discontent with poor security conditions.

There were several reasons for the limited scale of opposition gains. Although prior to the vote there were allegations of electoral fraud, and during the poll itself there were almost certainly some irregularities (particularly in the more remote, rural parts of the country), it was difficult to discern a clear pattern of deliberate rigging and international observers expressed broad satisfaction with the results. In addition, the opposition alliance has been faced with widespread public scepticism about its credibility, not only as a result of persistent internal bickering, but also because of its erratic and petulant tactics of the past two to three years. In a lacklustre campaign which reflected the myriad political, personal and ethnic tensions that divide the opposition, the UFAP alliance failed to articulate a clear and coherent policy agenda for rebuilding political stability and reviving the battered urban economy. Tragically, opposition parties continued to seek support in narrowly defined ethnic or special interest constituencies.

However, when the new parliament convened on 4 January 1999, the MLPC could confidently claim that it had secured an overall majority in the assembly. The 49 deputies elected under the banner of the presidential coalition had been joined by five independents and a single defector from the opposition PSD. The pro-Patassé camp now had 55 seats – an overall majority of one. Challenging the constitutionality of the defection, with control of parliament hanging on the outcome of the dispute, the opposition alliance appealed to the constitutional court. Ruling against the opposition, allegations immediately surfaced that there was powerful lobbying of the court in order to produce a verdict in support of the Patassé government. This widespread speculation is bound to undermine the court's credibility and contribute to an environment of political tension in which rival parties and their supporters have little faith in the integrity of the country's institutions. Initially the opposition alliance, frustrated at being so narrowly deprived of power, was more concerned with challenging the legitimacy of the government. But its boycott of parliament and its appeal for mass protest are now seen by most Banguissois as irrelevant to today's more fundamental problems of political stability and economic recovery: Central Africans are no longer interested in gesture politics and oppositionism for its own sake.

The President's choice of a new prime minister, Anicet Dologuélé (a prominent northern Sara and a close confidant of the instinctively cautious and suspicious Patassé), may prove to be a shrewd one as the premier will be well placed to reassure anxious donors that the government remains committed to the IMF-supported economic reform programme. During his two years as finance minister, Dologuélé had impressed the Fund with his efforts to improve financial management and strengthen revenue collection. The failure of opposition parties to make a decisive break-through in the legislative elections is partly attributable to Dologuélé's economic successes, which had begun to lay the basis for a recovery in prosperity and international aid flows. The premier also attempted to set a technocratic and consensus tone to a broad-based administration by allocating only seven cabinet portfolios to the MLPC, while four went to the MDD (which is, theoretically, still part of the opposition UFAP alliance), four to the PLD, and one to the CN. The MLPC, nevertheless, still controls the most strategically important portfolios, including defence, foreign affairs, and communications, which President Patassé would have been extremely reluctant to relinquish in an election year. In a further effort to craft a non-partisan cabinet, independents were given seven posts and the army one. The army (as opposed to the presidential guard) continues to be regarded as a relatively non-political institution that is not closely associated with the presidency.

Dologuélé retained the finance, economics, planning and cooperation portfolio for himself, reflecting his personal determination to maintain the momentum of the economic reform programme. Key elements of this programme are: a charter setting out the status of political parties and their financing in advance of the 1999 presidential election; improved management of the economy; restructuring of the armed forces; and tougher control of the public sector in order to curb corruption and malpractice. Success in these areas is crucial to the restoration of social peace and a stable democracy in the CAR. But, the closeness of the election result will further weaken the prospects for a stable government in the short term. However, with President Patassé enjoying executive powers, the political initiative is likely to remain with him, even if the opposition's morale has received a substantial boost.

The roots of economic malaise

Most Central Africans work in agriculture as smallholders, in informal sector trading and craft work, or in artisanal diamond prospecting. The biggest public sector employer is the civil service, with about 19 000 employees, out of a total labour force of some 1,5 million. The role of the private sector is small, with an estimated 35 000 employed in the industrial sector and only 240 firms officially classified as small and medium-sized enterprises (most large enterprises, whether in agriculture or industry, are partly owned by the state). The development of the embryonic manufacturing sector – accounting for an estimated 6,6% of gross domestic product (GDP) in 1994 – is especially constrained by the modest size of the local market and the high cost of imported inputs because of poor transport links to neighbouring countries.

Speculation about a devaluation of the CFA franc, the West and Central African currency tied for decades to the French treasury, has been especially feverish in the CAR with its landlocked economy, high fixed transport costs and dependency on agricultural exports. Pressure for a devaluation is set to increase after European economic and monetary union (EMU), and the new relationship that will have to be forged between the CFA franc zone and the European currency, the euro. The coffee sector in the CAR is expected to be the most vulnerable in the absence of a downward adjustment, and fears of devaluation may lead some foreign investors to hold back on new projects. Moreover, devaluation would have considerable political consequences, deepening the divide between a depressed and fractious capital city and a countryside on a tentative road to recovery. The incomes of coffee and cotton growers would be bolstered, while the urban population would face a resurgence of inflation with the rising price of imported goods. That could stir fresh political instability, especially since government employees are already struggling with salaries many months in arrears.

Prospects for an economic revival

Following a period of nationalisations in the late 1970s, foreign investment is now welcomed and encouraged. New opportunities for investment have arisen with the planned privatisation of a number of parastatal corporations, and the government has introduced an investment code, liberalising conditions for foreign investors, and plans for stimulating the private sector. A commission on privatisation, directly answerable to the prime minister, will help to shield decisions on sell-offs of parastatals from presidential influence, and the risk that enterprises will be sold to political cronies on favourable terms. The fuel parastatal, *Société petrolière de centrafrique* (Petroca), a politically crucial source of tax revenue, is to be sold, and preparations for power and telecommunications disposals are underway with an end-1999 deadline.

The share of external grants of budget revenue was 56% in 1994. So limited is the tax base that the formal sector cannot finance the burden of recurrent spending, let alone the needs of the capital investment budget. Progress has been slow on revenue collection, and the ratio of domestic revenue to GDP has continued to ease downwards. Most aid has been from France (US$62m in 1994), the International Development Association (the World Bank's softloan affiliate; US$38,9m in 1994) and the European Union (US$25m in 1994), and is concentrated on technical assistance, budget support, education, infrastructure, and agricultural projects. Besides balance-of-payment support, France has backed a range of projects including child health, computer technology, manufacturing, the cultivation of sugar, cotton and palm oil, and brewing. However, Paris has indicated that it wishes to phase out budget aid and focus its financial assistance on development programmes.

After a long period of slow growth up to the end of the 1980s followed by decline in the early 1990s, which was engendered by political disruption and generally weak commodity prices, GDP growth registered a strong recovery to 7,3% in 1994 – from minus 2,6% in 1993. This reflected a double stimulus:

the 50% devaluation of the CFA franc in 1994 brought about a radical improvement in the country's competitiveness and, fortunately, coincided with a recovery in world prices for tropical cash crops; it boosted the domestic profitability of export crop production and created a boom in world coffee and cotton prices. However, the pace of expansion has since slackened with a GDP growth rate of minus 1,5% in 1996, rebounding to an estimated 5,1% in 1997 and 5,5% in 1998. However, such fluctuations are not unusual in an economy as small, agrarian and landlocked as the CAR's.

Although the country normally runs an officially recorded trade deficit, when the informal economy is taken into account, the balance is likely to be positive. Diamond exports, for example, are probably three times the officially recorded level, large volumes being siphoned off through extensive smuggling. Reserves have increased substantially in recent years to give the CAR good levels of import cover. By the end of 1996, reserves (excluding gold) stood at US$232m, equivalent to more than a year's merchandise imports at 1995 levels. But external debt has risen steadily over recent years, reaching US$928m in 1996.

The interface between politics and economics

In 1993, donors (including the IMF and World Bank) hoped the newly elected President Patassé would be able to persuade Central Africans to accept the difficult reform measures they were not prepared to endure under the undemocratic Kolingba regime. But the Patassé government baulked at taking the tough steps needed to rebuild rundown state finances. The state wage bill drifted out of control, revenue collection was lax, and reports of corruption and mismanagement proliferated. With the government short of funds, public sector pay arrears mounted, contributing to discontent in the army and the mutinies of 1996. Looting during the mutinies brought a final, devastating blow, destroying half the CAR's industrial production capacity – the core of the formal-sector tax base.

However, agricultural and mining operations, mainly in rural areas, were little affected. By early July 1998, the government appeared close to securing IMF approval for a full three-year enhanced structural adjustment facility (ESAF). This could serve as a catalyst to generate aid flows from other donors: the EU, France, and the African Development Bank (AfDB) have promised new aid if an ESAF is agreed upon. The CAR has lagged far behind other CFA franc zone countries in launching the liberalization reforms demanded by donors and is, in fact, the only country not to have reached a deal on a medium-term programme with the IMF. The World Bank, however, remains sceptical about the government's professed willingness to meet the conditions for Bretton Woods assistance, holding back general budget support until there is clearer evidence of President Patassé's commitment to economic liberalisation.

The IMF has adopted a more flexible line, in the belief that President Patassé has finally surrendered the key levers of economic power (control over the politically strategic parastatal corporations) to reformist prime ministers. A crucial role is being played by Anicet Dologuélé, premier and finance minister in the new coalition government. A prominent member of a northern Sara group (deputy chief of the Gonghé, who are second only to the Kaba in the government's ethnic pecking order), he has eschewed the confrontational tactics of overtly reformist former prime ministers and has quietly worked on securing the president's trust. Acceptance of harsh IMF terms will mean abandonment of rent-seeking and cronyism in favour of transparency and privatisation. Although this has begun to undermine Patassé's jealously guarded base of economic and political patronage, he seems to have concluded that the continued absence of an ESAF, and the resulting lack of donor support, would pose an even greater threat to his political prospects and ability to exercise power.

The granting of an ESAF will be crucially influenced by Dologuélé's readiness to carry out a number of "prior actions", including a commitment to privatisation, named by the IMF as preconditions for any new programme. Greater emphasis is now placed on revenue collection and administration, broadening the tax base, and ending various politically motivated exemptions. The IMF sees enhancement of current revenue as a key issue, because it believes the economy can generate sufficient tax income to meet current expenditure needs.

Unlike some less fortunate African countries, the CAR need not be indefinitely dependent on aid to sustain basic services. By collecting current revenue effectively, the government would be able to reserve foreign aid for genuine capital projects and improvements or extensions to development programmes.

Although the country normally runs an officially recorded trade deficit, when the informal economy is taken into account, the balance is likely to be positive. Diamond exports, for example, are probably three times the officially recorded level, large volumes being siphoned off through extensive smuggling.

Buoyant exports and a vigorous tax enforcement drive, which has seen the heads of four diamond-buying agencies in court, have enabled Dologuélé to meet revenue targets set by the IMF. If other donor support is also restored, the government should at last be able to pay salaries and grants on time, and thus recover some popularity among long-suffering Banguissois. Together with support from rural voters, whose living standards are already on the rise, that proved to be just enough for Patassé and his MLPC to cling to power.

Potential for agricultural and tourism development

Agriculture remains the mainstay of the CAR economy and livelihood of the vast majority of its people. It accounted for 53,4% of GDP in 1997, employs between 70 and 80% of the population, and provides two main export commodities: coffee and cotton. Production of cotton in 1996/97 amounted to some 42 000 tonnes and coffee to about 15 000 tonnes. Agriculture is still the priority for aid donors anxious to raise rural living standards and stop further population drift to the towns. Transport costs, however, make it difficult for the CAR to compete with coastal countries exporting coffee or cotton. In 1997, coffee exports earned some US$18m in foreign exchange and cotton exports about US$44m. The relative success of the CAR's cotton sector is important in developmental terms because it delivers cash income to peasant farmers in the fairly arid but more densely populated northern regions. But this makes it politically sensitive, especially for President Patassé, whose principal support is drawn from the cotton-growing north-west.

The rich fauna and flora offer considerable potential for wildlife tourism in the rainforest and savannah regions of the CAR, and this could be a valuable foreign exchange earner. Indeed, few countries are better placed to test whether non-timber, environmentally friendly sources of income can become more profitable than timber-cutting (earning some US$15m in foreign exchange in 1997), thereby making conservation pay in economic terms.

Mining, the saviour?

Mining centres almost exclusively on the diamond sector's alluvial deposits in the west and southwest of the country and diamond exports are now the prime source of foreign exchange – some US$67m in 1996. Foreign investors are preparing to bring in new technology, although current output (487 000 carats in 1996) is still dominated by traditional artisanal processes. Output and recorded exports of diamonds have fluctuated because of disputes between the government and foreign companies; most output is exported in uncut form (mainly to Belgium) and a high proportion (probably about 960 000 carats) is smuggled abroad.

Production of diamonds is mainly in the hands of some 80 000 artisanal miners, whose activities are little regulated. However this is set to change: controls are being tightened and France is financing a programme to train artisanal miners in more advanced techniques and encourage them to work in cooperatives. These should make them more competitive but also easier to regulate and tax – there is a 10% tax on diamond exports. The *Comptoir national du diamant*, which handles diamond cutting and exports, is a joint venture between the state and South Korean and Belgian interests. Stones are generally of a higher quality than those from the neighbouring DRC and statistics show Belgium as the CAR's principal trading partner, reflecting the importance of the Antwerp diamond market.

Meanwhile, foreign companies have been moving in. Operating on an industrial scale, they will also be easier to supervise. Two Canadian groups have concessions: *Radisson Mining Resources*, and *United Reef*. The latter has rights to mine for alluvial diamonds on the Bangoran River (traditionally the preserve of artisanal diggers) and the Bamingui River in the north of the CAR, alongside a South African company *Trans Hex* (another South African company, *Camco*, operates on six 2 000km² concessions). A diamond-recovery system with a capacity of 30 tonnes of gravel per hour has been installed by *United Reef*. Bamingui has yielded 451 000 carats in proven reserves, and stones from preliminary diggings fetched an average US$188 per carat. *Radisson* has a 110 000-acre permit west of Bangui and it has identified substantial alluvial reserves over 36km² along the Lobaye River.

The disappointing performance of the Bangui Diamond Exchange – partly owing to the disruption of the army mutinies of 1996 – is unlikely to be resolved by increased efforts to combat smuggling alone, despite tough legal action against a number of well-known companies such as *Société centrafricaine du diamant* for tax evasion. The rationale behind the exchange, launched in February 1996, was to help prospectors secure better gem prices. The bourse is open to mining companies, diamond traders, buying officials, diamond cutters and small-scale miners who meet registration requirements.

But it may also be necessary to look at the fiscal regime. The average price per carat at the monthly auctions is rising, reflecting an improved grade of stone, but many traders still find it lucrative to circumvent the official auctions from which the treasury receives 10% of sales revenue. Lower taxes can reduce the incentive for smugglers to circumvent the rules. For example by holding the diamond export tax at a mere 2%, Guinea has been relatively successful in limiting smuggling – dealers only save small sums of money by trading outside official channels. In addition, realising it can never pay customs officers well enough to combat the lure of bribes, the Guinean government gives them an alternative incentive to enforce the law: they are entitled to keep half of any seizures they make. Authorities in Conakry admit the system is not foolproof, but believe they are steering the bulk of diamond output into official channels. The CAR may need to look at a similar reorganisation of its diamond regime, perhaps combined with some training, credit and equipment support as incentives for artisanal miners to operate within official regulation.

The other mineral currently being exploited is gold. Difficulties of access and inadequate technology resources have limited the growth of the industry which has an estimated production figure of only 90kg in 1995 (down from 226kg in 1990). Uranium deposits at Bakouma, estimated at 20 000 tonnes, promised for some years to provide a stimulus to the mineral sector and the economy as a whole, but the poor world market has discouraged development. There are also large untapped reserves of iron ore.

Political patrimonialism and patronage: pitfalls on the road to national reconciliation

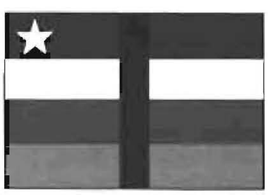
Although there is undoubtedly strong popular support for national reconciliation and widespread resentment at political manoeuvring by party leaders, the alliance of opposition parties remains distrustful of President Patassé. For them, a priority remains the reform of the armed forces which are small, poorly equipped, and demoralised by pay arrears and dismal working conditions. After the second mutiny in May 1996, a special conference called for improved training and re-equipment for the 2 800-strong army, but three

years later the important restructuring problem (transforming the military into a professional non-political body, organised on non-ethnic and non-regional lines) remains unresolved. Fears persist that Patassé will try to maintain certain key units, such as the presidential guard, as the fiefdom of his own supporters from the north-west. This could aggravate a historical divide between northern savannah peoples and those of the southern forests and river valleys dating back to the slave trade.

Although the modern CAR seems to have largely overcome this heritage, the ethnic and regional emphasis in Patassé's approach has revived old resentments. His style of government is characterised by factionalism, populist nationalism, mistrust of outsiders, and patronage. His prickly manoeuvring, reliance on a clique of personal associates, and recruitment of a militia made up of former south-Chadian rebels, have alienated one-time political allies (and many voters). And with France's 1 250-strong military garrison having pulled out, he looks uncomfortably exposed in the run-up to the August 1999 presidential poll. Although philosophical about the French pull-out, a strong feeling of insecurity, even paranoia, is evident in Patassé's accusations that mercenaries are being recruited in Belgium and France to overthrow him. There have also been unconfirmed reports about a CAR government contract with the South African security firm, Executive Outcomes; significantly, in both Angola and Sierra Leone, Executive Outcomes protected diamond-mining operations, including those of Canada's Diamond Works.

The UN has insisted that maintenance of the Minurca operation depends on the government's agreeing on a range of political, economic and military reforms. There is, therefore, likely to be a fair amount of brinkmanship between the president and the UN, as well as with the opposition, as Patassé seeks to relinquish the minimum ground necessary to preserve peace without undermining his capacity to use the levers of the state apparatus to ensure his re-election. Some supporters argue that the UN ultimatum will ease the political risks associated with dismantling the ethnically based patronage networks and private militias on which President Patassé has relied. They urge him to use the measure of stability provided by Minurca to build a new, wider and more progressive support base in the run-up to the presidential elections. However the relative success of his MLPC in the face of a more robust challenge from opposition parties in the legislative elections of 1998 will, most probably, strengthen the president's more cautious and conservative instincts to resist change. So he is likely to accept in principle the need for the kind of military reforms proposed, but in practice will procrastinate over their implementation.

CENTRAL AFRICAN REPUBLIC



POLITICAL
Head of State:
President
Ange-Felix Patassé
since 1993 (b 1937)
Independence: 1960
National day: 1 Dec
anniv republic 1958
National capital: Bangui
Official language: French

PHYSICAL
Total area: 622 984 km^2
Arable: 3% of land area
Coastline: Landlocked
Largest city, international airport: Bangui
Main riverport: Bangui

SOCIAL
Total population
Census (1988): 2,5 mn
Estimate (1997): 3,5 mn
Projection (2000): 3,8 mn
Av growth pa (1985–95): 2,3%
Age group 15–64 yrs (1995): 51%
Persons/km^2 (1995): 6
Urbanized population (1995): 39%
Human Development Index (1997)
Rank among 175 states: 151
Adult literacy (1995): 60%
Male (1994): 67%
Female (1994): 44%
Gross enrolment ratios (1992)
Primary schools: 68%
Secondary schools: 12%
Tertiary institutions: 1%
Primary pupils/teacher (1990): 90
Life expectancy at birth
1960: 39 yrs 1994: 48 yrs
Male (1994): 46 yrs
Female (1994): 51 yrs
Population/doctor (1990): 25 000
Mortality/1000 live births
Infants: 139 (1970) 98 (1995)
Under 5: 165 (1995)
Population with access to safe water (1994): 38%

ECONOMIC
Currency: CFA franc
Av exch rate/US$ 1 (1997): 589
Total GNP (1995): US$ 1,1 bn
GNP/capita (1995): US$ 340
Av growth p a (1985–95): -2%
GNP/capita rating (1995)
32th among 53 African states
Total GDP (1995): US$ 1,1 bn
Av growth p a (1990–95): 1%
Sectoral origin of GDP (1995)
Agriculture: 44%
Industry: 13%
Services: 43%
Investment, % of GDP (1995): 15
Av inflation p a (1985–95): 3,7%
Av inflation (1997): 0,1%
Exports (1997): US$ 190 mn
Av growth p a (1990–95): -8%
Main exports (1996): Diamonds (39%), coffee, timber
Main markets (1996): Belgium (41%), Côte d'Ivoire
Imports (1997): US$ 170 mn
Av growth p a (1990–95): 5,4%
Main suppliers (1996): France (31%), Côte d'Ivoire
Development aid (US$)
1980: 195 mn 1995: 151 mn
per capita (1995): US$ 51
External debt (US$ million)
1980: 195 1995: 944
% of GNP or GDP (1995): 84

INFRASTRUCTURAL
Railway track (1995): -
Percent paved roads (1995): 2
Motor vehicles (1994): 15 000
Air (passenger-km) (1994): 227 mn
Electricity (1993)
Installed capacity (MW): 43
Output (kWh): 97 mn
Telephones (1994): 7 000
per 1000 people: 2
Radios/1000 people (1994): 73
TV sets/100 people (1994): 1
Daily newspapers (no) (1992): 1

There are bitter divisions within Patassé's MLPC: between long-time grassroots activists and members of the leadership who stayed in Bangui throughout the authoritarian Kolingba era, and those who rose to prominence with the election of President Patassé in 1993, many of whom had been living abroad. The latter, typified by Charles Massi, are widely resented as "carpet-baggers". Long-time internal MLPC players, such as the parliamentary speaker, Hugues Dobozendi, are less closely associated with the Patassé patronage system and more ready to support uncomfortable structural adjustment reforms that threaten the old-style clientalist networks. They have also been more ready to cooperate with the opposition. This part of the MLPC is a natural ally of those who support reformist moves to liberalise the system and come to terms with the IMF on economic liberalisation measures.

An eight-party alliance, UFAP, is the latest in a series of attempts to bring together the disparate forces opposed to the president. Traditionally these have been been divided over policy, personality and ethnicity, and have been further weakened by a lack of resources. UFAP contains at least one party, the MDD, which is ill at ease with the confrontational stance espoused by the FPP's Abel Goumba. The alliance also harbours serious differences on economic thinking and policy priorities. PUP's Jean-Paul Ngoupande has a reputation as a radical economic reformer, but other, more conservative UFAP leaders, such as Goumba, favour a more interventionist approach and the maintenance of a patronage-based system of public administration. Such ideological tension will make it more difficult for the opposition to unite behind a single candidate, even if the presidential contest goes to a second-round run-off. This will work to the advantage of Patassé, who will also benefit from his control over the state apparatus, including his access to the official media.

An electoral commission, the *Commission mixte électorale indépendante* (CEMI), was charged with organising both the 1998 parliamentary elections and the 1999 presidential poll. In addition, a national reconciliation pact (with high-profile guarantors Presidents Omar Bongo of Gabon, Idriss Déby of Chad, and Blaise Compaoré of Burkina Faso), apart from military restructuring, involves good governance measures to be implemented by a civilian prime minister and approved by all the country's political and social groupings. But there have been complaints that the electoral law gives disproportionate influence to regions which are strongholds of President Patassé's MLPC. Equally disturbing was the initial enforcement of a law demanding that news be submitted to a committee for approval before being broadcast. Striking journalists of *Radio-diffusion-télévision centrafrique* protested this move which was labelled "legalised censorship". Though subsequently suspended, it is significant that it came into force just before the two-round legislative elections were due to be held.

Patassé's support has always centred mainly on the Sara people of the northern and northwestern savannahs, amongst the savaniers, as opposed to the southwestern (Gbaya and Mandja) and southeastern riverine and forest people, the riverains and forestiers. But the president's savaniers are beginning to loose faith because he seems to favour his own Sara group (made up of the Kaba, Soubah and Kare) who represent only 15% of savaniers. The minorities, led by the Yakoma, are the main threat to Patassé's hopes of seven more years in office: his government's poor record has disillusioned everyone and prompted an alliance between the southern Banda (the CAR's largest ethnic group), the Mandja and the Gbaya. It is believed that Patassé might muster the votes of 30% of the electorate in presidential elections, but only if there is no alternative candidate from within the Gbaya and Mandja tribes that provide almost all his support. The Gbaya have seen little benefit from his presidency and they are not impressed that only two top jobs were, until recently, held by Gbaya – General François Bozize as army chief of staff, and Michel Gbezera-Bria as prime minister.

Conclusion

Long-term prospects for the CAR remain extremely uncertain. There are serious constraints on economic economy: poor national and international transport links which raise the price of exports and the cost of imports; a domestic market too small to sustain many manufacturing activities; inadequate incentives for farmers; a costly bureaucracy; and a dearth of skilled technical and development personnel. Yet the CAR possesses greater economic potential than many other francophone African countries. The humid savannahs are well suited to cultivation and animal husbandry. The country has a diversity of natural resources to be shared among a population which will probably have reached only four million by the end of the century. Its dense forest is one of the richest in the world and has only recently begun to be over-exploited. Given a reasonable increase in export revenue from diamonds, gold and timber products, as well as coffee, cotton and rubber, persistent balance-of-payments problems could be overcome. Increased revenue from taxes, less fraud on customs dues and, above all, better administrative management and a reduction in the embezzlement of public funds could address the budget deficit and begin to whittle down the national debt. However, the gloomy outlook for exports is likely to contribute to a wider current-account deficit than the US$65m the government has forecast for 1999 and 2000. But, as long as political stability prevails, donors will provide external financing on concessional terms. And, while some of the candidates likely to contest the presidential election are ambivalent about the merits of the structural reforms recommended by the IMF, including Patassé himself, the absence of an alternative policy suggests government will remain in tune with donors and continue to rely on their support.

Patassé, the first democratically elected president of the CAR, has failed to deliver on promises of a clear-sighted, efficient government; he has yet to secure a permanent return of public services to normality and durable political stability. Though he once emphasised his connections with the "masses" and championed the struggle of the poor, neither his pronouncements nor his style of governance offer much ideological clarity or even coherence. His government may not be authoritarian or repressive and the present constitution does include specific safeguards for democracy and human rights, but his regime resembles those of his predecessors in at least two important ways: it relies upon members of his own ethnic group who were his friends and allies during his years of exile; and it commands little importance in the daily lives of ordinary people who seek to avoid contact with it – almost at all cost.

The political environment is likely to be dominated over the short term by preparations for the presidential elections. Sparring between the president and his rivals in the opposition will increase political tension significantly in the run-up to polling, and will engender a decision-making process marked by short-term political considerations. Should the most confrontational tendencies in the opposing camps prevail, a breakdown in security remains a possibility. Paradoxically, the successful conclusion of the electoral cycle may not create the conditions required for the establishment of longer-term political stability. The political system as presently constituted merely projects the image of multiparty democracy. However, this masks a reality of factionalism, ethnicity and militia politics which, but for the presence of international peacekeepers, could once more degenerate into violence, prompting a return to the political instability and economic decay of 1996 and 1997.

The fragmentation of the political elite, driven by the personal ambitions of those seeking the presidency, will contribute to the uncertain environment likely to prevail in 1999. Competition for the presidency is likely to be fierce. Not only are the two most prominent southern politicians (Goumba and Kolingba) set to stand for election, but the traditionally coherent vote from the savannah region in the north may also splinter. The outcome of the 1998 legislative elections suggests that this vote may have begun to fragment, not on a large scale but sufficiently so to undermine Patassé's previous position as favourite for the presidential poll. Two rival, high-profile aspirants from the region, Charles Massi and Jean-Paul Ngoupande, secured election to parliament and are now likely to stand in the first round of the presidential race. The two-round voting system gives them a strong incentive to do so even if they do not believe they can win: a good first-round score allows a minor candidate to pledge his support for the final run-off, in return for a promise of office or other patronage. The strong performance of the opposition in the legislative poll suggests that leading opposition players such as Abel Goumba and André Kolingba will present a stronger challenge in this presidential race than in 1993.

A closely fought contest for the presidency is likely to leave a gloomy political and economic legacy hard to reconcile with the need for compromise, national reconciliation and economic reconstruction. Ange-Félix Patassé has a dismal track record and there is little to suggest that Charles Massi has any better understanding of the need for consistent reform and consensus politics. Jean-Paul Ngoupande would be the donors' preferred candidate but might lack the political muscle and patronage necessary to be effective. André Kolingba understands the rhetoric of economic reform, but during his period in office proved over-reliant on his own ethnic group. And Abel Goumba has too often indulged in partisan walkouts and gesture politics, putting a fragile peace at risk.

> ***Patasse's government may not be authoritarian or repressive, but it relies upon members of his own ethnic group who were his friends and allies during his years of exile; and it commands little importance in the daily lives of ordinary people who seek to avoid contact with it – almost at all cost.***

Increased politicking associated with a vigorous campaign for the presidency will also militate against any rapid realignment of policy, which is likely to remain cautiously reformist in conception and even less radical in implementation. While this may disappoint donors, real pressure to accelerate the reform process is unlikely to be applied until the potentially destabilising electoral cycle has been completed. Prospects for political stability will be further undermined by a regional environment dominated by continuing conflicts in the DRC, Congo-Brazzaville and Sudan. Overall, the increasingly free movement of civilians, armed groups and weapons within the region is likely to have destabilising consequences across the whole of Central Africa, including the CAR. The political outlook for 2000 will therefore be influenced by the degree to which the electoral process passes off peacefully and without controversy, and by the steps then taken to build a new political framework in the country.

For the immediate future, the country can hope, at best, to be led by a relatively benign bureaucratic oligarchy rather than an increasingly abusive regime. Veteran FPP leader and spokesman for several opposition parties now regrouped in UFAP, Abel Goumba, contends that the state is "virtually bankrupt and nonexistent" since the country's administration is "no longer functional". Central Africa is considered to be "a region where democracy cannot be practised". He nevertheless commits the opposition "to safeguard peace and, especially, to entrench democracy". Nonetheless, it is highly unlikely that the small numbers of Central Africans who actually participate in processes of liberalisation and democratisation, splintered into a variety of heterogeneous groups composed of students, teachers' unions, new political parties, and government officials, have the capacity to institutionalize democracy in the CAR.

Democratic transition in Nigeria: will the military stay out of politics?

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Proving its credibility is just the start for Nigeria's new leadership. Real democratisation will only begin when issues of structure and process – and deep concerns about the military – are addressed.

The journey thus far

In 38 years of independence, Nigerians have experienced fewer than ten of civilian rule. Though the recent political problems in Nigeria can be traced back to earlier governments, the military regimes of Generals Ibrahim Babangida and Sani Abacha are seen as precipitate. The crisis of the past six years began in 1993 when Babangida annulled the presidential elections which were meant to mark a return to civilian democratic rule. Although Babangida eventually handed over power to a Government of National Unity (GNU), General Abacha's takeover brought about a rapid downturn in events. Abacha's regime was notorious for its gross abuses of human rights and repression of all forms of opposition. Chief MKO Abiola, the presumed winner of the 12 June 1993 elections, was jailed one year later for proclaiming himself Nigeria's elected president. Critics of the regime, including members of the press and pro-democracy groups, were arrested at random and many were jailed without trial. Former head of state (now president), General Olusegun Obasanjo, and several others were jailed following allegations of a coup plot. The hanging of Ken Saro Wiwa and eight other environmental campaigners from the Ogoni minority ethnic group attracted wide condemnation and led to the imposition of sanctions by the international community – including the Commonwealth and the European Union. The sanctions had a relatively limited impact on Abacha's regime and he continued to put in place a process for transition to civilian rule, widely interpreted as a self-succession bid. All five political parties that were to participate, appointed Abacha as their presidential candidate – a move that would have returned him to power unopposed.

The tide of events in Nigeria changed in June 1998 when General Sani Abacha died of a suspected heart attack before he could announce his candidacy for the August elections that year. Abacha's death, welcomed by many Nigerians, was just the beginning of a long road to reconstruction and reconciliation. His reign, combined with that of his predecessor's, had done enormous damage to Nigeria's military and civil institutions which were already in a state of decline. With the demise of Abacha, it was widely assumed that the way would be open for Chief Abiola to play a prominent role in a new political process. Abacha was swiftly replaced by another army general, Abudulsalami Abubakar, upon whom all hopes for the constructive rebuilding of Nigeria were pinned. Abubakar's profile as a professional army officer with no record of political involvement or interest in politics, heightened optimism that he would not continue the brutality of the Abacha regime and that he would be willing to embark on a quick handover of power to civilians. It was also hoped – particularly amongst southerners – that jailed Chief Abiola would be released. The preference of many pro-democracy groups was for Chief Abiola to head a Government of National Unity.

However, the tide turned sharply again. In July 1998, whilst negotiations were underway for the terms of his release, the opposition's most visible figure, Chief Abiola, died in jail, also of a suspected heart attack. Abiola's death had a number of implications. On the one hand it meant there was no credible opposition figure to carry forward the question of Abiola's 12 June 1993 election victory. On the other, the country could move on without having to address this crucial issue.

Huge obstacles confront any effort to take Nigeria on a new path to democracy, reconstruction and development. The initial concern of many observers was the credibility of the new leadership and its potential to take the country through a credible transition process. Abubakar's profile and his actions after taking over power in June 1998 gave the optimists good grounds. These included the release of hundreds of political prisoners, the establishment of an electoral commission and categoric statements that his regime would relinquish power to an elected civilian regime by 29 May 1999. Abubakar's sincerity was demonstrated with the holding of local, state and presidential elections which brought the People's Democratic Party (PDP) into power. Retired General Obasanjo emerged as president-elect. These events confirmed for many the sincerity of Abubakar's intention to hand over power, which he duly did: President Obasanjo was inaugurated in May this year. Whilst the possibility of a coup could not be completely ruled out in the period before the hand-over, the pessimists expressed deeper concerns about issues of structure and process that would impact on transition in Nigeria.

The challenge

The reality confronting Nigeria's President Obasanjo is that democratising Nigeria will be a long haul. The elections and handing over of power by General Abubakar merely created an opportunity for his regime to begin the process. The formidable challenge is how to sustain civilian democratic rule and keep the military out of politics. A number of factors raise questions as to whether civilian rule can be sustained in Nigeria.

In the immediate post-election period Obasanjo's already difficult tasks were compounded by accusations of election "rigging" and his main opponent's refusal to accept the results of the elections. A team of local and international election monitors – led by former US president, Jimmy Carter, and including former chairman of the US joint chiefs of staff Colin Powell – expressed concern about cheating in the elections. Reports from monitors included irregularities such as the stuffing of ballot boxes and the use of violence in some states like Rivers, Bayelsa, Katsina, Enugu, Kaduna and Nassarawa, where Obasanjo's PDP recorded high votes. However, allegations of malpractice were made against all parties.

What was clear was the need of the international community to see an elected civilian government in Nigeria and a desire in Nigeria for foreign approval of the election. The Nigerian government is keenly aware of the need to shed the country's pariah status and attract much needed foreign financing after a collapse in world oil prices that has created a budget deficit. Thus, with a common need for Nigeria to move on, the international observers declared that the elections "reflected the will of the Nigerian people" despite the irregularities.

Nigeria's President Olusegun Obasanjo inaugurated in May this year.

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Changing the perception of a "military-created" regime

Apart from this immediate post-election challenge, Obasanjo must overcome another hurdle on the road to reconciliation and reconstruction in Nigeria. This is the general perception amongst Nigerians that his regime is a creation of the military and will seek to preserve the interests of this group. Obasanjo's PDP was established by the late retired General Shehu Musa Yar 'Adua (Obasanjo's second-in-command from 1976–1979 who was imprisoned by Abacha and died in prison in 1997). However, the most visible support came from another retired general and former head of state, General Ibrahim Babangida, along with a number of other retired officers. Babangida threw his financial weight behind Obasanjo and many suspect that he is keen to succeed Obasanjo in four years' time. The precedent of retired general and former head of state running for political office would already have been set, thus making his own task easier. Beyond this, however, it is in Babangida's interest that whoever comes to power is not one that would hold him accountable for the atrocities committed during his reign.

Obasanjo is widely regarded as the military's choice and this is seen as a good thing in some quarters. In a country where the army has ruled for almost 29 years in its 38-year history, the election of Obasanjo, an ex-officer himself, is an advantage. His election seems to create an atmosphere in which the military can gradually disengage without feeling alienated or misunderstood. However, there is concern amongst some civil society groups that the democratic transformation will fail if former military personnel, held to be responsible for looting the country's resources and for the gross violation of human rights, remain unaccountable and continue to hold political sway. In early June this year Obasanjo took a step towards addressing these issues: he "fired" 29 top officers, seized hundreds of millions of dollars and released a list of missing funds and illegally acquired property worth more than a billion US dollars.

However, whilst Obasanjo's military background may continue to be a reassurance to current military personnel, a political process in which key former military officers have rallied around him can be an impediment if further care is not taken to correct the perception of ordinary Nigerians. It is arguable that the apparent trust by the military may encourage them to refrain from intervention in politics during the rebuilding period but at the same time any attempt to pacify the military must not jeopardise the interests of the civilian population.

A workable constitution

Perhaps the greatest challenge for Obasanjo's government is to create a constitution acceptable to the majority of Nigerians. It was apparent even before the elections that there was no credible constitutional structure on which to base effective democratic rule. Building a concensus around a new constitution is one of the sure paths to reconciliation, reconstruction and development. In the frenzied activities leading up to Nigeria's presidential elections, the country had no constitution and therefore the powers and responsibilities of the political offices being contested remained largely unknown.

Nigeria's constitution has been a source of conflict and dissatisfaction almost since the first few years following independence in 1960. After 15 years of military rule, the demand now is for decentralisation and for the country's regions to play a far more prominent role within the federal system. The 1979 constitution is a centralising one which removes a lot of powers from the regions. At the heart of the issue is the control of resources. The federal government has historically responded to calls for greater self-government by dividing the country into smaller state units. Currently there are 36 states in addition to the Federal Capital Territory. The central government wields enormous power over them and few are financially self-sufficient. Demands for greater local control over resources have been especially great and violently repressed, particularly in the underdeveloped oil producing Delta region. (See *The oil fields of Nigeria* on p36.) "Derivation", or the percentage of locally produced wealth that is given back to communities by the federal government, has fallen from 45% in 1970 to just 3%.

The demand for decentralisation, however, extends far beyond the Delta. There have also been demands for regional armies to break the political hold of the military establishment. The way in which a new constitution is designed will determine in large part the extent to which inter-group conflicts in the country, particularly those that have escalated in areas like the Niger Delta, are assuaged.

Crisis in the Niger Delta

Handling the on-going youth rebellion in the Niger Delta of Nigeria is one of the first major tests facing Obasanjo. In recent months the Niger Delta has seen a gradual escalation in conflict. This has manifested in a number of ways such as the kidnapping of European oil workers and the holding of raids on local enemies. Soldiers have been dispatched to deal with the situation by force. It is reported that the conflict has claimed hundreds of lives since December 1998. Although downplayed by Nigeria's military government and the multinational firms that pump oil in the region, the crisis in the Delta over oil and the environment threatens to escalate if effective solutions are not found via constitutional and political structures. The

Eric Miller/i-Afrika

youths in the Delta appear determined to fight until they get the full attention of both government and multinational companies. Nigeria has relied largely on the Delta for economic survival. But despite its natural wealth, the Delta remains poor and underdeveloped. Fighting has intensified since December when Ijaw groups demanded that all oil companies withdraw from the region. To avoid future violence, the new government has to take concrete steps to promote development in this area.

Keeping the military happy

The respect that Obasanjo currently

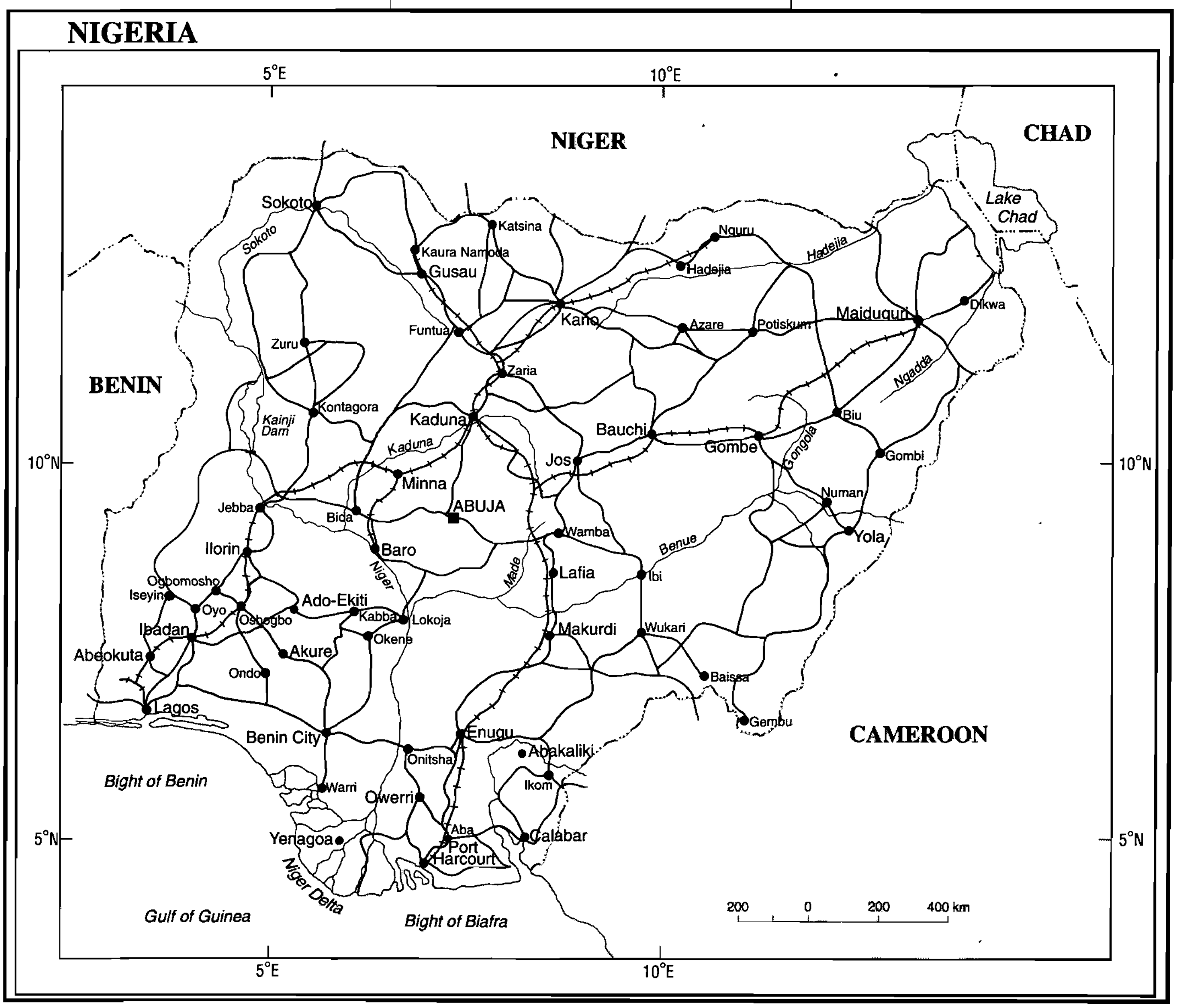
appears to enjoy from the military will merely buy his government time. Beyond this, there is no guarantee that the military will permanently stay out of politics. Several factors will determine whether this goal can be achieved. First, the military must be made to perceive that their interests will not be completely eroded by the new regime. Thus, restructuring must achieve a careful balance of the professional needs of the military with effective methods of civilian oversight. Second, a clear mission must be found for the military. Third, whatever structure emerges, steps must be taken to improve the relationship between the military and civilian population and to begin a process of dialogue between them.

Although some issues of importance to the military, such as welfare, are already being attended to, a more structured process is necessary. Under General Abacha a special task force was set up to co-ordinate building and improving armed forces and police barracks. Another significant step was taken at the end of 1998, with the improvement in army pay. The monthly pay of an ordinary warrant officer, for instance, more than doubled, from 4 500 naira (US$52) per month to 10 000 Naira. A lieutenant-colonel's pay rose from 15 000 to 35 000 Naira (US$175 to US$400), while a general's pay increased from around 55 000 to 149 000 Naira. Obasanjo will need to ensure that soldiers have no reason to complain more than any other group in Nigeria. Welfare and personnel issues in the military will have to be given adequate attention during the rebuilding process if the desired level of stability is to be achieved.

Restructuring the military

Many Nigerians are concerned that the military still has huge potential to take control of political power. The regimes of Babangida and Abacha in particular damaged the credibility of the Nigerian military institution hugely. There is therefore genuine concern that a flawed transition process might create an opportunity for the military to reclaim power under the (familiar) guise that the new civilian regime has failed to live up to expectations. Thus, proposals are being made for the military to be restructured in ways that make it difficult for them to assume power.

One such proposal is that the Nigerian armed forces be restructured along regional lines. Six political regions, each consisting of six of the 36 states and the Federal Capital Territory, have been suggested: South-West, South-South, South-East, North-East, North-West and North-Central and the Federal Capital Territory (FCT- Abuja). Amongst other things, it is proposed that the forces be subjected to full civilian control by the president of the country assisted by national vice-presidents in each region (normally one of the state governors). Additionally, an equal number of military personnel will



serve in each region and the military budget shared equally between the regions and federal government. This proposal is largely aimed at redressing the perceived imbalance in the military's command structure which is seen to favour the north, despite recruitment into the army on a quota basis.

This proposal has been opposed vehemently by people within as well as outside of the establishment. Some argue that the army is the only truly national institution and any attempt to regionalise it would lead to disintegration of the country. Long before the elections, Obasanjo opposed the idea of a regional army. Whilst admitting that the military suffers from some kind of imbalance, he opposed regional armies on the grounds that they "[would] induce rivalry and ... [would] be fighting themselves ... Just as it was inappropriate to have regional currencies, it is not desirable to have regional armies."

Less controversial on the restructuring of the military, is the proposal to find a mission for them, thus keeping soldiers out of politics. Such a mission could entail, for example, training and participation in regional and United Nations peace-keeping operations. Some suggest that the military play roles in civilian society, but security analysts are quick to oppose this, arguing that it is precisely such involvement that encourages them to seek participation in politics.

Whatever is decided, there must be a massive programme to re-educate the military and engage them in continuous dialogue with the civilian population. Trust needs to be rebuilt between the two to recreate stable civil-military relations, presently at their lowest ebb. In addition, there are suggestions that the civilian population embark on a thorough study of the Nigerian military institution. The military's successful dabbling in politics is in part attributed to the civilian elite's inadequate knowledge of the military institution in the face of the military's familiarity with theirs.

Troops abroad

Nigerian soldiers fighting the Revolutionary United Front (RUF) rebels and their allies, the armed forces of Sierra Leone, would certainly like to return home. The high casualty level suffered by Nigerian troops since December 1998, coupled with the high cost of the military operation, has increased domestic opposition to the exercise. The cost, estimated at about $1 million per day, angers many Nigerians who live in neighbourhoods where basic services like water and electricity have been unavailable for years. Despite some successes the force has suffered a series of battlefield defeats and lost an estimated 1 200 soldiers, mostly since December 1998, in addition to those wounded in action. Sierra Leone's rebels, along with allies from the deposed military junta, have murdered, mutilated and tortured thousands of civilians in a campaign of terror to drive Kabbah out. Accounts of soldiers (forbidden to talk publicly about their experiences) have confirmed the way rebels treat captured ECOMOG soldiers. "If they capture an ECOMOG soldier, they kill him. They chop off his head and put it on a stick. They cut out his intestines and string it across a road as a roadblock. They cut off his fingers and wear them on a necklace," according to one Nigerian soldier.

However, despite initial promises and expectations that these troops will come home sooner rather than later, the situation remains unclear. As stated, the involvement in Sierra Leone, which began as a mission akin to peace-keeping but eventually assumed one of active combat, is immensely unpopular at home – seen as expensive, bloody and seemingly endless. It was one of the few serious issues in the presidential election. Both Obasanjo and Falae, the opposing presidential candidate, indicated their support of the withdrawal of Nigerian soldiers from Sierra Leone. Chief Olu Falae called for peace negotiations and the withdrawal of Nigerian troops. Whilst General Obasanjo admitted the operation was a waste of resources, he did not indicate specific plans to pull troops out. This gives an indication of the differences in approach between a civilian, ex-military leader and one without a military background. Indeed, Obasanjo may not necessarily act differently from Abubakar, who indicated that he would phase troops out of Sierra Leone (currently reported to number 15 000) only after peace was achieved (an open-ended mission).

The president has to confront the issue of Sierra Leone on a number of levels. First, politically: few believe a civilian government has the mandate to maintain a combat operation in Sierra Leone. Second, there are immense diplomatic pressures from both within and without Sierra Leone to keep Nigerian troops in the country and prevent the slide further into anarchy. Further, all indications are that an immediate pull-out of Nigerian troops would cause a flare-up in fighting. Nigeria has increased pressure on

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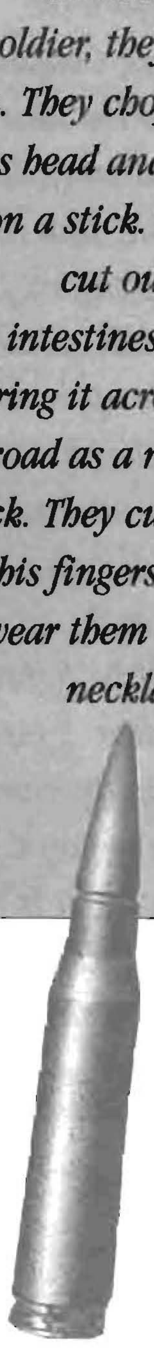

Kabbah to negotiate with the rebels and has appealed to the international community to boost its currently token financial assistance to the mission.

An added complication for government is the problem of bringing back several battalions of soldiers from active combat to an environment where provision has not been made for their full rehabilitation. Being an ex-soldier, Obasanjo is perhaps more keenly aware of this problem than any other civilian leader would have been. Keeping the men in Sierra Leone may ultimately provide the space to fulfil a greater goal – the creation of a mission for the military – through less costly and effective peace operations not necessarily of the nature seen in Sierra Leone. Interestingly, despite enduring so much hardship, some of the soldiers indicate that the withdrawal of ECOMOG may not augur well for Sierra Leone: Kabbah's government will be left vulnerable, and innocent citizens at the mercy of the rebels.

Civil-military relations: a matter of trust

Under the authoritarian regimes of Babangida and Abacha, it was difficult to perceive legitimacy and consensus, particularly within institutions. At best, the civilian and military elite interacted in an atmosphere where the former colluded with the latter out of fear, self-preservation, or self-interest. At worst, other parts of the civilian elite and population at large regarded the military with great distrust. The military elite ruled solely to fulfil its own interests and employed all the resources of the state in doing so.

This dreadful period in Nigeria's history drives home the importance of a system of government that enjoys legitimacy and robust consensus. The government must serve the interests of the people and the military must serve the community, subordinating itself to civilian rule.

How will civil-military relations be brought back from this extreme state of distrust to one where the military serves the interests of society rather than its own? This is the daunting task confronting the new civilian regime. Abubakar perhaps recognised what was entailed when he decided to leave the restructuring of the military to the new government.

For stability and legitimacy to be injected into civil-military relations, several factors must be in place. The first is the restructuring of the military in a way that will reduce the incentive to intervene in politics. The armed forces will need massive re-education focusing on the needs of a professional army – one which has no inclination to participate actively in politics. Such a programme must extend into the civilian population from which the armed forces are recruited. One factor influencing the decision of those recruited into the Nigerian Defence Academy at least prior to 1990 (when Nigeria deployed troops in Liberia) was that they saw the military as one of the best routes to political power, and by extension, economic power. This perception must be changed not only amongst serving military men, but also amongst potential recruits. The second, as mentioned earlier, is that the civilian elite and population at large must be as knowledgeable about the military as the military is about them.

In search of a vibrant civil society

Of additional concern are the weaknesses that remain in civilian society. For example, although the last five years saw the development and proliferation of many non-governmental organisations (NGOs), particularly pro-democracy groups, there are still serious shortcomings in this sector. One is that these groups, which have the potential to influence society from grassroots to national levels, are not extensively based. A concentration of local NGOs focuses almost exclusively on human rights and political issues but even then, many are elite-based and do not have the structure to project to grassroots. The other problem is that until recently, many of these organisations worked in isolation. Although they are now taking steps to work together, the tendency for inter-group rivalry has to be carefully eliminated. It is easy for a regime that is not well meaning to exploit such rivalries – the last two used divide-and-rule tactics to conquer those best placed to criticise their repressive styles of governance, the Nigerian elite.

Furthermore, in the bid to achieve reconciliation, a new civilian regime must be sensitive to the ethnic tensions that were magnified by the policies of the previous regimes. A new regime will have to embark on a massive re-education and reconciliation process. With more than 28 of Nigeria's 38-year history spent under military rule, the political culture of Nigeria is not one of accountability and the social-psychology of the people is largely tuned toward that of a militarised environment. This problem must therefore be addressed at the ideological as well as infrastructural level. The need for civic education as part of the democratisation process cannot be over-stated. The process will be further enhanced by implementing policies which build trust between the various groups in society.

Success and the economy

The implementation and success of all structures and processes discussed above will depend almost entirely on a strong and viable economy. Since the late 1980s, Nigerians have had to deal with an ailing economy. The results have varied from rampant unemployment to collapsed social services, crime and perennial fuel shortages with profound implications for ordinary Nigerians. In the late 1970s when annual budgetary expenditure was around US$30 billion, Nigeria was widely touted as the world's next newly industrialised country. Today, after years of mismanagement and systematic corruption, per capita income is around US$250 and Nigeria is classified as one of the least developed nations – despite abundant natural resources and an energetic population of over 110 million.

Apart from the structural problems of an oil-dependent economy, Nigeria's new civilian administration will also have to deal with the fall in world fuel prices which could almost halve revenue earnings this year. To ease potential instability, international donors are preparing a US$1,5 billion aid package. It is conditional on the new government's backing the free-market reform programme initiated by General Abdulsalami Abubakar. Among donor demands are a credible, transparent privatisation programme and the elimination of corruption. In a country where the public sector minimum wage is just US$30 per month, a culture of bribe-taking has become entrenched at all levels of Nigerian society. Obasanjo is thought to have given out mixed signals on economic reforms. On the one hand he said he would follow the "Vision 2010" economic blueprint recommending sustained liberal reforms. On the other he defended agricultural subsidies and the need for government intervention. Low oil prices make outside help even more essential for Obasanjo's elected government. With oil accounting for 95% of Nigeria's foreign exchange earnings, the country's economy faces ruin.

Conclusion

The international community's support of Obasanjo as well as his apparent clout within the Nigerian military should give him time and a measure of goodwill to build structures and begin a credible process of democratisation without the threat of a military coup or serious international opposition. With such an opportunity, Obasanjo's regime can perhaps achieve in the short-term, the difficult task of keeping the military out of politics. However, the other side of this argument is that the support which General Obasanjo presumably receives from retired military officers as well as within the institution, may serve to create a power base for the military in this new administration.

Observers within and outside Nigeria believe Obasanjo stands a good chance when it comes to reassuring the northern elite – who have controlled political power for much of Nigeria's history – and wooing the military caucus. Obasanjo is well known in ruling political circles in both Europe and the US. His inauguration as president in May this year marked the end to fifteen years of brutal military dictatorship in Nigeria. It remains to be seen whether it also marks the beginning of true democratic governance for the country.

Eric Miller/i-Afrika

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Aspects of this article were presented at the Africa Institute of South Africa on 18 August 1998.

THE OIL FIELDS OF NIGERIA

Eric Miller/i-Afrika

*Africa's most populous nation is also its leading oil producer, accounting for around 6% of OPEC's output. Yet Nigeria's people are among the poorest in the world. While government derives three-quarters of its revenue and 98% of foreign exchange earnings from the petroleum industry, precious little of this bounty finds its way back to the communities at source. Redirecting the income from oil has thus come to be seen as important in the regional and ethnic tensions that plague the nation – and key to establishing stable civilian rule. Adding to the problem and further threatening the new-found democracy is a group of determined "bullet-proof" youths battling for control over its oil reserves. While oil giant Shell plays for time with a massive development programme, many people in the heavily degraded Niger delta deem it too little, too late. Journalist **Jesper Strudsholm** and photographer **Eric Miller**, of i-Afrika, recently visited the Nigeria delta to speak to the people involved.*

As the helicopter approaches the oil rig Searex 12 in the green delta of the Niger River, one could be forgiven for feeling that this is part of a James Bond movie. The world of oil giant Shell in Nigeria is strikingly like the empires built by the villains in a classic Bond movie – a high tech state-within-a-state, managed from secluded, air-conditioned control rooms.

Shell has its own airport terminals, airline, electricity supplies, telephone lines, rules and goals, which is understandable given that Shell is a professional, billion-dollar business in a country bordering on collapse. But the seclusion and inaccessibility are also a reflection of Shell's clashes with the people of the delta who believe the transnational is polluting their environment as it pumps their riches.

Oil rig Searex 12 is a potent symbol of wealth in the swampy delta where, for 40 years, villagers in thatched houses have watched Shell and Nigeria's long row of military dictators enrich themselves. From his little office with a view of the drilling machinery, drilling supervisor Paul Ekhaesomi controls an operation that costs Shell $35 000 dollars a day. His colleagues' tight-fitting red overalls suggest good food in the canteen which, like the drill and CNN in the lounge, operates 24 hours a day.

Searex 12 is a member of the prestigious "Club 2000" for oil rigs which have gone 2 000 days without a serious accident. Recently, however, Ekhaesomi has occasionally had to stop the work when angry villagers have paddled dugout canoes up to the rig asking for a share of the oil money.

Since November last year, people of the Niger delta have boarded oil rigs, overturned boats carrying Shell employees, kidnapped Ekhaesomi's colleagues and sabotaged pipelines. At the forefront are a group of young people claiming to have been made bulletproof by witchcraft.

The day prior to our visit, villagers from nearby Soku had visited Ekhaesomi asking for 300 000 naira ($3 300) to send their soccer team to a local tournament. Shell was told to cough up within a week or "there'd be problems". The elders in the village supported the project in a letter, saying it "engages our youth meaningfully" and "we all know football modify (sic) the mind and also brings about friendship and mutual understanding for each other".

Even if he regards the letter as blackmail, Ekhaesomi, who was born and bred in Nigeria, understands the frustration of the villagers: "If just the government was doing its part and giving them running water and other basic things they would be happy for us drilling here. But when the government does nothing, they hook on to us."

Blame the government

Shell's local headquarters in Port Harcourt offer a similar analysis: "Whenever people are angry with the elections or with the government stealing their money, they take it out on Shell," says Bobo Brown, public affairs manager. Shell feels the problems in the delta escalated when, in 1978 and 1979, two laws were passed which gave the 36 states and the federal government control over all land and minerals. Legislation on minerals is similar to that found in most democracies. However, while some governments would distribute the income derived from minerals fairly evenly over the entire country, Nigeria's political and military elite has traditionally spent the money on prestige projects like the new capital, Abuja, and pocketed much of the rest.

It my be disingenuous of Shell to blame the state since the two are closely linked. The state owns 55% of Shell and 60% of the other five big oil companies in Nigeria. But for years the various military regimes have focused their interest on the oil money and neglected investments.

"It took like the cyclus of an elephant to get an appointment with Abacha," says Brown, mentioning Nigeria's former dictator who at the time of his death last year had met the national director of Shell only once during his five years in power. The same neglect has affected the people who live amidst the oil fields. "We feel that since the government gets the lion's share, they must uplift the communities," says Hubert Nwokolo, deputy general manager for production in Port Harcourt.

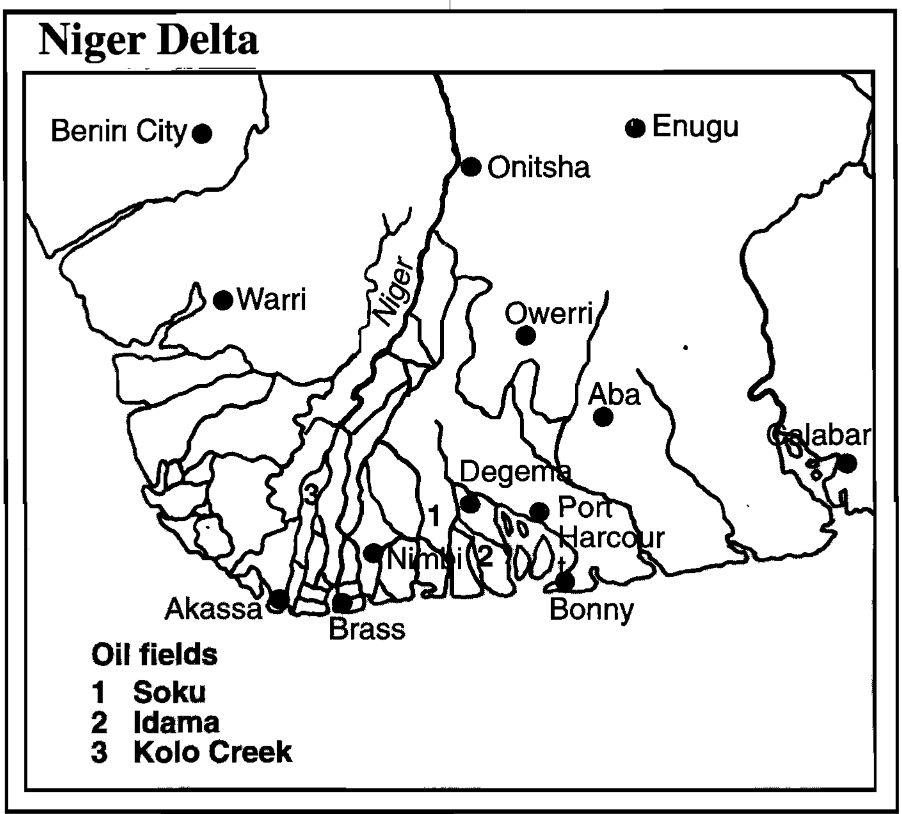
Finger-pointing aplenty

Shell's image problems are not entirely without foundation. For example there are peculiar double standards when it comes to safety. Inside the company strict rules govern the use of safety equipment like helmets and metal-capped shoes. Guards at the regional headquarters adamantly enforce the wearing of car safety belts. But move out and into the delta and you'll see rusty, often leaking, pipelines. Most run above ground – the only concession to villagers being that they follow the road, bending around the houses. Shell has promised to bury the pipelines, but as the villagers wait, 1063 people were killed in the latest big explosion last October. At least 100 more died later in the hospitals 40 km away where they had been taken by motorbike.

In the village of Ejamah-Ebubu, villagers show us an oily swamp next to the spring which used to supply their drinking water. A pipeline burst in the late sixties during the Biafra war. Sabotage by retreating soldiers, says Shell. Rusty pipeline burst open, say the villagers. Thirty years later the two parties are still fighting over compensation.

Joe Ogusu, chairman of Ejamah-Ebubu's Community Development Council, explains how the village first sued Shell in 1983. The oil company avoided the courts by promising the village elders a settlement. "But Shell disappointed the elders. So in 1992, we took the matter back to court," says Ogusu.

The day after our visit to the village, we circle the area on a sight-seeing tour in one of Shell's helicopters. A small handwritten note is passed around, as the noise makes talk impossible: "Oilspill from the Biafra war. Shell working to persuade community to accept a clean-up plan," says the note. When we confront a spokesman for Shell with the villagers' version, he concurs. Yes, there is a court case about compensation. But more importantly, 30 years after the incident, Shell has built a wall around the polluted area and now



wants to clean it up using micro-organisms. The problem is that the villagers want to be paid to clean up the area themselves. "They are more interested in the money than the clean-up," says the spokesman.

Ejamah-Ebubu is far from being the only village which has to live with oil leaks. "Help us to tell the world that the Niger delta is dying. The pollution is killing us," says chief Augustin Naru Okpu from Kolo Creek, not far from from Nigeria's first oil well. According to tradition, oil started flowing here after villagers sacrificed a white hen and a white ram. Forty years later they are still waiting for the reward they believe is their due.

"We have no jobs and no education for our children," says another chief, Onaepu Eggo. He explains how the oil leaks kill the highly valued turtles in the area.

Shell in defence

Even if Shell regards development as the responsibility of the government, the company has started building schools, contributing to health services and sponsoring bursaries. To this end an ex-Unicef employee has been appointed to head Shell's own development organisation, Nigeria's largest. She controls a budget of US$40m dollars and 140 employees. "Shell has realised that understanding the social dynamics is at least as important as understanding how oil flows in the underground," says Brown.

Shell has built 250 schools and 20 health clinics since 1992. Among future plans are income-generating projects like agricultural extension and micro-credit programmes.

Critics say the development programme is all too little too late for a company that has just announced it will invest US$8 billion dollars in oil production. Twenty years ago, running water and electricity might have satisfied the local population. Today they ask for full control of their resources.

Establishing a front

Representatives from a range of stakeholders in the delta met last month for their first conference to establish a common front against the government and Shell, which they say have divided and ruled with great skill for a long time.

The best-known example of this tactic is the hanging of Ogoni leader Ken Saro-Wiwa.

"Our elders have negotiated for 42 years without getting a solution. Now we want to control our resources ourselves. And if we are not allowed, we'll resort to violence. Nothing more, nothing less," explains chief Famous Bienbo, president of the organisation "Enough is Enough" – one of dozens of new pressure groups.

But differences among the groups were more visible than commonalities. Several meetings came close to fist fights as many participants distanced themselves from the violence that youngsters from the Ijaw people have resorted to.

In December 1998, the Ijaws sent an ultimatum to Shell and the other big oil companies demanding they leave before December 30. The youngsters then took to the streets on December 31. The military opened fire and at least 26 were killed.

Bullet-proof youth

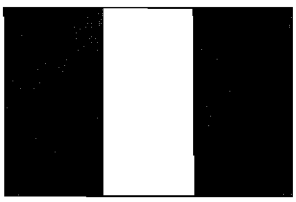
These deaths don't intimidate people like Jude Tabia, chairperson of the Ijaw Youth Forum. He is one of the so-called Egbesu Boys, young men who believe that certain rituals make them immune to bullets. "It's frightening the first time you get hit. But the bullets just bounce off and land in front of you," he says. That some of his comrades nevertheless got killed is explained away as a result of their bad morals which have offended their deities.

Young people like Tabia can make the battle over oil in the Niger delta the greatest challenge for President Olusegun Obasanjo and the new civilian government. Increased unrest will be the perfect excuse for the military to seize power again as it has so often in the past.

The need for a plan

There is general recognition that there

NIGERIA



POLITICAL
Head of State:
Olusegun Obasanjo
since May 1999
Independence: 1960
National day: 1 Oct
independence anniversary
National capital: Abuja
Official language: English

PHYSICAL
Total area: 923 768 km²
Arable: 36% of land area
Coastline: 853 km
Largest city, international airport: Lagos
Main seaports: Lagos, Port Harcourt

SOCIAL
Total population
Census (1991): 88,5 mn
Estimate (1997): 117,5 mn
Projection (2000): 128 mn
Av growth pa (1985–95): 2,9%
Age group 15–64 yrs (1995): 52%
Persons/km² (1995): 108
Urbanized population (1995): 40%
Human Development Index (1997)
Rank among 175 states: 141
Adult literacy (1995): 57%
Male: 67%
Female: 47%
Gross enrolment ratios (1992)
Primary schools: 76%
Secondary schools: 20%
Tertiary institutions: 4%
Primary pupils/teacher (1990): 39
Life expectancy at birth
1960: 40 yrs 1994: 51 yrs
Male (1994): 50 yrs
Female (1994): 53 yrs
Population/doctor (1990): 5 880
Mortality/1000 live births
Infants: 139 (1970) 80 (1995)
Under 5: 191 (1995)
Population with access to safe water (1994): 51%

ECONOMIC
Currency: Naira (N)
Av exch rate/US$ 1 (1997): 83,5
Total GNP (1995): US$ 28,4 bn
GNP/capita (1995): US$ 260
Av growth p a (1985–95): 1,2%
GNP/capita rating (1995)
36th among 53 African states
Total GDP (1995): US$ 26,8 bn
Av growth p a (1990–95): 1,6%
Sectoral origin of GDP (1995)
Agriculture: 28%
Industry: 53%
(Manufacturing 5%)
Services: 18%
Investment, % of GDP (1995): ...
Av inflation p a (1985–95): 33%
Inflation rate (1997): 8,5%
Exports (1997): US$ 14,4 bn
Av growth p a (1990–95): -2%
Main exports (1996): Oil (97%), cocoa, rubber
Main markets (1996): USA (38%), Spain, France, India
Imports (1997): US$ 8,2 bn
Av growth p a (1990–95): 7,6%
Main suppliers (1996): USA (14%), UK, Germany, France
Development aid (US$)
1980: 17 mn 1995: 208 mn
per capita (1995): US$ 2
External debt (US$ million)
1980: 8 920 1995: 35 000
% of GNP or GDP (1995): 123

INFRASTRUCTURAL
Railway track (1995): 3 560 km
Percent paved roads (1995): 28
Motor vehicles (1994): 250 000
Air (passenger-km) (1994): 1 bn
Electricity (1993)
Installed capacity (MW): 4 574
Output (kWh): 11,7 bn
Telephones (1994): 369 000
per 1000 people: 3
Radios/1000 people (1994): 196
TV sets/100 people (1994): 4

Eric Miller/i-Afrika

is a dire need for development in the Niger delta. The government has pledged $175m in development assistance this year. "We have worked hard to make the government understand how serious the situation is. If the new government comes up with credible plans which the local population believes in, the unrest can be stopped. But that is the only way forward," says Shell's Nwokolo.

If you ask the Ijaw youth, it's already too late. "We don't speak about democracy, we don't even speak about transition. We have decided. We want to take control over our own land," says Tabia.

"Our elders have negotiated for 42 years without getting a solution. Now we want to control our resources ourselves. And if we are not allowed, we'll resort to violence. Nothing more, nothing less,"

The final word is Ekhaesomi's on Searex 12. With the new democracy he expects even more visits from the men in the dugout canoes. "They won't see a civilian government as any threat. The military will send 10 000 soldiers if there are any problems. A civlian goverment will sit down and deliberate. So it will get more tough here."

International migrants in the South African construction industry: the case of Johannesburg

***Professor C M Rogerson**, of the Department of Geography, University of the Witwatersrand, Johannesburg, investigates the role played by international migrants who are working in the construction sector of South Africa. He also examines the attitudes of key stakeholders in the construction sector towards the participation of these migrant labourers, the vast majority of whom originate in surrounding Southern African Development Community (SADC) countries.*

The South African construction industry is viewed as a critical actor in initiatives towards post-apartheid reconstruction. In line with international definitions, the term construction refers to both the building (residential and non-residential) and the civil engineering (construction works) sector.[1] The construction industry encompasses all those enterprises which are involved with the provision of construction goods and includes a set of formally registered enterprises as well as a growing number of informal construction enterprises.

Although the construction industry is estimated in 1998 as contributing only 3% of national Gross Domestic Product, it accounts for about 35% of Gross Domestic Fixed Investment (GDFI) and, based on current projections, its share of GDFI could double within the next 5–10 years.[2] The construction sector is, however, one economic activity which is severely affected by recession and in 1998 shows signs of considerable strain. Overall, it is estimated that the South African construction industry employs about 450 000 people, a figure that is in decline as a result of both economic recession and high interest rates which have stalled a number of projects.[3] Although in 1997 the construction industry experienced a 4,2% growth, prospects remain unpromising; according to the Building Industries Federation of South Africa, little real growth is anticipated.[4] Signals of decline are manifest in the actual number of formal construction enterprises, which dropped from a total of 14 000 in 1991 to 11 000 by 1998,[5] albeit a decline which is paralleled by a statistically hidden growth in the numbers of unregistered enterprises.[6]

The South African construction industry

For several reasons, the construction industry in South Africa recently emerged from a position of relative obscurity and moved into the public spotlight. The role that construction may play in national development and reconstruction has been stressed, particularly in terms of its linkages with other sectors, its growth-generating characteristics and its potential for adopting labour-intensive techniques for a wide range of products.[7] In particular, the release in 1998 of the Government's Green Paper on the construction sector focused attention on issues surrounding the creation of an enabling environment for the growth of the industry, the organization and workings of the construction economy, and the sector's roles in national reconstruction.[8] Overall, the construction sector is seen as playing an indispensable role in the South African economy in terms of providing "the physical infrastructure which is fundamental to the country's development".[9] In many respects, the activities of the construction sector are recognised as being at the cutting edge of post-apartheid economic development, especially in terms of the ambitious set of new civil engineering projects which are linked to the new Spatial Development Initiatives (SDI) programmes. Examples of these projects would include the new toll road to be built between Witbank and Maputo as part of the Maputo Development Corridor and the road projects associated with the Platinum Corridor SDI that links Rustenburg-Pretoria across the Kalahari to Walvis Bay. In terms of the significance attached to housing delivery in urban reconstruction, the role of the building construction sector is once more seen as fundamental. Moreover, the construction industry is expected to assume a special position in terms of initiatives for the economic empowerment of historically disadvantaged communities, through the introduction of new public works programmes and revised systems for public procurement.[10] Finally, while the employment picture shows considerable volatility, the Green Paper states that the construction sector is viewed as potentially assuming "a meaningful role in addressing the current unemployment crisis" in South Africa.[11]

To understand the contemporary dynamics of the construction sector, it is essential to appreciate developments in the industry over the previous quarter-century. During the 1970s and 1980s, there was a great deal of volatility in the demand for construction goods in South Africa and this factor was translated into considerable fluidity in employment trends.[12] The cyclical nature of the construction industry was exacerbated by the apartheid government's cutbacks on infrastructure spending during periods of recession, which made it "difficult for the industry to establish a permanent skilled labour force".[13] The Green Paper highlights that employment in the construction industry "fluctuated dramatically in both the late 1970s and in the mid to late 1980s".[14] One important consequence of the unevenness in construction demand was that the industry experienced phases of rapid growth and decline which encouraged many firms to adopt more flexible production and labour strategies. In particular, to cope with demand fluctuations South African construction employers "opted for a flexible form of production based on subcontracting practices which free it from labour-related obligations".[15] The trend towards an extension of subcontracting in the South African construction sector during the 1980s was well demonstrated by detailed research conducted in the Western Cape.[16] Although accurate statistics are unavailable, it is clear that subcontracting forms an integral part of the construction process in contemporary South Africa.[17] The importance of subcontracting by large enterprises is evident in the findings of several recent studies.[18] Indeed, in part, the drop in formal employment figures for the South African construction sector is accounted for by the numbers of subcontractors who are now categorised as employers rather than employees.[19]

Based upon investigations which were undertaken by the Building Industries Federation of South Africa (BIFSA), it is apparent that as the value of construction project work increases there is a tendency for main contractors to subcontract an ever-larger proportion of the work, often as much as 70% or more, with the consequence that the main contractor assumes more of a supervisory role. Even on small projects, approximately 40% of work may be outsourced to subcontractors.[20] Accordingly, the Green Paper places considerable importance on the growing "informalisation" of work practices in the South African construction sector and on the associated rise of what are termed "labour only sub-contracting (LOSC) firms".[21] These LOSCs are often enterprises that have been formed by previously retrenched employees who were encouraged by the formal sector to become small-scale contractors.[22] In the wake of depressed demand, declining turnovers and narrow profit margins, employers in the South African construction industry sought to lower their costs by the growing use of temporary labour. Essentially, large enterprises created a pool of reserve labour through encouraging former employees to become independent contractors, who could be utilised during times of increased demand and shed during periods of economic downturn.[23] As a result of their role in lowering costs, Merrifield concludes that LOSC "has become prevalent over the past five years" in the South African construction industry.[24] More broadly, the construction sector epitomises an emerging trend in the South African labour market, which was recognised in the new macro-economy strategy document,[25] namely that for many employers the preferred source of labour is "irregular, sub-contracted, out-sourced or part-time employment on semi-formal contractual terms".[26]

This article is intended to contribute to a hitherto little-researched aspect of the rapidly changing employment picture in the South African construction sector.[27] More specifically, the focus is upon the growing absorption of non-South African workers into the construction sector, a phenomenon that is inseparable from changing labour practices in the construction industry, especially the march of informalisation and of the growth of flexible sub-contracted work. Although the Green Paper and other major recent investigations into the South African construction sector are silent on the issue of "illegal immigrants" or foreign workers, their burgeoning presence in the local construction industry has been noted as a cause of concern by the union movement. For example, one recent issues paper for the South African construction workers union (CAWU) draws attention to the growing use by construction employers of "illegal immigrant workers".[28]

Photo: iSLP/Paul Grendon

The construction industry is expected to assume a special position in terms of initiatives for the economic empowerment of historically disadvantaged communities, through the introduction of new public works programmes and revised systems for public procurement.

The role of migrants in construction work

It is useful to appreciate that the arrival of non-South African migrant workers in the construction sector is a part of wider global trends. In a report by the International Labour Organization (ILO) in 1986 it was stated that: "Labour migration for construction employment has been going on for many years in very many parts of the world."[29] In Western Europe, there is a long tradition of low-level jobs in the construction industry being filled by foreign labour.[30] From as far back as the mid-nineteenth century in the United Kingdom, there were concentrations of Irish "navvies" or labourers in the building industry.[31] Moreover, during the immediate post-World War II period, it is estimated that some 350 000 Irish migrants arrived in Britain, many of whom found work in construction, as did Irish migrants flooding into New York who were part of the informalisation of construction work in the USA.[32] Another example of the substantial penetration of foreign labourers into the construction sector is in France, where during the 1970s it is estimated that 500000 foreign workers were employed in the building industry.

The period of the 1970s was a watershed in international labour migration for construction work, for it represented a time of phenomenomal growth in the oil-rich countries of the Middle East.[33] Initially, the employment needs of the Gulf construction boom were sourced by labour migrants from other Middle East countries that were not endowed with oil resources. But from the early 1970s, a number of private agencies began to supply construction workers from the countries of South Asia (Bangladesh, India and Pakistan). A further change occurred in the mid-1970s with the development of a large number of construction projects which were located in enclaves and removed from the existing population centres. Turnkey contracts were used for the construction of such projects with all labour recruited directly by the contractor. With the success of many Asian (particularly Korean) firms in securing such contracts there was a rapid growth in the longer-distance recruitment of workers from South-East Asia. Essentially, the emergence of a global construction industry paralleled that of an international migrant labour market. Indeed, Gibson and Graham[34] write of Filipino migrant contract construction workers as part of the Asian "labour train". Aside from the Middle East, other notable focal points for international construction migrants have been the fast-growing Asian economies of Japan, Singapore, Taiwan, Malaysia and Hong Kong[35] and a number of the countries of the European Union, especially Germany.[36]

The ILO identifies a number of features of the construction sector which make it a special magnet for migrant labour (rural–urban migrants), and increasingly for international labour migrants.[37] First is the labour-intensive nature of construction work. Although in sectors such as mining and manufacturing, there has been an increased tendency to replace labour by machines, there are limits to the extent that this can be achieved in the construction sector, which therefore remains a qunitessential labour-intensive activity. Overall, as Jill Wells points out, in a labour-intensive activity such as construction, the cost of labour "is a critical factor in international competitiveness".[38] Second is that construction projects by their very nature are geographically tied to a particular site. This means that whereas in certain kinds of manufacturing activities the fragmentation of the labour process has facilitated the relocation of labour-intensive parts of production to sources of cheap labour overseas, with construction work this cannot happen. Indeed, all construction projects situated outside of major urban centres have to rely on "migrant" workers, in the sense that labour has to move to the jobs rather than jobs to sources of labour. Third is the fact that basic construction skills are relatively easy to learn and are generally acquired on the job such that in the developing world, work in construction affords the main point of entry into cities for unskilled migrants coming from rural areas. Fourth, because the image of construction work is one of offering mainly low-quality jobs in dirty, dangerous and difficult circumstances, people who have a choice of work generally choose not to work in the construction industry thus leaving the door open for migrant labour. The construction sector typically attracts almost exclusively young, male labour, which means that labour shortages are unlikely to be overcome by the incorporation of a greater proportion of women or the elderly into the workforce.[39] Lastly, an important advantage of drawing migrant labour, especially from overseas, to work on particular projects at times of high demand is that it can be easily dismissed when no longer required; in this way, migrant labour provides a cushion against fluctuations in demand for construction goods. Other analysts add that the attractiveness of the international contract migrant construction worker over resident labour is its "vulnerability to political and legal control which renders it cheaper in real economic terms".[40]

Another important set of findings in relation to the workings of the international construction industry provide a further explanation for the incorporation of migrant workers into the labour force. It has been demonstrated that the construction industry is characterised by a pattern of segmented labour markets, casual forms of employment and the extensive use of subcontracted work, which all serve to open the door to migratory workers. In developing countries, a common finding is that ethnicity and personal contact play an important role in access to construction employment. In case studies of the construction industry in India,[41] Philippines,[42] Indonesia[43] and Papua New Guinea,[44] it has been disclosed that segmentation of the labour market occurs as construction foremen, jobbers or independent contractors generally recruit workers from their home villages or ethnic networks. Often these recruited migrant workers will return to their rural base once a construction job is completed, returning to the city only when fresh work is available, a process which is termed circular migration. The existence of repetitive circulatory migration is seen as a survival strategy which enables building workers to cope with very difficult and insecure employment prospects in cities.[45] Overall, the insecurity of construction work in most parts of the developing world is associated with extensive subcontracting and a pattern of labour employment that more in common with the informal than the formal economy.[46]

Construction workers in cities, who have already moved from rural to urban areas, represent an important pool of mobile labour from which prospective international migrants may be drawn. The ILO[47] argues that ethnicity and personal contacts can be as important in international as in domestic migrations of construction workers. Illustratively, Irish construction workers entering the USA illegally during the 1980s relied heavily on first-order contacts – generally friends and relatives from home – to gain their initial foothold in the labour market. More especially, those labour migrants with skills and contacts found work in well-paid jobs where Irish workers might control the construction union "local".[48]

In the context of international migrant flows for construction work, Africa has played only a marginal role. Although a number of North African countries were identified as early sources for labour migrants to the Gulf and later to the European Union, few African countries have been important reception points for international construction migrants. An international overview of labour movements for construction work acknowledges that while there is some evidence in Africa of construction-link migration, this is "extremely difficult to document".[49]

Overall, therefore, this research on foreign labourers working in the South African construction industry should be located as one of the few isolated African examples of such population movements. The South African construction industry clearly is becoming integrated into trends for an international market for construction labour and the internationalisation of the construction industry as a whole. In some respects, the South African construction sector is a special African case, for some of the country's largest construction enterprises are even successful players in the global construction market, securing contracts in the Middle East.[50] In addition, the impact of globalisation is evident in the proposals of large multinational construction companies (such as Bechtel) to become involved in the South African construction industry through partnerships with local firms.[51]

Research methodology

The geographical focus of this research was the Witwatersrand, with a special focus upon the city of Johannesburg, which has been a magnet for all immigrant workers. Although there is no national data base or previous research on construction workers to confirm how representative the Johannesburg case is as compared to other parts of South Africa, the Director of BIFSA suggested that the Johannesburg experience was "probably typical" of that of the country as a whole.[52] It was argued that the major construction enterprises in the city did engage "lots of migrants", particularly through the network of subcontracted work. Nonetheless, it was added that the Johannesburg construction economy would likely contain a higher proportion of immigrant workers than in the rest of South Africa because of the opportunities for companies to subcontract and because, relative to other parts of South Africa, there were "more opportunities of getting away" with the employment of foreign construction workers.[53] Certainly, since 1994 the Johannesburg press has carried a number of occasional articles which have highlighted issues relating to the participation of Mozambican workers on the city's construction sites.[54]

In seeking to understand the position of foreign workers in the South African construction sector, two sets of interview research were undertaken. First, a range of construction enterprises were approached for information regarding the structure of their workforce. More specifically, interviews were sought with representatives of the largest construction enterprises as well as a selection of smaller enterprises, many of which were engaged in undertaking subcontracted work. In total, 23 construction enterprises were interviewed and provided information on their subcontracting arrangements and/or on the employment of foreign labourers.

> *In developing countries, a common finding is that ethnicity and personal contact play an important role in access to construction employment.*

Among these 23 interviews, there were two responses from the largest six enterprises that dominate the South African construction sector; the remaining interviews were with an array of smaller construction firms. It should be understood, however, that the quality of these 23 semi-structured interviews varied considerably as many companies were reluctant to discuss in detail their employment of illegal workers, notwithstanding assurances of confidentiality. Indeed, several companies that were approached for information refused to cooperate with this investigation. From the body of collected material, however, a broad sketch can be drawn of employer attitudes towards foreign workers and of their role in the South African construction sector.

The material collected in these company interviews is complemented by research which was conducted with foreign construction workers themselves. In total 67 interviews were completed with non-South African construction workers, who originated from three different countries in the SADC. Forty-seven of the interviewees were from Mozambique, 18 were from Zimbabwe and two from Swaziland. Although no statistical representivity can be claimed in this sample, the dominance of Mozambicans is firmly justified by other work which shows their importance in the Gauteng construction economy.[55] In addition, further support for the Mozambican dominance in our sample can be drawn from other research by the Southern African research project which disclosed that almost one-third of Mozambican deportees from South Africa claimed to be construction workers.[56] Beyond the three countries from which construction workers were interviewed, the employer interviews disclosed only one other source country for workers, namely Botswana.

All the interviews with foreign construction workers were undertaken by an African student researcher during the period November 1997–March 1998. These interviews were conducted both at the workplace, with the permission of employers, and at two locations in the inner city of Johannesburg where unemployed construction workers regularly gather in the hope of being recruited by construction employers. The interview schedule contained a mix of closed and open-ended questions. Key themes in the interviews concerned the history of construction workers' migration, their patterns of recruitment and aspects of their work experience as foreign construction labourers in South Africa.

International construction migrants in Johannesburg

The findings of the interviews with employers and workers are drawn together here along with other scattered source material and combined in terms of four subsections of discussion. These will examine in turn the themes of:

1. employer attitudes and the position of international migrants in the construction industry;
2. who are the construction migrants;
3. labour recruitment patterns;
4. the experience of construction workers.

Employer attitudes and the position of international migrants

It is evident that the incorporation of international migrants is uneven across the array of enterprises in the South African construction sector. In terms of construction enterprise's permanent workers, the proportion of foreigners engaged by the sample of South African construction companies ranged from nil to one-third of workers. A deliberate strategy of having a mix of foreign as well as South African construction workers was seen as advantageous by one employer in order "to keep the South Africans on their toes". No cases were found in the sample of companies exclusively employing foreign migrants. Indeed, at the opposite extreme, a number of small enterprises (particularly emerging black contractors), expressed unwillingness to hire any foreign labourers. In one typical response, the company representative spelled out the problems of hiring such labour: "No, I am not prepared to take on these foreigners. They are too much trouble. You don't know if they are going to leave anytime. They keep getting arrested and the channels you have to go through to get them legalised are too much." Other themes that were mentioned as reasons for not employing foreign labour are illustrated in the following statements: "I don't know what foreigners are about. It's better the devil you know than the devil you don't".

Photo: iSLP/Paul Grendon

And, "I don't believe in employing foreign workers. They are taking the jobs away from South Africans."

In the more established construction enterprises the labour complement is essentially divided into two sets of workers. First are a core of often skilled construction workers who are retained on a relatively secure and long-term basis. Second are groups of casual or temporary labourers who are hired on short-term contracts, often as general labourers. Within these two distinct groups of construction workers (insiders and outsiders), the proportion of international migrants is highest among the group of temporary employees. Two profiles of medium-sized construction enterprise illustrate this point. Company A employs 200 workers of whom 60 are defined as core workers (permanent); of this group 10 are Zimbabweans, the rest are South Africans. All Company A's temporary foreign workers, however, are Mozambicans who work as general labourers. In the case of Company B there are a total of 30 regular employees who are specialised as painters, tilers, bricklayers or carpenters. Of this company's group of core employees one-third are foreign workers – in this case again mainly Zimbabweans but with a small number of (legal) employees from Mozambique and Botswana. Company B engages 15–20 additional temporary workers, all of whom are Mozambicans. From the interviews, it appears that many Zimbabweans moved into South Africa's construction sector during the 1980s, initially in the role of temporary general labourers; later, they became more established and specialised in particular building trades. The later arrival of the Mozambicans – mainly during the 1990s – therefore accounts, at least in part, for their lower status as general labourers.

A key theme that emerges from the employer interviews is the important role of foreign labour in those construction enterprises that are engaged in large volumes of subcontracted work. The pattern observed in South Africa's large construction enterprises was of minimal or limited direct employment of foreign labourers. The core role of large enterprises, however, was primarily supervisory or managerial, with major volumes of work outsourced to smaller subcontractors. It is in the dense web of subcontractors that populate the South African construction landscape that foreign labourers have established a notable presence. A representative of one of South Africa's largest construction companies (with more than 2 500 employees) admitted that although they did not directly employ foreign workers, their subcontractors used labour brokers who sourced foreign labour. Another established large enterprise (with 350 employees) stated that while their own workers were all South Africans and had to be registered with the Industrial Council, "We don't know whether this is the case with the subcontractors," and added, "We don't check". This "turning a blind eye" attitude to the employment of foreign construction workers was further exemplified in an interview with a smaller construction company (established for five years) in which it was stated "We don't know who (in terms of nationality) we are actually employing. We leave it up to the team leaders."

The key reasons given by employers for choosing to hire foreign labourers were linked to issues of productivity, inherent skills and training, and the more disciplined character of foreign workers. These themes are evidenced in the following quotations from the construction employer interviews:

"They are excellent workers."

"We believe that the people from north of our (South Africa) borders are hard-working and more diligent."

"They're the best. They don't have a chip on their shoulder. I find them more skilled and well-behaved."

"The construction industry generally prefers them. They don't have ties in this country. They work harder and are a lot more disciplined."

"Zimbabweans seem to be more open. They are less devious. You know South Africans look at you with those big eyes when something's wrong – it's not productive. Zimbabweans speak to me and say why something has gone wrong. There is a respectful atmosphere here."

"Mozambicans are better trained. I suppose that's because of the Portuguese influence there."

A strong common theme in the employer interviews was the view expressed that foreigners were "better" workers and more "hard-working" as compared to local South African labour. A representative of one subcontracting construction enterprise typically commented that: "People of South Africa don't want to work. That's a real problem." An unstated theme was the cheapness of foreigners as compared to local South African workers. The majority of employers claimed that there were little or no differentials in payment levels between South African and foreign workers, though for the latter the employers do make hidden savings through their non-payment of Unemployment Insurance Fund costs or any form of benefits such as sickness, holiday or retrenchment payouts.[57] For other construction enterprises, however, the cheapness of foreign labourers must be set against the question of the stability of the workforce as a whole. It was argued by at least one construction enterprise that the stability of the company's workforce and its capacity to complete contracts on time (and thus without penalty) were threatened by the danger of arrest of illegal workers. For this particular enterprise, it was preferable therefore to pay the higher costs associated with a more permanent workforce than face the charges that might arise from non-completion of a contractual obligation due to reliance upon temporary labourers. Accordingly, this particular company followed a strategy of seeking to legalise the status of its preferred temporary foreign labourers.

Although it was admitted that South African labour was potentially available ("Yes, they often stand in queues outside"), most construction employers expressed an overwhelming preference for foreign rather than domestic labourers. Where employers indicated that they were open to the employment of South Africans as general labourers, this statement was often qualified by a revealed preference for only rural migrants or members of the Zionist Christian Church. Overall, because of the perceived advantages of foreign construction labour, several employers indicated a marked trend over recent years to hire a progressively higher proportion of foreign rather than South African workers.

Who are the construction migrants?

The key demographics associated with the construction workers in South Africa are presented in Table 1. As noted earlier, while the survey cannot be taken as statistically representative, it is apparent that the construction sector does not attract migrants from as wide a range of source countries as occurs, for example, in the small enterprise economy, wherein migrants were traced from 19 different African countries.[58] In the case of construction, only four source countries were stated as origins for construction workers, namely Botswana, Mozambique, Swaziland and Zimbabwe. Of these four supplier countries, Mozambique and Zimbabwe are by far the most significant sources. Moreover, as noted above, since the early 1990s Mozambicans seemingly have been moving into certain temporary job niches in the construction economy which formerly were the domain of Zimbabwean workers. Indeed, it must be appreciated that foreign construction workers are not a phenomenon of the post-apartheid period. Overall, of the group of present-day construction workers, the majority (59%) entered South Africa prior to the 1994 democratic transition and 32% arrived even before 1991.

Table 1 Key demographics

Nationality	Swazi	2
	Zimbabwean	18
	Mozambican	47
Age	Less than 20	6
	20—25	33
	26—30	18
	31—35	5
	36—40	3
	Over 40	1
	No response	1
Marital status	Married	27
	Single	39
	No response	1
Highest level of education	Standard 2 or less	2
	Standard 3 — Standard 5	21
	Standard 6 — Standard 8	25
	Standard 9 — Standard 10 (or O-level)	15
	Post-matric (or A-level)	0
	No response	4
Any trade skills or formal qualification	Yes	6
	No	61
Present occupation in building industry	Tiling	12
	Carpenter	3
	Painter	21
	Bricklayer	8
	Labourer	10
	Welder	4
	Plasterer	3
	Plumber	1
	Partitions/ceilings	3
	No response	2

Certain features of the foreign construction workers in South Africa are a mirror of the broader international experience. First, the sample of 67 construction workers were exclusively male. Second, they were young; 86% of the sample being less than 30 years and 59% less than 25 years (Table 1). Third, most were single; 59% of the sample. Fourth, educational levels were much lower than has been observed among other groups of migrants; among the sample 76% had achieved a maximum of Standard 8, with 37% of the total having only a primary school qualification.[59] Significantly, none had any post-matriculation qualification. Nevertheless, 9% had some trade certification, including certificates in painting, welding and bricklaying. This finding confirms the international trend for the most important training in the construction sector to be undertaken on the job. Lastly, with one exception, none were current or past members of the construction trade union. Overall, their attitudes towards the union were a mixture of disinterest, fears of being deported, and a strong lack of knowledge as to whether they would be accepted as foreigners in the trade union, given their temporary status and absence of necessary official documentation.

The reasons stated for migrating to South Africa reflect themes that have been highlighted in other research.[60] The key factors relate to economic or political hardships in the country of origin and perceived opportunities in South Africa. Typically, many Zimbabwean and Mozambican construction workers spoke of the "lack of jobs", "economic problems", "the war" (in Mozambique), and their desire for a better life and employment opportunities in South Africa. The attractions of friends and relatives already resident in South Africa were also important considerations. Within the sample of 67 construction workers, 48% already had members of their family working or living in South Africa. The majority of these family members were living in Johannesburg, Soweto or the East Rand and working variously in the construction sector, auto-repairs, street trading, tailoring or as factory workers. A smaller number were farm labourers in Mpumalanga or working on the gold or platinum mines.

The magnetism of Johannesburg for international migrants was once more in evidence, key factors being perceived opportunities, the existence of family-/friendship networks and proximity to home. Overwhelmingly, Johannesburg was the locational choice due to the city's seemingly boundless opportunities, as was evident in the following sample of interview responses: "Johannesburg is a big place"; "There are opportunities to get a job in Johannesburg"; "It's the best place to make money"; "It's the job city in South Africa"; and "The majority of Mozambicans live here". Many migrants compared the wage prospects in Johannesburg favourably to those of other South African centres where they had formerly worked: a typical response among Mozambicans was that "there is not enough money in Nelspruit". Overall, the community of international labourers working in the construction sector exhibited more constrained horizons for migration than other groups of foreign migrants. Whereas many foreign small entrepreneurs had considered several other destinations before settling in South Africa, for the group of construction workers, South Africa was the only country that was considered when making the decision to leave their home country.

It is evident that Johannesburg is the first point of migration for the majority of construction workers. Indeed, of the sample, 60% moved directly to Johannesburg from their country of origin. For others the move to Johannesburg was made from stepping-stones which were provided by a variety of locations in South Africa, including Pietersburg, Rustenburg or areas in former KwaNdebele and Venda. The most common

Table 2 Working in construction

When did you start working in South Africa?	Pre-1988	5
	1988	3
	1989	5
	1990	8
	1991	3
	1992	6
	1993	9
	1994	5
	1995	6
	1996	6
	1997	9
	1998	1
	No response	1
How long since arrival in South Africa until employed in construction industry?	Immediately	34
	1 month — 1 year	13
	2 years	11
	3 years	1
	4 years	3
	5 years	2
	6 years +	2
What sort of work was done in first construction job?	General labourer	45
	Carpentry	1
	Plasterer	2
	Painter	6
	Tiling	4
	Welding	4
	Bricklayer	3
	Partitions/ceilings	1
	No response	1
Do other members of your family work outside your country of origin?	Yes	31
	No	33
	No response	3
How did you get your first job in construction?	Friend	23
	Relative	7
	Advert	0
	On site	12
	Pick-up point	25
Was job temporary or permanent?	Temporary	55
	Permanent	12
How long did you work in your first South African construction job?	0–4 weeks	11
	1–2 months	10
	3–6 months	14
	7 months – 1 year	11
	1–2 years	9
	2–3 years	5
	More than 3 years	7
How many different construction companies have you worked for?	1	12
	2	15
	3	10
	4	3
	5	1
	6 or more	18
Do you have a work permit or permanent residence?	Yes	15
	No	45
	No response	7
If you have no work permit, have you ever applied?	Yes	8
	No	34
	No response	25

springboard was from a period of work in Mpumalanga province (27% of the sample), particularly in Nelspruit and its surrounding agricultural environs. A noteworthy finding was that only approximately one-half of the sample had commenced working in South Africa in construction-related employment. Indeed, for almost one-third of the interviewees, construction work was taken up only after a period of residence in South Africa of two years or more. A variety of other job activities that were undertaken included taxi-driver, security guard, motor-mechanic, hawker, miner, butcher, restaurant helper, panel-beater and most importantly, working on a farm. The thread that links Mozambique through the Lowveld farms to the Johannesburg construction economy was followed by one-quarter of our sample.

Finally, in terms of the characteristics and profile of foreign construction workers, in common with the findings of other investigations, it is apparent that a substantial number are residents of areas in the inner city of Johannesburg.[61] Of the sample, 55% were living in parts of the inner city. The African townships of Johannesburg and the East Rand – Soweto, Tembisa and Alexandra – were the place of residence for a further 38%.

Patterns of labour recruitment

The patterns and networks of recruitment of foreign construction workers exhibit certain commonalities with the international experience. Of greatest importance is the critical significance of ethnic or personal networks: the interviews disclosed that almost half of the workers used the contacts of friends or relatives to secure their first construction job in South Africa. For subsequent employment, however, the significance of personal networks is reduced as workers resort to (and gain knowledge of) alternative strategies for seeking construction employment. Table 2 presents the key findings concerning recruitment and work patterns among the international construction workers in South Africa.

The importance of ethnic or personal networks for labour recruitment was reiterated by employers. Often a snowball pattern of recruitment occurs with the arrival of one foreign worker providing the entry channel for the subsequent engagement of others. In one specialist steel construction enterprise it was recalled that "The one (foreigner) chap came to the door. I tested him for a week and he was fine. Then he got a friend and it snowballed from there. They are all friends and work excellently as a team." Several construction enterprises refused to employ labour off the street, preferring instead to alert their existing workers to possible new (albeit often temporary) work opportunities. The word-of-mouth news of such work opportunities would be channelled through the networks of ethnicity or friendship and, as a result, potential new construction recruits "would just arrive". One subcontractor stated: "They put the word out, tell a few people and the next day there is a big crowd." In another case, the building construction company required six additional painters for a particular project. The company's existing painter, a citizen of Botswana, was alerted to these needs and the next day a further 26 aspirant painters, all citizens of Botswana, turned up at the company for prospective employment. Indeed, the role of legal foreign workers who are in secure permanent construction work is crucial for the recruitment of new temporary workers. In reinforcing this system for labour recruitment on grounds of personal contact, several employers said that any prospective workers seeking work at the site or in the company's yard would be challenged to indicate which, if any, of the company's existing workers they knew.

The second most important route for securing initial construction employment is recruitment either at certain known pick-up points for casuals or at a construction work site. The significance of this work-seeking strategy is increased in terms of second, third or n'th construction jobs; almost two-thirds of the sample admitted that recruitment from the street was the means of securing other construction work after their initial job had ended. Of our sample of foreign construction workers 37% obtained their first construction job in South Africa from one of (at least) two different pick-up points which exist in inner-city Johannesburg and a further 18% were successful in gaining work through waiting outside a variety of construction sites.

For most immigrant workers, initial access to the construction sector was through engagement as a general labourer. Of the sample of interviewees, 68% of construction workers began their working careers as general labourers. Over time as a result of on-the-job training, many labourers secure more specialised niches within the construction economy, variously as painters, tilers, bricklayers and plasterers. Indeed, as compared to their start-up employment in the construction sector, only 15% of the sample claimed presently to search for work as general labourers, among which were a considerable proportion of the most recently arrived migrants.

Irrespective of the mode of recruitment, for the mass of construction workers the first construction job was only one of a stream of temporary work contracts. Only 18% of the sample of workers remained with their first construction employer. Indeed, the irregular and unstable nature of construction work was amplified in several aspects of the survey findings. For the majority of construction workers, the first job was a short-term contract which lasted less than one year (69% of the sample) and, in less fortunate cases, less than six months (52%) or even less than one month (16%). Changes of employers are therefore very frequent. Nearly one-third of the foreign workers had been employed by more than seven different companies since their arrival in South Africa. Sometimes as a result of the temporary nature of construction work migrants would enjoy more than one period of work with particular employers. Nevertheless, periods of unemployment between short-term contracts are common. In these periods of non-working in construction, the legal income-earning activities pursued by these migrant workers include street trading, driving, washing cars, gardening, hairdressing and a cluster of work around motor car repairs such as fixing exhausts, panelbeating and general car mechanic. Of these alternatives to construction, the two most prevalent were street trading and working in motor-car repair trades. Significantly absent from the Johannesburg experience is a return to the home country in a pattern of circulatory migration that was observed, for example, in parts of Asia.

The irregular basis for employment of these construction workers is not surprising in the light of their visa status in South Africa. Three-quarters of the workers admitted that they did not have a legitimate work permit or residence permit for South Africa, the majority entering the country on temporary visas. In searching for work, however, many of the foreigners often tried to "play" at being South African residents, with a common claim "to be from Bushbuckridge", an ethnically diverse area in Mpumalanga which is close to the Mozambique border. In certain cases this strategy could be extremely successful: one employer recounted an instance of trying to register a long-standing worker and discovering that he had taken a false name off a gravestone.

Of the smaller segment of legal construction workers, several mentioned the importance of friends, relatives or employers in securing such visa status, others suggested that the required visa had been obtained through other means, such as "paying to be quickly served" in the words of one interviewee. Legal status does not, however, appear to be a guarantee of better or more permanent construction work; only one-third of the group of legals claimed that they had managed to secure an improved job as a result of getting a work permit. It is, perhaps, for this reason that the majority of construction workers without work or residence permits (81%) have never bothered even to apply for such permits. Other reasons for not applying were expressed, however, as fear of arrest and deportation, particularly among the group of Mozambicans.

Finally, in terms of issues of recruitment, the survey sought to probe the attitudes of construction workers towards long-term residence in South Africa. Among the sample, the most common response was a desire, particularly from young unmarried migrants, to remain in South Africa rather than return to their home country. In terms of overall response an almost equal share of workers expressed the hope to remain in South Africa. Of 65 responses, 46% (30 workers) indicated a wish to stay in South Africa on a long-term basis; 54% (35 workers) indicated that they were in South Africa only on a temporary basis and did not wish to remain in the country on a long-term basis. The reasons offered for staying once again linked to the better economic prospects or new family networks from marriage while in South Africa. Typical responses were as follows: "Yes, my life is better here" (Zimbabwean tiler); "Yes, I don't see any future for my life in Maputo" (Mozambican painter); "Yes I am married here and I have got children" (Mozambican painter); and "Yes, I bought a house here and my wife and children are living here" (Mozambican tiler).

The wish to return home after a period of income-earning in South Africa was most strongly expressed in statements made by the group of married Mozambican construction workers whose families were not living in South Africa. The voices of these workers speak loudly and clearly of their long-term intentions:

"My family is waiting for me in Maputo" (Mozambican welder).

"I don't enjoy South Africa's lifestyle" (Mozambican labourer).

"I came here just to make some money and return back home" (Mozambican painter).

"South Africans don't want Mozambicans to stay here" (Mozambican builder).

"I prefer to work for one year and go back at the end of the year" (Mozambican tiler).

"No matter how long I stay in this country I will always be a foreigner" (Mozambican plasterer).

"I can get a lot of money here but I will never be happy like at home" (Mozambican plasterer).

In common with other foreigners working in South Africa, the group of immigrant construction workers were frequent victims of xenophobic behaviour. Illustratively, one tiler from Swaziland spoke of: "Jealousy. If some locals see that when you came here you had nothing and now you've got more than them, they are angry." Another response among Mozambicans was that as they did not have permanent employment, local South Africans "blame us for every criminal act in the area".

Despite xenophobia, the overall response was that they did see future opportunities for improving their life in South Africa. In particular, the future prospects of working in South Africa were judged as more favourable than those of their country of origin. The vast majority of respondents stressed the income opportunities available in South Africa and a small number were attracted by possibilities for improving their formal education and training qualifications.

Labourers' experience

From the perspective of employers, alongside the undoubted advantages of engaging foreign construction migrants, there were a number of associated problems. The core problems relate to their illegal status in South Africa, the ever-present threat of arrest and possible deportation, and the frictions between local and foreign construction workers. Table 3 presents the major findings of the survey research concerning work relationships of the construction migrants in South Africa.

The danger of hiring large numbers of illegal Mozambicans was recognised by certain employers. Certain parts of the Witwatersrand were viewed as particularly problematic when conveying groups of foreigners on the back of trucks open to the gaze of the South African Police. The owner of one construction company identified the Alberton area and anywhere close to Soweto as infamous for a high risk of police activity. In the event of the arrest of valued construction workers, however, the strategy was often one of bribery: "If a group of guys are in jail I send R1 000 and they're back in the morning". Another set of problems for employers arises from the threat from locals of "bringing the cops in" to arrest foreigners in the event of a work-related dispute with the employer. More common were the difficulties that arose in managing the tensions between foreigners and local South African construction workers. In the case of a subcontracting company these tensions were explained in terms of the concerns by South Africans of foreigners stealing their jobs. Sometimes the tensions reached a more dangerous level, with one unofficial report of an "accident with a hopper" in which a South African tried to kill a Mozambican construction worker.

Workers reiterated many of these issues. The fact that the majority of our interviewees lacked legal status in South Africa meant that problems with the police were strongly voiced (Table 3), with 54% stating that they had experienced problems as illegals. Many workers told of stories of repeated arrest and deportation, in one case, in excess of ten times and in another case, of returning to South Africa three days after deportation to Mozambique. Others spoke of particular problems with the South African Police, which included theft of their possessions and police beatings. These darker sides of their experience are illustrated in a sample of quotations drawn from the interviews:

"In 1996 alone they arrested and deported me three times but now I know how to deal with the police" (Mozambican tiler).

"Incidents with the police are very frequent. I have been arrested many times. When I pay money they leave me" (Zimbabwean labourer).

"I have been beaten once by the police because I refused to give them money when they arrested me. They also deported me once" (Mozambican plasterer).

"The police asked for my ID. I did not have one. They said that I am Mozambican and they took all the money I had in my pocket (R800)" (Mozambican bricklayer).

"The police arrested me twice but in both cases I gave them money" (Zimbabwean bricklayer).

Together with the responses from

Table 3 Work relationships

Do you have good relations with South African construction workers?	Yes	19
	No	45
	No response	3
Have you had any problems in the past with South African construction workers?	Yes	11
	No	51
	No response	5
Have you ever been a member of a union?	Yes	1
	No	61
	No response	5
Have you had any problems in the past with your employer?	Yes	17
	No	46
	No response	4
As a foreigner have you had any problems in the past with the South African police?	Yes	33
	No	28
	No response	6

employers, these findings do paint an unfortunate picture of instances of police bribery and brutality towards vulnerable immigrant workers in South Africa. This vulnerability was not merely exploited by the South African Police, however. In one-third of interviews, serious abuse was evident in the power enjoyed by certain construction employers over the illegal workers. The key problems predictably surrounded non-payment or short payment of wages, verbal abuse, and threats of deportation.

"My boss used to harass me and I was paid less money" (Mozambican painter).

"In 1997 I worked for five days with one employer who paid me only for two days work. When I claimed the rest of the money he said he would call the police to deport me back to my country" (Zimbabwean tiler).

"When I came to collect my salary, my employer informed me that there is no job for me again and I must come and collect my money in two months' time. When I came back after two months he said that he did not know me" (Zimbabwean painter).

"In 1997 I was detained in Lindela Deportation Centre. When my employer released me he said that I should work for one month without a salary otherwise he would take me back to Lindela" (Mozambican carpenter).

"My boss promised me some amount of money. When I finished the job he refused to pay" (Mozambican carpenter).

These incidents of unscrupulous employers operating in the South African construction sector are confirmed also by a number of press reports which have highlighted a situation of possible collusion between employers, police and Home Affairs officials as workers are arrested timeously on payday thus obviating the need for employers to pay wages.[62] That said, it must be acknowledged that these practices, albeit prevalent, are not necessarily universal. Indeed, the point should be re-stated that 73% of the sample said that they did not experience any major problems with employers, past or present.

Finally, in the worker interviews, relationships between foreigners and South African construction labour were investigated. Overall, despite isolated incidents, the study disclosed a lack of major problems. Indeed, 82% of the sample indicated that there were no key frictions. Typically, where problems existed they generally related to accusations of Mozambicans stealing South African jobs or jealousy over higher remuneration. Nevertheless, the broad conclusion must be that the employment together of foreign and South African nationals in construction activity is not necessarily a recipe for conflict.

Key findings and policy implications

This study sought to uncover aspects of the position of international migrants who are working in the South African construction economy. It was demonstrated that foreign migrants, particularly from Mozambique, are a factor of growing consequence for the local construction industry.

Several facets of the engagement of foreign construction workers in South Africa reflect broader international movements of construction workers, particularly in the context of a shift towards a global construction industry. Of critical importance is the need to appreciate the structural changes taking place in the South African construction industry, in line with international trends, towards the segmentation of the labour market, a greater use of subcontracting as a means for organising work, and a general tendency towards informalisation of construction work. It is against the background of these structural environmental shifts over the past two decades that a niche has opened and been occupied by international labour migrants. Given the growing integration of the South African construction sector into an international labour market, the evidence from other countries is that the threat of an excess supply of workers (from workers waiting in the wings) may result in downward pressures on wages.[63]

It is clear that the majority of foreign construction workers are coming to South Africa from a narrower source area than that for other types of migrant workers. The key trend is for construction work to be the domain of migrants from Mozambique, and, to a lesser extent, from Zimbabwe. The group of Mozambicans currently occupy niches in the secondary labour market for forms of temporary short-term and insecure employment, which are growing in demand as flexible sub-contracting expands. As yet, the penetration of foreigners in the area of core permanent construction employment is a more limited feature, albeit rising in importance. The bulk of these migrant construction workers are young, male, non-unionised and relatively uneducated in terms of formal qualifications. Because of their predominantly illegal status in South Africa they are highly vulnerable to exploitation by unscrupulous employers and officialdom alike. Although some companies view the skills of these workers, mostly learned on the job, as assets to be retained, for other construction companies foreign workers are seen merely as convenient, cheap and disposable. It is in these latter circumstances that the familiar xenophobic complaints and tensions are fuelled about foreigners stealing South African jobs.

Several sets of policy implications flow from the findings of this particular investigation.

First, it is regrettable that the official Green Paper on Construction does not address the complex questions that arise around the employment of international migrants in the South African construction sector. This shortcoming should be rectified before the finalisation of the White Paper and the possible introduction of new legislation that might impact upon employment.

Second, as applied in the Green Paper on Migration, the notion of "skilled labour" is problematic in that the definition of skilled is inherently biased towards the higher end of the labour market. In the low-paid construction sector, a degree of skill and experience is required for the indsutry as a whole to achieve the sort of objectives which are set forth in the Green Paper on Construction. As a result of skills gained by many years of on-the-job training many (illegal) foreigners are "skilled" builders and many are even multi-skilled construction workers, in terms of their capacity to lay bricks, plaster, paint, tile and so forth. Unless a broadening or more flexible interpretation is given to the definition of skilled worker, there is the strong possibility that these workers will be excluded from entry into South Africa.

Third, a critical role potentially can be assumed by the construction workers' union in resolving certain of the difficulties and tensions that are emerging around international migrants. Although CAWU admit that they have foreign members, currently the union lacks any "clear policies and strategies for addressing the concerns of workers who were foreign migrants".[64] There are, however, promising signs that this situation may be changing. Recent research commissioned by CAWU has flagged the need to reconsider union attitudes towards illegal immigrant workers. Importantly, it was acknowledged that as "long as these workers do not feel that they have access to the same minimum conditions and wages of domestic construction workers, without at the same time opening the possibility of a forced deportation, standards in the industry will continually be undercut."[65] Nevertheless, securing the conditions for the organisation of these workers entails placing demands on the state, with one suggestion that there should be "a Chinese wall" between the Departments of Labour and Home Affairs, such that foreign workers potentially could access support from the Department of Labour without the possibility at the same time of facing deportation.[66] A similar proposal has been put forward in respect of the industrial council, for it is not the duty of the council to report workers to the police, rather to ensure that there are effective minimum standards across the construction sector.[67] These suggestions certainly demand serious consideration and possibly further research.

Fourth, policy lessons can be learned from the experience of other countries. The ILO research on protection of migrant workers in the international construction industry[68] contains a number of ideas which might have relevance in South Africa. For example, encouragement and support might be offered to the governments of Mozambique and Zimbabwe to establish labour attaches in South Africa with the mandate to defend the rights of migrant workers and assist them in settling disputes with employers. The international experience is that such labour attaches can be a "last line of defence" for migrant workers against maltreatment by employers, labour brokers or the police. Another successful international intervention has been the formation in many countries of migrant workers' support or lobby groups, which can assist, alongside possible trade union intervention, to help as pressure groups for the assistance of migrants.

Finally, the position of foreign construction workers in South Africa can be strengthened by the adoption and enforcement of ILO standards which relate to migrant workers, and acceptance and enforcement of a United Nations Convention on migrant workers. The essential message in these conventions is to spell out the core rights and freedoms to which all migrant workers (and their families) should be entitled irrespective of whether they are in a legal or illegal situation. The two key articles in these conventions relate to support for basic human rights, such as not to be subjected to cruel or degrading punishment (by employers or enforcers of the law), as well as the right to be treated not less favourably than national workers in respect of conditions of work and terms of employment. The ILO research argues that the "United Nations Convention is the best statement that has been drawn up to date on the basic human and labour rights of migrants".[69] The issues raised in this document should be the guiding framework for developing policies in South Africa towards the growing number of international labour migrants in the construction sector.

Notes and references

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SSA Public Enterprises in the 21st century

Dr David Abdulai of the Graduate School of International Studies at the University of Denver, explores the crisis in public sector enterprise management in sub-Saharan Africa (SSA), its historical background and the impact on economic growth and development in the region.

The Structural Adjustment Policies (SAPs) introduced by the World Bank and the International Monetary Fund (IMF) in most sub-Saharan Africa (SSA) countries have contributed to the stabilisation of most of the economies in this region after a long decline. In fact some of these countries are beginning to see growth in their economies. According to the World Bank and the IMF the whole region will have grown by an average of 3–5% of GNP for the fiscal years 1995–98.[1] But for these countries to attain and maintain the higher growth rates necessary for development, sound and effective measures are needed, among other things, to better manage their public sector enterprises.

Public sector enterprises (PSEs)[2] – some of the largest employers in SSA after agriculture – are regarded as a drain on government budgets. Their net transfers are estimated to be as much as one-fifth of government fiscal deficits in SSA. They have long been regarded as the "employer of last resort", a sector where most jobs from managerial level to clerical are awarded because of "who you know" rather than "what you know".

It is also a sector where jobs are assigned frequently without the requisite supervision or with few or no tools. It is not uncommon, in some of the public sector enterprises in SSA, to find employees arriving late for work, leaving early or taking long lunch breaks which may run into closing time. When you do find workers at their desks, their attitude towards the public leaves much to be desired. Mention should be made that there are some hard working public sector employees in many PSEs in SSA who are diligent with their duties. Similarly the afore-mentioned malaise is not only synonymous with public sector enterprises in SSA. However, in the case of SSA, the impact on its economies and on their development efforts is more pronounced. Besides, SSA has enormous growth potential due to its immense endowments of natural resources. Thus a well managed public sector is indispensable to its growth and development efforts.

Statement of the problem

The importance of PSEs to the growth and development efforts of developing countries cannot be emphasised enough. If managed well, PSEs can contribute to output, investments and employment. Unfortunately PSEs have performed terribly in SSA. First, they are not self-sustaining. A disproportionate part of national recurrent budgets – up to 85–90% – covers wages and salaries. This drain on government budgets accounts for about one-fifth of government fiscal deficits. Most PSEs are buoyed by government subsidies which further adds to the national debt. They are also prone to be used for political and purposes other than those for which they were originally designed. Thus in most cases they are staffed with inexperienced managers, hence operate unprofitably, and suffer from a lack of effective performance monitoring.[3]

Furthermore, most of the decision-making authority of these PSEs is concentrated at the highest level of management, resulting in poor design and management of investments. For example, a state-run shoe factory in Tanzania which operated at 25% capacity according to the World Bank, remained open largely thanks to a government subsidy. In another instance, a cement plant serving Côte d'Ivoire, Ghana and Togo was closed in 1984 after only four years of operation.[4] Also, few PSEs in SSA account for significant shares of the total sector. In Nigeria, seven important enterprises out of a 100 account for 60% of the total investment in the sector. In some of SSA countries, one or two PSEs account for more than half of the sector's losses or profits.[5] These and many more problems are experienced in most PSEs in SSA. They impede the development efforts of these countries and can impair the quality of life of its people.

Historical background and problems with PSEs

PSEs in SSA today are either wholly state owned and operated, partially state owned, wholly state owned and operated by outside managers or are public services owned and operated by governments, local or national governments. Many of Africa's PSE management problems can be traced back to the colonial era. The colonial system in SSA was set up in such a way that the metropole monopolised economic policy and in practical terms all international trade was orientated towards the metropole. The metropolitan power, through its numerous colonial enterprises, controlled the most important sectors of the colonial export economy and development policies. The colonial administration and economic system also discouraged competition in the modern sectors by Africans. In fact the development of public enterprises in SSA was a deliberate colonial policy to exploit its colonies. Most of the rail infrastructure, for example, was built by colonial public enterprises for colonial commerce.

Furthermore the colonial governments in SSA organised marketing via parastatals with a strong cooperative flavour. This kept control of the marketing function in the hands of the farmers and enabled the colonial public enterprises to gain economies of scale without being exposed to any monopsonistic exploitation. For example, numerous marketing boards were set up to control the purchase and sale of agricultural products. In Kenya, purchase and sale of coffee, pyrethium, and beef were regulated by these marketing boards. Cooperatives with quasi-parastatal status were used to market dairy products, pork and maize.[6] Some of the marketing boards in SSA, especially in East Africa, cross-subsidised European farmers at the expense of their African counterparts. Thus it did not foster a vibrant private sector nor did it train PSE managers during colonial rule. This negative behaviour was largely emulated by African leaders.

Administratively, the colonial state in SSA was an overseas extension of the metropole. It was run by a small number of European colonial administrators whose loyalty was with the metropole not the Africans. It was autocratic and bureaucratic with little interest in promoting democratic ideas, and limited financial resources were spent on developing local infrastructure.[7] The lack of such an infrastructure hampered the growth and development of both the public and private sector enterprises.

At independence, most African countries inherited simple but functioning administrations. Most of these were not geared towards finding solutions to the development problems they faced. Consequently, the public sector was expanded enormously by post-colonial African leaders into many sectors of the post-colonial economy. After independence state-owned enterprises were created for a variety of reasons, explained below.

- Most SSA governments concluded that the private sector which was underdeveloped during the colonial era had neither the capital nor the technical and managerial skills to establish new industries, especially where these industries were designed as part of an import substitution programme.
- In some cases, the failure of the private sector to respond to what the government felt were good investment opportunities served as the basis for the establishment of state-owned enterprises.
- Political exigencies in most countries in SSA required governments to find jobs in the modern sector for school graduates and the urban populations; or as favours for past political or military support.[8]

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- The setting up of PSEs in some regions in individual SSA countries may also have been due to the desire to honour election promises or pay back political debts to constituencies that supported or helped elect the ruling party or government. In such cases the establishment of a PSE is not strictly an economic decision based on cost-benefit criteria.
- State-owned enterprises have also been set up to satisfy the perceived need by policy makers in SSA for rapid indigenisation of their modern sectors. Such moves lend prestige to the government of the day and imply the nation is being protected from the greedy acts of foreign exploiters, neo-colonial interests and their domestic accomplices.

Some of the reasons given by policy makers in SSA for creating PSEs are sound. Unfortunately, between the conception of these ideas and their implementation, something often goes wrong. Most of these PSEs are politicised and become the domain of party supporters hired to run them despite having no managerial skills. Hence, wrong investment decisions are made, resulting in losses. All these problems have led to declining efficiency, the creation of bottlenecks, corruption, low morale and a huge drain on national budgets, contributing to their huge fiscal deficits. The impact on the development efforts of these countries cannot be emphasised enough.

Assigning responsibility for the problems of PSEs in sub-Saharan Africa today

African governments

The role of African governments in the creation of some of the problems of PSEs in SSA cannot be stressed enough.[9]

They have often preferred to invest their meagre resources in grandiose and inappropriate public projects, and new public buildings and equipment, rather than maintaining their existing ones. Nigeria is a good example. During the oil boom of the 1970s, it undertook investments in ambitious and nationalistic-type public sector projects. Public sector enterprises became the central instrument in Nigeria's strategy of state capitalism. But the end of the oil boom has left Nigeria with a huge wasteful and inefficient public sector. Investments in these enterprises totalling billions of dollars have provided few dividends and enormous liabilities: basic utilities and infrastructure have not functioned properly, public sector efforts in industry have yielded waste, deficits are growing, production is scant, massive capital projects in agriculture have offered no fillip to a stagnant agrarian sector. Public enterprises in Nigeria have increasingly burdened the government budget and their faltering performance has far-reaching consequences for the Nigerian economy.[10] In fact, today Nigeria's public sector is generally regarded as inefficient, highly

Foreign financiers and donor agencies have promoted capital exports with attractive credits without the required accountability or effective monitoring.

politicised, in disarray and its economy is ranked by Transparency International as one of the most corrupt in the world.

SSA governments prefer to hire more staff than is needed, rather than train and give the requisite resources and tools to their existing staff. Consequently there is a misapplication of resources, lack of effective management and a deterioration in the countries' capital stock, resulting in the loss of money by many PSEs. Rather than accepting their share of the blame, most African governments point a finger at external causes.

Foreign financiers/donor agencies

Foreign financiers and donor agencies have also played a role in the creation of the problems faced by PSEs in SSA. They have in most cases promoted capital exports with attractive credits to these countries without the required of accountability or effective monitoring. Worse, there is poor coordination among donors, which causes duplication and waste.[11] Foreign financiers and donor agencies have been accused of appropriating funds for PSEs and public sector projects in SSA, and then abandoning their funding midway through the implementation of these projects. At the time of writing some of these foreign financiers and donor agencies are re-evaluating the afore-mentioned policies to make them relevant to the new adjustment policies introduced into SSA.

Impact on economic growth and development

The performance of many PSEs in SSA has been disappointing, because:

- there have been extremely low returns and losses from the massive resources invested in them;
- most of them have failed to meet their goals;
- they have become inefficient, and a drain on fiscal resources with acute managerial problems.

The poor performance of PSEs is putting a strain on the development efforts of many SSA countries. Because most PSEs in SSA have yielded low rates of returns on the large amount of resources invested in them, domestic budgets have been strained. These resources invested in PSEs could have been invested in education, infrastructure development or in other productive aspects of the national economy that would have contributed significantly to growth and development.

The severe overstaffing problems of PSEs also has an impact. In the Republic of the Congo, Ghana, Liberia, Nigeria and Tanzania, to mention just a few, official reports have underlined the issue of overstaffing. For example, the Nigerian Railways Corporation has twice the staff per traffic unit compared to other West African railways, which, in turn, have about twice the staff per traffic unit of European railroads.[12] It might be reasonable to argue that the lower labour costs in Africa mean greater labour intensities. However, this argument founders when such numbers are compared to productivity. Often, they are unproductively excessive and inefficient.

Because most PSEs in SSA become havens for political patronage, many governments in SSA find it convenient to interfere in managerial decisions, specifying who can be hired and fired, who should be awarded a contract, receive credit and what bills should be paid.[13] This affects both their performance and their contribution to national development efforts.

Proposals for public sector enterprise reforms in sub-Saharan Africa

PSEs, if operated well, have a role to play in the growth and development efforts of SSA countries. Thus proposals for PSE reform in SSA should involve macro-economic, micro-managerial and socio-political solutions. Macro-economic policy reforms should aim at providing the appropriate policy frameworks to improve PSEs. These include the liberalisation of price controls, protective trade policies, elimination of state monopolies and the revision of tariff structures and investment codes to improve the competitive environment in which public and private sector enterprises co-exist. For those public enterprises which are beyond restructuring, divestiture programmes such as total liquidation of non-strategic ones should be undertaken. Others should be privatised or farmed out to more capable management.[14]

For those PSEs that are essential to national security and welfare concerns, SSA governments should introduce appropriate fiscal measures to rehabilitate them. Because most PSEs have an impact on social welfare, their viability and sustainability should be of paramount importance to SSA governments. Thus, clear and effective national policy measures should be implemented. Some of these measures should include financial restructuring, revenue and expense alignment, strict budgetary discipline, tight credit policies and the training of personnel.

Management, legal and institutional reforms should also be introduced.

Management reforms such as regular and standardised auditing, accounting, procurement and standard personnel policy should be introduced. Legal and institutional reforms of PSEs in SSA should include the revision of the legal framework governing PSEs. New institutional set-ups should be designed to achieve effective coordination between PSEs and the government. The role of the board members of these PSEs should be strengthened and managers should be offered bonuses and other monetary incentives for increased production and profitability of their enterprises. At the same time, through the introduction of performance contracts and performance evaluations, the accountability of these managers should be well defined.[15]

These proposals, if moulded to meet the needs of each SSA country and if such plans were effectively implemented, would allow most PSEs to contribute to the development efforts of their countries. Botswana is one of the countries in SSA which has managed its PSEs with success. This is done through the following policy measures:

- a political culture characterised by openness, pragmatism and a tradition of consensus building;
- a gradual programme of localisation for bringing Botswana nationals into jobs formerly held by expatriates;
- the recruitment of a highly competent cadre of economists in government;
- strong commitment at the highest levels of government to planning for short- and medium-term public investments; and
- the continuous involvement of policy analysts and planning staff in budgetary and economic management decisions.[16]

The experience of Botswana is not a blue print for all SSA countries. Each country has its own circumstances and Botswana's experience can only be an example to other SSA countries.

Finally, more efficient allocation of limited budgetary resources has to become essential if countries are to have any hope of maintaining a minimum level of development. Major reviews and revisions of public expenditure programmes are needed to ensure that existing capacity is more fully utilised and maintained; that investment projects are completed as rapidly as possible; that new ones are commenced only when they are of the highest priority; that costly capital-intensive and prestige projects are eliminated unless they can be fully justified; that subsidies to producers be restructured so that they can be targeted on priority production.[17]

It might be reasonable to argue that the lower labour costs in Africa mean greater labour intensities. However, this argument founders when such numbers are compared to productivity.

Conclusion

PSEs can contribute enormously to the growth and development efforts of SSA countries. But to do so, sound reform methods must be developed and effectively implemented to make PSEs function efficiently. Such measures should include the elimination of institutional and managerial obstacles and the improvement of macro-economic and financial settings within which they operate. Incentive systems must be developed to go hand in hand with an increase in the employment and training of experienced managers. These reforms will not be easy; they will require resources, time, dedication, and new thinking in the development policies of the emerging leadership of post, post-colonial African leaders.

Notes and references

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2 Public sector enterprises as used in this article would mean any government-owned or controlled unit that produces or sells industrial, commercial or financial goods to the public. This article excludes public establishments like universities, research units and others that are of an administrative character.

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South Africa's future economic role in Southern Africa

*Should regional integration, initially regarded as the key to economic development, be put aside? **Thomas Röhm** and **Axel J Halbach** take an outsider's perspective and find that the answer depends on South Africa's ability to solve its internal economic problems. Röhm and Halbach are both researchers at the Ifo Institute for Economic Research in Munich, Germany.*

In 1994, there were high hopes that South Africa would stimulate economic growth and development, if not throughout the African continent, then at least within its southern part. Since then regional co-operation and integration have been seen as key instruments to generate positive spill-over effects from the continent's largest and most advanced economy. Support for South Africa's regional integration also came from the international development institutions, which usually give priority to multinational trade liberalisation.

Four years later, disappointment about South Africa's economic (and political) role in the region is widespread. First, its own economic future is uncertain due to slow economic growth and high unemployment. Second, regional issues have not been high on South Africa's political agenda in recent years, as world market integration (particularly preferential access to the EU market) has been absorbing government's capacities. The disappointment has even led some authors[1] to perceive South Africa as the typical regional hegemon, whose main interest is exploitation rather than the economic development of less-developed countries.

Although more realism on its role as the regional engine of growth is indicated, South Africa certainly has a strong interest in the well-being of neighbouring countries in Southern Africa – not only due to migration pressure but also because peace, stability and a common regional market would make it easier to attract more foreign direct investment (FDI). Although results at the level of regional policy have not been encouraging so far, we argue that a solution of South Africa's internal economic problems would facilitate regional integration and development considerably.

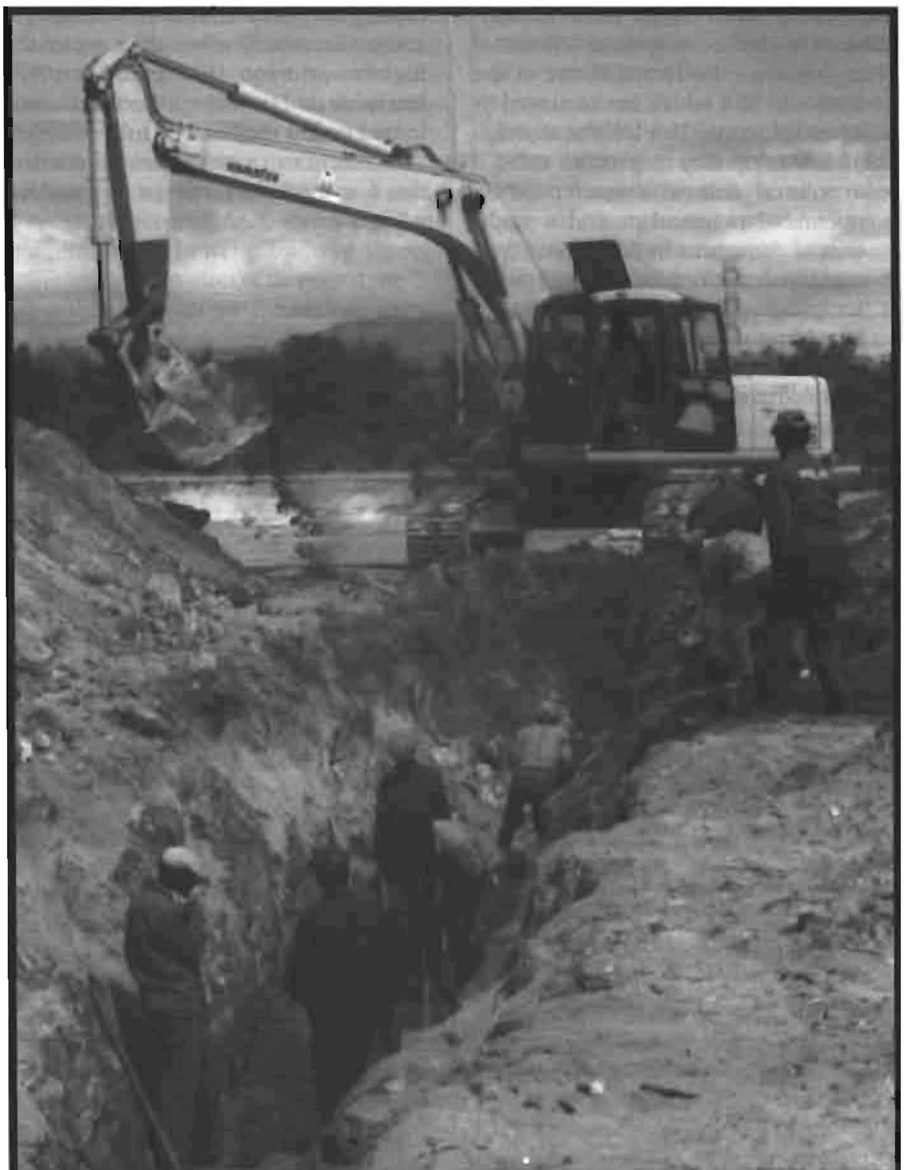


Photo: iSLP/Paul Grendon

	1992	1993	1994	1995	1996	1997
Population (million)	39,8	40,8	41,7	42,7	42,8d	
GDP ($ bn)	119,8	117,0	121,4	133,6	126,3	129,1
GDP per head, purchasing power parity ($)	6,755	6,901	7,108	7,437	7,623	
Real GDP growth (%)	-2,2	1,3	2,7	3,4	3,2	1,5
Gross investment/GDP (%)	16,6	15,5	16,1	16,9	17,2	17,4
Domestic savings/GDP (%)	17,0	17,2	17,1	16,9	16,9	15,2
Personal savings/disposable income (%)	4,3	5,3	4,1	1,9	2,1	0,9
Inflation rate (%)	13,9	9,7	9,0	8,7	7,4	8,6
Real interest rate (%)	5,8	4,6	5,6	8,3	10,3	10,0
Fiscal deficit as a share of GDP (%)	-7,9	-6,4	-5,6	-5,3	-5,6	-4,1
Trade balance ($ bn) [a]	5,79	5,85	3,49	1,48	2,60	3,02
Current account balance ($ bn)	1,74	1,87	-0,32	-2,82	-2,03	-1,68
External debt ($ bn) [b]	27,2	25,5	27,9	33,0	32,9	35,9
Foreign currency reserves ($ bn) [a, c]		2,66	3,13	4,30	2,20	5,84
Import cover of reserves (months)	1,4	1,3	1,3	1,5	0,8	2,5
Exchange rate R/US$ [c]	2,85	3,27	3,55	3,63	4,30	4,61
Real effective exchange rate (1990=100)	104,83	100,19	97,15	97,39	89,34	89,97

a Including gold; **b** Revised calculation including external debt in South African rand; **c** Year average; **d** Estimates; the census of October 1997 produced lower results (37,9 inhabitants), which are contested, however. Population data are tainted with uncertainty, because the number of the illegal immigrants is estimated at up to 8 million.

Source: Quarterly bulletin of the South African Reserve Bank, World Development Indicators 1998 and calculations of the Ifo Institute.

Can South Africa attain higher economic growth?

In many respects South Africa is somewhat uncomfortably positioned between developing and developed countries, without access to the privileges of the former but also without any guarantee of catching up with the latter. Most of its achievements and comparative advantages appear only in comparison with the African average, while a stagnation of per capita income between 1975 and 1995 has widened the gap with industrialised countries. In fact, recession during the last years of the apartheid regime meant that the country was even overtaken by other emerging market economies such as Malaysia and Chile.

After four years of democratic government the results can best be described as mixed. Although more people have access to basic infrastructure, South African society is still characterised by highly unequal income distribution and major differences in social development between different population groups.[2] So far, economic growth has been too small to have significant effects on income and employment (Table 1). Since employment in the formal sector has been decreasing even further, more and more South Africans are relying on informal economic activities (the share of the informal sector in GDP is estimated at 7–10%). With 300 000 new entrants to the labour market each year, youth unemployment is particularly severe (more than half of the population are under 24 years old).

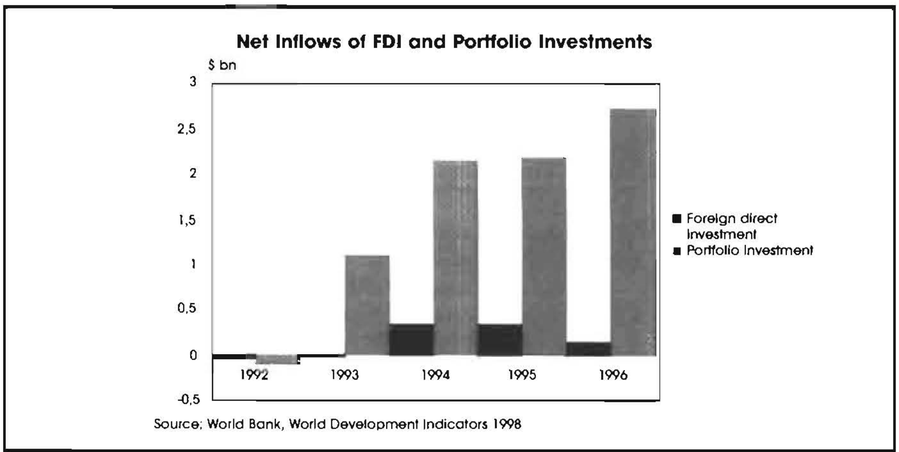
Progress has been achieved regarding macro-economic stability: inflation and fiscal deficits have constantly been reduced and the current account deficit is still small. External debt has risen, but since it is still low in international terms, the debt burden should not be a concern. Despite sound economic fundamentals and a rather undervalued currency, two major devaluations of the rand have occurred, signalling political risk and low investor confidence in the South African economy. Under these circumstances economic growth prospects are difficult to assess. Although actual GDP growth rates turned out to be lower than forecast during recent years, optimism regarding South Africa's long-term growth prospects is still strong.

The GEAR strategy: necessary but increasingly unpopular

In 1996 the government, under considerable pressure from financial markets, committed itself to a neo-liberal strategy based on private investment and exports. The GEAR document provides a medium-term framework for the design of economic policy and reforms. Price stability, structural reform and privatisation are seen as key instruments both to guarantee macro-economic stability and to strengthen flexibility of markets and efficiency on the micro level. Particularly highlighted are the role of market prices and the private sector in an efficient allocation of resources. The government's role is to be limited to monitoring and controlling market power via competition policy, the provision of incentive schemes for private investment and target-group orientated poverty reducing measures.

Although the programme has been severely criticised by labour unions, policy measures address exactly the structural weaknesses of the South African economy. During the sanction years industries flourished behind high tariff walls.[3] Highly concentrated ownership structures and monopolised markets reduced competitive pressures on enterprises. Since capital controls impeded investment abroad, big enterprises had to diversify in activities outside their core business: Unable to control subsidiaries effectively, corporate governance weakened significantly. Moreover, a large proportion of goods were produced by (para-) statal enterprises. High wages and labour standards worsened external competitiveness of South African producers and contributed to rising unemployment.

The Johannesburg Stock Exchange on Diagonal Street.



Net Inflows of FDI and Portfolio Investments

Source: World Bank, World Development Indicators 1998

Since the end of apartheid the gradual liberalisation of trade and capital flows and financial sector reforms (stock exchange and the admission of foreign banks) have increased competitive pressures on domestic markets. As a result, many firms are undergoing deep restructuring, leading to losses of output and employment in the short term. The further lifting of capital controls[4] may also stimulate participation of foreign investors. Although still-existing barriers apply only to residents, they are an obstacle for foreigners too (besides the negative psychological effect). Once removed, local companies are likely to sell their shares in domestic industry in order to invest in their core businesses abroad. Concentrated ownership structures and conglomerates will break apart, thereby creating new possibilities for foreign investment. Whereas firms in the raw materials sector have already been strongly expanding abroad (especially in Africa), similar efforts in the labour-intensive manufacturing industry have encountered severe political resistance.[5] As long as high unemployment persists, pressure to sustain substantial import tariffs will remain high.

Once reforms are completed, South African industry will certainly emerge strengthened from the painful process and become more successful on world markets (some enterprises have already found a niche even in high technology products).[6] Although South Africa is still mainly a commodity exporter, recent years have brought visible successes in exports of manufactured goods. By removing the anti-export bias associated with high import tariffs, further trade liberalisation (exceeding the demands of the GATT/WTO treaty) has created favourable conditions for further gains in international competitiveness. The free trade agreement with the European Union, when it is signed, will be another milestone.

After more than two years, the popularity of the GEAR strategy has weakened even among its former supporters, particularly the business community. Although the government has met targets for inflation and the budget deficit and initiated some structural reforms, economic growth and private investment have fallen far short of expectations. Most disappointing has been the further fall in formal employment. Nonetheless, the programme will not – and should not – be abandoned. The failure was rather to overestimate the short-term economic growth potential, thereby creating unrealistic expectations.

Although the rand stabilised and capital flows resumed quickly after the first devaluation in 1996, a substantial rise in the real interest rate triggered a painful adjustment process that was aggravated by unfavourable terms of trade (gold prices) and the Asian crises. Just when domestic demand and slightly lower interest rates indicated that recovery was in sight, a further attack on the rand in spring 1998 resulted in another substantial devaluation against major currencies. Although a significantly undervalued rand and a low current account deficit suggest that stabilisation is likely, further interest rate cuts will have to be postponed. This is bad news, particularly for small and medium-sized enterprises, whose expansion is hampered by lack of access to cheap finance. Only a few enterprises can raise capital from the local stock exchange or international financial markets. Although prudent monetary and fiscal policy were essential to restore macro-economic equilibrium, the economy and private investment have failed to gain momentum in the short term. The unfavourable investment climate is also reflected in the country's failure to attract more FDI, which in turn increases its vulnerability to speculative attacks (particularly if speculators know that authorities want to avoid higher interest rates).

Higher risk aversion of financial markets towards emerging markets and other unfavourable external developments are nonetheless not sufficient to explain the hesitance of private investors. Doubts are rooted in three main areas. First, the already low domestic savings rate has declined further in recent years. Although higher price stability and financial sector reforms have made it more attractive to save, personal savings are particularly low (on average only about 1% of disposable income). Although foreign capital inflows – as in many emerging market economies – allow for more investment, they should not replace domestic savings, because this could be a sign that foreign funds are being used for consumption purposes, thereby endangering future economic growth.

Second, the reform process has not always proceeded as planned. Privatisation has proceeded painfully slowly. In 1996, a basic agreement between the government and state employees was made, but since then the process has been delayed. Until now, only a very few projects have been completed, but many more are still in the pipeline.

The new labour market laws have failed to bring more flexibility to rigid market structures. New standards are too high for an economy undergoing deep structural change and still characterised by low labour productivity in many sectors. The principle of central bargaining does not allow the profitability of certain sectors or enterprises to be taken into consideration when negotiating the level of wages and salaries. The establishment of a central board of arbitration has had positive effects thus far, since fewer working days than in previous years were lost in 1997 due to strikes. Although wage increases were moderate in 1997 compared to previous years, their level was still relatively high and economically justifiable only in a few profitable sectors. Lower unit labour costs are mainly due to less employment and more capital-intensive production. Although a revision of the new laws is demanded by most observers, the government seems committed to imposing even stricter regulations on the labour market. In August 1998, Parliament passed a new law stipulating that the composition of personnel of firms with more than 50 employees should mirror the country's population structure with respect to gender and race.

Third, political stability is threatened as long as there is not much progress with the economic integration of the black majority. Although this is a long-term goal, actual outcomes are disappointing. Initiatives for black enterprise ownership (black economic empowerment) and the promotion of blacks to higher qualified jobs (affirmative action) have contributed to creating new black upper and middle classes without much effect on the poor. Employment creation depends not only on the labour laws but also on the promotion of small and medium-sized enterprises, which has started only recently. Another important source of employment and income generation is more equity in the distribution of land. Although adequate laws are in place (stipulating that no expropriation is possible without compensation) and enough land for agricultural purposes is available, land reform has so far made slow progress. In the medium term it is envisaged that at least 30% of farmland should be owned by blacks. The main reason for the rather slow progress is the lack of public funds. As long as employment in the formal sector decreases further, social tensions and crime are likely to increase.

Challenges for economic policy remain high

It was a clear political mistake to foster unrealistic expectations of fast economic growth. As the experience of many other reforming countries shows, the process is usually not free of pain and bears fruit only after it has been sustained for several years. The main question is whether the government should continue with its rather gradualist approach to economic reform. Although gradualism can in theory smooth the adjustment process and reduce the short-term costs of restructuring, it bears the danger of watering-down reforms that are urgently needed. From the beginning the new government's approach was the integration of the different parties into political decision-making and the search for compromises between different interest groups. Given the legacy of apartheid this was certainly sensible at the beginning, but four years later things look different. As reforms have not only been delayed but also partially gone in the wrong direction, the challenge is now to correct them where necessary and to speed up the process.

A more fundamental question is whether the state should promote private investment in specific sectors and regions via incentive schemes such as the Manufacturing Development Programme (MDP). Although recent academic literature has rediscovered arguments in favour of selective intervention,[7] the danger of a misallocation of resources seems high in a country that has only just started to open up domestic markets to foreign competition. More neutral economic conditions (e.g. lower taxes) would help enterprises and leave it to markets to pick the winner.[8] The state should concentrate on performing core functions such as infrastructure development, poverty alleviation and internal security. A more active role in economic development is certainly necessary in land reform and the building of human capital through better education and training. Since social returns from these projects can be higher than private returns and since external debt is still relatively low, financial and technical support of international agencies like the World Bank should not be a problem.

Concessions are not only necessary from the labour unions but also from parts of the business community that are still expecting too much protection from foreign (or even domestic) competition. To realise the full pay-off of economic reforms it is not only necessary to continue external liberalisation but also to introduce competition policy to control market power, particularly in the non-tradables sector (like housing construction). Further privatisation is not only relevant for higher efficiency of statal or parastatal enterprises, but can also lead to substantial long-term capital inflows at a time when foreign investors retain their wait-and-see attitude.

Favourable economic development is possible if actual economic problems and pressures from financial markets can be used to overcome political resistance to reform. If not, annual growth rates between 5% and 6%, as already targeted by GEAR strategists for the year 2000, will remain unrealistic for years to come.

South Africa in Africa: a benevolent hegemon?

The first requirement of a realistic assessment of South Africa's role in Africa is to address its limitations. Although the region is an economic heavyweight within the Southern African Development Community (SADC) it accounts for almost 75% of the $127 bn market), it is a fairly small economy on a global scale. South Africa's direct economic impact on the region is further limited by the regional pattern of labour division. Only a small fraction of South Africa's imports stem from Africa, which in turn is an important destination for its exports. Regional integration can therefore at best be a complement to (but not a substitute for) world market integration.[9] This is all the more true as Africa's marginalisation in the international division of labour has not yet been reversed (although trade has grown fast during the nineties in most countries). Even if starting at different stages of development, both South Africa and the rest of the sub-Saharan Africa are striving for greater openness and more private capital inflows from developed countries.[10]

But why do many countries nonetheless place high hopes in South Africa? The first reason is that most single countries are too small in terms of per capita income to attract investment to sectors other than mineral resources, even if they achieve a substantial improvement of the investment climate. Prospects will look much brighter once a common market exists that includes a country like South Africa, which already has some market potential. The second reason is that Africa as a whole is perceived as a region of high political instability, social unrest and weak institutional structures. A strong local force, able to act as the local policeman, should at least be able to prevent negative spill-over effects of conflicts to other countries (and at best solve the conflict itself). Thereby the whole (sub-) region would benefit from lower political investment risk. Third, South Africa's more advanced level of development creates opportunities for the comparatively less developed neighbour countries as well. Not only can South Africa be a vital source of adapted technologies and knowledge about institution building; in addition, a more efficient pattern of regional division of labour could emerge in the long term, allowing all countries to climb gradually up the ladder of industrial development.

Regional cooperation and integration could therefore facilitate the process of world market integration, if two conditions are fulfilled. One is benevolent behaviour on the part of the regional power, another is the resolution of interest conflicts among partner countries. Failing this, the smaller countries will suffer from trade diversion and their role will remain limited to the supply of raw materials. In order to assess both existing problems and potentials, the actual pattern of capital, trade, and labour flows needs to be evaluated.

Table 2 **Investment projects of South African firms in Africa**

	East Africa	Southern Africa	West Africa	Central Africa
Mining industry				
Gold	Exploration; rehabilitation of old mines,: production in 16 countries			
Diamonds		Exploration; rehabilitation of old mines,: production in 9 countries		
Iron ore, non-ferrous metals	Exploration and planning; development of mines; production in 27 countries			
Coal, mineral oil, gas		Exploration and development of mines, off-shore exploration in 10 countries		
Agriculture	Settlement of South African farmers in Congo/Brazzaville and Mozambique; requests from 16 other countries			
Manufacturing industry				
Food, beverages, textiles, garment and basic industry	Take-over of formerly state owned breweries; shifting of production facilities, construction of an aluminium smelter and an iron ore reduction facility			
Services				
Retail trade		Expansion of retail trade chains		
Banking	Expansion of the Standard Bank and First National Bank			
Tourism	Ownership and management of hotels and resorts			
Air transport	New airline for regional freight carrier (Tanzania, Uganda)			
See transport Infrastructure*	Dominance of South African shipping companies in African regional and world-wide trade			
Regional development		Maputo corridor and Beira corridor		
Road construction		Transkalahari, Transcaprivi, Maputo corridor		
Energy supply		Projects in Lesotho, Mozambique and Namibia		
Telecommunications		Pay TV service stations in more than 40 countries		

* Partly with assistance from the international development institutions

Source: Various official documents and South African newspapers.

South Africa's regional investment activities

Although South Africa has been an overall net capital importer since 1994, its regional capital balance with Africa is in surplus. Since the existing data do not allow for a detailed analysis of capital flows to Africa in recent years, only general trends can be assessed. So far, investment in Africa is only a small fraction of total foreign involvement of South African enterprises and is heavily concentrated in the mining sector.

Important push factors for South African enterprises to go abroad are declining profitability and exhaustion of mines in their home country, the opportunity to realise economies of scale, and the prospect of strengthening their position on world markets. Lucrative unexplored mines in many African countries are a major pull factor (Table 2). In contrast, foreign involvement in manufacturing and the service sector has so far been relatively small in absolute size and more concentrated in Southern Africa. The reason lies partly in the above-mentioned political resistance, but also in the fact that Africa in general has only just started to attract foreign investment into sectors other than mineral resources. But, given political stability, the ongoing process of privatisation and liberalisation will create attractive opportunities for foreign investors in many countries. In Southern Africa, regional development and infrastructure projects are being realised (Maputo Corridor), or planned for the next years (Beira Corridor, Lubombo Spatial Development). Based on public initiative and financially supported by international financial institutions, they are linked to important private investment projects in the manufacturing and mining industry. More private investment in a broader range of sectors is expected to follow in due course.

An unexpected feature of the post-apartheid era is the migration of South African farmers into black Africa. Equipped with capital and modern production technology, they are expected make more efficient use of fertile soil in host countries, thereby contributing significantly to their agricultural production (smaller countries are even expected to become self-sufficient in food products). Although the two projects which have been realised so far (one in Congo Brazzaville, another in

Northern Mozambique) have not been free of problems, many other countries are interested in similar ventures.

Thus far, Africa has not been a major destination of South Africa's foreign direct investment. Although the gradual relaxation of capital controls will make FDI easier, it is not necessarily Africa that stands to benefit. Within the SADC, geography would favour the shifting of labour-intensive production processes from South Africa to other countries. But high transport costs, trade barriers and political resistance in South Africa (due to high unemployment) prevent a more efficient division of labour in Southern Africa. In the short term, an EU free trade agreement could even reduce incentives for investment in the SADC area, since for SADC countries other than South Africa preferential access to the EU may thereby be invalidated.

South Africa's regional trade

In contrast to many other emerging market economies, South Africa's trade balance is in surplus (leading to a small current account deficit). If, however, gold exports are excluded, a structural deficit in merchandise trade is revealed, which has even increased during the post-apartheid years.

A strong and growing surplus is recorded only for the African continent: exports are between three and four times higher than imports (Table 3). Whereas imports from Africa account only for 3–4% of the total, the continent's share in total exports increased from 10 to 14% between 1994 and 1997. Africa's share is even higher if the SACU member countries Botswana, Lesotho, Namibia and Swaziland are included (additional invisible service exports should also be added).

Whereas South Africa's exports to destinations outside Africa are still dominated by raw materials and semi-finished goods, 70% of its exports to Africa are industrial products. The main reason for low South African demand for products from other African countries is that they cover a small range and are partly overlapping with its own. Moreover, they are often not able to meet South African quality requirements. On the other hand, most countries have already cut import tariffs faster than South Africa, which had the highest tariffs within the region anyway. As a result, economically stronger countries like Zimbabwe, Zambia, Kenya cannot make full use of their chances on the South African market (Table 4). Though these three countries accounted for 50% of all South African exports to Africa, their import share amounted to only a third. Moreover, South Africa may still not have full information on the export potential of its African trading partners (whose marketing strategies are weak in parts). Since huge imbalances in regional trade could create problems, governments cooperate intensively in order to fill the information gap. Prospects for regional trade are nonetheless uncertain. Although countries will benefit from South Africa's general tariff reduction in forthcoming years, regional agreements have run into trouble for several reasons.

- Many countries have signed various partly overlapping cooperation and trading agreements (both bilateral and regional) which aim at different goals and imply conflicting obligations. The highly complicated regional trade regime does not facilitate the free flow of goods, but rather creates additional distortions in the trade pattern.
- The combination of multilateral and regional liberalisation is problematic too. South Africa fears that the planned free trade zone within the SADC may invalidate sector-specific import tariffs, due to a lax enforcement of rules of origin by other SADC countries.
- An unresolved issue is South Africa's attitude towards treatment of the smaller SACU partners.
- As long as interest conflicts are not solved among SADC countries, the integration of new member states (Congo Kinshasa and Seychelles) is likely to further complicate the situation.

Integration is not easy among countries differing greatly in their size and level of development. In order not to repeat the mistakes of older regional initiatives in Africa (the East African Community being the most prominent example), it seems more promising to start with a smaller group of countries with only modest (but realistic) targets. An immediate necessity is the simplification and clarification of the existing trade agree-

Table 3 **Direction of South African foreign trade**

	1994	1995	1996	1997
1 Exports ($ million)	24,832	28,226	29,469	31,264
Share (%):				
- Europe	29,6	30,6	31,2	31,7
- USA/Canada	5,4	5,3	6,1	6,2
- Latin America	2,4	2,2	2,4	2,6
- Asia	16,9	19,3	21,0	19,6
- Africa	9,6	13,6	14,2	14,1
- No regional destination [a]	36,2	29,0	25,1	25,8
2 Imports ($ million)	21,288	26,745	26,872	28,241
Share (%):				
- Europe	49,6	48,2	47,1	45,0
- USA/Canada	12,8	12,9	13,6	13,6
- Latin America	2,4	2,5	2,6	3,1
- Asia	24,5	30,1	29,9	31,5
- Africa	3,1	2,9	2,9	3,7
- No regional destination [b]	7,7	3,3	3,9	3,1
3 Trade balance ($ million) [c]	+ 3,544	+ 1,481	+ 2,597	+ 3,023
- Africa	1723,9	3063,1	3405,3	3363,3
- Rest of the world	1823,6	-1582,1	-808,3	-340,3

a Mainly gold and weapons; **b** Before 1994 mainly mineral oil; **c** Does not add up due to rounding

Source: Comtrade Trade Statistics, Unctad, Geneva; Monthly Abstract of Trade Statistics, Pretoria.

ments. Since most obstacles to regional trade, like poor infrastructure, will be removed only gradually, South Africa should first improve market access for its SADC partners and use supply potentials in the best possible way.

South Africa's absorption of migrant labour

Another mechanism to foster economic development, both in South Africa and the rest of the continent, is the employment of migrant workers in South Africa, which has alleviated pressure on the home countries' labour markets and created substantial transfer payments for decades. For small countries like Lesotho, these transfers are still the major source of income. In the past, other countries like Namibia, Malawi and Mozambique were at least temporarily sending a significant number of migrant workers. But South Africa's capacity to absorb labour has weakened tremendously during recent years due to high unemployment and the crisis of gold mining, which has led to lay-offs and pressure to return workers to their home countries.[11] Present immigration is to a large extent illegal and contributes to social tensions. Transfer payments are expected to decrease further within the next years.

To sum up, recent developments within the region make the disappointment over South Africa understandable. Although the pressure from illegal labour migration creates an immediate motive for South Africa's interest in the well-being of its neighbours, internal economic problems have prevented more benevolent behaviour towards the region. Even SADC partners – though better off than the rest of Africa – have so far realised only small gains from technical cooperation (e.g. between central banks) and infrastructure projects while still facing major trade barriers. Moreover, as long as the other African countries' exports comprise mostly raw materials, South Africa will not become the market that they hope for.

Perspectives on regional integration and development

Polarisation or convergence?

Higher economic growth in South Africa – although a precondition for positive spill-over effects – will not automatically lead to regional economic development. Intensifying polarisation would restrict the other countries to supplying raw materials. A fast-growing South African market would create strong incentives for foreign investors to locate their production facilities in the core, despite higher labour costs, rather than in the periphery where market potential is lower (at least as long as transport costs remain high). South Africa would attract highly skilled labour, thereby increasing existing bottlenecks and causing brain-drain in the countries of origin (as is already the case). Since the free flow of goods and capital within the region would benefit South Africa more than its SADC partners, regional integration would also contribute to polarisation[12] (particularly since compensation by way of official transfer payments can hardly be expected).

Polarisation could occur not only between South Africa and its neighbours, but also within each country. Economic growth limited to the capital-intensive mining sector would leave the current pattern of trade and capital flows unchanged and South Africa's capacity to absorb low-skilled labour would decrease further, resulting in small islands of wealth in a sea of poverty.

Convergence could be negative too, particularly if it were to happen through weak economic growth in South Africa rather than through comparatively higher growth of SADC partners. Although many African countries have realised high growth rates during the last five years, doubts exist about their sustainability. Even if a fast-growing South African economy were to increase differences in the short term, the region as a whole would be likely to benefit in the medium and longer term, since South Africa would be more willing to act as a benevolent hegemon, particularly in the area of trade policy. Whereas at the beginning, high economic growth would attract mobile resources to South Africa (capital from outside the region and qualified labour from within), after a certain time compensating flows of goods, capital, and labour would occur in countries with comparatively lower labour costs and a favourable economic framework. Particularly within the SADC, both sides would be likely to benefit from a more efficient division of labour.

Actual economic and political trends clearly indicate that regional developments within the next years are likely to follow the more unfavourable scenario. Not only has South Africa's short-term growth potential been overestimated; it is also clear that the benefits of regional integration will tend to be in the long rather than in the short term.

Table 4 **South Africa's major trading partners in Africa (R million)**

Country	Exports		Imports		Trade volume		Trade balance	
	1990	1997	1990	1997	1990	1997	1990	1997
Zimbabwe	1,602	5 ,707	442	1,353	1,504	7 ,060	+620	+4,354
Mozambique	432	2 ,715	14	168	446	2 ,883	+418	+2,547
Zambia	4 94	2 ,175	7	184	501	2 ,359	+487	+1,991
Islands [a]	5 47	1 ,996	17	52	564	2 ,048	+530	+1,944
Kenya	1 0	1 ,622	11	86	21	1 ,708	-1	+1536
Malawi	3 78	1 ,134	81	399	459	1 ,533	+297	+735
Tanzania	1 0	9 65	3	19	13	9 84	+7	+946
Congo/Zaïre	4 53	9 28	22	410	475	1 ,338	+431	+518
Angola	5 0	8 79	0,1	209	50	1 ,088	+50	+670
Ghana	0,2	3 93	1	17	1	4 10	-1	+376
Nigeria	1	2 04	3	838	4	1 ,042	-2	-634
Uganda	2	1 60	0,1	2	2	1 62	+2	+158
Egypt	42	1 49	7	190	49	3 39	+35	-41
Côte d'Ivoire	49	1 10	44	127	93	2 37	+5	-17
Togo	7	2 7	11	105	18	1 32	-4	-78

a Madagascar, Comoros, Seychelles, Mauritius, Réunion

Source: Monthly Abstract of Trade Statistics, Pretoria.

Policy conclusions

A more realistic view of South Africa's economic role in the region does not mean that regional integration and co-operation should receive less attention. So far, South Africa's regional activities have been concentrated in the political sphere. Although more political stability in Southern Africa is highly desirable, both historical and recent experiences show that the solution of internal conflicts is a lengthy process that should be supported not only by local powers but also by the international community (particularly in instances of military intervention). As long as South Africa is not visibly contributing to the solution of the region's economic problems, its credibility as the region's benevolent hegemonial power is severely undermined.

South Africa's economic policy stance has not facilitated regional integration. First, high South African wages and labour standards not only prevent more employment creation in the formal sector, they also increase pressure to shift production to low-wage neighbour countries. Although desirable in principle, this is unlikely to happen as long as high unemployment persists. A more flexible labour market (and lower labour costs) would foster formal employment in South Africa as well as reducing the labour cost differential. Both effects would considerably weaken political resistance against a relocation of production to low-cost countries, thereby allowing it in those sectors where it is an urgent necessity in order to restore external competitiveness.

Second, South Africa's industrial policy may be questionable not only because of the danger of the state protecting the wrong sectors (due to a lack of information about future winners), but also because it exacerbates the challenges for regional integration. Theoretically, industrial policy should happen at the regional level and take account of all members' development needs. Within the SADC, several bodies have been set up to handle those policy issues, but so far member states have not been ready to delegate power or transfer financial resources to a regional institution.[13] Failing this, it is more difficult to solve interest conflicts with other SADC countries, who fear disadvantages from free trade with South Africa.[14]

At present, conflicts of interest are preventing Southern African countries from making better use of their regional potential. Less ambitious policy goals and more clarity and coherence of agreements are the main challenge. Since net (static) gains from a regional free trade arrangement are unlikely and dynamic gains from a relocation of resources depend on several preconditions that are not yet fulfilled, African countries should rely on South Africa's multilateral trade liberalisation, which will automatically improve their market access. The region's economically stronger countries in particular stand to gain. As a first step to solve the problem of double membership it would be advisable to amalgamate SADC and Comesa15 and deepen integration efforts only within a smaller group of counties (variable geometry). When interest conflicts cannot yet be solved, it is more advisable to abandon ambitious projects in favour of more realistic targets. Intensified cooperation is clearly desirable in infrastructure development, technology transfer, and the improvement of institutional capacities, where South Africa has a clear comparative advantage.

Notes and references

Financial support from the Fritz Thyssen Stiftung is gratefully acknowledged. The article is based on a larger study that has recently been published in German: A Halbach and T Röhm, "Südafrika: Wachstumsimpulse für den schwarzen Kontinent?", ifo *Afrika Studien*, no 129, 1998.

1 PJ McGowan and F Ahwireng-Obeng, "Partner or hegemon? South Africa in Africa", *Journal of Contemporary African Studies*, vol 16, no 2, 1998.
2 Within the group of higher-middle-income countries, South Africa is positioned between Chile and Brazil (gini coefficient).
3 The import substitution strategy dates back to the 1920s and was never really abolished until 1994, see M Piazolo, "Südafrika – Wachstumsmotor des südlichen Afrika?" *afrika spectrum*, vol 31, no 3, 1996, pp 255–75 (p 255).
4 Capital controls were lifted further on 1 April 1998. Instead of R200 000, individuals are allowed to invest R400 000 abroad. South African enterprises may invest R250 million in member states of the SADC and R50 million in the rest of the world.
5 Estimations indicate a loss of 17 000 jobs in the textile, clothing and shoe industry.
6 J Katzenellenbogen, "The search for competitive advantage", *South African Yearbook of International Affairs*, 1996.
7 Alice Amsden has convincingly argued that the state might play a crucial role in "late industrialisation", see T Hikino and A Amsden, "Staying behind, stumbling back, soaring ahead: late industrialisation in historical perspective", in WJ Baumol, RR Nelson and EN Wolff (eds), *Convergence of productivity*, New York, 1993, pp 285–316.
8 State financial support for SME development can be justified economically, since their access to cheap finance is very limited.
9 R Gibb, "Towards a new South Africa: the challenge of regional economic cooperation and integration", *South African Journal of International Economic Affairs*, vol 4, no 1, 1996, pp 1–26.
10 This is no statement concerning the problems and strategies of economic development, which involve highly complicated issues and are not the topic of this article. Nonetheless we claim that market orientated reforms leading to a more efficient use of resources would substantially improve the economic situation in most African countries. The problem in Africa is that as long as FDI is concentrated in the raw materials sector, positive spill-over effects to other sectors through technology and know-how transfer will be very small.
11 Within two decades employment in the gold industry has dropped by 50% to 300 000 persons. In 1998, 100 000 more are expected to lose their jobs.
12 See C McCarthy, "Integrating unequals: post apartheid South Africa and her neighbours", Paper presented at the second Pan-European Conference on International Relations, Panel on Europe-Africa Relations, Paris, 13–16 September 1995.
13 The SADC Industry and Trade Coordination Division (SITCD), located in Dar es Salaam, Tanzania, has developed such programmes and started to implement projects, see SITCD, "Regional cooperation and integration in Southern Africa: progress and perspectives with particular reference to trade and industry", in H Dieter (ed), The regionalisation of the world economy and consequences for South Africa, Marburg, 1997, pp 185–99. P Meyns ("From co-ordination to integration: institutional aspects of the development of SADC, in H Dieter (ed), op cit, pp 163–84), concludes that the SITCD has only limited capacity to handle the complex issues involved in the creation of a free trade area. The institutional approach, in particular, which delegates sector- or task-specific responsibilities to individual countries instead of creating regional bodies, does not seem appropriate.
14 Many authors are very sceptical of the merits of a more neo-liberal approach in Southern Africa: see J Weeks, "Regional cooperation and Southern African development", *Journal of Southern African Studies*, vol 22, no 1, 1996, pp 99–117; and B Tsie, "States and markets in the Southern African Development Community (SADC): beyond the neo-liberal paradigm", *Journal of Southern African Studies*, vol 22, no 1, March 1996, pp 75–97.
15 Although an expert report presenting six options for the solution of the problem was prepared as early as 1994, not much progress has yet been achieved.

IMPROVING THE FDI FLOWS TO AFRICA

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Foreign direct investment (FDI) is becoming an increasingly important factor in the economic development and industrial restructuring of Africa and other developing countries.

This article examines some of the social and cognitive[1] foundations of the economic and commercial issues involved in FDI. It does not, however, touch upon any of the administrative and institutional requirements for implementing a comprehensive promotion programme.

FDI flows

Foreign direct investment,[2] in the last decade (1985–1995), has been one of the most important instruments for international economic involvement.[3] Several developing countries are moving towards resource-driven and import-oriented growth strategies.

FDI flows to Africa in the period 1991–1994 increased to an average of $3,1 billion from an annual average of $1,7 billion for the period 1981–1985. However, in percentage terms these figures do not compare favourably with other developing regions, where the share of total world FDI moved up from 18% in 1987–1991 to 37% in 1994. During the same period, Africa's share continued to stagnate. and as a percentage of inflows to developing countries also showed a considerable decrease. The average percentage in 1991–1994 fell to 5% from 10,8% in 1986–1990. Africa therefore continued to depend on official assistance and grants.[4]

An important feature of FDI in Africa is in its distribution. The oil exporting countries of Africa (i.e. Algeria, Angola, Cameroon, Congo, Egypt, Gabon, Libyan Arab Jamahiriya, Nigeria and Tunisia), consistently through the 1980s and up to 1994, received more than 50% of total FDI flows to Africa.

These flows were largely concentrated in just two countries, Egypt and Nigeria. Together they accounted for 63,4% of the flows to Africa between 1986 and 1990. However, the average figure for 1991–1994 shows an increase in flows for other oil exporting countries, as well as other countries outside this category.

Judging by the number of bilateral treaties and multilateral agreements signed, and the modifications made to investment promotion regimes, FDI has been actively sought by African countries.[4] However, this has had very little impact on FDI flows into the region. Even by implementing structural adjustment programmes and liberalising their economies, African countries have not elicited any significant response from the investing community.

Analysts offer several explanations. A recent publication[5] gives the "continuing civil conflicts, political crises and natural disasters, especially drought", as the main reasons for the lack of investment.

In the category of "civil conflicts and political crises" the author cited four countries – Rwanda, Somalia, Sudan and Liberia – as having major conflicts and a further six countries – Angola, Chad, Eritrea, Ethiopia, Mozambique and Uganda – as having just emerged from prolonged periods of conflict.

In the category of countries affected by "natural disasters", Algeria, Libya, Morocco, Tunisia and Zimbabwe are mentioned as having been affected by drought and "strikes and protests as a result of unpaid wages and stipends or against economic policies".[6]

Further, the study offered the following reasons without classifying the respective countries:

- markets that are typically relatively small;
- growth that is lower than in other developing countries;
- poor and in many cases deteriorating physical infrastructure ... and the lack of capital to improve it ... [and] inadequate institutional and especially financial infrastructures;
- the debt problem;
- the slow pace in implementing structural adjustment reforms;
- a lack or low level of skills and general technological capabilities, and relatively high production costs.

On the other hand the study reports that there are countries that have done well in attracting FDI. The reasons for this, are the presence of "oil and natural resources – especially in Angola, Namibia and Equatorial Guinea". The study further reasons that "in addition to having the fundamental factors right – [they have used] locational and other advantages to boost their attractiveness".[7]

Under this category, Lesotho, Swaziland, Mauritius, Morocco, Seychelles and Botswana were held up as examples.

Another study, *World Investment Report*, discusses regional trends in the flow of FDI.[8] The report categorises the countries on the basis of four key determinants of the flow of FDI, i.e. GDP per capita; total GDP; GDP growth rate; commodity exports.

While acknowledging that there are several other factors that determine the extent of FDI flows, such as the availability of natural resources, infrastructure, cost and productivity of labour and policies that are favourable to FDI, the assessment of potential is based on economic fundamentals.[9] The study has divided the countries of Africa into two groups: those which have utilised their potential and those which have not. Countries that have are Angola, Morocco, Mozambique, Namibia, Nigeria, Seychelles, Swaziland, Tunisia and Zambia. Countries that have not exploited their FDI potential are: Algeria, Benin, Botswana, Cameroon, Cape Verde, Congo, Djibouti, Egypt, Gabon, Ghana, Libya, Lesotho, Liberia, Mali, Mauritania, Mauritius, Senegal, Sudan, Togo, Uganda and the Democratic Republic of Congo.[10] Countries that have low FDI determinants and low FDI inflows are not included.

A wider context is provided in table 1 where African countries are divided into three groups: category I represents those countries with a high level of FDI determinants; category II those that do not fulfil the FDI determinant criteria but have shown a growth in average FDI inflows of over 50% in the years 1991–1993 over that of 1986–1990; and category III shows those that do not have high FDI determinants and have shown low growth rates for the same period.

Table 1 reflects several contradictions in the connections drawn between cause and effect on FDI flows. Countries quoted as having prolonged periods of conflict (Angola, Mozambique, Ethiopia and Uganda) saw higher levels of FDI flows in 1991–1993. In fact the average flows into these countries were considerably higher in this period compared to those of 1986–1990 (in 1990, Ethiopia, Angola and Mozambique were recorded as having major civil wars).[11]

Countries that had droughts (Algeria, Libya, Tunisia, Morocco and Zimbabwe) actually saw an unusually high increase in the average flows of FDI for 1991–1993.

Of the ten countries that compare favourably with other developing countries in their market growth rates Botswana, Mauritius, Mozambique, Tunisia and Sudan rank high among African countries in this category (above 4,5% growth rate). Of these countries, Botswana, Mauritius and Tunisia were actually faced with over a 50% drop in their 1991–1993 FDI inflow over that of 1986–1990.

In category I, where the countries rank high on FDI determinants, 41% of the countries actually had negative FDI growth rates in the period 1991–1993. In the *World Investment Report 95*,[9] these countries were classified as countries that had not utilised their potential to attract FDI.

However, non-utilisation of potential does not suitably explain the 41% of countries which have actually shown negative growth rates in FDI inflows. Further there is no explanation offered under these determinants, for the growth in FDI between 1991 and 1993 in the category II countries.

The rates of return for foreign affiliates of American firms in the African region are considerably higher than those of most other regions. Significantly the rate of return in all three sectors, i.e. primary, manufacturing as well as tertiary, rank higher than those of Asia. During the period between 1982 and 1992, United States FDI in Africa earned $8,6 billion of cumulated FDI income; during the same period German TNC income from United States investment was only $0,4 billion, and French investment in the USA suffered a cumulative loss of over $2 billion.[12] The rate of return on US investments in Africa during this period has been stable and has shown a trend of growth.[13]

Theory

The figures quoted above do not provide an acceptable explanation for the overall pattern of FDI flows. International economics has relied heavily on Ricardo's theory of "comparative advantage". The comparative advantage model of "two country–two goods" has been reworked by scholars such as Hecksher, Ohlin and Samuelson, who developed the model into what became known as the neo-classical theory of trade. Though this is a modification of the Ricardian concept, it nevertheless falls within the Ricardian paradigm.

Subsequent models have used new variables, such as technology (Leontiff and Vernon) and oligopolies and economies of scale (Krugman). These newer concepts, however, still rely on some of the basic assumptions of classical trade theory.

Primarily they assume that the benefits of free trade and the resultant optimal allocation of resources are based on the principle of comparative advantage. This interaction is solely in the form of exchange of goods and services between nation states. Several other factors such as capital flows, technology transfer and labour migration are not included in this model.

The comparative advantage of nation states is dependent on factor endowments, i.e. land, labour, capital and technology. In other words the compar-

Table 1: **Categories of FDI determinants**

Category I High growth rates	**Category II** Medium growth rates	**Category III** Low growth rates
Algeria	Equatorial Guinea	Burkino Faso
Angola	Ethiopia	Burundi
Benin	Gambia	Central African Republic
Botswana	Guinea	Chad
Cameroon	Guinea-Bissau	Comoros
Cape Verde	Madagascar	Cote d'Ivoire
Congo Brazzaville	Sierra Leone	Kenya
Democratic	Tanzania	Malawi
Djibouti	Zimbabwe	Mali
Egypt		Niger
Gabon		Rwanda
Jamahiriya		Somalia
Mauritania		
Mauritius		
Morocco		
Mozambique		
Namibia		
Nigeria		
Senegal		
Seychelles		
Sudan		
Swaziland		
Togo		
Tunisia		
Uganda		
Zambia		

ative advantage of nations is determined prior to trade.

The factor endowments are also expected to be subject to constant returns to scale (as it would be impossible to arrive at an optimal division of labour among nations). Even where the "factor immobility" assumption is dropped, the hypothetical existence of an optimal allocation of resources still remains.

The situation is only possible under conditions where there is a movement of capital. Thus goods would not be traded between nation states with comparative advantage as a rationale. Most importantly, the model assumes that the only players that exist in the international economy are nation states. The borders of nations define the combination of factors of production in perfectly competitive markets.

Trade is reduced to economic involvement between nation states. Consequently the balance-of-payment account becomes the most important source of information to assess the external economic situation of a country. National accounts are also treated as the basis for judging the suitability of the country for trade and investment in this case. The particular company is not taken into account.

However, the structure of the world economy is now multifaceted. There is more economic activity than just trade between nation states. There has been a visible rise in importance of international production over international trade in the growth of the world economy. This is evidenced by the increase in the number of transnational corporations (TNCs) operating in the world economy. According to estimates, there were almost 37 000 parent transnational corporations in the world at the beginning of the 1990s.[14]

It is estimated that there are 1,7 million affiliates of TNCs.[15] By 1992, the global stock of FDI had reached approximately $2 trillion, which generated about $5,5 trillion in sales by foreign affiliates. This has surpassed total exports ($4 trillion in 1991), with one-third of the trade being among the affiliates and parents of transnational corporations. In addition to this, one third of the world's private sector productive assets are controlled by TNCs. This indicates that international production has become a central structural characteristic of the world economy.[16]

This also indicates that factors of production move according to the decisions made by TNCs in oligopolistic markets. A study of international economic involvement needs to take into account trade flows, capital movements, inward and outward FDI, technological flows and labour movements. These are tightly woven together. No theory can be independent of these factors.

However, in many less developed countries (LDCs) the Ricardian theory of trade is still in operation and they are still connected to each other by trade. For the LDCs, FDI, technology transfer and capital lending play a very small part when compared with exports of raw materials.

Another point of importance is that the factors of production are no longer immobile. The new world is characterised by the communication revolution and falling transport costs. FDI flows do not represent only flows of capital from home to host country, but also labour and technology and created assets such as intellectual capital rights.

With a constant change in factor endowments the comparative advantage of a nation state is difficult to define. FDI has become a crucial determinant of a country's pattern of specialisation. However, in the new world economy, comparative advantage is translated into competitive advantage and is defined ex-post and not ex-ante trade as in the traditional paradigm.

Further, in contradiction of the old paradigm, nation states are no longer the only players in the world economy. Transnational corporations decide on the location of investments. Balance of payments statistics only tell part of the story and do not explain the influence wielded by TNCs.[17]

Economists largely use neo-classical theories and their subsequent modifications to explain the factors that determine TNC investment. However, theories are generally concerned with perfect market scenarios. They tend to ignore the "imperfect market"; the connection between the structure of the firm and the strategies used to meet with competition.

Raymond Vernon points out:

... in an effort to understand the behaviour of TNCs from the viewpoint of business managers or public policy makers, there is a need for much more emphasis on longitudinal data covering individual firms. All firms, of course, operate under the heavy influence of their own histories, which affects their structure, their culture and their perceptions of opportunity and risk. But changes in their behaviour seem to me to be critical in understanding their strategies.[18]

Africa will have to address the following variables to attract FDI into the region:

- the intrinsic value of the investment site i.e. the country.
- the cost benefits to the investor.
- promotion i.e. activity that creates an image, and other direct promotion initiatives e.g. investor information services; matchmaking, feasibility studies, and project development and start-up support.

A large part of the first two variables are not under the immediate control of governments. These can at best be addressed over the long term. Many African countries have made great efforts in this regard – through structural adjustment programmes, fiscal and regulatory incentive regimes and privatisation initiatives. However, as mentioned earlier, figures indicate that TNCs have not responded to these changes being implemented in Africa.

The third level, i.e. promotion and image-building, assumes primacy in the context of Africa. It both precedes and complements the other promotion initiatives. To understand the task ahead one needs to know what world perceptions on Africa are.

Perceptions

The early 1960s was a time of optimism in Africa. In 1961 the UK Royal African Society met at the University of Cambridge to assess the prospects of development in Africa. Africa was then perceived as important in shaping post-colonial world affairs. However, thirty years later, in 1991, the very same Royal African Society acknowledged that "Africa is, indeed, a basket case".[19]

Africa has generated very little confidence, and despite talk of a groundswell of democratisation and talk of an African Renaissance, FDI continues to dwindle. The perception remains that Africa's problems are almost insolvable. As Dennis Venter writes, "... it would be foolishly naive to think that the problems of Africa will be swept away by the emergence of more responsive politically liberal and economically sound societies. The outside world is suffering from donor fatigue and what is known as Afro-Pessimism."[20]

An even greater problem, however, is that perceptions are contagious. Perceptions about a specific African country are quite often applied to a whole region or even the entire continent.[21]

Challenges

An important challenge is to identify the way in which prejudices are constructed. As far as Africa is concerned, there is a marked tendency to perceive associations between variables that do not actually exist, a tendency known as "illusory correlation".[22]

The choice of words used to describe Africa could influence a perceiver's attentional focus. Considerable research has shown that perceivers' impressions tend to seek confirmation. These encoded expected behaviours could be preferentially recalled and weighted in impressions.[23]

Such a phenomenon contributes to the formation of stereotypes. This kind of data presented over time serves only to perpetuate the process.[24]

This could set in motion a self-fulfilling prophecy. Such an occurrence is due to the fact that people tend to test their hypotheses in a biased manner – a manner more likely to confirm than not.[25]

Research has also revealed that externally imposed labels are internalised; and internalisation may occur from greater availability and weighting of information consistent with the label. While stereotypes begin at the level of a perceiver, it could well end up as a reality. Stereotyped expectations and associated behaviour may well elicit the expected response from the stereotyped. This behaviour may be internalised into the self-concept of the stereotyped group. Africa has suffered from unrest, drought, famine, bad administration and slow growth. This distinctive track record is likely to create a self-focused attention and Africans may make self-attributions for behaviour that may in fact have been situationally induced. They may then come to expect from themselves what others have expected from them.[26]

There is a further tendency to group all the countries of Africa into one homogeneous group in what is termed "illusion of outgroup homogeneity".[27]

The African continent comprises at least one-fourth the total land mass of the world and consists of 54 countries. In this regard we are reminded by Gupta that "... all this should warn us not to put Africa into a single basket or make hasty generalisations. We do not talk about South Asia without first bringing into focus various contrasts and similarities among nations which fall into the region".[28]

Dennis Venter conveys a similar message when he writes "... once Africa is viewed on a disaggregated basis, it can be seen for what it is – a rich mosaic of governments and peoples in transition."[29] Together illusory correlation, stereotyping and perception of outgroup homogeneity go a long way toward explaining the occurrence and the persistence of prejudice.[30] The challenge is clear. While economic fundamentals are a long-term goal, Africa will need to develop techniques designed to combat prejudice and reduce its negative impact by taking careful account of its cognitive and social foundations.

> *In an effort to understand the behaviour of TNCs from the viewpoint of business managers or public policy makers, there is a need for much more emphasis on longitudinal data covering individual firms. All firms, of course, operate under the heavy influence of their own histories, which affects their structure, their culture and their perceptions of opportunity and risk. But changes in their behaviour seem to me to be critical in understanding their strategies.*
>
> **Raymond Vernon**

Action areas

While there is limited research on the success of measures aimed at overcoming prejudice, there are some action areas.

Combating prejudice

Design campaigns to enhance the awareness of how prejudice is manufactured and discourage any action or publication that could nurture such prejudices.

Direct inter-group contacts

There should be a clear perception of who the target audience is as well as who the gatekeepers engineering the perceptions are. There should be systematic monitoring of the presentations made or influenced by such gatekeepers. This could be done on the level of exchanges and close interaction with these groups, e.g. government officials, universities and business.

Recategorisation

Hoping to stop people categorising Africa is probably an unrealistic aspiration since categorisations serve a function for the perceiver, namely facilitating social prediction. The challenge is to get people to recategorise on the basis of something other than their perceived "kernel of truth".[31] The appropriate goal is to foster more flexible categorisations rather than a particular one. While recategorisation involves, to some extent, a creation of a new stereotype, flexibility will reduce such effects.

The tendency to negatively categorise Africa on the basis of trouble-torn territories can be weakened if alternative diagnostic attributes of their similarities and differences is provided. This is possible if the variability of attributes or a wider diversity of attributes is exposed.

Another method, suggested by Tversky,[32] is to add and/or delete objects to the set of objects to be categorised. Clusters are typically selected so as to maximise the similarity of objects within a cluster and the dissimilarity of objects from different clusters. Hence, the addition and/or deletion of objects can alter the clustering of the remaining objects. This would mean forming new regional blocs based on fundamentals, rather than geography.

While a standard prescription for reducing stereotypes is to show people that the outgroup members are not really all the same, the present analysis suggests that reducing the similarity of the ingroup can also foster recategorisation e.g. focus peoples' attention on the different problems of the ingroup i.e. countries outside Africa. This could help as much, if not more, as focusing only on the variances in Africa.

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14 *Ibid.*
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AFRICA FOCUS

By Lester Venter

As the drug-driven hippy movement spread in the late 1960s and in the 1970s, Western pop culture dallied in a fascination with how internal and external stimuli changed the state of mind. Looking at Africa today, it is just as fascinating, and just as disturbing, to see how internal and external stimuli are changing the state of society.

Back then, an important little book, called *Inside the Black Room*, described what happened when the mind was deprived of normal sensory input. It began to act in chaotic and unpredictable ways. On the other end of the scale, the cult films *Altered States* and *2001: A Space Odyssey* depicted strange and frightening states experienced by minds straining under the pressures of sensory over-load.

In Africa today, a combination of the extremes of deprivation, on the one hand, and over-load of stress factors on the other hand, are causing entire societies ... to stick with the language of this metaphor ... to blow their minds, and to freak out.

It is perfectly possible – and, conceptually, very useful – to view the collective mind of society as a sum of the individual minds within it; and to see the behaviour of societies as an aggregation of the behaviour patterns of individuals within societies. This conceptual tool helps, particularly, to understand the otherwise depressingly inexplicable failure of so many African societies to embark on constructive development ... instead, persisting in chaotic and destructive behaviour patterns.

In short: in so many African countries today, one is observing societies cracking up under severe stress – just as an individual would. And just as it would be unreasonable to expect a chronically over-stressed individual to be constructive and productive, so it is with chronically over-stressed societies.

Furthermore, one need not look very far for the primary stress culprit in Africa. It is the well-recognised and disastrous partnership between high population growth and declining resources. Operating in tandem, these combined forces are the primary cause of poverty and conflict. The ever-intensifying competition for ever-dwindling resources is creating catastrophic rises of tension in many African societies – causing them to fracture and disintegrate.

Increasingly the relevant literature is reflecting this dynamic. It has even, most provocatively, found its way into the growing debate surrounding Africa's great scourge – AIDS. As incongruous as it might seem at first, many authorities in the AIDS field are beginning to question the fundamental assumption of the HIV-AIDS link ... and some of them are tentatively suggesting that immunodeficiency is more properly a symptom of high-stress societies.

Whichever way this sub-set of the overall poverty debate works out, the stress-overload model is a most useful template for understanding modern Africa. It fits uncannily well.

To begin with, Africa is at its most fractious, most unstable, and experiences its greatest agony where its populations are the most dense, and its resources in the most rapid decline – the continent's central regions. The focus of violence has been in recent years, and continues to be, the dark vortex sucking Rwanda, Burundi, and the Congo into madness and horror ... with Uganda and Tanzania on the event horizon. With central Africa as the hub, the continent's unstable societies roughly lie along radials of high population densities and resource-depletion that reach southwards to Angola, Zambia and Zimbabwe; northwards and westwards along the bulge to the edges of Arab Africa; and north-eastwards through Sudan, Ethiopia, Eritrea, and Somalia – where population densities are not high in absolute terms, but high relative to the capacity of the land's resources.

At the time of writing, the most concerted effort yet to negotiate peace in the **Democratic Republic of Congo** was under way in Lusaka. Taking place in June, it followed a fruitless accord brokered by Libya's Muammar Qaddafi in May ... signed by all except the rebel groups who began the current fighting.

The June round of bargaining in Lusaka included the rebel groups and kicked off with high expectations. Coming within days of the inauguration of President Mbeki in South Africa, the newest African statesman prepared to travel to Lusaka for the triumphant conclusion of the talks. President Mbeki is seeking a profile in pan-African affairs and the Congo resolution (he has had a long brokerage role in the imbroglio) was being cast at home as an early foreign policy victory.

But, as early hitches and difficulties suggested the talks might deliver defeat rather than victory, President Mbeki prudently stayed home.

In the course of the Congo conflict, three main political and economic dynamics driving it (themselves arising from the underlying too-many-people; too-few-resources dynamic) have made themselves apparent. These same dynamics detract from the prospects for resolution.

Firstly, the country is by now divided, effectively, into two regions – giving the government and the rebel groups fairly well-demarcated territories in which they are entrenched.

Secondly, the government and rebel groups, separately, are buttressed by neighbouring states, each with one or another secondary agenda. This deepens the roots of the conflict.

Thirdly, the rebellion has arisen essentially from chaotic social forces (the poverty stressors). As a result, the rebel groups themselves have fractured. Moreover, economic devastation and a torn social fabric mean demobilised rebels have no gainful lives to return to. Thus warfare has become a form of subsistence.

Fourthly and most importantly: the degree to which the conflict is more than a chaotic symptom of a society over-stressed by deprivation ... and actually has a real prize for the victor ... that prize is the diamond fields in the south of the country. It's a struggle for the last significant economic resource left in the country. And one way or another, the interlopers all have an interest in it.

Taken together, these factors mean that even if a settlement is reached, the DRC is likely to walk Angola's path – entrenched divisions, desperate competition for resources and neighbours with ancillary agendas will add up to repeating cycles of conflict.

In the DRC's northern neighbour, confusingly named the **Republic of the Congo**, an analogous set of circumstances is arising. Deep poverty blights the region, relieved by only one significant economic resource: the Cabina oil enclave that lies wholly within the Congo – but belongs to Angola. Amid sporadic violence in the after wash of civil war two years ago, a previously little-known separatist group has arisen in Cabinda. In June the group snatched a group of French and Portuguese oil workers as hostages to highlight their existence and cause. One should, as they say, watch this space.

On the periphery of the Conradian "Heart of Darkness" that is the two Congos, lie two of the regional dominoes that fell before, cascading chaos to their neighbours. They are **Rwanda and Burundi**. Both are struggling to deal with the aftermath of the ethnic blood baths in which upwards of 800 000 lives were given up. Their reinstated Tutsi governments are plagued by on-going Hutu rebellion. Sporadic attacks occur throughout the two countries. In the latest incident at the time of writing, Hutu rebels massacred 18 bus passengers on a road leading into the Burundi capital of Bujumbura.

(One of the reasons Rwanda supports the Congolese rebels is the cross-border freedom it gives Rwandan government forces to pursue Hutu rebels hiding in the forests of eastern DRC.)

Uganda makes an interesting case to watch if you're (even moderately) comfortable with the argument that poverty *equals* stress *equals* instability. Because Uganda has the potential of demonstrating the opposite pole of the argument: economic development *equals* relief and hope *equals* social stability.

Throughout this decade, Uganda has maintained a crisp pace of development, reaching – and, for periods, sustaining – GDP growth rates as high as 8%. Granted, Uganda began from so low a base that the country is only now attaining the levels of prosperity it enjoyed in 1979 when Idi Amin came to power. Wealth, however, is relative ... just like poverty. So, while there is meaningful growth there is visible hope; and while there is hope the national mind is focused on progress and improvement.

But that's just the theory. In reality, Uganda is two, parallel stories – one good, one bad. In tandem with the progress being made, there is instability and violence, particularly in the poor, rural regions of the north and north-west. Additionally, a spate of bombings in Kampala has cost scores of lives this year.

It's too soon to tell for sure, but there are tentative causes for hope that the good news story may beat the bad one. The bombings in Kampala are thought to be bids to take the rural tensions – emanating mainly from Muslim separatist groups – to the capital, a move that places them higher on the national agenda and higher on international news running orders. The most encouraging sign, however, came in June when the UN's World Food Programme announced it was taking advantage of a five-month lull of peace in the northern areas to begin a multi-million dollar agricultural production and marketing programme.

Still on the peripheries of the mid-continent vortex, **Tanzania** is becoming increasingly fractious. Earlier this year, foreign embassies complained formally to the government about security conditions in Dar es Salaam and the dangers their diplomats were exposed to. In March the World Food Programme warned that a million people faced starvation in Tanzania, and in June it sounded a further alert that refugees flooding into Tanzania from Congo were adding to already critically-burdened food resources.

From central Africa, a deprivation radial extends southward. **Angola** continues to sink into the mire of, now, a quarter of a century of war. The deeper and more pervasive the poverty of its people becomes, the more over-stressed and demoralised the society becomes ... and the more the prospects of lasting peace and development recede.

In May the World Bank suspended new loans to the Angolan government, citing rampant corruption, bad development policies, and a non-functioning economy except for the oil sector (see comments on Cabinda above). The Bank also said it was concerned at the growing gap between official and unofficial exchange rates of the Angolan currency.

Signs of some relief, however, arise in gathering international moves to isolate the rebel movement Unita and its leader Jonas Savimbi. Tougher sanctions were being planned at the time of writing. Additionally, the spotlight wielded by international pressure groups moves ever-closer to the role played by (mainly, but not only) the De Beers company in buying diamonds that originate in rebel-held regions of the country. Increasingly, De Beers is having to defend its commercial practices against accusations that it is helping to prolong the agony of Angola.

And, once again, residual resources are highlighted as engines of conflict in depleted economies – they become objects of a desperate struggle for oases of wealth within deserts of poverty.

Zambia is staggering under the debilitating burden of two of its biggest (northern) neighbours at war (Congo and Angola) while struggling with a decaying domestic economy. The conflicts at its borders have spilled into the country. Both Unita and the DRC government are supplied through Zambia. So, ineluctably, Zambia becomes entangled in regional disputes. In March, a series of bombs exploded in Lusaka and on the copper belt. Nevertheless, Zambia was able to host the June talks on the Congo resolution.

The Zambian lesson is that unstable neighbours are not good for any country. For this reason the accelerating fragility of **Zimbabwe** is a growing security headache for South Africa. A wave of strikes and other disturbances has swept through the private and civic sectors as the populace is buffeted by price hikes in basic commodities. Figures released in June show inflation has nearly doubled in a year – now standing at 53%. With popular discontent growing, and President Robert Mugabe becoming increasingly remote from public sentiment, Zimbabwe is facing its gravest crisis since independence 19 years ago.

North of the mid-continent conflict hub, running eastwards, lies a long-entrenched radial of economic deprivation and conflict. In the **Sudan**, the civil war is in its 16th year – and is exacerbated by tribal clashes, such as those earlier this year, over grazing lands. Large population shifts result from the fighting. The war between **Ethiopia** and the state it spawned, **Eritrea**, continues unabated with high casualties reported. **Somalia** limps along as a land rather than a state – it has no national government, nor any city administration in its capital, Mogadishu.

Along the north-western radial lie the persistent African headaches of **Liberia**, **Sierra Leone** and **Guinea-Bissau**. Of the three, the greatest hope for a lasting return to peace lies in Liberia, where the Nigerian-led Ecomog West African peace-keeping force was due to withdraw in late July – creating cautious expectations that some form of stability might endure in the blighted country that has spent the whole of this decade in civil war.

In Guinea-Bissau a cease-fire that was signed in the Nigerian capital, Abuja, in November last year collapsed early this year. The fighting became so intense that the World Food Programme withdrew its staff and France refused to land peace-keeping troops.

In Sierra Leone a number of cease-fire agreements – one brokered by American civil-rights politician Jesse Jackson in May – have failed to hold. Many services, including policing, in the capital, Freetown, have broken down or are severely curtailed. The tide seemed to be turning at mid-year: with the help of Ecomog, government troops recaptured important diamond mining areas which underpin the country's main revenue-earning capacity.

By far the most important country in North-western Africa, however, is Nigeria. Indeed a north-south axis between Nigeria and South Africa is emerging. Increasingly, the world at large and the continent itself are looking to South Africa and Nigeria to provide the lead in an African renaissance ... or, at least, to be first stations in peace-keeping and economic development.

In the same month, June, both countries acquired new leaders with similar agendas. Gen Olusegun Obasanjo, who first became familiar to South Africans as a member of the Commonwealth's Eminent Persons' Group that tried to intercede with the apartheid government in 1986, and President Mbeki both took office with stated intentions to get the wheels of progress turning, to improve their countries' images, and to tackle dishonesty and corruption.

Gen Obasanjo got off to a good start with the firing of 99 corrupt customs officers – often visitors' first encounter with what is regarded among the most corrupt nations of the world. His government got off to a less-promising start with a free-for-all fist fight at its first sitting.

Vigilante groups have arisen in crime-ridden Lagos. One report said they beat and burned to death 40 criminals in the city's suburbs in June alone.

However, the Nigerian population is at its most restive in the impoverished delta region, where oil resources account for 90% of the state's foreign revenue. Ethnic groups clash repeatedly over dwindling grazing and other natural resources. Many deaths are reported, and shortly before going to press, two non-African employees of an oil company sub-contractor were taken hostage by a group that did not immediately make its identity and motives known.

In Nigeria, as in South Africa, the race is on between well-intentioned, democratic government and the forces of poverty and growing social stress.

Lester Venter is a writer and broadcaster on political and economic topics and author of a recent best-seller on future issues, *When Mandela Goes.*

africa

Bookshelf

Compiled by Peta Aston-Prior

Globalisation, human security and the African experience, edited by Caroline Thomas and Peter Wilkin. London: Lynne Rienner Publishers Inc, 1999, ISBN 1 55587 699 4.

This volume has two aims: to explore security from a human perspective and to illustrate this by drawing on case material from sub-Saharan Africa. The underlying objective is to help generate an alternative debate and understanding of security in a global economy. The human security approach is a departure from an orthodox security analysis in which the state is the primary referent object. Instead, human beings and their complex social and economic relations are given primacy. Thus the main focus is understanding security in terms of the everyday experience of humanity embedded within global social and economic structures, rather than the experiences of territorially discrete sovereign states operating in an international system composed of similar units.

The book is arranged in three parts. The first explores the relationship between the processes of globalisation and the experience of human security. The authors consider the effects of globalisation on various social groups, addressing class, gender and community. In the second part, the authors provide case studies to better understand the challenges to human security in Africa. The concluding section signposts the way to furthering the debate and offers an alternative research agenda aimed at promoting a deeper understanding of the impact of the global economy on human security.

Africa in chaos,
by George BN Ayittey. Hampshire and London: Macmillan Press Ltd, 1999,
ISBN 0 333 77234 2.

Why Africa has been imploding and remains intractably mired in poverty is the central issue of this book. The author proposes that the key to Africa's long-term economic survival and prosperity lies in investment, both foreign and domestic. Investment, says Ayittey, does not take place in a vacuum but in an "environment" – and much of Africa's business climate, he states, is inimical to investment and development.

The author points to weak currencies, inflation, myriads of state controls, political instability, corruption, civil wars, capital flight, absence of law and order, accountability and good governance as some of what he calls "environmental defects". Environmental defects, he suggests, are man-made and can be remedied through legislative and political action. It is believed that until they are, real development cannot occur.

Chapter 2 sees a crucial distinction: while environmental defects create crises, structural obstacles such as low savings, low rates of literacy, lack of capital, and inadequate health care, retard economic development. The author holds that African policy makers and western donor agencies need to understand this if effective remedies are to be crafted. Further, it is argued that since the causes are primarily internal, the solutions lie within Africa itself, in its own indigenous systems.

Hence chapter 3 discusses Africa's indigenous political and economic systems, and the inclination of modern Africa's leaders and elites to spurn these in preference for borrowed systems from abroad. Chapter 4 examines why they have done so, the motivations, beliefs and lifestyles that "facilitated the ruination of Africa."

The resulting "predatory" or "Mafia" state, its modus operandi and tactics of survival is the subject of chapter 5. Its activities are blamed for the enormous problems of corruption, embezzlement, capital flight, repression, and others. These problems, as chapter 6 argues, feed on one another and eventually suck the country into a vortex of violence and implosion. Thus, it concludes, Africa has no choice but to reform its political and economic systems.

The acrobatics required to do so come under discussion in chapter 7. Western governments and organisations do not escape the author's censure. He suggests they have often, out of ignorance or default, compounded Africa's crises and in chapter 8 looks at their culpability in this regard.

The book offers alternative, sometimes radical, solutions in the ninth chapter and finally looks ahead, placing the responsibility for saving Africa squarely on the shoulders of Africa's intellectuals.

Security and the state in Southern Africa,
by Agostinho Zacarias. London: Tauris Academic Studies, 1999,
ISBN 1 86064 328 0.

The aim of this book is to re-examine the concept of security in Southern Africa, a region where the traditional concept has led to decades of violent confrontation. It addresses two key questions. Firstly, under present conditions, can the traditional concept work in Southern Africa? Secondly, if not, is there an alternative which may lead to stability and prosperity?

It suggests that the traditional concept requires broadening. Rather than dealing with threat, the approach should be to seek a better condition and environment for security. The book further argues for a regional approach in which a "security community", as envisaged in the SADC treaty, is established. The first stage towards this is the establishment of a "security society". This would ensure that common principles, values and interests were shared by states and most people in the region before an integrated community was aimed for. The idea of a "security society" also implies good management of the transitional stage in order to avoid new intra- or inter-state conflicts.

The argument is structured in three parts. Part I deals with the history of the idea of security and its impact on Southern Africa. Part II discusses the legacies of the system, and part III is devoted to the development of the new concept.

Famine in Sudan, 1998, the human rights causes.
New York: Human Rights Watch, 1999,
ISBN 1 56432 193 2.

This report was researched and written by Human Rights Watch counsel and Sudan researcher Jemera Rone. It documents the human rights abuses that were the direct cause of the famine in Bahr El Ghazal. The famine agents, it argues, are the government of Sudan, including the *muraheleen* or militia of the Baggara (Arab cattle nomads), and the rebel Sudan People's Liberation Army (SPLA). The Dinka warlord Kerubino Kuanyin Bol, who has changed sides twice in one year, provoked the famine mostly as the leader of a government militia. The Bahr El Ghazal famine affected – and continues to assail – approximately one million people, a majority of them Dinka, the largest ethnic group in Sudan.

The authors propose that the famine was not caused by incomprehensible forces. They detail a straightforward story line, describing the integral role of war-related human rights abuses in causing this famine, and conclude that, but for these abuses, there would have been no famine in Sudan in 1998.

The account explains how the civil war is waged by means that expressly violate human rights and humanitarian law – the laws of war. The government's counterinsurgency plan in Bahr El Ghazal, the central Nuba mountains, and elsewhere is to attack civilians as a means of destroying the rebels' social base, displacing, killing, or capturing civilians and stripping them of the meagre assets that provide their means of survival. An important instrument of this divide and conquer militia strategy is ethnic militias armed by the government to turn southerners against each other and to enable non-southerners to attack southern civilians perceived to support rebel groups.

Similarly, the report condemns the SPLA's strategy and tactics – its sieges to force the surrender of government garrison towns and the "taxation" of or diversion of relief food from the starving population – as abusive of civilians on both sides of the elusive front line.

Beyond documenting the catastrophe, in which an estimated 2,6 million people are at risk of starvation, the report makes comprehensive recommendations for its resolution.

Southern Africa: A global vision
A video presented by Johan Hough and Brian Naiker.
Pretoria: Unisa Press, 1999.

This new video is designed primarily for business and political leaders who have an interest in the positive developments of Southern Africa and it aims to challenge mental maps of Southern Africa as an investment destination.

For further information phone Mrs Fraser at Unisa Press in Pretoria (012) 4293368. The video costs R200, including VAT and postage within South Africa. It is $50 for orders from other countries.

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