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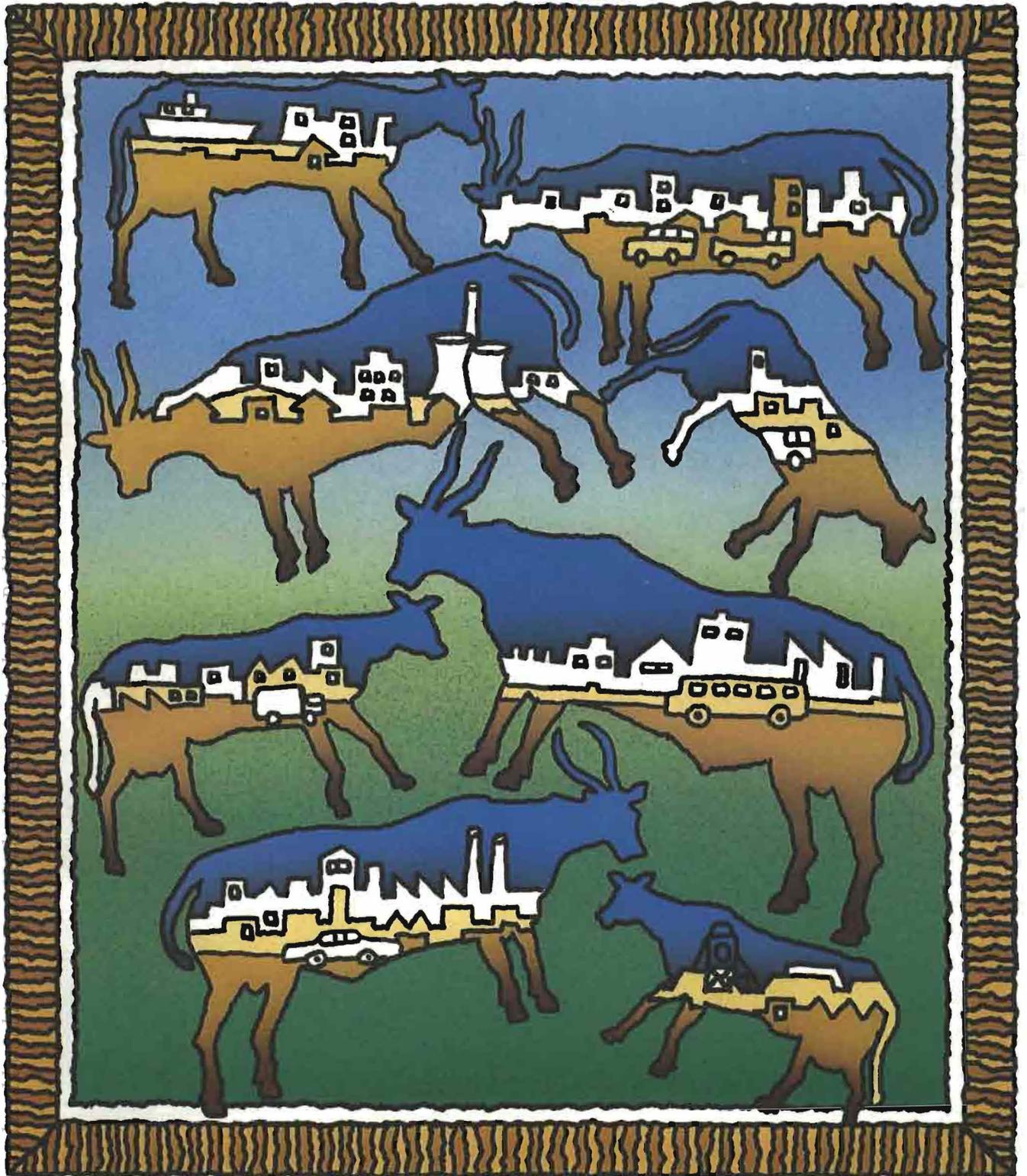
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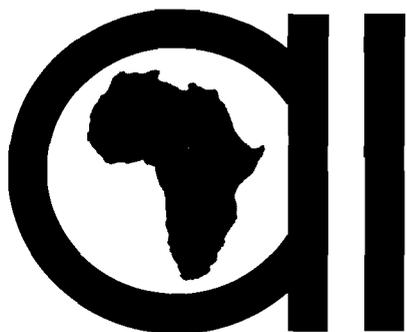
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The role of foreign aid in Africa

Dr Erich Leistner, Director of the Africa Institute, discusses the contentious issue of foreign aid to Africa in this paper presented at a South African Foreign Trade Organization (Safto) seminar on international aid programmes, held at Midrand on 29 January 1991.

Introduction

South Africa's improving international standing is creating ever more opportunities for its businessmen to tap into the billions of dollars in aid funds pouring into Africa every year. Those who want to utilize these opportunities should be aware of the many problems surrounding the provision and use of external aid to Africa.

The following will provide an idea of the situation with regard to Western aid in sub-Saharan Africa in general. In practice, however, it will be important to give close attention to the significant differences between individual African countries and to the usages of the various donor nations and institutions.

Foreign aid is itself a contentious issue, and black Africa presents even greater problems than other less-developed regions — problems that have resulted in most of sub-Saharan Africa having "broken ranks from the Third World's broad march of economic growth".¹

A few statistics help to explain why Afro-pessimism is growing apace.

Aid statistics

In 1960/61, sub-Saharan Africa received 9 per cent of all development aid worldwide. Ten years later, in 1970/71, that share had more than doubled, to 18,7 per cent. In 1988/89, it had almost doubled again, to 35,9 per cent. The aid reliance of sub-Saharan Africa has increased more than four-fold since independence, from 1,9 per cent of its combined GNP in the early

1960s to 8,8 per cent in 1988. In the case of Mozambique, aid accounted for 70,6 per cent of GNP in 1988. Corresponding figures for Malawi and Lesotho were 30,6 and 26,3 per cent respectively.

Expressed per head of population, aid to sub-Saharan Africa is much greater than that to other less-developed regions. In 1988, it received US\$28,9 per capita, compared with only \$6,0 for South Asia. Expressed in constant 1988 prices, total external aid to sub-Saharan Africa has oscillated around \$15 billion annually in recent years.

During the 1980s, sub-Saharan Africa received nearly \$100 billion in official development assistance. During that time income per head fell by more than 1 per cent a year — from \$854 to \$565.² Tanzania received \$8,6 billion between 1970 and 1988, yet the growth rate of GDP fell from 6 per cent a year during 1960-67 to 1,4 per cent a year during 1979-85, while per capita real private consumption fell by 43 per cent between 1973 and 1988. Similar dismal figures could be quoted for Sudan and Zaire, which between 1970 and 1988 received \$9,6 billion and \$5,8 billion respectively, and for quite a few other countries.³

While the World Bank, in the face of these figures, discreetly states that, "...donors and recipients are clearly not getting value for their money",⁴ the executive vice-president of the International Finance Corporation, Sir William Ryrie, calls it a "gigantic misuse of funds" that might have

something to do with the fact that almost all of them were transferred by methods avoiding the discipline of the market.⁵

Aid fatigue

A growing aid fatigue has been created by the realization that funds generally play at best a supportive role, and that they may actually have contributed to sub-Saharan Africa's appalling development performance. Other significant factors strengthen this trend, which worries African leaders, and which clearly contributes to the growing rapprochement between African countries and South Africa.

These other factors are the growing co-operation between the United States and the Soviet Union in Africa, the economic needs and opportunities created by the crises in Eastern and Central Europe, the movement towards closer economic union in the European Community, increasing problems in the world economy and, more recently, the war in the Persian Gulf.

None of these require elaboration here, with the exception of the new East-West relationship in Africa. Until the crisis in the USSR, much of the so-called development assistance in Africa (and elsewhere) was motivated by the desire of the two superpowers to draw Third World countries firmly into their respective spheres of influence. With this competitive element gone, at least for the foreseeable future, American interest in Africa has shrunk considerably.

Other factors naturally help to keep Western interest in Africa alive, even if at a much lower level than at the time of African independence. The donors' pursuit of their own interests is increasingly acknowledged as a major factor explaining the failure of the aid effort in Africa. Next to the donor factor, one can distinguish two others that may account for failure: weaknesses on the receiving side and *force majeure* such as drought, oil price shocks, falling commodity prices on world markets, wars and *coups d'état*.

Why aid fails — the donor side

Self-interest is clearly the principal reason why states give public funds to other states free or on concessionary terms. This self-interest may be commercial, political or strategic. It may, for example, seek to promote the donor's domestic exports; to secure bases or important raw materials; to gain support in international forums; or to attract votes for the donor country's ruling party. Food aid may be more effective in reducing the donors' surplus stocks than in saving the starving. Even humanitarian aid may be largely aimed at keeping hungry and destitute refugees away from one's own territory.

The following serve to show how the pre-eminence of donor interests can weaken rather than promote a receiving country's development potential.

- Development assistance is to a significant extent a form of export promotion. Approximately two-thirds of capital aid and an even higher percentage of technical assistance are tied: the goods and services have to be obtained from the donor country. This prevents an optimal choice for the recipient and tends to distort the direction of the development effort.
- The machinery, equipment, materials or services obtained through aid are often such as to keep the receiving country dependent on repeat orders and services, regardless of how well these were suited to local conditions in the first instance.
- Donors prefer to finance physical capital projects rather than the recurrent costs of aid schemes. This is understandable because they cannot reasonably be expected to bear operational costs in another country

Table 1: SUB-SAHARAN AFRICA: NET DISBURSEMENTS OF OVERSEAS DEVELOPMENT ASSISTANCE FROM ALL SOURCES, 1980, 1985-1989 (\$ million at 1988 prices and exchange rates)

Country	1980	1985	1986	1987	1988	1989
Namibia	0	9	19	18	23	45
Botswana	150	151	128	167	151	164
Lesotho	134	144	109	117	108	119
Swaziland	71	39	43	49	38	29
Zimbabwe	233	376	291	321	279	269
Zambia	451	507	574	461	492	391
Malawi	203	172	245	301	366	398
Angola	77	148	178	167	168	141
Mozambique	248	563	706	808	972	766
Zaire	607	491	560	674	576	643
Madagascar	370	300	404	367	324	323
Mauritius	47	49	79	74	60	58
Seychelles	31	36	41	29	23	20
Comoros	61	73	57	58	53	44
Mayotte	32	32	35	42	43	44
Total sub-Saharan Africa	11 771	15 007	14 811	14 416	15 035	15 325

Source: OECD, *Development co-operation, 1990 Report*, p 230.

indefinitely. On the other hand, however, very many projects fail once responsibility for their functioning is transferred to the recipient country — largely because of a lack of funds, though the absence of skilled operators may also have a major effect.

- To safeguard the continued functioning and viability of their aid projects, donors tend to set standards that hopelessly overtax the recipient's technical, fiscal and administrative capabilities. For similar reasons, the urge of African leaders to enhance their prestige by installing the latest in modern technology often preordains a project's failure.
- Many inherently uneconomic projects are undertaken to please influential persons or groups. Such projects may become a continual drain on the recipient country's resources, and at best do nothing to alleviate poverty or increase national income.
- An important reason for failure has already been mentioned: that most aid funding is not subject to the discipline of the market. In the 1950s and 1960s the arguments for foreign aid were commonly based on the assumption that the less-developed countries were structurally incapable

of paying market rates for the capital and skills needed to initiate and accelerate development.

- Experience in Africa in particular has in the meantime convinced many economists that funds obtained free or on easy terms promote indiscipline, corruption and general misallocation, and therefore are counter-productive. They reject the argument that more aid on concessionary terms should be given to African countries. Furthermore, they point out that Africa's poor performance is essentially a crisis of productivity — not of lack of capital — and that it will only be overcome once good government and sound economic policies prevail. As Professor Tony Hawkins of the University of Zimbabwe writes:

The suggestion that donors, with a disastrous decade of failure behind them, should do more in the 1990s does not stand up. If it is right to privatize, to roll back the frontiers of the state in Europe and North America, then surely it is also right to roll back the activities of the official donors.⁶

- The aid donors' reluctance, at least until recently, to try to influence African governments' decisions concerning the use of aid, is — or was — another factor contributing to

Table 2: SUB-SAHARAN AFRICA: DEVELOPMENT ASSISTANCE FROM ALL SOURCES TO SELECT COUNTRIES, 1988

Country	Aid per capita \$	Aid as % of GNP %
Botswana	127,7	7,8
Lesotho	64,4	26,3
Zimbabwe	29,3	4,3
Zambia	63,3	12,0
Malawi	46,0	30,6
Angola	16,8	-
Mozambique	59,3	70,6
Zaire	17,4	9,0
Madagascar	28,0	16,2
Mauritius	56,4	3,0
Kenya	36,0	9,4
Côte d'Ivoire	39,1	4,5
Total sub-Saharan Africa	28,9	8,8
South Asia	6,0	1,9

Source: World Bank, *World development report 1990*, p 216.

the failure of aid. For fear of being accused of neo-colonialism, Western countries watched in silence as the projects funded by them decayed or collapsed because of official neglect.

Why aid fails — the recipient side

An important reason for the failure of aid to stem — let alone reverse — sub-Saharan Africa's economic decline must be sought in the absence of what has been called an industrial mentality. The mentality that still predominates may have suited a tribal society producing just enough for family needs. It is, however, not conducive to a thriving industrial economy. In considering a few aspects through which the prevailing mind-set manifests itself, one must remember that these factors interact with failings on the part of donors as well as with factors beyond the control of Africans, among them their unpreparedness when they were released into independence.

- Sub-Saharan Africa is poorly served by its ruling élites. Being mostly insecure in their hold on power, the leaders try to extend their control over all facets of their societies, including economic life. The resultant politicization of the economy

promotes all-pervasive corruption and inefficiency, which stifle productive endeavour, discourage private investment and entail a serious waste of scarce resources. The élites transfer huge amounts to foreign bank accounts — in the case of Nigeria and Zaire, these funds are estimated to be roughly equal to their national foreign debts.

- Most sub-Saharan Africa states are collections of tribes rather than true nation-states. Their lack of legitimacy and their estrangement from the mass of the people were highlighted by the riots and demonstrations in favour of multiparty government in numerous countries during 1990. In the words of an African scholar, "For most Africans their only link with the state is the bribe they are forced to pay to a corrupt official. Popular hatred for the state is widespread as millions of Africans yearn to rid themselves of the yoke of officialdom."⁷ Apart from their fragile structures, the shrinking competence, credibility and probity of these states also reflect their shallow roots.
- African states generally lack one of the basic prerequisites of a modern state — a functioning bureaucracy. The public service has been aptly described as the "essence of the

modern state... as developed in Europe (and China)...".⁸ No significant progress is possible unless the state is administered with a fair degree of competence, pervasiveness and integrity.⁹

The weak administrative structures necessarily result in much duplication and wastage in the utilization of aid. This is aggravated by the multiplicity of donors and projects. In Lesotho, for example, no less than 321 aid projects were counted in 1981. Zambia had to deal with 69 different donors and 614 projects in 1980, Malawi with 50 donors and 188 projects in 1981.¹⁰

- Africa's development efforts got off to a false start after independence in that most of the fledgling states attempted to achieve a high degree of self-sufficiency through industrialization while at the same time seriously neglecting agriculture and more particularly peasant agriculture on which about four-fifths of most countries' populations depend for a living. Industrialization is still commonly equated with progress and modernity whereas agriculture is associated with backwardness and primitiveness. Immense resources have been wasted on futile efforts to set up import-substituting factories although the neglect of agriculture has led to mounting imports of food from overseas and a serious weakening of the export base.

- Lastly, and more generally, the ready availability of external aid has spared sub-Saharan Africa governments the necessity of husbanding resources and ordering their spending priorities with the care they require. Aid funds, on the contrary, have buttressed reckless spending on prestige and politically-motivated schemes while efforts to strengthen the revenue-producing basis were neglected. Expressed per head of population, sub-Saharan Africa is more heavily indebted than any other less-developed region in the world.

All of this indicates, first, that economic development, and hence the optimal utilization of foreign aid, is — generally speaking — not a foremost priority for sub-Saharan Africa governments, and, second, that it will be difficult to create conditions more propitious for the productive utilization of aid.

Can aid to sub-Saharan Africa be made more effective?

The problems of aid utilization are particularly acute in sub-Saharan Africa but are well known in other parts of the world too. Serious liberal as well as conservative scholars query the very principle of aid-giving, mainly because it tends to encourage wasteful policies, to weaken the recipients' self-reliance, and to perpetuate their dependence on donors. Humanitarian help to alleviate the consequences of droughts, floods, earthquakes, and so on, however, is universally endorsed.

Against this it is pointed out that massive doses of American aid enabled the Republic of China (Taiwan) and South Korea to lay the foundations for their subsequent phenomenal economic upsurges. Similarly there is no doubt that the reconstruction of Germany and Japan after World War II would have taken longer without the liberal injections of capital aid they received.

These examples support the viewpoint that aid-giving is justified and helpful if the recipient country has the capacity and the will to apply the aid towards increasing the productivity of its economy. Where that capacity and will are absent, the aid may serve the donor's commercial, strategic or other interests but it will not benefit the mass of the people in the recipient country — it may, in fact, worsen their lot by sustaining a corrupt and inefficient regime.

Despite many misgivings, external aid to Africa is certain to continue, though possibly in smaller volume, more selectively and subject to more stringent

conditions and controls. The World Bank as well as the OECD member states increasingly stress the need for better governance as well as greater responsiveness to popular wishes and requirements on the part of African governments.¹¹ The Bank proposes a strategy that "calls for increased assistance to social and physical infrastructure and reduced direct public assistance (in relative terms) to agriculture, industry, technical assistance, and program assistance".¹²

World Bank and OECD countries place strong emphasis on the position of African peasant farmers. The OECD viewpoint deserves to be quoted.

The most plentiful and most abused resource for agricultural development, the best hope for energising an effective campaign against poverty, is the small farmer. We have ...learned, however, that strategies centred on small-holder agriculture demand much more coherent policies and more intensive administrative support than usually provided.¹³

The general absence of efficient and responsible governments accounts to a significant extent for sub-Saharan Africa's decline. Although, as stated above, poor government is not the most central problem, material progress is inconceivable until sub-Saharan Africa is better ruled and administered.

Conclusion

If South African businesses are to gain by tapping into the foreign aid being distributed in Africa, they should take note of the experience of Western private enterprise in the continent and

of the problems outlined here. With a view to a relationship that is profitable and satisfactory over the long term, they should also do whatever they can to raise the productivity of the people and countries they are dealing with.

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On 29 and 30 October 1990 the Africa Institute held a major conference at the University of Pretoria on the theme "Southern Africa towards the year 2000". In this and the following issue of Africa Insight a number of the papers delivered are reproduced.

South Africa and Africa

The Hon Mr R F (Pik) Botha, South African Minister of Foreign Affairs.

I was asked to make a few remarks on Southern Africa towards the year 2000. The year 2000 seems far away, but in effect it is only nine years distant; and 1980 was just the other day. The year 2000 knocks on the door for Africa and Southern Africa. What reception will there be for the turn of this century?

In the last century, and for the greater part of this century, Africa experienced turmoil, turbulence and fragmentation — colonialism; the Berlin Conference of 1895; the exploitation of its resources for the benefit of the colonial powers. This was followed by the decolonization process, coupled with superpower competition, with conflicting ideologies and global objectives. South Africa became isolated from the rest of the continent because of apartheid.

Where are we now and what is the road ahead? Until recently South Africa was perceived to be the problem of Africa. We are now breaking out of our incarceration. Doors are opening throughout the world as apartheid is being dismantled. Bridges are being built, direct air links exist already with Lesotho, Swaziland, Botswana, Mozambique, Namibia, Zimbabwe, Madagascar, Zambia, Zaire, Malawi, Mauritius, Côte d'Ivoire and, it is hoped, soon with Kenya. We look forward to having links soon with Morocco and Rwanda. We are opening trade with virtually all the countries in Africa.

South Africa already has representatives of one type or another in Lesotho, Swaziland, Mozambique, Namibia, Zimbabwe, Zaire, Malawi, Comoros and Côte d'Ivoire and will soon establish offices in Madagascar, Mauritius and Morocco. Two-way trade with Africa has shown rapid growth and at the end of 1989 stood at R4 billion. It is

estimated that Africa accounts for more than 10 per cent of South Africa's manufactured exports. Recent shifts in international politics and in political developments in South Africa and the majority of other African states have also contributed to creating a climate for closer co-operation. May I mention some of these factors.

The momentous and dramatic changes in the USSR, in Central and Eastern Europe have ended superpower rivalry in Africa. The withdrawal of the Soviet Union from the regional conflict in Southern Africa has had a tremendous effect on this region and on South Africa's ability to introduce new policies, to release Mr Mandela, unban certain organizations and play a vital role in the process leading to the independence of Namibia. For the first time Africa can breathe more freely and determine its economic, social and political policies without having to look over its shoulder either at the United States or the Soviet Union for approval of whatever is planned. By the same token the superpowers cannot be pressurized any longer into supporting the political objectives of groups of states. The thaw in the Cold War and the dismantling of apartheid spell the end of the blackmail strategy employed against South Africa for decades.

South Africa is enjoying growing credibility in Africa thanks to President de Klerk's internal initiatives, its positive role in the Namibian independence process, as I said, and its efforts to assist in the search for peaceful solutions to the conflicts still raging in Angola and Mozambique.

The dynamics of change, not only in South Africa but also in other countries in this region and in the rest of Africa,

are leading towards the harmonization of political and economic systems, which is favourable for closer co-operation.

But in the economic sphere, Africa faces threats and challenges. It is a fact that the envisaged closer economic and financial union in Western Europe after 1992 has caused anxiety, concern and doubt in the minds of many African leaders. One president, an African president, in a discussion of the events in Europe and Central and Eastern Europe, remarked to me recently: "Now we will not even get the crumbs from their tables."

I do not believe that the picture is necessarily that bleak or dark but it indicates the concern of Africa following the events in Europe. Africa is concerned because the opening of markets in the USSR and Central and Eastern Europe might draw away investors and reduce interest in the economic development of this continent. The danger is growing that Africa will become marginalized. I know and I realize that European governments and the European Commission would disagree. Substantial allocations would still be made for development projects in Africa; but I expect that the transfer of public funds would be reduced and that Africa would to a greater extent have to rely on the transfer of private sector funds. And the private sector simply does not invest in regions and areas where there is unrest, instability or a political or economic system that is not in line with the requirements and expectations of the private sector in Europe. As one businessman put it to me recently in Europe: "Mr Botha, it is very simple, if we have a choice of investing in Addis Ababa at the risk of making no profit, and investing in

Budapest with the hope of realizing 1 per cent profit, we go to Budapest." It is that simple.

Against this background, closer co-operation in Africa has become absolutely essential. The World Bank report published in November 1989, concludes: "The economic outlook for Africa is potentially devastating." However, the report also states that "it is reasonable to assume that solutions will be found to the problems that have divided people of the region [that is referring now to us] and that South African economic co-operation will eventually transform the prospects of the whole of Southern Africa".

I do not want to dwell too long on what I consider to be the gloomy outlook. From a socio-economic point of view you are all aware, including my African friends, that the experts are torn between despair and hope for the African continent and its almost 600 million people. The United Nations Development Programme has recently reported that of all the developing regions, Africa has the lowest life-expectancy figures, the highest infant mortality rates and the lowest literacy rate. Again to put it in more practical terms, in Africa south of the Sahara 450 million people produce a GDP worth \$135 billion dollars, which is the same size of the GDP produced by Belgium's 10 million people.

What makes this picture worse is that this figure also represents the external debt of the sub-Saharan African countries: \$135 billion. Their GDP equals their debt. Experts predict a bleak outlook for our continent in the 1990s, the last decade of this century. They say that Africa is being marginalized — a new word for an old fear — "marginalized" and then oblivion. And they say that Africa has been left behind by the world. Why?

It cannot compete on the economic front with the developed world because of its low technological expertise and inadequate administrative capacity.

It has incurred a debilitating external debt, which it cannot even begin to service. The external debt of Africa represents 80 per cent of the gross national product of the continent.

Africa is increasingly dependent on foreign aid. In 1990 aid is estimated to have reached US\$15 billion.

• Africa is unable to benefit its primary products, which are exploited by the developed world.

I have much sympathy with Africa, because we in South Africa believe that Africa was never really given a chance. I have never believed in the superiority of whites or inferiority of blacks. If the human infrastructure in Africa could have been better developed at the time of the independence of African states, Africa would not have been in the dire situation she finds herself in today.

And yet, as one of our experts, Dr Breytenbach, has highlighted, our continent is endowed with great potential riches, it has abundant and complementary natural resources. Southern Africa in particular, has the potential to become a prosperous region. What is needed is that the nations of Southern Africa join hands and work together. It is time to put behind us all that has divided us in the past. There is a changing mood in our region. There is a growing realization that true independence and a national identity can only be accomplished once economic progress has been achieved. South Africa's trade with Africa is growing in leaps and bounds, as I indicated. South Africa's non-banked investments in Africa are approximately R4 billion. Experts on Africa's future are torn between despair and hope. I believe in Southern Africa, and I see a hopeful future for Southern Africa. But then we will have to save ourselves. We will have to set aside our differences. Economic co-operation and joint action are essential.

Clearly, South Africa, as a regional power, has a vital interest in assisting its neighbours to attain prosperity and political stability. South Africa can render assistance as a result of its own developmental experience. Of course we are still evolving from a country whose economy was traditionally based on agriculture and mining to a country with a manufacturing economy. In these two sectors we have developed skills and know-how adapted to African conditions. These two sectors are also essential building-blocks for our neighbours. South African assistance in these two fields could help them tremendously.

And may I, in saying that we are still evolving from an agricultural and mining economy to a manufacturing economy, also say that South Africa

ought to be classified as a developing country and not a developed country.

We are in fact not a developed country — if you look at the geographic region of South Africa as a whole — and we ought to qualify for international advantages granted to developing countries. The vast majority of our people suffer from backlogs in many fields. The government has recognized that we ought to reduce these backlogs and I feel that we should be entitled, particularly our black compatriots, to the advantages of international arrangements applicable to developing countries.

There is also a growing willingness among countries in the region to enter into direct discussions with South Africa about economic development. A conference of the World Economic Forum in Geneva held on 1 and 2 October this year, saw ministers and senior officials from Mozambique, Angola, Botswana, Zambia, Namibia, Zimbabwe and South Africa together with representatives from the World Bank, African Development Bank, the European Commission and South African political parties — ranging from the ANC, PAC, Inkatha to the Conservative Party — all debating the prospects for growth in Southern Africa. An analysis of the problems confronting us shows that Africa indeed has assets:

- Great human potential, which needs education and training.
- Enormous resources both mineral and agricultural.

Realization of this potential can only come about if the following needs are met:

- capital investment;
- technology transfers;
- training, and I can almost say training, training, training, training;
- management;
- infrastructure, particularly transport;
- power-generation;
- communications.

Because South Africa is part of Africa and must survive or die in Africa, it has a calling to assist in the development of, first, our region and, second, the continent as a whole. What is now needed is a concerted effort to initiate, co-ordinate and implement a Southern African development programme.

What contribution can the European Community make to such a programme?

— Acknowledge that South Africa has an essential contribution to make if Western efforts to uplift countries in the region economically are to have a chance of success. Fortunately this is now being realized. In the Dublin Declaration of the European Council of 26 June this year, the twelve European heads of government agreed that South Africa will be the stimulus, will be the basic factor that can stimulate growth in the whole of Southern Africa.

— Pursue policies supportive of South African efforts to evolve a domestic, social and political order acceptable to the majority of South Africans. This is also beginning to materialize. President de Klerk's sincerity and integrity, his commitment to negotiate a new constitution for South Africa devoid of any racism, the irreversibility of this commitment, is now accepted by more and more governments in the world. President Bush stated in so many words that he accepted the irreversibility of change in South Africa. In our discussions with several European leaders in May this year, the response was the same, and a growing number of African heads of state also accept the irreversibility of President de Klerk's commitment to remove apartheid.

Grant and/or mobilize funds and expertise for extending and modernizing the physical infrastructures of the region.

Provide assistance for measures aimed at raising human productivity through education and training as well as public health and family planning programmes and housing.

Urge and assist Southern African governments to create economic and legal conditions conducive to attracting local and foreign private investments in processing, manufacturing and other productive ventures.

Consider other appropriate measures to promote the development of the region, for example, steps to facilitate the importation of Southern African products into the European Community.

What can South Africa contribute? It should be understood that South Africa's ability to contribute is subject

to important restrictions. A large percentage of our population suffers the consequences of unemployment, inadequate housing, education, training and health care. In South Africa there are inadequate financial resources to ensure job creation to match the annual increase in job seekers. We must create 350 000 new jobs per annum. The experts say we need at least an annual growth rate in real terms of 5 per cent to create these jobs. We must build a school for our black schoolchildren every day to keep up with the demand. Every day that Europe and the industrialized world delay the lifting of sanctions, every day, hundreds and thousands of black South Africans will pay the price in terms of inadequate education, health care and jobs. I want to say here today to my friends in the ANC — no one really agrees with your stance on sanctions any more. It is inevitable that sanctions will crumble. You may delay the process but you cannot stop it. I appeal to black South Africans to wake up. It is time that my black friends in this country acknowledge that black interests are being harmed; our neighbouring states are being harmed. What has one of our neighbouring states said to me? "We thought we should support sanctions in order to exact money from the West for the possible loss of income which would result from sanctions. But they refused and now we pay the price." We must stop the deceit and the bluff. All leaders, including the leaders of the ANC, must come together and give attention to the critical need for economic growth in South and Southern Africa. Without that, I said to Mr Mandela myself, even if sanctions are lifted tomorrow no one would invest in South or Southern Africa because there is too much violence frightening away investments and impeding economic growth.

The time for sanctions has gone. It cannot be expected of South Africa to upgrade the port facilities in Maputo, to assist Maputo with other development projects and at the same time cripple our capacity to generate the development funds needed.

A second important point that needs to be emphasized is that scarce overseas finance is only available if South Africa, if Mr Barend du Plessis and the minister of foreign affairs sign the guarantees. This is the case with the

Lesotho Highlands Project. The same applies as regards the Soda Ash Project in Botswana and the same will apply to all other major projects in Southern Africa. It is only when South Africa participates, or supplies the guarantees — and I am not boasting about it, it is a simple economic, financial fact — that funds are approved.

If the Europeans delay the lifting of sanctions, particularly the prohibition on new investments, history will one day blame them for harming and damaging the economic prospects of the vast majority of black South Africans and South Africa's neighbours.

We have up to two million workers from beyond our borders, the majority having crossed our borders illegally. We have a problem keeping people out who come and take the jobs of our own citizens and burden our health services and education and training systems. But they come here in need of food, medical care, training, jobs, income. These are the simple facts. We would like Southern Africa to develop as fast as possible so that its citizens can stay at home and work there. That's why I want to assure the SADCC — Southern African Development Co-ordination Conference — we have no intention of dominating your economies. We want to help you to provide jobs for your people to stay at home and be happy and have a normal family life. This is in South Africa's interest. It is not in our interest to impede your economic growth.

I have dealt with some of the limitations restricting South Africa's ability to assist its neighbours. This does not mean that South Africa cannot play an important role in the development of the Southern African region. We can indeed do so.

— In the field of agriculture: appropriate techniques of crop and animal husbandry, mechanization, irrigation and marketing, seed control and improvement, plant and animal health, protection against insects and other pests, inland fisheries, training of farm labour and supervisory personnel, agro- as well as forest-based industrial activities.

— Mining: all aspects, including prospecting, development, production, management, training and living conditions of workers, testing of machinery and equipment.

Experiencing Southern Africa in the twenty-first century

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The world's experience of Southern Africa used to be one of an arena — an arena of endemic conflict. The region had everything: from a compelling political tragedy in South Africa to an endless series of conflicts in Mozambique and Angola. For those whose job it was to monitor the Third World condition, Southern Africa made a particularly fitting postscript to the colonial era.

For the Soviet Union, Southern Africa presented a more positive picture: a chance to create a new political dispensation, a Marxist-Leninist order after fifteen years of struggle against colonial rule. The liberation wars themselves produced their own Marxist variant, the Marxist-Leninist Third World vanguard party, whose credentials were vindicated by a generation of Soviet Africanists who had hoped to discover “authentic socialism” in the killing fields of Southern Africa.¹

That interpretation now lies in ruins. The Marxist-Leninist regimes of the area have turned their backs on Marxist-Leninism simply to survive. Mozambique is particularly proud of the fact that it renounced Marxism at its Fifth Party Congress in July 1989, several months before the collapse of the Berlin Wall, an event that set the seal upon the conclusion of the Cold War at its epicentre: Central Europe.

Even as a subtext of the Cold War, Southern Africa's strategic value has dissolved. The region's importance, after all, derived not only from conflict within South Africa but from conflict between the two superpowers outside the Republic. The first experiment in

détente (1972-78) may have made Europe safer, but it also made the Third World safe for conflict. It was not coincidental that *détente* was followed by the projection of Soviet military power into Southern Africa in 1974, an event unique in the Soviet Union's history. South Africa's ability, in turn, to put the Soviet Union on the defensive in the 1980s, to force it to pay a high cost indeed to maintain its clients in power in Luanda and Maputo, made it a useful Western proxy, providing Pretoria with unique strategic significance, if still only that of a bit player promoted in the course of a wider conflict to a major role.

Although Southern Africa will remain one of the most heavily armed regions in the world, the period of military intervention in the region (which began not with the disembarkation of Cuban troops in Angola in 1975 but with South Africa's help for the Rhodesian armed forces eight years earlier) has already come to an end. A 15 per cent reduction in armaments has already accompanied the phased withdrawal of Cuban troops from Angola. With the final pull-out next summer of the last 13 000 Cuban troops still remaining north of the thirteenth parallel, the Cold War in Southern Africa will effectively have ended.

The decision by the South African Defence Force to cut its numbers, coupled with General Malan's announcement last December that South Africa no longer intended to project force beyond its borders constitute another seminal event.

The end of the Cold War has brought

to an end the use of military force as a political instrument. The strategic downgrading of Southern Africa, the prospect of conflict management without superpower involvement, the redefinition of regional security in terms that go well beyond the narrow term “strategic” have provided a medium power such as South Africa with a different role, a role that will nevertheless be significantly less relevant to the West — although it will not be entirely irrelevant either.

Southern Africa's continuing relevance to the Western World will depend largely upon a second factor, its importance as a source of precious raw materials for the industries of the West. Here, too, there is likely to be a significant change of emphasis.

The 1980s saw the appearance of a new literature which challenged the illusions of a generation of scholars who had too readily taken for granted the high vulnerability of the industrial powers to a minerals embargo. This literature reminded us instead that vulnerability is a comparative term, determined not by the availability of resources but by cost-effectiveness in exploiting them.

Such thinking was reflected in a series of interdepartmental and departmental reports produced under President Reagan. While recognizing the importance of specific mineral imports from South Africa, they all refused to accept that difficulties resulting from a breakdown in the regional economy would necessarily influence American policy. Every one recommended that the government press ahead with recycling, substitution

and stockpiling to reduce what vulnerability would still persist by the mid-1990s, if not beyond. In a word, the thesis of vulnerability no longer seems able to bear the weight South Africa has traditionally assigned to it.²

The world, indeed, is already moving into a more knowledge-intensive economic cycle in which products will have far less raw material content than in the past. In addition, it is creating service industries that have no direct raw material content at all. The old metal producers like South Africa will have to rely less on the West and more on the newly industrialized countries of Asia which are about to go through the metals-intensive phase South Korea experienced in the mid-1960s.³

The new markets in the future will not be the United States or Western Europe, or even Japan, but the countries of Eastern Europe and of the Pacific rim. It is there that South Africa will have to look to its future. It is those countries that will have to invest in the mining process if they are to reverse the trend of the past twenty years during which Southern Africa's production of metals as a percentage of world production has actually fallen, not risen as previously supposed.

Third, Southern Africa's importance as a moral reference point in the international community is likely to disappear quite soon. It is true that in the absence of any very compelling single system of ethical agreement, in an age of moral relativism in which arguments about essentials were the norm and deconstructive doubts of stable values were commonplace, South Africa had the questionable merit of providing an area of substantial agreement between East and West, and even within the West itself, on what constituted acceptable and unacceptable political behaviour. Standing aside was not enough. Only by intervening could the West — to use a phrase of André Malraux — remain "true to its own credentials".⁴

This situation is unlikely to obtain much longer. As Jacob Burckhardt, the nineteenth-century Swiss historian, wrote, history is "the record of what one age finds worthy of note in another". Once apartheid fades into memory, once it becomes a subject of historical enquiry rather than contemporary criticism, once blurred or erased from memory (whether unconsciously or with deliberate intent) South-Africa

will lose its special, recent meaning, with Southern Africa following in tow.

Even if the word "apartheid" is applied to other situations, as it already often is — to describe the economic differences between North and South, or differences within societies far removed from the South altogether — its impact will be much reduced. Like the unjustified over-use of the word "holocaust" to describe everything from environmental pollution to Israeli intervention in the Lebanon (the words were those of President Reagan), apartheid, if it survives its own dissolution, will, as a semantic term, or moral reference point, become one of Nabokov's "vulgar clichés, imitations of imitations, bogus profundities" which will render its original meaning meaningless.⁵

Even as a historical warning, apartheid will be defunct. Unlike the Holocaust, its exemplary message will be limited. As a political ideology it is unlikely again to be put into practice, certainly not under the auspices of a white minority. In that sense, apartheid may even become an *unhistorical* term as understood by the philosopher Karl Jaspers. As Jaspers argued, history is only relevant if it can be prevented from becoming a source of false actions. If it cannot result in actions at all, it has no relevance. "That which has happened is a warning. To forget it is guilt. It must be continually remembered for only in knowledge can [events] be prevented."⁶

Apartheid, of course, is not the only moral reference point of the region. In the last ten years, Southern Africa has seen drought, famine, or both, as well as internecine tribal warfare on a grand scale. In the late 1970s, writers such as Hugh Tinker felt confident enough to talk about a rising "racial spiral". "Different reactions of different people in different communities," Tinker argued, had, "all become part of the total experience", the experience of Southern Africa for the Western community.⁷

In fact, the Western world has remained largely oblivious to the sheer scale of the catastrophe visited upon the region since Tinker expressed such views in 1978. Few understand that Southern Africa, with the exception of Afghanistan and Cambodia, is the third most devastated region of all. Few know that Angola has more amputees per thousand inhabitants than any other

country in the world, or that the conflict in Mozambique has not only cost the country \$10 billion and 600 000 lives, but 2 700 000 refugees and displaced persons, with an additional 7 600 000 in need of urgent relief.⁸ Documentaries such as John Pilger's *Year Zero* on Cambodia, echoed by films such as David Putnam's *The Killing Fields*, aroused sympathy from a world largely indifferent, unfortunately, to the plight of Southern Africa.

The social and economic problems that threaten to overwhelm the region in the late 1990s will be awesome enough. The population is doubling every twenty years; 75 per cent of South Africa's population is likely to be urbanized, creating a vast underclass significantly larger than that which already exists — 4 400 000 disenfranchised, dispossessed children/adolescents in the streets, strutting juvenile ideologues grown old before their time. In addition, one in six babies born in Soweto is already a victim of AIDS. The very real prospect of a devastating famine in the South East cannot be ignored, either, as fresh water begins to run out. But none of these problems, alas, are likely to alter the "meaning" of the region in terms of popular perceptions in the West.

In this respect, the global village is a myth. The destruction of "villages" has paralleled the destruction of the "suburbs". Some years ago, the Romanian philosopher E M Cioran was able to write that the future would belong to the "suburbs of the globe".¹⁰ He seems to have been overly optimistic. As a frame of reference, even in the West, the suburb is dying: as a point of reference in the Third World, it is already dead.

Revisiting the Boston suburb in which he had grown up, the American historian T H White found not a community based on common values but a gathering of discreetly defined and socially entitled groups, interests and heritages that had nothing in common with each other.¹¹

The world, too, is drifting into a geometrical infinity, one which finds men incapable of defining themselves by reference to a universal political order. "Our space is purely Cartesian without privileged points" writes the Polish philosopher Lezesch Kolokowski.¹² Without an understanding of an international order into which Southern Africa can be neatly fitted, Western

public opinion is unlikely to feel any responsibility at all for the gathering demographic and economic disaster that threatens the area's future.

What does Southern Africa mean to the Southern Africans?

Even if these predictions are correct, it would be wrong to argue that Southern Africa will be meaningless for those who live there. Life can have no meaning; but it can often be given it. So far its meaning has been a construction of the outside world. The Soviet Union has turned its back on the Marxist experiments of its erstwhile allies. The West has begun to turn its back on the region's strategic significance. In the past, local states have made too many demands of the outside world in terms of arms, sanctions or aid — and asked too little of each other. It is now up to the states of Southern Africa to forge a model of development, an intraregional, not international, model of reconciliation.

Southern Africa has not mined all its possibilities. It has not exhausted its future. It is a region full of missed opportunities, as well as unrealized possibilities. In South Africa, the white community, probably the most creative of any in the region, has a chance to realize these possibilities, but only if it turns its back on tradition, only if it refocuses an energy that has turned inward upon itself into building a larger community. Surely it has the capacity to create something entirely new that may yet astonish the world?

Optimistic one may be in the long term; in the short, one is not.

What meaning will the region have by the end of the century for those who live in it? To find the answer, let us turn to the literature of regional subsystems that has been produced since 1968 to explain Southern Africa's links with the world economy, and the interdependent network of interests that link regional states to each other.

In addressing that literature, one is of course discussing the region using academic terms of reference, an academic vocabulary, and a set of assumptions and received ideas which inevitably renders every political scientist a plagiarist. One can justify this approach by suggesting that Southern Africa has produced a paradigmatic framework of

ideas which has actually influenced decision-makers: that institutions such as the Southern African Development Cooperation Conference (SADCC), for one, would not have come about *but* for this academic debate. The nearest analogy that comes to mind is the dependency (*dependencia*) debate in Latin America, which has fathered a belief in the continent's dependency upon the United States — a belief as real politically as it is in university seminars throughout the Western hemisphere.

Models change as times change. In the natural sciences, ideas change first and later, in consequence, our perceptions of the world. In political science, the process works the other way round. In the natural sciences, "when the paradigms change, the world itself changes with them". In the case of social science, "when the word changes, the paradigm changes too".¹³

Where will that paradigmatic debate have taken us by 1999? And where will the SADCC — the chief subject of change — find itself?

At the time of writing the debate is still unresolved between the functionalist and dependency schools. The functionalists still argue that Southern Africa is a regional subsystem with a network of trade dependencies, capital flows, labour migration patterns and infrastructural ties (railways and roads) which bind the region together. The SADCC's attempt to create an alternative system has not succeeded. The task of setting up the SADCC was unprecedented, not only in its scope but also in its very conceptualization. South Africa has effectively arrested its development. Ten years on, all but 20 per cent of the region's exports are routed through South Africa itself.¹⁴ In a word, the asymmetrical economic interdependence of the region has not fundamentally changed.

Dependency explanations in turn are not uniform but share several ideas in common. South Africa is still seen as a sub-imperial power on contract to Western capitalism. Only by a process of active detachment from the Republic, only by falling back on self-reliance and encouraging South-South cooperation can the region hope to gain independence. This has not been achieved. The level of intraregional trade has fallen to 5 per cent. The SADCC is to be seen as nothing more than a restructuring of the regional

economy in which Western investment continues to play the leading role and Western capital projects — railway networks in particular — reinforce the region's continued accessibility to foreign trade and investment.¹⁵

As for the African states that through the SADCC tried to escape from South Africa's economic orbit there is no reason to think that they will live in a secure, stable, prosperous region once South Africa joins their organization. There is no reason in terms of dependency theory to think that South Africa will be any the less hegemonic (or for that matter the region any the less unstable). Merely because the government of South Africa has changed the colour of its skin is no reason to think that it will change its spots. There is no reason either to believe that a black government will be any less hegemonic than a white one, whatever the assurances of the ANC. Dependency theorists draw no distinction between regimes or political philosophies. If a country is economically dependent upon another it can expect to be exploited.

Hegemonic considerations aside, if South Africa joins the SADCC any chance of establishing an alternative economic order in terms of economic thinking may be vitiated altogether. The post-apartheid state is likely to pursue the redistribution of economic power in an attempt to narrow the income disparities between race groups. This will entail an increase in political controls on the economy. Classical Western economic thinking suggests that as long as decentralization and deregulation remain merely an aspiration, as long as financial markets remain closed, as long as the public sector remains intact, the logic of state planning will probably pull in a direction opposite to that of regional integration. The reason all this has not happened to date in the SADCC is not through the absence of command economies but simply because the public sector in the SADCC members' economies is inefficient, and economic controls much less pervasive than they are even in today's South Africa.

Perhaps, more important, South Africa may represent a society in which social engineering, however discredited elsewhere, may still offer a spurious chance to create a more equitable society. Social inequalities have already given rise to political violence. The need to create a society without conflict may

lead a black government to institutionalize fraternity by *Diktat*. In a society where the power of the state is still intact and economic power so centralized, the opportunities for social engineering are unlikely to be passed up.

It need hardly be said that socialism in South Africa will fail as decisively as it has everywhere else, even if its universal failure has inspired the South African Communist Party (SACP), for one, to prove the conclusion a lie.

Indeed, it is difficult to imagine, given the narrow timetable for change, that capitalism will be able to divorce itself from apartheid, that the association of the two, which is as strong as ever in the black community, will be conjured away by politicians. A link does not have to be real to be perceived. Capitalism may certainly have made clear another link altogether, that between reward and performance, but here too the performance has been circumscribed by race with the rewards for blacks until recently not very great. In short, there is every reason to suppose that South Africa will not escape becoming a socialist state; that this process will not require regression in the initial post-apartheid years; and that the foci of socialism latent in the ANC will not become all too patent if the Party assumes power.

Why is it important to dwell at length on a process that hopefully will prove an interlude as one bankrupt political philosophy replaces another? It is necessary, alas, because the step from the greater integration of the blacks into a non-discriminatory wage economy to the disintegration of that economy under the pressure of socialist or neo-socialist policies may set back South Africa's reintegration into Southern Africa.

It is important also because the ANC is still committed to the proposition that South Africa's economic reconstruction can be financed not by foreign investment, but by a mixture of domestic savings and foreign aid. Alas, without foreign investment one cannot expect aid!

The West will not accept, possibly, the counter-proposition that the Third World, as an aggregate, is a creation of foreign aid and the source of the North-South conflict, not its solution.¹⁶ It will not accept either, possibly, the argument that aid packages represent "transactions of decline" that spread decay and stagnation.¹⁷ But now that

the Cold War, the central reason for granting aid, has gone, the conditionality clauses for aid are likely to be much tougher.

Let us be quite clear what we mean by changing conditions. It would be quite wrong, when discussing US aid for example, to surmise that the decision to grant or withhold economic assistance has entirely been determined by the need to bribe, suborn or cajole countries into the Western camp. Hans Morgenthau, for one, welcomed the process of decolonization in the early 1960s because it appeared to provide a unique opportunity of realizing the American dream, because it offered a chance to make a new beginning, one that afforded an emotional and psychological retreat from the unpleasant reality that the Soviet Union and Eastern Europe might politically, and temperamentally, be unreceptive to the American message.¹⁸

Unfortunately, now that Eastern Europe is once again receptive to the message, aid is likely to be re-channelled from the Third World to the First. This is an important consideration which cannot be restated often enough. In the first place, the amount of aid the European Community is already discussing — \$100 billion over 10 years to Eastern Europe, in order to bring the East European economies into line with the poorest members of the EC — is daunting enough. Germany, however, has made it all too clear that it is not prepared to countenance a second division of Europe based this time on those countries fortunate enough to be members of the Community and those which unfortunately are not.

Given the sheer scale of the economic effort needed to salvage Eastern Europe's failing economies, a rescue programme for Southern Africa, these days valued at \$40 billion, may well be beyond the capabilities, even *interests*, of the Western world.

Second, the conscience of responsibility (which the West may or may not feel) for the economic development of Africa as a whole is likely to be dwarfed by the nagging feeling of responsibility for the continuing underdevelopment of Eastern Europe. It is only now coming to terms with Vaclav Havel's accusation of 1987 that Western happiness had been purchased at the expense of Eastern Europe's misery.¹⁹ As the French historian Fernand Braudel

argued some years ago, the West had purchased its protection by putting a "barrier of Eastern peoples" between itself and the Soviet Union; in a word, the good fortune of the West had been founded on (Eastern Europe's) misfortune.²⁰

Third, insofar as the East European countries are attempting to create market economies, they will have a much greater claim on Western aid than the economies of Southern Africa, most of which will not become market economies at all in the Western sense of the word — and all of which are likely to be even more fragile than those of Eastern Europe.

Lest it be supposed that the East Europeans themselves may be sensitive to the Third World experience, we should remind ourselves that it was significant that Havel was criticized by his Hungarian counterpart at the Bratislav seminar in April when he expressed concern that European integration might be pursued at the Third World's expense.²¹ The Hungarians were right. The oil crisis that hit them in late October revealed the damage an increased oil price had already exacted. Should oil remain at \$25 or more a barrel this could set back Eastern Europe's economic reform by up to five years. With the prospect, as well, of 7 million Russian refugees entering Eastern Europe in search of food this winter or next, the disintegration of the Soviet Union presents a more immediate problem still, one with which Eastern Europe will have to grapple as seriously as its West European neighbours.

Aid, of course, may still be available to Southern Africa. But it will be available on a much more restrictive basis. It is also likely to be channelled to those African countries willing to introduce pluralistic political models, as well as those in which the informal sector is large enough to justify outside funding.

While few African governments are likely to show much enthusiasm for the reforms that brought about Eastern Europe's present situation, they will be forced to give their people more say in shaping their own lives. "The empowerment of the people" is now a fashionable phrase. So, too, is an "enabling environment" for an informal sector. The 10th Annual Report of the SADCC made clear that its members recognize that continued Western aid might be conditional on "the provision

for greater popular participation in decision-making".²² Political emancipation for South Africa and popular participation in Southern Africa may become indivisible, not, as they have been hitherto, mutually exclusive.

As it happens, South Africa may yet be a better candidate for Western aid than most Southern African countries both in political and economic terms. Whatever happens politically, its informal sector already accounts for 40 per cent of the formal economy, employs nearly 4 million people and earns more than \$5 billion per year. For the first time, the black middle class is creating substantial wealth: the government is not redistributing it within the black economy.²³

Southern Africa faces three possible futures as far as foreign aid is concerned.

- Aid will be channelled not according to a set of priorities established by the Southern African states themselves but by the West, especially the World Bank.
- Aid will be directed at those sectors, such as the energy grid and railway network, which will make the region more dependent upon foreign capital than ever.
- Most ironic of all, political change may not in itself allow the region to escape the political pressure it has brought upon itself by its insistence upon sanctions against South Africa.

Should the United States become as disenchanted with political change in South Africa as it has become disenchanted with Kenya and with those African states that have eschewed political pluralism in favour of less satisfactory political arrangements, it may wish to continue some form of economic coercion.

Here, South Africa presents the United States in particular with a unique opportunity. It is one of the few developing countries in which the USA has no development assistance programme, in which there is no USAID mission, no Peace Corps to let loose underdeveloped youngsters on underdeveloped countries. South Africa is a country in which potential US investors have also been discouraged from investing by the Department of Commerce. If sanctions are lifted, the US Congress may see no reason to encourage investment until such time as a future government denationalizes the public sector, repeals

trade tariffs, exchange controls, licensing, zoning, and higher taxes together with all the apparatus of a state-planned economy with its economic plans, commissions, boards, subsidies and controls, all of which have given the South African state a greater voice in the economy than is to be found in any country in Africa.

Contentious or not, a policy of continued coercion for South Africa and its neighbours might be argued by some Americans as an inducement necessary to the upgrading of trade and investment. Until such an environment is created, there may be little incentive to encourage investment at all.

Towards a new meaning for Southern Africa

Looked at as a whole, the history of this region has been dominated by conflict with the West. South African produced the first nationalist uprising against imperial rule in 1881; Namibia was the last country to free itself from colonial rule of a somewhat different kind last year. Southern Africa has the oldest tradition of colonial revolt as well as the most recent experience of attaining post-colonial freedom.

What the people of Southern Africa share in common is the need to create a new meaning to their lives in order to escape a crippling psychological and emotional dependence upon the outside world.

The meaning of life for all races is that they must either struggle together, hand in hand, or hang separately. If Southern Africa is a unit, a subsystem, perhaps even if it is a subordinate one, it will have a chance to escape becoming a sub-imperial one once the "imperial" powers pack their tents and steal away into the night to find other theatres for their energies.

This may mean rejecting now any hope of rescue packages or Marshall Plans in Southern Africa's future. The West has divided Africa not only into pro-Western and pro-Soviet states but also into those deemed suitable for aid and those deemed not. Southern Africa, alas, includes states still considered to be beyond Western assistance, countries whose rulers cannot speak of their experience in a way that readily communicates to a Western audience.

As a result, would-be helpers have been rendered helpless. And since

helpers are usually countries that pride themselves on their competence in helping, an understanding that their role is redundant may render them fearful of the relevance of their own models. Rather than admit their irrelevance, they tend to label countries as "unsuitable" for aid, either chronically corrupt, or irredeemable, better rejected than embraced.

The most dangerous people are those who feel they know best, who are insistent upon imposing their own reality on other states, in a word, upon imposing on all and sundry their own understanding of the "meaning" of the societies concerned. In that sense the West may threaten Africa more than the Africans threaten themselves.

Thus it is that, at this historical juncture, the people of Southern Africa may be well-advised to find their own future themselves. The situation, of course, is not one that promotes optimism. In Mozambique it is catastrophic; in Angola grave. In South Africa it is the most tragic of all. For the continuing township violence shows that the past is not being challenged; the future is being denied. And in the struggle for nation-building, those who cry freedom have not yet learnt to keep a prudent silence on their private aspirations. If the cry for freedom is being shouted loud, the struggle for identity remains only a whisper. Black politicians know what they want but not who they are — South Africans first, Southern Africans second.

In time they will doubtless come to realize that their future depends not on the false premises that socialism has a future or that the free market must be held in trust for international capitalism. Indeed, if we cease to "experience" Southern Africa the people of the region may at last be able to give their own lives a meaning of their own.

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- 22 *African Business*, February 1990.
- 23 See Richard Sincere, *Sowing the seeds of free enterprise: The politics of US economic aid in Africa*, Washington, DC: International Freedom Foundation, 1990. I am aware of the perennial danger that if we expect to find an "informal sector" we will find one. To see how the term emerged, and has been revised and redefined to produce a questionable meaning, see Emile Boonzaier and John Sharp (eds), *South African key words: The uses and abuses of political concepts*, Johannesburg: David Phillip, 1988, pp 136-153. As Simon Brand, the head of the Southern African Development Bank wrote in the early 1980s, the informal sector is not large. It is so small that it may require "selective assistance" to those who participate — with benign neglect for the rest. Pp 141-144.

Southern Africa's minerals in a changing world

Richard Hopgood, Editor of "Front File".

The flattering remark (often heard) is of course that South Africa is a potentially rich country particularly well endowed with mineral wealth, and that the removal of external pressures and domestic tensions could see it provide the economic driving force for the entire Southern African region.

This remark, expressed in different ways, comes from sources situated right across the political spectrum. It is a remark that becomes, however, progressively less flattering when it is understood that the appropriate historic precedent and contemporary comparison to which we must look when forecasting any effects on economic development arising purely from mineral wealth are the Andean countries of Latin America.

It is worth looking at Latin America, partly because it was once the centre of the world's mining industry and even now is growing in importance in the production of industrial metals. Peru accounts for 20 per cent of world silver production, 10 per cent of lead and zinc production, 7 per cent of copper. Chile is approaching almost 20 per cent of copper, Venezuela 5 per cent of aluminium. Bolivia used to account for 15 per cent of tin production. In energy, Colombia is a major coal exporter; and Bolivia, Peru, Ecuador, Venezuela and Colombia all have oil and natural gas. Nor is mining a recent phenomenon. Bolivia led the mining world for over 300 years — silver in the sixteenth and seventeenth centuries, tin a hundred years ago.

What is there to show for all this? Very little, apart from some splendid

Spanish colonial architecture and a century-long world record for military coups. Hyperinflation and massive devaluations have made even the presidential palace a less sought after address in recent years as elements in the armed forces switch their attention to the drugs traffic. But even here Bolivia cannot process its own coca leaves into cocaine and is compelled to export to the factories of Colombia. Neither is Latin America's inability to translate mineral wealth into lasting, balanced development the only aspect of interest to South African commentators. In the late 1960s an Andean pact for regional co-operation was launched in an attempt to co-ordinate development and industry. Nowadays little is heard of the pact, most of the countries concerned pursuing policies dictated by domestic considerations, often, in the industrial sphere, in competition with each other.

Deterioration in Latin America has taken place despite its improving performance in both absolute and relative terms in the world metal production tables. Since 1970, global primary aluminium production has risen almost 60 per cent, during the same period Latin America's share rose from less than 2 per cent to 10 per cent. In copper, production rose by 30 per cent, Latin America's share rising from 16 per cent to over 25 per cent. Zinc and nickel, with global increases of 20 per cent, had Latin America's shares rise respectively from 13 to 16 per cent and from a negligible level to 7 per cent.

Many of these increases were planned and got under way in the 1970s

when Latin America was regarded as one of the world's future growth areas. International banks were recycling the petrodollar surpluses that followed the first oil shock. Money could be raised against anything that seemed remotely viable — the thinking, in the words of a leading US banker, being that, as countries could not go bankrupt, it did not matter if the cost of servicing such a debt began to edge above 40 per cent. Then metals markets weakened as the world moved into major recession. And whatever may have been true of countries, banks soon learnt that banks could go bankrupt — and so we moved into the debt crisis proper. From the developed world's point of view a series of banking collapses raised the spectre of the 1920s and 1930s. A series of rescue packages were therefore launched which effectively propped up some banks with direct and indirect state assistance. But there are still major international banks in the intensive care unit and, despite all the care, some will never recover their former situation and standing.

For those countries that had undertaken major mining expansion, the only possible way of servicing some of the debt was to maintain something like their expected foreign exchange levels by boosting output. This, even though the effect of increased supply would be a further depressant on prices. This has had a further major distorting effect on the supposedly self-adjusting mechanism of the market. The alternative to this "running to stand still" was of course to retire from the race altogether, shut down production, and

accept the equivalent of national bankruptcy. The problem, unfortunately, is that the international financial system has no mechanism to deal with such an eventuality.

The corollary to these gains has been the decline in the importance of primary metal production in the OECD countries of North America, Western Europe and Japan. Over the same period their output fell from 71 per cent of global aluminium production to 55 per cent, in copper from 38 per cent to under 25 per cent, in nickel from 46 per cent to 26 per cent and in zinc from 50 per cent to 42 per cent. This OECD decline stemmed from a combination of exhausted ore bodies, declining grades, high labour costs, environmental pressures, and the costs of increasing losses stemming from weak prices.

The comparative shift in production from the OECD countries may have at least something to do with the relative roles of their private and public sectors in mining. In the OECD, mining is almost entirely in the private domain and corporations are driven by the need to produce some element of financial return. Conditions since 1974 have made this increasingly difficult and it has often made more sense to shut down capacity either temporarily or permanently. (The USA now produces half the 2 million tonnes of copper it did in the 1970s and the downward trend is unlikely to reverse. Canada's nickel output is more flexible and reacts to price changes with variations of up to 30 per cent.) These are not options for Latin American producers where the state is dominant — the costs of a major mine are beyond the capacity of their domestic capital markets to fund; and there is a belief, however unjustified, that their problems stem from the siphoning off of their mineral wealth by foreign corporations. Once committed, the costs in foreign exchange, employment losses, infrastructure and the sheer size of the investment preclude any option but to continue. Even in Chile, the one time darling of monetarist theoreticians, the Chicago boys could not shift the military into disposing of their control of the copper mines.

The state's effective guarantee of protection for its investment in mining extends by implication to the non-state mining sector too. This paradoxically encourages the private sector either to

initiate joint ventures with state corporations or engage in medium scale developments. Both thrive in the seemingly unpromising ground of Bolivia and Peru. Without such implied state guarantee it must be doubtful whether any private sector investors at all could be persuaded to take the risk.

Elsewhere the picture was more patchy. Comecon countries registered only marginal increases in their overall production share, except in nickel which rose from 24 per cent to 36 per cent. Africa too saw an increase in nickel share from 3 per cent to 8 per cent while Australia, little changed in other metals, slipped in nickel from 25 per cent to 16 per cent. Africa saw little change in most other metals apart from copper where it slipped from 20 per cent to 16 per cent.

A matter of some astonishment: developments in Eastern Europe are likely to reinforce these trends. Outside the Soviet Union and Poland, metal production is relatively modest and well below levels of domestic consumption, shortfalls being met first from trade within Comecon (in effect the Soviet Union and Poland and; in the case of nickel, Cuba) and then from Western markets. This entire trading pattern will change over the next decade as Eastern Europe looks increasingly away from the East to the less tied markets of the West. Some of these countries will want some form of EEC membership. The cost of that will be some harmonization with EEC regulations on state subsidies and, perhaps more significantly, on environmental issues where Eastern Europe has an outstandingly poor record. There will be few takers for privatization and the overall effect will be contractions in the mining and metals sectors.

The Soviet Union and Poland, which have significant mining sectors, will suffer the same pressure and in addition are likely to have major labour problems in their mineral sectors; changing management's priorities from meeting the targets of the current official plan and guaranteeing employment to meeting market challenges and increasing productivity will be a Herculean task. In Poland, Solidarity's strength in the mining unions will make them almost untouchable: reduced living standards and job insecurity were not on the agenda for political changes. Neither are there likely to be

privatization plums here for Western companies. Until these problems are resolved investment is likely to contract rather than expand.

Optimists hope that the changes in Eastern Europe will lead to an economic revival and a degree of re-industrialization. Then metal consumption requirements will rise at the same time as local domestic mineral production falls. This, some believe, could produce a net additional import requirement of 500 000 tonnes of copper a year during the 1990s.

The weakness in metal prices from the late 1970s through most of the 1980s was the inability of producers to reduce their production in the face of falling demand. As the world economy experienced its worst recession for half a century there were falls of up to 20 per cent in the consumption of some metals. Such reduction of output as did take place was painful and concentrated in the private sector of the OECD countries. There were also particularly sharp falls in consumption by the newly industrializing countries of the Third World. In debt-struck Brazil copper consumption fell 50 per cent to 150 000 tonnes. The consensus was that metal consumption had in fact peaked. Technological breakthroughs had led to the substitution not only of one metal for another but of other materials altogether for metals — aluminium for copper in electric cables, yes, but fibre optics for copper in telecommunications, and paper and plastic for tin and aluminium in packaging. There was also a more scientific and intensive usage of metals for their specific properties only: each pound of metal was made to go considerably further. Scrap recovery became not only environmentally friendly but made economic sense (each used aluminium can represented a store of costly energy).

What was not foreseen was that once the economic recovery gathered momentum demand would recover and some lost uses would be made up for by use in new end products such as the demand for copper in personal electronic equipment. A shift is under way with forecasters now expecting rises in global per capita copper consumption to as high as five pounds by weight by the end of the century. There has also been a remarkable recovery in consumption in the newly industrializing countries notably in the Far East.

Brazil's aluminium consumption has almost doubled to half a million tonnes, as has that of South Korea and Taiwan; China's is up 50 per cent. Brazilian copper consumption has also more than doubled from a low of 150 000 tonnes; and Taiwan and South Korea combined now consume half a million tonnes a year between them.

The expectation is that the Far East alone will need a further 500 000 tonnes of copper in the coming decade — almost the same as that expected by the optimists in Eastern Europe. This is equivalent to four or five major new mines (without making any allowance for replacing exhausted capacity). Such development is not even on the drawing board!

If the scenario of shortfalls in production proves correct then the only way any balance can be restored is by a price rise sufficient to activate new production or re-activate the old. This will have to be very substantial indeed if the private sector is to forget the pain of the last decades. Given the geographic nature of the switch in production it is probably inevitable that private investors will want some form of partnership with the local public sector if they are to help boost output either from existing or new mines. The theory put forward that the price of metals remains constant could at some time in the 1990s be put to the test and shown to be based on faulty assumptions.

This relatively optimistic scenario for industrial metal producers may not materialize. If it does, it will have implications for Southern Africa. The region has long been an important metal producer but it has been slipping in the producer league tables. South African gold production has fallen one third from its earlier peak: at the same time global production has increased. Zambian copper production (which once made up over 10 per cent of world output) has also fallen by a third, though global output has risen by a similar proportion. No accident or labour dispute in either country has any but the most trifling effect on world markets.

South Africa's slippage in importance as producer of metals to the world market has not been matched by a corresponding decrease in metal mining's importance to local economies, especially as a source of foreign exchange earnings. In Zambia and Botswana over

90 per cent of export earnings are from minerals; in Namibia 84 per cent; in Zimbabwe over 40 per cent. In South Africa, gold alone accounts for 55 per cent of visible export earnings and with other minerals perhaps over 70 per cent. Take into account migrant mineworkers and their remittances to Mozambique and Lesotho and the picture of the entire region's reliance upon minerals would be complete. In South Africa the foreign earnings dependency has actually risen from less than 50 per cent twenty five years ago. This is a disturbing trend when its falling share of the world market means that the region is increasingly more of a price taker rather than a price maker.

On the other hand the region does have deposits that could be developed if the price were right. Zambia does have substantial deposits of lower grade copper which would only be viable at much higher prices. There would also be the possibility of extending the lives of existing mines. This also applies to Botswana where aerial surveys have pinpointed several areas of interesting geological anomalies. The same could be true of Namibia when serious exploration resumes. In Zimbabwe the difficult conditions of the Great Dyke preclude development of some known pockets of mineralization at current prices. South Africa has been so well explored that most of the likely areas have been identified; even in gold some development will be shelved unless there is a price improvement.

Should there be a change in the global outlook for metals there are dangers as well as benefits from a booming mining industry. Returning for a moment to Latin America, Peru should indicate some of the dangers. Peru's foreign exchange and debt crisis began in the mid-1970s. A number of different IMF adjustment programmes were agreed. In all of them the role of the mining sector was paramount. In order to boost foreign earnings and government revenues from the mines, massive devaluations were agreed upon — on the assumption of low metal prices. Imports for the industrial sector were reined in, but when prices moved above expectations metal earnings surged. This boosted the money supply just as industrial capacity was contracting and the gap was filled by a flood of imported goods which Peru had previously manufactured for herself. A rise in interest

rates to dampen demand also then offset what advantages industrial exporters had gained. Peru is still living with the catastrophic impact of all this.

The de-industrializing impact of giving too high a priority to mining can also be seen in Zambia. In 1964 three-quarters of government revenue came from copper. During the past decade it has not often exceeded 10 per cent. Every IMF programme has sought to restore the mining industry's contribution to the fiscus, and every programme has foundered because the mines have had the first call on foreign exchange. The ruinous results have been far beyond any devastation wrought by the Zambians' general ability to mismanage themselves.

Even South Africa has to some effect felt the consequences of an over-concentration upon the mining sector — devaluations, inflation and the reduction in non-mineral export earnings already mentioned.

There is also a strange coincidence between Zambia and South Africa in the way their mining sector extends into other sectors of the two economies. Zambia's Zimco and South Africa's Anglo American have both extended their interests during the good times into every economic sector; and in both instances their record has been patchy. The resources of state or private mining groups certainly enable them to carry losses in sectors where they have little expertise. But this can crowd out the genuine risk takers and unwittingly act as a dead hand on the economy.

It may not be a coincidence that in both Zambia and South Africa around half the population is classified as urban — the highest proportions in Africa — and that the records of both their rural peasant sectors compare unfavourably with agricultural success stories elsewhere in the region where the demand for labour has not necessitated massive disruption in subsistence economies.

The country in the region which has come closest to managing its success effectively is Botswana. Mining proceeds in Botswana that exceeded the economy's ability to absorb have been externalized into interest earning deposits or into turning the country into one of the largest single shareholders in De Beers. Even here, note, policy has been dictated by the weakest link in the mining chain — Selibi Phikwe.

I have concentrated on industrial metals because that is where the bulk of the world's mining activity takes place. The situation for precious metals is slightly different in so far as their function is as a store of value rather than as a product for end consumption. They tend to have a counter-cyclical price movement. The South African gold mining industry is apparently in crisis because, at current prices, pro-

duction levels are uneconomic. The policy decision may be between following the OECD path of letting mines go to the wall or the Latin American model of keeping or even boosting output because the implications for the other sectors of the economy are too ghastly to contemplate. The cost of obtaining such state guarantees in a period of political change may be some form of state participation. It would be

ironic if the industry's spokesmen (who have spearheaded the attack on ANC nationalization policy) came around to this point of view. In retrospect they must be grateful for the Zambian decision to nationalize the copper mines — cash in the bank must surely have been more productive than sweating it out for a decade and a half in a market whose fundamentals have continually been weakening.

Tropical Africa's islands of economic development: Thirty years on

In the first of two articles Denis Fair, Senior Research Fellow at the Africa Institute, reconsiders tropical Africa's development patterns after thirty years of independence.

As long ago as 1958 William Hance recognized that the spatial pattern of modern economic development in tropical Africa — that great area lying between the Sahara desert and Southern Africa — was essentially “islandic”. He observed that the colonial penetration from the nineteenth century onwards produced here no such continuous frontier as characterized the advance of economic development and settlement in North America and Australia: the African pattern was one of many isolated productive “islands” set in a vast sea of economic emptiness, sparse population and a poorly developed exchange economy. These “islands”, while comprising only 5 per cent of the area of tropical Africa, accounted for at least 85 per cent of the value of this region's commodities sold on world markets. Moreover, they contained almost all the region's urban population, its major cities and most of its modern infrastructure.

In 1962 Leslie Green and myself recognized the significance of this dualistic structure and applied Hance's tropical Africa scheme to the analysis of Southern Africa's spatial development.¹ In 1981 the World Bank also noted this pattern:

Across the continent there were but few islands of modern economic development. For example, in West Africa, where peasant production of export crops was the primary

motor of development, modern economic activity took place mainly in the forest and coastal zones extending 200 km inland from the sea. In the vast interior, where most of the population was (and still is), evidence of economic change was barely visible, with the exception of groundnut production in Nigeria and Senegal. In Central, East and Southern Africa, dualism was even more marked; the modern economy consisted largely of European-run mining enclaves and islands of settler agricultural activity. In the mineral producing countries which had significant settler communities, the “native areas” were neglected and usually targets of discrimination. African farmers, therefore, produced little for the market.²

Thus, when the post-colonial period began, most Africans were outside the modern economy. Over 70 per cent of the land under cultivation in tropical Africa was devoted to subsistence crops and less than 10 per cent planted for export. African labour was overwhelmingly concentrated in subsistence-oriented farming, not more than 10 million Africans earning wages during any part of the year. Much of this paid labour force was migratory, moving in a circulatory fashion between the subsistence-economy hinterland or periphery and the wage-paying core areas of modern development

When the colonial powers withdrew in the early 1960s First World wisdom was that from these islands of modern activity and their connections with the

industrialized world would flow development impulses to the backward areas. The colonial interval was viewed as “a positive period which greatly facilitated the integration of these formerly self-sufficient, closed societies and economies into a wider world”.³ Some went further and believed that “the future (may well) look back upon the overseas imperialism of recent centuries as the instrument by which the spiritual, scientific and material revolution which began in Western Europe with the Renaissance was spread to the rest of the world”.⁴

Critics, however, saw the penetration of tropical Africa during the colonial period as the beginning of the region's problems. Thus, rather than “development”, there was initiated a pervasive process of *underdevelopment*. International economic relations were marked by a process of unequal exchange between developed and developing countries. As raw material exporters, the latter found themselves caught between low and volatile prices for their commodities and the high cost of imported manufactured goods and equipment. Moreover, these critics believed that within each country inequalities between the islands of development and the periphery would intensify rather than decrease: polarization of economic activity, not diffusion, would be the dominant process.⁵

To Green and myself, whatever the conflicting views on tropical Africa's development or underdevelopment inherited at independence in the 1960s, "one firm and fundamental fact" had nevertheless emerged. Development in a material sense had taken place and in all probability would continue to take place within a framework of social and economic "islands", focusing on a number of dominant urban centres and their expanding spheres of influence. We believed at the time (1960) that this nodal pattern was to be the chief motor of economic growth and the springboard from which further modernization of the countries of tropical Africa would proceed.

Classifying the islands

Hance identified the islands of development that were well established by 1960 primarily on the basis of their being major source areas of export production. By implication, of course, they were more than this. Most of them were the main areas of tropical Africa's urbanization, its infrastructure and its manufacturing and commercial activity. Hance classified these islands as coastal, highland, mineral, irrigation and special. Coastal islands included, for example, the sisal and cashew-nut regions of Tanzania, the timber area of Gabon, the cocoa and timber areas of the western region of Nigeria and of Ghana, the rubber plantations of Liberia and the groundnut areas of Senegal and Gambia. Highland islands were situated in uplands favourable to white settlement and high value crops such as coffee, tea and tobacco as existed in Kenya, Zimbabwe, Malawi, Cameroon and Guinea. Irrigation islands included schemes on the upper Nile and Niger Rivers. Mineral islands included the iron ore areas of Liberia, the tin-columbium areas of northern Nigeria (Jos plateau), and the copper belts of Katanga (now Shaba) and Zambia. Special islands fitted none of the above categories; examples would be the groundnut and cotton areas of northern Nigeria.

Green and I adopted a three-fold classification of islands: those in which the economic base of the countries in which they occurred depended upon the export of agricultural, mineral and manufactured commodities; those in which mineral exports predominated;

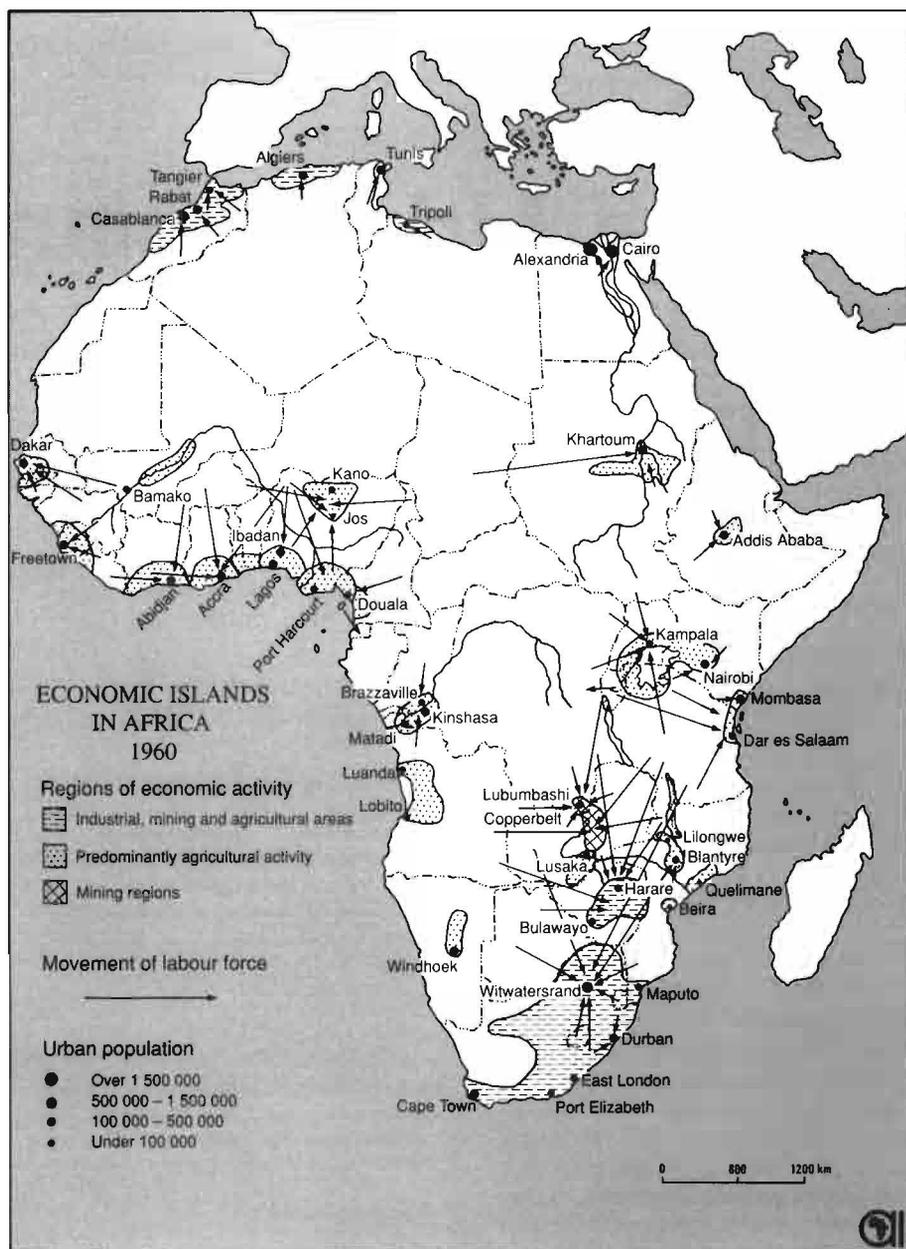


Figure 1

and those in which agricultural exports predominated. In 1960, of tropical African countries, only Zimbabwe, then Southern Rhodesia, fitted the first category (Figure 1).

Export growth and structure

That the island pattern of development has persisted there is no doubt. But in the countries to be examined a number of changes, some significant, some less so, have occurred both in the growth and composition of exports from the islands of development and in the relationship between these islands and

the rest of the countries in which they are situated. The broad structure of tropical Africa's exports has changed little since the 1960s. Primary products, agricultural, mineral and forestal, still account for 88 per cent of export earnings. Moreover, the dependence of most of these countries on a few export commodities has persisted and even intensified. Most of them still depend on as few as three commodities for more than 60 per cent of their exports and some on only one commodity for over 80 per cent. The most dramatic change in the composition of exports has been in those countries that have become the



Figure 2

region's major oil producers: Nigeria, Angola, Congo, Cameroon and Gabon. Nigeria's main exports in 1960, for example, were palm oil and kernels, cocoa and groundnuts. Today, 97 per cent of her export earnings come from mineral oil. In 1961 oil accounted for only 1.2 per cent of tropical Africa's exports. The proportion rose to 64 per cent in 1980 but has since fallen to less than 50 per cent as a result of oil's price decline in world markets.

Tropical Africa's export performance began encouragingly in the 1860s when the volume of exports grew by 6 per cent per year. Since the early 1970s, however, volumes have stagnated or declined so that the value share of the region's exports in world trade fell from 3 per cent in 1960 to 1.3 per cent in 1987. Much of the decline has resulted from aggressive exporting on the part of other developing countries in South Asia and Latin America, and to overvalued currencies which have made the region's exports relatively expensive and discouraged potential investors. Some improvement in export

performance has been seen since the mid-1980s, largely through exchange rate adjustments; but for individual countries the improvements have often been small and could be reversed. The World Bank warns that tropical Africa's undiversified economies continue to remain vulnerable to external shocks and volatile world markets. It points out that if the area's economies are to grow, they must earn foreign exchange to pay for essential imports: they must increase their share of world markets. To do this, especially since the prospects of significant increases in world prices for most primary commodities are poor, higher export earnings must come from increased output, from diversification into new commodities and from an aggressive export drive into the rapidly growing Asian markets.

Beginning with Zimbabwe, Zambia and Malawi, we will now examine tropical Africa's islands of development to ascertain the extent to which the island pattern that had emerged in the 1960s is still the major source of the region's exports; the extent to which

these exports, and the economies of which they are a part, have expanded or have changed in type and in composition; and the extent to which the socio-economic differences between the more developed islands and the less developed peripheral areas in each country have intensified or have lessened. The three countries dealt with here are representative of export economies based on agriculture, mining and manufacturing (Zimbabwe); on mining predominantly (Zambia); and on agriculture predominantly (Malawi).

Zimbabwe

In 1953 Southern Rhodesia, a self-governing colony of Britain, became part of the Federation of Rhodesia and Nyasaland. However, in 1963, when Northern Rhodesia (now Zambia) and Nyasaland (now Malawi) opted for independence, Britain dismantled the Federation. Two years later, in November 1965, Southern Rhodesia unilaterally declared its independence (UDI) and was restyled Rhodesia. In 1980, following some 8 years of civil war between the white government and black liberation groups, the country became Zimbabwe under black majority rule.

The island and the periphery

In the early 1960s the Zimbabwean economic island was well defined (Figure 2). It coincided with the generally higher lying, mainly white-owned, large-scale commercial farming areas. Davies described it as the "economic heartland" from which emanated virtually all the country's exports.⁶ It supported the white rural and urban population numbering 221 000 including some 6 200 well-capitalized white farmers and their black workers. It included all the main towns, virtually all the manufacturing industries and larger mines, and the bulk of the country's transport, water and power supply infrastructure. It comprised 37.2 per cent (14.5 million hectares) of Zimbabwe's total area and most of its farms lay in the three ecological zones most suitable for agriculture and particularly in the richer areas of the northeast. It stood in sharp contrast to the geographically peripheral and fragmented black-occupied communally-held areas. With their, largely, subsistence economy, these areas

Table 1: ZIMBABWE, ZAMBIA, MALAWI: LEADING EXPORTS*
A. BY VALUE (millions of US\$)

	ZIMBABWE						ZAMBIA						MALAWI					
	1964	%	1980	%	1987	%	1964	%	1980	%	1988	%	1964	%	1980	%	1988	%
Tobacco	109,8	31,0	191,0	13,6	256,6	18,0	7,9	1,7	3,4	0,3	3,5	0,3	11,8	36,6	124,0	46,8	185,4	64,0
Cotton			90,2	6,4	74,1	5,2							2,7	8,4	5,6	2,1		
Sugar	10,1	2,8	73,7	5,3	47,5	3,3									42,7	16,1	27,0	9,3
Coffee			10,7	0,8	28,0	2,0									0,6	0,2	9,6	3,3
Tea			9,6	0,7	10,8	0,7							9,3	28,9	36,6	13,8	31,0	10,7
Meat	14,1	4,0	28,9	2,0	47,2	3,3												
Copper/ Cobalt	12,6	3,6	38,3	2,7	36,5	2,6	420,4	91,9	1205,3	92,6	1086,8	92,0						
Lead/Zinc							16,8	3,7	33,1	2,5	22,0	1,8						
Asbestos	28,0	7,9	124,5	8,9	55,2	3,9												
Ferro- alloys	12,1	3,4	136,9	9,8	150,5	10,5												
Nickel			82,0	5,8	56,0	3,9												
Gold	19,9	5,6	178,8	12,7	265,0	18,6												
Textiles/ Clothing	24,0	6,8	48,5	3,5	57,9	4,0												
Other	123,9	34,9	390,3	27,8	342,7	24,0	12,6	2,7	58,7	4,5	69,6	5,9	8,4	26,1	55,3	21,0	36,7	12,7
Total	354,5	100,0	1403,4	100,0	1428,0	100,0	457,7	100,0	1300,6	100,0	1181,9	100,0	32,2	100,0	264,8	100,0	289,7	100,0
Local currency	£126,6mn		Z\$902,4mn		Z\$2332,1mn		£163,5mn		ZK1023,3mn		ZK9719,9mn		£11,5mn		MK215,3mn		MK742,0mn	

*Excluding Re-exports

B. BY VOLUME (000s tonnes)

	ZIMBABWE			ZAMBIA			MALAWI		
	1964	1980	1987	1964	1980	1988	1964	1980	1988
Tobacco (leaf)	101,4	84,0	84,0	12,3	2,6	2,1	13,3	60,3	59,9
Sugar	97,7	165,8	236,5					91,1	96,9
Tea		6,2	10,1			12,2	31,3	37,0	
Copper/Cobalt	17,0	22,7	20,9	752,6	663,4	403,4			
Lead/Zinc			65,3	40,5	22,9				
Asbestos	177,8	257,3	195,8						
Ferro-Alloys	25,0	257,3	242,0						

Sources: Zimbabwe: *Monthly Digest Report* (1964) *Quarterly Digest of Statistics* (1980, 1987)

Zambia: *Monthly Digest of Statistics*

Malawi: *Monthly Statistical Bulletin*

Currency Conversions: Economist Intelligence Unit: *Quarterly Economic Review, Annual Supplement* (1964), *Country Profile* (1980, 1987, 1988)

comprised 41,5 per cent of the land, most falling within the poorer ecological zones. Their infrastructure was inferior and they produced only 12 per cent of marketed products. As the home of 72 per cent of the black rural population they were overpopulated and drifting into deeper poverty.

This dualistic structure was derived in the first instance from the imposition of a political hegemony associated with "a distinctive settler colonialism and

the growth of a vigorous rural and urban capitalism".⁷ Discriminatory rights to land operated from an early date and were institutionalized in the Land Apportionment Act of 1930 and further entrenched in the Land Tenure Act of 1969. This initial inequity was then compounded by the inequality arising from the uneven distribution of resources and the entrepreneurial skills and investment capital to exploit them, giving rise to gross differences in the

distribution of income, wealth and income-earning opportunities between the two areas. To some the economic heartland was not an "island of development" but an "island of privilege".⁸ On the eve of independence, the differences had intensified. Communal areas accounted for only 5,5 per cent of the crops and livestock marketed; they imported half their food requirements from the white farming sector; and the average cash income of their

inhabitants was one-half and one-sixth, respectively, of that earned by blacks on white farms and in mines and industry. Labour migration, much of it circulatory, was thus a characteristic of the Rhodesian economy.

Federation 1953-1963

During its ten-year life the Federation was in several ways "the most advanced economy of any part of tropical Africa".⁹ From this strongly market-oriented economy most benefit was derived by Southern Rhodesia. It possessed 64 per cent of the Federation's wage-earners. A substantial proportion of its manufactured exports went to its two partners. And Salisbury (now Harare) became the political and economic capital. Moreover, its national income grew by 10 per cent a year, although growth began to slacken from 1960 as political uncertainty about the future of the Federation and white emigration both increased.

At this time, by African standards, Southern Rhodesia had a reasonably balanced export trade. Agricultural products, processed and unprocessed, earned 44 per cent of the total; minerals and refined metals 28 per cent; and manufactured goods and others 28 per cent. Tobacco was the largest single export, accounting for nearly one-third of the total (Table 1), its production growing rapidly after World War II on the strength of an assured British market. The crop is grown in the better-watered north-eastern third of the country. In the early 1960s Southern Rhodesia was the world's second largest producer with 27 per cent of the world trade in flue-cured tobacco.

Of its rich variety of minerals, asbestos, gold, copper, chrome ore and ferro-alloys, pig iron and tin comprised the main exports — some in response to the world-wide demand for strategic minerals.

Manufacturing industry grew during the years of Federation as British and South African firms took advantage of the enlarged market. By 1961 Southern Rhodesia accounted for 82 per cent of the gross output of manufacturing in the Federation. Particularly important were foodstuffs, clothing and textiles, transport equipment, machinery and metal products. Twenty-eight per cent of the country's export trade was with its two partners and 82 per cent of the net manufacturing output came from

factories in Salisbury (50 per cent) and Bulawayo (32 per cent).

During these years three major infrastructural projects added substantially to the strength of Southern Rhodesia's economic island and its export potential. The first was a 1955 rail connection to Lourenço Marques (now Maputo) which ensured Rhodesia a new coastal outlet in addition to Beira and the South African ports. The second was the start made to sugar production under irrigation in the south-eastern lowveld, adding a new item to the country's exports. The third project was the inauguration of the first stage of the Kariba hydroelectric scheme on the Zambezi for the supply of power to both Northern and Southern Rhodesia. By 1964 almost all the latter's electricity needs were coming from this source.

UDI 1965-1980

The government's unilateral declaration of independence brought dramatic changes to the Rhodesian economy and its export trade. Britain and the United Nations and others imposed trade sanctions, causing the country's exports to fall in value by 36 per cent in 1966. Nevertheless, after 1967, sanctions also had the effect of stimulating the economy; government turned to diversification and import substitution in both agriculture and manufacturing, and took sanction-breaking measures. Moreover, the value of mineral output, including processed mining products such as copper, chrome, nickel, tin and gold, rapidly increased (by more than 50 per cent) in the first five years of UDI. As most of the minerals produced entered world trade, exports increased by the same figure, although sales were at less than prevailing world prices. These increases boosted the share of minerals and metals in Rhodesia's total exports from 28 per cent in 1964 to 52 per cent in 1980.

Tobacco exports were badly hit. Production had to be cut back, quotas imposed and large quantities stockpiled. Output was more than halved from a record 130 000 tonnes in 1963-64 to 60 000 tonnes in 1968, thus reducing Rhodesia's 27 per cent share of world trade in flue-cured tobacco to 10 per cent. Cotton production, however, as part of the diversification programme, increased rapidly and answered the needs of both the export trade and the

domestic textile industry. By the mid-1970s the export of tobacco had picked up again and in 1976-78 Rhodesia accounted for 47.8 per cent of tropical Africa's tobacco exports.

To offset its economic isolation the Rhodesian manufacturing industry turned heavily to import substitution. As a result the sector expanded and diversified, its contribution to gross domestic product (GDP) rising from 18.6 per cent in 1965 to 23.3 per cent in 1975. But its share of export trade declined relatively as domestic rather than export needs were met.

During UDI information was withheld on Rhodesia's trading partners but as much as 85 per cent of the country's external trade was believed to have been with or through South Africa and Mozambique, the latter still being (until 1975) a Portuguese dependency. By 1973 exports overall had regained their previous levels and, significantly, a new and direct rail link to South Africa at Beit Bridge was opened in 1974.

While the deterioration of the country's terms of trade was marginal between 1969 and 1974, largely due to strict import controls, a sharp fall followed between 1974 and 1979 as primary commodity prices declined on world markets. Continued growth in the economy could not be sustained. Civil war, high oil prices and the difficulty of importing high technology capital goods took their toll and by the time peace negotiations were under way in 1980 the economy was in "serious trouble".¹⁰ Adding to these difficulties were the granting of independence to Mozambique in 1975 and the closure of its ports to Rhodesia by the new Mozambican government.

Independence 1980

In 1980 Zimbabwe inherited a more diversified economy and export trade and a more advanced capitalist structure than all the tropical African countries except Nigeria.¹¹ The new government, however, committed itself to a socialist society and the correction of inherent social and economic imbalances.

The first two years of independence saw substantial economic growth with the country's return to international legitimacy, good agricultural seasons and post-civil war social and economic development. But unevenness has since marked the pattern. The main causes

Table 2: ZIMBABWE, ZAMBIA, MALAWI: POPULATION AND WAGE EMPLOYMENT (000s)

	ZIMBABWE						ZAMBIA						MALAWI					
	1963	%	1980	%	1985	%	1963	%	1980	%	1989	%	1963	%	1980	%	1987	%
Population	4 070		7 360		8 170		3 550		5 680		7 804		3 800		6 000		7 983	
% Urban	14		22		25		21		43		53		5		10		13	
Employment	691,7	100,0	1 009,9	100,0	1 054,3	100,0	257,5	100,0	381,2	100,0	359,6	100,0	135,6	100,0	367,3	100,0	407,4	100,0
Agriculture	216,9	37,9	327,0	32,4	276,4	26,2	36,7	14,3	32,8	8,6	37,2	10,3	50,2	37,0	181,1	49,3	179,8	44,1
Mining	43,1	6,2	66,2	6,6	54,3	5,2	49,0	19,0	62,9	16,5	54,2	15,1	0,4	0,3	0,6	0,2	0,3	0,1
Manufacturing	82,2	11,9	159,4	15,8	169,6	16,1	18,9	7,3	47,6	12,5	50,9	14,2	9,5	7,0	39,7	10,8	49,6	12,2
Public and Private Services	304,5	44,0	457,3	45,2	544,0	52,5	152,9	59,4	237,9	62,4	217,2	60,4	75,5	55,7	145,9	39,7	177,7	43,6

Sources: Zimbabwe: *Monthly Digest of Statistics* and *Quarterly Digest of Statistics*
 Zambia: *Monthly Digest of Statistics*
 Malawi: *Monthly Statistical Bulletin*
 Urban: World Bank, 1989

have been droughts in 1982-84 and in 1987, disruptions to Zimbabwe's export and import routes through war-racked Mozambique, capital outflows, a shortage of foreign exchange and a government management system that has stifled business growth and deterred investors. Thus, since 1980, paid employment in the productive sectors (agriculture, mining and manufacturing) has remained stagnant at between 500 000 and 550 000 workers, while in the services sector (public administration, education and health) employment has increased from 128 000 to 214 000.

Despite considerable diversification over the past 25 years three commodities still dominate Zimbabwe's exports. In 1964 they were, in order, tobacco, asbestos and gold, together accounting for 44 per cent of the total. In 1987 gold had assumed first place followed by tobacco and ferro-alloys, these together accounting for 48 per cent of the country's exports. Cotton, negligible in 1964, is now fourth in importance and textiles and clothing, fourth in 1964, now fifth. Tobacco, thanks largely to rising prices, has re-established its export significance and Zimbabwe's flue-cured tobacco now represents 15 per cent of world trade in this commodity (27 per cent in the early 1960s). In 1990, with good sales, tobacco again promises to be the country's chief foreign currency earner. Of the newer crops, coffee exports have risen strongly but suffered a severe drop in price after quotas were fixed in terms of the International Coffee Agreement.

A recent and expanding export is horticulture (flowers, fruit and vegetables), the produce being air-freighted to Europe. Agricultural exports now account for no less than 40 per cent of Zimbabwe's total.

For a number of years, arising from the restrictive economic climate and lack of foreign exchange, exploration and new investment in mining was denied the country and mining exports suffered. However, through the devaluation and depreciation of the Zimbabwean dollar in recent years, the value of mineral and metal exports has more than doubled since 1980, although in US dollar terms it has fallen. The principal increases have come from gold — two new mines and a refinery have recently been opened — and from nickel, chrome and associated ferro-alloy production. In addition, international mining companies have now stepped up exploration, particularly for gold and the platinum group metals, and the opening of a new platinum mine is expected in 1992.

In the highly protected economic environments of the UDI years and more recently, Zimbabwe's manufacturing industries have been able to increase the number of products turned out from 600 in 1965 to over 6 000. The export of manufactured goods has also greatly increased in local currency terms. New markets have opened up since the country emerged from its isolation. As a signatory to the Lomé Convention, for example, Zimbabwe enjoys the preferential treatment accorded by the European Community to developing countries in its attempt to encourage the

expansion of trade by giving these countries access to markets rather than their having to fall back on aid. However, in real terms and with foreign currency in 1988 available for industry at only 25 per cent of its 1980 level,¹² the manufacturing sector has stagnated. This is reflected in lost exports, lowered employment and an inability to replace spares, raw materials and capital stocks. Many industries operate well below capacity. Yet export-led industrialization is vital to the health of the country's economy. Thus it is that loans from the African Development Bank are now funding imports of capital equipment to increase industrial output, and an industrial export promotion programme, backed by the European Economic Community, is in operation.

Overall, while trade surpluses have been enjoyed since 1983 in local currency terms, the growth of exports in real or in US dollar terms has been very modest (Table 2). Future economic growth, it is now stated, will depend on a proposed economic reform and trade liberalization programme due for implementation in 1990. This recognizes the need for more market-oriented policies and less government intervention and regulation. Accompanied by a shift in spending from social services to the productive sectors, it is believed that trade will be enhanced and competitiveness in export markets improved.

The crisis in the country's transport system, however, has first to be dealt with. There is still the unresolved problem of returning the rail routes to the ports of Beira and Maputo to

their former capacities; and there are problems of poor management and of foreign exchange shortages for the purchase of urgently required vehicles, locomotives and spares. As a result, the productive sectors of the economy have been seriously affected through delays in the movement of imports and exports and of coal supplies to farmers, industry and power stations. Loans to re-equip motor vehicle and locomotive fleets are being arranged.

Island and periphery

In 1987 Zimbabwe accounted for 5 per cent of tropical Africa's exports. And their overwhelming source continues to be its "island of development". With growth in exports and in the economy generally there has been the concomitant growth of urban centres, particularly Harare and Bulawayo. Together they still account for 72 per cent of the country's gross output of manufacturing, and have increased their share of the urban population from 62 per cent in 1962 to 73 in 1987. Harare now has a population of 1,3 million. However, growth in paid employment in the modern sector has not kept up with the growth in the labour force and the present unemployment level of over 1 million is regarded by the government as "a major national issue".

Differences in social and economic levels between the commercial and the communal areas remain as large as ever. In 1985 the average annual income in urban areas was Z\$3 500 and in communal areas only Z\$480, although large differences do occur within urban areas themselves. Nevertheless, encouraging improvements in communal areas have occurred since independence. Their serious overpopulation and underdevelopment understandably received the immediate attention of the new government in 1980. Education and health services have been expanded and a major re-orientation of agricultural services towards these smallholder areas has been undertaken. Agricultural production has been stimulated by education and extension services, by the provision of finance and farming inputs and by the establishment of receiving depots for farm produce. The results are to be seen in the increase in value of crops from the communal areas from Z\$18 million in 1981 to Z\$192 million in 1986. In the latter year some 1 million small-scale farmers accounted for

21 per cent of the crops and for 9,7 per cent of the livestock marketed; and for more than 50 per cent (67 per cent in 1988-89) of the maize and 60 per cent of the cotton marketed, compared with 8 and 20 per cent respectively in 1980. Earnings from the sale of such increased surplus production have obviously benefited farmers. This new spending power has encouraged small businessmen to provide goods and services at growth points designated by government as part of its overall rural development programme. The programme includes, as one item only, a World Bank-sponsored agricultural credit and export promotion project.

To relieve pressure on the communal areas and begin the process of sharing out the nation's land more equitably, government embarked on a resettlement programme aimed at placing 162 000 families on former white farmland within three years. By 1989, however, only 52 000 families had been settled and much of the land purchased had not been taken up. Difficulties have arisen over inadequate support services, lack of management and financial skills required for the proposed co-operative and commercial farming envisaged, and the fact that some settlers were ill-equipped to become farmers. Some consider land resettlement to have been the least successful of the reform programmes. Worse, with 35 000 families being added to the communal areas by population increase each year, pressure on these areas is still severe. The government therefore continues its land purchase programme. By 1989, resettlement areas accounted for 7 per cent of the country's total land. The number of white farmers has declined over this period from more than 6 000 to 4 800.

Conclusion

In Zimbabwe the aim now is for the economy not only to be expanded and diversified and its capacity for export production enlarged but for it to be transformed in order to provide opportunities in the drive for a more egalitarian society and for "development" in a sense larger than that of merely growth. In essence these objectives are directed both at the greater integration of the economy and the space economy designed to spread the benefits of social and economic modernization to the peripheral areas and at giving all the country's inhabitants greater access to

the resources of the economic heartland through resettlement and unimpeded access to urban areas. In this sense the relationship between island and periphery differs from that pertaining in 1960. But, for the present, in terms of infrastructural development and sheer economic performance, spatial differences are still as considerable as ever. Differences in levels of resource endowment alone guarantee that this inequality will persist.

Zambia

The backbone of Zambia's island of development is the railway line extended between 1904 and 1909 from Victoria Falls to the copper mining region of Katanga (now Shaba) in the former Belgian Congo (now Zaire). Along this "line of rail" there subsequently developed Zambia's major mining and farming activities — lead and zinc mining at Kabwe in 1915, the opening of the Copperbelt further north in the 1920s and 1930s, the location of most of the 2,25 million hectares (3 per cent of Zambia's area) alienated for white commercial farming in the 1920s, and the establishment of Lusaka as the capital of Northern Rhodesia in 1931.

The colonial structure inherited by the Zambian government at independence in 1964 was highly unbalanced economically, socially and spatially. Copper mining and the economy were virtually synonymous, Northern Rhodesia being the world's third largest producer of the metal. Minerals accounted for 96 per cent of exports; tobacco, the only agricultural export of note, for less than 2 per cent. Commercial agriculture was mainly in the hands of some 700 white farmers located along the line of rail between Ndola and Livingstone, while in the rest of the country the vast majority of Zambia's black population were engaged chiefly in subsistence production. The manufacturing sector, too, was poorly developed and inhibited during the years of Federation, 1953-63, by Southern Rhodesia's free access to the Northern Rhodesian market for the supply of food and manufactured goods. Income differences between sectors was substantial. Blacks employed in mining earned on average 4,5 times more than those in agriculture; and within the mining industry some 8 000 whites in skilled trades and professions earned

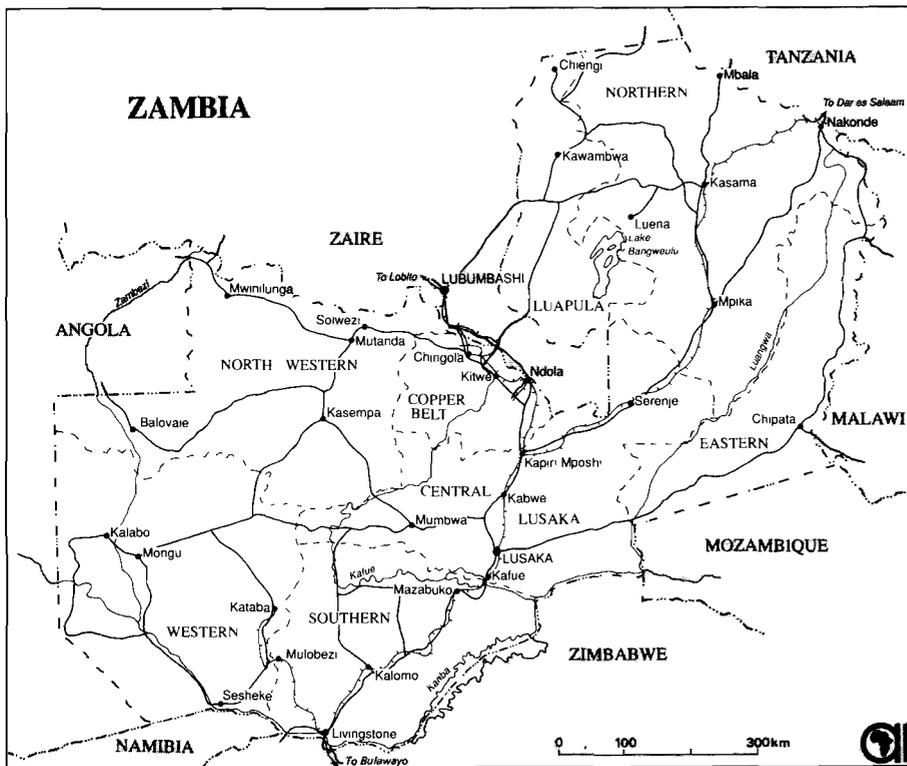


Figure 3

incomes 9 times greater than those of the 43 000 blacks in mainly semi-skilled and unskilled activities.

In spatial terms, the island of development along the line of rail accounted for 89 per cent of the territory's national income, for 69 per cent of blacks working for wages, for 40 per cent of the total population, and for 97 per cent of the urban population. The major impact of this economic concentration was that the rest of the country served primarily as a source of labour for the mines, industries, towns and commercial farms along the line of rail. Roberts viewed this unbalanced spatial pattern as "an island of comparative plenty in a vast sea of rural poverty".¹³ To exacerbate the difficulty, much of the revenue from mining that could have gone towards local development went (until 1964) in the payment of royalties to the British South Africa Company and its foreign shareholders and, during the years of Federation, in fiscal payments to the country's two partners, especially Southern Rhodesia.

It is not astonishing, therefore, that when the new government came to power in 1964 it viewed its main task

as transforming these unbalanced structures in order to radically improve the living standards of the whole population. The transformation began with government's determination to gain control of the "commanding heights" of the economy. In 1969 it purchased a 51 per cent shareholding in the two major mining groups, Zambian Anglo American Corporation, renamed Nchanga Consolidated Copper Mines (NCCM) and Roan Selection Trust, renamed Roan Consolidated Mines (RCM). It was these companies that had opened the Luanshya, Nkana, Nchanga and Mufilira mines in the 1930s, to which had been added the Chibuluma and Bancroft (now Chililabomwe) mines in the 1950s and the Chambisi mine in the 1960s. In terms of the agreement a parastatal, Mining Development Corporation (Mindeco), was set up to handle the mining business interests of government on a commercial basis while the actual operation of the mines was the responsibility of the two companies named. In 1973 the government increased still further its control over the management of the copper mines by redeeming bonds issued as compensation for the shares taken over in 1969.

In 1982 NCCM and RCM were merged to form Zambia Consolidated Copper Mines (ZCCM). ZCCM also manages the Kabwe mine which is 60,3 per cent government owned through its holding company Zambia Industrial and Mining Corporation (Zimco). Through Zimco, government controls a vast parastatal sector covering a wide variety of business enterprises including those concerned with the country's infrastructure such as railways, oil refining and distribution, electricity supply and posts and telecommunications.

Exports and the economy

In 1964 minerals represented 96 per cent of Zambia's total exports, copper and its by-product cobalt alone accounting for 92 per cent. By 1988, 94 per cent of export earnings, 92 per cent from copper and cobalt, came from minerals. The fortunes of copper and the economy have fluctuated, however, of course, with changing prices on the London Metal Exchange. On the eve of independence mining's contribution to GDP was 53 per cent. By 1988 it had fallen to only 10,5 per cent. As prices deteriorated and costs of production rose, output declined from 751 000 tons in 1964 to 417 000 tons in 1988. That mining's contribution to GDP over the past 15 years should have slumped so seriously while its contribution to exports has remained much the same is an indication of the crisis that has befallen the industry and the national economy.

In the ten years after independence Zambia was one of tropical Africa's most prosperous countries although its wealth was very unevenly distributed. In 1964 it ranked fifth in terms of GDP per capita and entered the 1970s in an exceptionally strong foreign exchange position. By 1974 the price of copper had trebled, in part through the disruptions to supply caused by Rhodesia's UDI in 1965 and the transport problems and border closure which followed in 1973. In 1975, however, a collapse in price reduced export revenues by more than 40 per cent, government revenues to less than a fifth, and created a balance of payments problem from which the country has not recovered. Brief rallies in copper and cobalt prices in 1979-80 and 1988-89 have not been enough to allow Zambia to escape from "a vicious circle of debt, foreign exchange shortages and falling output".¹⁴

By the mid-1980s Zambia's debts had risen almost to the value of her exports. Her foreign exchange shortages are explained by the fact that while the value of exports increased nearly 10 times in kwacha terms between 1980 and 1988, owing to the depreciation of the local currency, they fell in US dollar terms (Table 2). The fall in copper output has been caused by falling grades of ore, rising costs of working the deepcast mines, a shortage of skilled labour and a lack of foreign exchange with which to purchase the new equipment and spares necessary to maintain output and develop new reserves. To complete the picture, reserves are not expected to last another twenty years. Some mines have already closed; others, including Kabwe's lead and zinc mine, will close in the 1990s or early 2000s despite current rehabilitation work and efforts to reduce costs by increasing the efficiency of plant, rationalizing production and by administrative reorganization. There are known copper deposits to the west of the Copperbelt but at present the cost of developing them is regarded as unwarranted. By 1987 Zambia's GNP per capita had fallen to 21st place among the countries of tropical Africa and the purchasing power of its citizens had fallen below the 1968 level.

With the decline in copper mining, dramatic changes to the heart of Zambia's island of development are expected over the coming twenty years. Fifty-five thousand Zambians in the mining industry and a further number in related activities will have to seek alternative employment. The country's towns will have to find new economic bases; and, on a larger scale, new sources of exports and foreign exchange earnings will have to be developed.

Compared with the Copperbelt's contribution to exports, those of agriculture and manufacturing have continued to remain relatively insignificant. Zambian farmers produce a wide variety of crops. But government involvement in agriculture until recently has been weak, and the large-farm subsector has shown little interest in producing for export. Tobacco has been the chief export crop but production has fallen substantially and accounted for only 0.3 per cent of the value of exports in 1988.

Although manufacturing expanded rapidly after independence the sector subsequently stagnated with the down-

turn in the economy. Output is principally directed to the domestic market and very little industrial processing, other than refining, has resulted from copper mining. The government now aims to expand for export the manufacture of goods from locally produced raw materials and in 1988 2.7 per cent of exports was attributable to this sector.

Zambia's export capacity depends heavily upon efficient transport routes to the coast and ample electric power for its mines and smelters. Following the earlier disruption to its export routes the Tazara rail link to Dar es Salaam, opened in 1975, has been improved. Eighty-five per cent of Zambia's exports and 50 per cent of its imports now move along this line. But serious delays are often experienced when congestion builds up at the port thus necessitating continued use of Beira in Mozambique and South African ports.

The growth of Zambia's electric power generating capacity has been impressive. In 1964, 68 per cent of its power requirements, 92 per cent of which were consumed by the Copperbelt, came from the Kariba south bank hydroelectric station inaugurated in 1960 and owned jointly at that time by Zambia and Rhodesia. From 1965 efforts to reduce the country's dependence on supplies from Rhodesia led to the opening of the first phase of the Kafue Gorge hydroelectric station in 1974 and the Kariba North Bank station in 1977. Power consumption rose rapidly during the prosperous years from 1964 to 1974, averaging 7.2 per cent per year, but this rate of increase has since slowed to 1.7 per cent.

At independence Zambia's social infrastructure was grossly inadequate to meet the country's needs. Forty-five per cent of blacks in urban areas and 73 per cent of those in rural areas had never been to school. Medical services were concentrated mainly in the towns. Twelve per cent of the work force were expatriates in skilled jobs. The new government has mounted massive education and health programmes; but the weakening economy has meant a decline in the maintenance of these services and a fall in their standards.

The island and the periphery

Despite its commitment at independence to reducing the disparity between the island of development and the rest of the country the government,

over the following 20 years, did, or could do, little to change the pattern of spatial unevenness. The dilemma it faced was the need to continue investment in the area of high potential in order to generate domestic income and foreign exchange, while being concerned that it was in the rural areas that the vast bulk of the country's population lived. With this population increasing at an average of 3.6 per cent per year — to reach 7.8 million in 1989 — the heavy rate of in-migration to the Copperbelt and towns along the line of rail meant that the island of development accounted for an increasing share of the country's population, for virtually all its urban population and for 84 per cent of its wage-earners. At the same time formal sector employment has stagnated (Table 2) and increasing reliance is now being placed on the urban informal sector and on agriculture to generate employment.

The anticipated end of copper mining has forced the government into a major re-orientation of policy. It is now attempting to restructure the economy away from mining to agriculture which, despite its abundant potential, it neglected for too long. Since 1980 agriculture has therefore received an increasing share of investment. Unrealized farming potential is being tapped by the encouragement of both peasant and large-scale commercial farming, and the urban unemployed are being encouraged to return to the land. The impact of these measures has been a substantial expansion of the cultivated area, a widening of the agricultural base to include new crops such as coffee, new export crops such as cotton, sugar and horticultural products, and the development of farming outside the traditional heartland. By 1985 the number of small-scale farmers had more than doubled to 44 000 and agriculture, other than in drought years, has been the most buoyant sector of the economy.

Clearly, Zambia's island of development has undergone substantial changes within itself and in its relationship with the rest of the country since 1964. As in Zimbabwe, the government has made positive efforts to spread development more widely sectorally and spatially. But much remains to be done. Although it has already recorded successes, agriculture will need by the turn of the century agriculture to

account for at least 30 per cent of GDP (the percentage was 14,2 in 1988) if it is to replace copper as the main engine of economic growth.

Malawi

Malawi has moderately fertile soils, good water resources and a climate suited to the cultivation of a broad range of crops. At independence in 1964, however, it inherited a weak colonial economy. 80 per cent of its population of 4 million were engaged in subsistence production and 62 per cent of the value of its exports came from tea and tobacco alone. Its social and economic infrastructure was rudimentary and its only access to the sea was the 650 km railway line to Beira. More able-bodied Malawians were working for wages in neighbouring countries than in Malawi itself.

The small modern export-oriented sector was concentrated mainly in the southern region centred on the chief commercial town of Blantyre (109 000) and the capital Zomba (20 000). But this small island of development was hardly comparable with that of Southern Rhodesia: in Malawi before independence, only 3 per cent (less than 300 000 hectares) of the land was freehold, occupied mainly by white-owned estates; 10 per cent was public land; and 87 per cent was African trust land held in communal or customary tenure. The freehold estates around Blantyre were the source of the country's tea and flue-cured tobacco exports. Seventy-five per cent of the country's adult males in paid employment worked in the southern region and the tea estates were the largest single employer. In Blantyre, including Limbe its neighbour, were concentrated 60 per cent of all the jobs available in manufacturing; and these towns and their surrounding area accounted for 66 per cent of the country's monetary GDP.

The new government, committed to a market economy, had two major objectives. First, to stimulate economic growth by increasing both agricultural productivity and the diversification of exports as a means of raising rural incomes and foreign exchange earnings; and, second, to offset the unbalanced geographical pattern of development by extending economic activity to the central and northern regions.

The agricultural sector continues to dominate the economy. In 1988 it employed 78 per cent of the labour force and 44 per cent of those in paid jobs. It contributed 91 per cent of export earnings, 85 per cent coming from tobacco, tea and sugar. The smallholder subsector produces mainly for subsistence on communally-held land but includes some commercialized small farms. The estate subsector, occupying 15 per cent of the arable land, now includes not only the larger tea and sugar plantations but also many smaller units producing mainly tobacco. Estate-produced crops now account for more than 80 per cent of the country's agricultural export earnings. Tobacco has retained its position as the leading export (Table 1) and Malawi is the second largest producer in Africa (after Zimbabwe). The chief export varieties, burley and flue-cured, are produced on 4 000 estates; the remainder, fire- and sun/air-cured and oriental, are grown by 65 000 smallholders. Through increased productivity tea production has trebled since 1964. The output of sugar has been substantially expanded with the establishment of the large Dwangwa estate on the shores of Lake Malawi in the early 1980s. Groundnuts are not as important as an export crop as previously but new crops including coffee, macadamia nuts and horticultural products are being expanded, mainly on the estates, as part of the export diversification initiative. Lake fishing gives employment to substantial numbers, but only a small proportion of the fish caught are exported to neighbouring countries.

Malawi's manufacturing industry grew rapidly after independence. But there has been little foreign investment, and a shortage of foreign exchange and difficult external transport links have inhibited the growth of export industries. Ninety-five per cent of manufactured exports comes from the processing of tobacco, tea and sugar. The expected development of a large export-oriented pulp and paper mill, drawing on the extensive plantations established some years ago on the Viphya plateau in the northern part of the country, has not yet come to anything.

Until the late 1970s Malawi's economy experienced a rapid advance as exports increased and heavy investments were made in agriculture, forestry, transport and the urban infrastructure.

More recently, performance has been uneven. Fluctuating commodity prices, variable weather conditions, high import costs for fuel and consumer and capital goods, debt servicing obligations and high transport costs — rising to as much as 40 per cent of export earnings through Mozambican rebel blockage of its Beira and Nacala outlets — have taken their toll. The balance of trade and of payments has thus been under pressure, forcing the country into a series of currency devaluations since 1982 and structural adjustment programmes initiated by the International Monetary Fund (IMF) and the World Bank. Thus, while the kwacha value of total exports has more than trebled since 1980, the US dollar value has increased only modestly. In early 1990 rail traffic began to move again between Malawi and Nacala following a pledge by rebels not to attack the line. But it will not be fully serviceable until 1992.

The island and periphery

The second major objective of the new government in 1964 was to ensure that "the fruits of development were spread as evenly as possible throughout all sections of the population and all parts of the country". The southern region with its foreign-owned estates and towns was regarded as "an alien arable enclave".¹⁵ With two-thirds of the parliamentary seats held by representatives from the north and central regions, the government could not ignore demands for an immediate and equitable share of the fruits of national development.

In 1975 the new capital city of Lilongwe was established in the central region 250 km north of Blantyre. Ministries were transferred from Zomba as was the bulk of the tobacco processing and trading activity from Blantyre-Limbe. An industrial area was established, diverting some investment from Blantyre, and a new international airport opened. Substantial agricultural projects were established in the region giving support to over 150 000 smallholder families. A national rural development programme dating from 1977 has steadily continued. Its objectives have been to assist smallholders generally by improving their productivity, to encourage production for sale and for export and, through growth centres and district roads, to provide services for those living in remote areas.

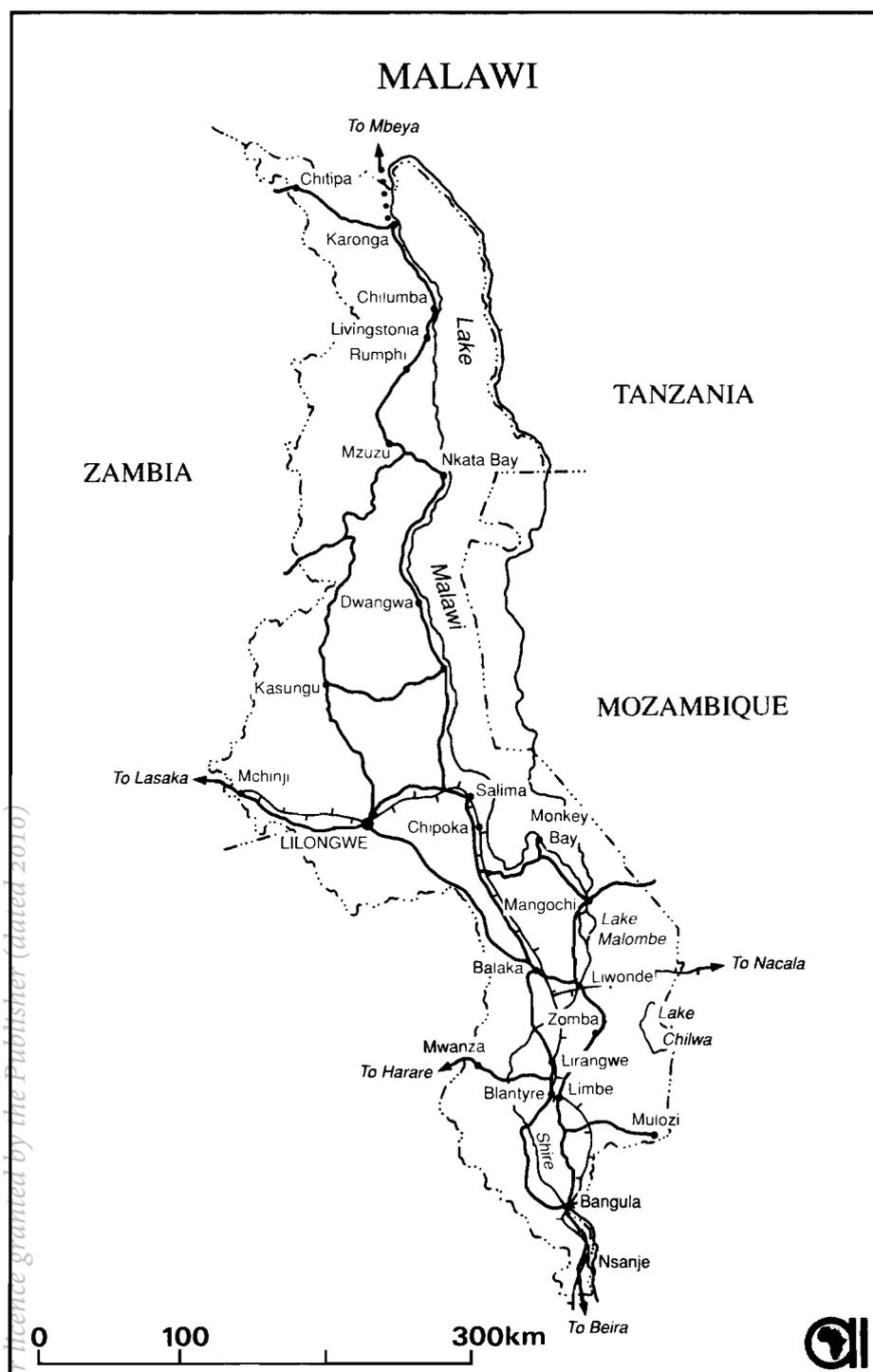


Figure 4

These developments have been matched by growth in the country's economic and social infrastructure aimed at achieving a greater integration of the three regions. The railway was extended in 1981 to the Zambian border in 1981 via Lilongwe. Earlier, in 1970, it had been extended to join the Mozambican line leading to the port of Nacala. All-

weather roads now reach from east to west and from north to south and the administrative centre of the northern region, Mzuzu, has grown from 16 000 to 44 000 inhabitants within ten years. The establishment of the Nkula Falls and the Tedzani hydroelectric stations on the Shire River in the south has increased Malawi's public and private

generating capacity to 200 megawatts. All but the far north of the country is now connected to a national electricity grid and two further power stations on the river are due for completion in the 1990s. Substantial improvements in social infrastructure have included a tripling of primary and secondary school enrolments, the expansion of technical training, the establishment of a university in Zomba and an expansion of health services. These social indicators still remain low by African standards especially in the fields of nutrition, education and infant and maternal mortality.

The effect of these developments — export growth and infrastructural investment — has been to strengthen and consolidate Malawi's island of development around an expanded Blantyre-Lilongwe axis now covering one-third of the country's area, 75 per cent of its population and about 90 per cent of its paid work force. More, through improved communications, power supply and social and economic development the less developed northern region is being brought within the sphere of influence of the southern and central economic core. But while the growth of the two main urban centres has been rapid, their size (and the proportion of the population urbanized, 13 per cent) does not match that of many other tropical African countries with populations of comparable size. Blantyre in 1987 had a population of 332 000 and Lilongwe 234 000. A major aspect of the government's spatial policy has been the discouragement of rural-urban migration. Urban wages have been kept low, and the growth of the estate sector has siphoned off many migrants who might otherwise have drifted to the larger towns. A deliberate policy of rural enhancement has aimed at promoting rural enterprise, making essential consumer goods and services available to rural people and improving their quality of life generally.

While Malawi's island of development has seen a growing strength, integration and expansion around the Blantyre-Lilongwe axis, it has been mainly in the modern sector, which employs only 11 per cent of the labour force, and not in the smallholder subsector that this growth has been manifest. With the labour force growing at a rate double that of employment in the modern sector, however, it is in smallholder farming that Malawi's

present and future employment opportunities must mainly be found. Its slow growth is therefore a cause for concern to the government, more particularly since it is also the main source of the country's food supply.

Population growth of more than 3 per cent per year is placing increasing pressure on arable land in the southern and central regions which have some of the highest population densities in tropical Africa. Deleterious effects are being felt upon soil and forest resources. The pressure is mainly on smallholder land, on which family-plot sizes have been decreasing in recent years. Some 35 per cent of smallholders now have 0,7 hectares or less — not enough to support a family — yet on the estates only about 25 per cent of the land is planted at any one time. Some areas, particularly in the northern region, still have significant amounts of unutilized communally-held land; but for socio-cultural and financial reasons resettlement in these areas is rarely possible.¹⁶

Despite the advances it has made, Malawi still ranks among the three poorest countries of tropical Africa with a per capita GNP of US\$160 and a contribution to the region's international export trade of less than 1 per cent.

Conclusion

The islands of development inherited by Zimbabwe, Zambia and Malawi from their colonial past are still the main sources of these countries' exports and foreign exchange earnings. Their exports are still primarily processed or semi-processed agricultural and mineral products, vulnerable to changing world commodity prices. In its assessment of tropical Africa's export potential over the past 30 years, the World Bank states that declining export volumes, more than declining export prices, account for the region's poor export revenues.¹⁷ While true for Zambia, this is less applicable to Zimbabwe and Malawi (Table 1) which have recorded some creditable increases in volume in a number of their major commodities. Nevertheless, the value of export-led growth in these countries, while impressive in local currency, has been pedestrian in US dollar terms (Table 1). In fact, for the periods 1965-73, 1973-80 and 1980-87 mainly declining rates of export growth, measured in US dollars, have been recorded by Zimbabwe (3,3, 0,5 and 0,9

per cent per year); by Malawi (6,3, 5,0 and 3,4 per cent per year); and especially by Zambia (5,5, -0,3 and -3,3 per cent per year). We have enumerated at length the many factors, both internal and external, that have been responsible for these declines.

Worse may lie ahead. The World Bank indicates that prospects for significantly higher prices for most primary commodities are poor. It states that export earnings will therefore have to grow by increasing the supply of existing exports and through their diversification, by generating new exports in labour-intensive light manufactures, by aggressively seeking new and larger markets in South Asia, and by more effective regional integration with other African states. While Zimbabwe, Zambia and Malawi have put their names to most facets of this strategy, including membership of the Preferential Trade Area (PTA) for Southern and Eastern Africa, two essential conditions must first be satisfied, according to the Bank. The first is the creation of an enabling environment of sound policies and private initiative. In Zimbabwe and Zambia one questions whether those sound economic policies have yet been created. The second condition is the need to build an enhanced capacity of trained managers, administrators and technical personnel from village level to the highest echelons of government to manage the economy. Everywhere in tropical Africa this remains a point of critical importance.

Whatever has been the export performance of the three islands of development dealt with here, significant changes have taken place in their relationship to their largely subsistence-economy peripheries. But it has been only by the deliberate efforts of the governments of Zimbabwe and Malawi that some encouraging spread of development and modernization has occurred in keeping with promises made at independence. In Zambia, where rhetoric has not been matched by practice, the peripheral areas until recently languished, many migrated to the limited areas of opportunity, and inequalities between island and periphery intensified. The differences, socially and economically, between developed and less developed areas remain as large as ever. As Hance points out, it must not be expected that

unevenness and inequalities between such areas can be eliminated altogether. Certain regions have ecological advantages or disadvantages that will always affect their productive possibilities and guarantee that, while their resources last, the more productive will consistently remain the sources of tropical Africa's exports. The islands of development in Zimbabwe and Malawi have renewable and diversified resources on which they can continue to depend. But the depletion of Zambia's non-renewable copper resources has clearly initiated a major spatial re-orientation of the land's entire economy.

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Lesotho: The rise and fall of military-monarchy power-sharing: 1986-1990

Tefetso H Mothibe, Lecturer in the Department of History at the National University of Lesotho, looks at the recent political crises in Lesotho.

On the morning of February 19th 1990 three members of Lesotho's Military Council, Colonels Sekhobe, Thaabe Letsie and Khethang Mosoeuyane and a member of the Council of Ministers, Colonel Monyane Mokhantso, were arrested. On the following day, the Chairman of the Military Council and Council of Ministers, His Excellency Major-General Lekhanya, issued a statement saying that he had found it "imperative" to remove these four officers, three reasons necessitating his move: first, to put an end to insubordination in the army; second, to prevent possible interference in the conduct of judicial investigations; and third, to improve the conduct and coherence of Lesotho's foreign policy.

Two days later, Major-General Lekhanya issued an even stronger statement. In the first instance, he announced that King Moshoeshe II had refused to agree to the appointment of the three new Military Council members he himself had proposed. He cynically observed:

We, The Royal Lesotho Defence Force, know and understand the family ties between His Majesty The King and some of those former members of the defence forces. Nevertheless, we assert that administration of the defence forces is not a matter of family ties. The army is indivisible and belongs to the entire nation.¹

Lekhanya further announced that the King had been stripped of all the executive and legislative powers which

had devolved upon him by virtue of Order No 1, 1986. These powers would now be exercised "for the time being" by Lekhanya with the assistance of the Military Council. The King, however, would remain as titular Head of State. Then the Major General stunned everybody by disclosing for the first time that:

In the past four years during which The Royal Lesotho Defence Force has assisted in the running of this country after ousting Chief Leabua Jonathan from power, the military has endeavoured to take measures towards democratizing the administration of the country, but His Majesty, and his relations in the Military Council, as well as other members of the Council of Ministers, have insisted that His Majesty should govern and rule without advice or "hindrance" from whomsoever. I, and my colleagues in the Military Council, are of the view that the programme of democratization must go ahead and wish to ask the nation to work towards fulfilling this promise by June, 1991.²

The following day Radio Lesotho announced that nine ministers, those who were apparently close to the King, had been sacked and a new list of members of the Military Council and Council of Ministers drawn up.

In the first press conference since his coup on February 23rd, Major General Lekhanya announced his government's "new policy". His first duty would be that of co-ordinating policy formulation. He also announced the immediate formation of two task forces, headed by

the Foreign and Finance Ministers. One task force, composed of members of the army and ministers and chaired by the Foreign Minister, was to act as a political committee. It was to report to the Major-General and the two councils within fourteen days and among the recommendations it was instructed to make was a timetable for the democratization of the country by 1992 at the latest. The second task force, headed by the Finance Minister, was instructed to seek ways of streamlining expenditure and achieving efficiency in government and parastatal enterprises:

Privatization of state enterprises shall be the hallmark of my administration, but shall await the recommendation of the task force before deciding on any major action. First to be privatized would be Lesotho Airways and Lesotho Freight Air Transport because they "have drained the coffers of this country".³

Lekhanya also stated at his press conference that in order to reduce government expenditure he had combined ministries sharing a common administrative structure, and that this had resulted in the elimination of four ministerial posts and their related expenses. Conceding that justice had often been obstructed, he said that he was asking the Attorney-General to probe all cases of corruption, self-enrichment and bribery, adding that he would recruit extra legal staff from other African countries to speed up justice.⁴

In a veiled attack on the monarchy's egg monopoly, Lekhanya announced that, "public utilities such as egg-circles should be open to all producers without discrimination and should not be subject to favours nor dumping by any special group of persons".⁵ In addition, "the Ministry of Interior shall immediately review land allocations and citizenships that have been given to aliens in the last four years".⁶

On March 10th, King Moshoeshoe II left the country without pomp or ceremony for Britain for an indefinite period. In a statement broadcast on Radio Lesotho, Major-General Lekhanya announced that the King had been asked to go on "brief sabbatical" to Britain. This royal "sabbatical" marked the end of a failed power-sharing arrangement between the military and the monarchy; the return of the monarchy to the political limbo it had endured for the whole premiership of the late Chief Jonathan; and a resounding victory for Major-General Lekhanya's faction among the military and in government.

To understand these events we need to look briefly at Order No 1, 1986. I will argue that this decree, while apparently giving power to the King, did not in fact remove it away from the military. We will then look at the George Ramone inquest which, to all intents and purposes, made inevitable a showdown between the Lekhanya and the royal factions within the Military Council. Finally we will scrutinize Lekhanya's pronouncements on democracy since his coup.

Following the 1986 military coup, Lesotho Order No 1, 1986 was issued, vesting executive and legislative authority in King Moshoeshoe II. The same order also established the Military Council and the Council of Ministers. The former was to be appointed from "such officers as are for the time being in charge of the Lesotho Military Force" and would advise the King in the exercise of his legislative power "for peace, order and good government of Lesotho ..."; and the latter, "appointed from time to time by the King", would assist the King in the general administration of the country.⁷

It was the statement to the Nation by Major-General Lekhanya that set out in very clear terms who was the boss:

As a measure to demonstrate our sincerity and neutrality we have, as I have said,

placed all legislative and executive powers with His Majesty The King. His Majesty has appointed members of the Military Council and will soon appoint members of the Council of Ministers in accordance with the Lesotho Order No. 1 of 1986 I have referred to. Other legal instruments will be promulgated and published as the need arises.⁸

The significance of the last sentence was to be rudely brought home to the King four years later when he refused to give his assent not only to the arrest and purge of four officers of the military but to the appointment of three new Military Council members proposed by Major-General Lekhanya.

The King, for his part, while vehemently denying that "family relationships" played any part in his refusal to endorse Lekhanya's sacking of the Letsie brothers from the Military Council, has not categorically challenged Lekhanya and the Military Council for stripping him of the powers vested in him by the military. What he has done in his letters to Major-General Lekhanya and his recent statements from exile is set down his powerlessness vis-à-vis the military. He has, for example, admitted that:

... I constantly pressed for the government to draw up and publish a political manifesto, clearly outlining those above mentioned — and other issues vital to Lesotho's future — for public debate, consultation and discussion within the nation, in search for consensus. Such a request met with a degree of resistance and hostility that I had failed to anticipate.⁹

Finally the King would plead with Lekhanya,

... that you "the military council" should investigate all possible means of peace, justice and truth — to resolve the "troubles" which started on Monday 19 February as you see fit because it is you who are in close touch with the "armed forces" while I do not have that opportunity ...¹⁰

If there is one event to which can be traced back the crisis that started on February 19, it is the inquest upon George Ramone. The story started in June 1989 when the South African newspapers¹¹ reported that Major-General Lekhanya had, on the night of December 23, 1988, shot and killed George Ramone, a student at the Agricultural College. Immediately after the incident, Lekhanya's bodyguard admitted the shooting to the police. But the facts contradicted the bodyguard's statements and pointed to Lekhanya's

culpability. Quite clearly Lekhanya and some of his supporters in the Military Council had decided to cover up his involvement¹² — but someone else had decided to leak the story. The result was that the Major-General came under fire for the cover-up and the Attorney-General was compelled to convene a judicial inquest. After two months of inquiry, during which Lekhanya testified for two days and admitted killing Ramone, the presiding magistrate returned a verdict of justifiable homicide. Justice had taken its course and Lekhanya was off the hook.

This inquest and its outcome marked a turning point in the continual tensions between the military and the monarchy in general and between the Lekhanya and the royal military factions within the Military Council in particular.

The news of the killing of George Ramone by Lekhanya led to private and behind the scenes calls by the King, by the royal faction within the Military Council, and by some of the members of the Council of Ministers for Lekhanya to resign. The King asked Lekhanya to step down while an investigation was carried out.¹³ Lekhanya refused. The military-monarchy administration was for a time paralysed. Matters came to a head when Colonel Thaabe Letsie, a member of the Military Council as well as Minister of Foreign Affairs, was called to give evidence in the course of the inquest. He categorically denied that Lekhanya had ever told the Military Council about his involvement in the killing of Ramone, thus directly contradicting Lekhanya's story that he had informed the Military Council. The Colonel was also to betray his pleasure at the apparent downfall of Lekhanya by cynically remarking that he could "not find reason why the government is being dragged into this thing, which is a purely personal matter, when the courts of law should be taking their own course".¹⁴ An opportunity had presented itself to get rid of Lekhanya and the royal faction in the military were not going to miss it. The Lekhanya faction was not to forget this betrayal. It would only be a matter of time before they retaliated.

Both Lekhanya's admission that he had shot and killed Ramone — who, he claimed, was caught in the act of committing rape — and his subsequent acquittal profoundly incensed the

Basotho. His political standing was seriously tarnished. The leakage of the incident was to have far-reaching consequences, indeed, for it opened a veritable Pandora's box. Awkward questions first to emerge concerned the "mysterious" death of Vincent Makhele and Desmond Sixishe, former Ministers in Jonathan's regime, and that of their wives, in November 1986. The Attorney-General's office announced an inquest into these deaths — which had occurred exactly three years before — only a few weeks after the end of Ramone's inquest. The timing was perfect. Lekhanya had just been dragged before the courts of law — though acquitted. Now it was the turn of the royal military faction to face similar retribution. Sekhobe Letsie, a now disgraced former member of the Military Council, currently faces four murder and two attempted murder charges.

With the arrest and purge of the royal faction within the Military Council and the King on "sabbatical", Lekhanya's faction was now in the ascendant, for the time being at least. What did this mean for the future, especially for Lesotho's return to civilian democratic government? It is to this that we now turn.

After announcing that King Moshoeshoe II had been stripped of all his powers, Major-General Lekhanya accused him of having, together with his kinsmen in the Military Council, acted as a brake on the return to civilian democratic rule in Lesotho. As if to prove his point, he announced that a National Advisory Council would be established by April 1990.¹⁵ This council was to be made up of representatives elected from existing village, ward and district development councils and it was intended that it should play an advisory role in the adoption of a new constitution and a return to civilian government.

However, in a series of letters to Major-General Lekhanya, copies of which were sent to the local and foreign press,¹⁶ King Moshoeshoe II strongly denied that he was opposed to returning Lesotho to democratic, civilian government. He said that the National Advisory Council (an idea close to his own heart too)¹⁷ which Lekhanya was talking about could have been brought into being long ago. He continued:

You [Lekhanya] will recall that since March 1989 after the *pitso* (rally) at Thaba-Bosiu, the prevailing idea was always that

the "National Council" should be installed before the end of that year.¹⁸

He added that the reason given by the Military Council for the delay was that "the armed forces were still being consulted". He further denied Lekhanya's claim that he (the King) and his royal kinsmen frustrated moves towards civilian rule because of their strong belief in feudalism and absolute monarchy. He concluded, "it is not fair to give this nation and the international community the impression that I acted in any way to impede or protract moves towards Civilian Government".¹⁹

In short, both the King and the Military Council had agreed on establishing a National Council as an institution that would serve as an alternative to a government elected on the basis of political parties. No wonder that even with the departure of his "enemies" from government, Lekhanya has maintained his rabid hatred of political parties. In a *pitso* held at Teyateyaneng on 7 April 1990, he is on record as vowing not to scrap Order No 4 until 1992.²⁰ This notorious decree has as its objective:

To suspend all party political activities until such time as the goals of national reconciliation shall have been achieved and a new constitution shall have been agreed upon, and for connected purposes.²¹

It is to be remembered that it was Lekhanya who, in justifying his coup and announcing his "New Policy Directions" to the nation on 24 January 1986 alleged that:

For a long time this nation had been plunged into a political quagmire by politicians whose actions did not necessarily align themselves with the national interests. This situation resulted in unnecessary loss of life and extensive destruction to property when Mosotho turned against Mosotho, brother against sister, wife against husband.²²

He continued: the politicians had failed to "find solutions to the country's problems, and as a result the whole fabric" of the Basotho society had been "adversely affected". He concluded: "as the only neutral political force in the country, we found it necessary to intervene to restore peace and stability among the people of Moshoeshoe".²³

Going back twenty years or so into Lesotho's history, it is timely for our argument to recall that the success of the 1970 coup by the late Prime Minister Jonathan hinged essentially on

the use of the police and the soldiers of the Para-Military Unit (PMU). (The PMU was in 1980 renamed to the Lesotho Para-Military Force (LPF) and in 1986 the Royal Lesotho Defence Force (RLDF).)²⁴ This was admitted by the now disgraced former member of the Military Council, Sekhobe Letsie, "who was primarily responsible for the conception and execution of the military coup of 20 January 1986".²⁵ According to Sekhobe:

Although it seemed as though it was the party that was ruling ... that party was able to rule only because of the presence of the military ... Without that it would not have been able to rule ... The situation of the 1970 coup d'état is the one that made it possible for the National Party to rule Lesotho for this long, because it was the military which enforced its powers.²⁶

This fact was well known to many Basotho; and Moeletsi oa Basotho's editorial merely echoed their views:

It is not Major General Lekhanya who can say with certainty that the order (No. 4) whose objective is to trample on human rights is meant to prevent "the quagmire of destructive politics". The Chairman knows the truth that Chief Leabua Jonathan was able to rule for 20 years supported by armed forces, not the politicians; His Majesty ruled for years supported by the army and not the politicians.²⁷

It is clear that the way forward as currently envisaged by Lesotho's military regime does not offer any possibility for democratic rule based on party politics. The editorial just quoted offers the following advice to the military strongman:

It would be good and useful for Major-General Lekhanya to be vigilant and discard the advices of those who lead him into trouble. The late Chief Jonathan and His Majesty have left examples: "we saw them dance and pass." Order No 4 is an oppressive decree that has to be scrapped immediately²⁸

Popular government and party politics are what the Basotho now want. In several countries of Africa the wind is blowing towards multiparty democracy. The catalyst has been the revolution in Eastern Europe which toppled Stalinist regimes and, closer to home, the irreversible mass movement towards a non-racial democracy in South Africa. As has been said elsewhere on many occasions, it is not possible to analyse Lesotho's political and economic prospects without reference to developments in South Africa. Strong South African

support undoubtedly facilitated the military coup d'état of January 1986 and has contributed to some of the achievements of the military regime, notably an end to the guerilla warfare of the Lesotho Liberation Army which operated from South Africa against the late Jonathan's regime, the return of exiles, especially the Basutoland Congress Party leadership and, on the economic side, the reassurances given by South Africa's white minority regime on both migrant labour and the need to pursue the Highlands Water Scheme.

Major General Lekhanya has not missed the significance of developments in South Africa. In his statement of February 23, he alleged that "on foreign affairs, we shall foster speedy democratization of South Africa by encouraging parties in the political act to work towards a non-apartheid society".²⁹ Basotho, for their part, are more eager for Major-General Lekhanya to "foster speedy democratization" in Lesotho itself.

The erroneous strategy of Lesotho's leaders, past and present, in projecting a progressive image abroad while the Basotho themselves are denied freedom of political expression at home by their "progressive" leaders will not work again. The Basotho have seen in South Africa what a determined people can achieve. Many Basotho hope that Major-General Lekhanya will scrap Order No 4 because there can be no democracy while it lasts. Procrastination can only result in dire consequences not only for the regime but for the whole nation.

Stepping back somewhat to secure a broader view, Lesotho cannot survive as an island of military dictatorship in the midst of a united, non-racial and democratic South Africa. Lekhanya himself — not only a beneficiary of the white minority regime's patronage but a compliant neighbour since the coup of 1986 — knows this full well. Although not a leader of the 1986-plot, Lekhanya flew immediately to Pretoria for secret talks and announced the establishment of a joint security committee. African National Congress (ANC) refugees were quickly deported on the instructions of Pretoria. Co-operation between the RLDF and the South African Defence Force (SADF) was stepped up through training and Pretoria's gift to Lesotho of a two-million-maloti military hospital. During the Pope's

visit in September 1988 the regime called in the SADF commandos to deal with a bus hijacking that resulted in six people killed outside the British High Commission building in a shoot-out. Clients and puppets of the Pretoria regime in the bantustans have already read the signs of the times and are deserting their "Baas" in droves to join the forces of democracy and freedom in South Africa. Clients in Lesotho should follow suit.

Postscript

Since writing this article, the inevitable showdown between exiled King Moshoeshe II and Major-General Lekhanya has resulted in the former's dethronement and replacement by his own son, Crown Prince Mohato, who since his installation, is known as King Letsie III. These rapid developments started at the end of October 1990 when, after what were reportedly warm and cordial discussions between King Moshoeshe II and Major-General Lekhanya in London on the subject of the former's return to Lesotho, the King sent the general a letter in which he detailed certain preconditions for his return. These were: that first, the current military regime be dissolved and replaced by a government of national unity; second, that the current Constituent Assembly be dissolved and the Constitution of 1966 be restored; and third, that the King's constitutional role be clarified by the repeal of Lesotho Order No 4, 1990. Order No 4, otherwise known as "Office of King Order 1990," while basically restoring the monarchy to the status of constitutional monarchy that it enjoyed during the 1966-1970 period, specifically targeted King Moshoeshe II for dethronement. Section 21 of the Order is pretty clear:

The person holding the office of King immediately before the coming into operation of this order shall cease to be King and Head of State on the coming into operation of this order.

These words sealed the fate of King Moshoeshe II, King of Lesotho for thirty years. Perhaps the most salient feature of this Order is that it vests the power to dethrone the monarch on the grounds of "negligence of duty and incompetency" in the Chairman of the Military Council. So, for the first time in the history of Lesotho, power over

the monarch is given to one man — a military man — who neither has a mandate from nor is accountable to the Basotho. In short, what Major-General Lekhanya has done, at the stroke of a pen, is to emasculate the monarchy and render it forever irrelevant. King Letsie III's acceptance of the position is telling testimony that the Basotho monarchy is now a spent force.

Notes and References

- 1 *Statement by His Excellency Major-General Justin Metsing Lekhanya, Chairman of the Military Council and Council of Ministers, 21/2/90, p 1.*
- 2 *Ibid.* p 2. The King has, however, categorically denied that he stood against the return to civilian rule. He has accused the Military Council of refusing to act quickly enough to return the nation to genuine democracy. He has also disclosed to the nation, in recent statements from exile, that he and others in the Military Council and Council of Ministers had major differences with Major-General Lekhanya and some members of the Military Council concerning on three major policy issues. "These were, *first*, the development/ democracy debate, *secondly*, the role of Lesotho in the anti-apartheid campaign and our commitment to the Liberation Movement in South Africa, and *lastly*, the necessity, as I saw it, of an independent national commission to look into levels of malpractice and corruption and the excessive benefits and privileges concentrated in the hands of the few — both in Government and parastatal circles." (Emphasis in original.) *Statement from His Majesty King Moshoeshe II to Basotho people* — April 1990, p 6.
- 3 *Statement by His Excellency Major-General J M Lekhanya, Chairman of the Military Council and Council of Ministers before a press conference on Friday 23 February 1990, p 2.*
- 4 *Ibid.* But shortly after these noble announcements it became clear to many people how hollow Major-General Lekhanya's claimed anti-corruption measures were when some of his very close cabinet colleagues were named in court cases. See Moeletsi oa Basotho, Tihakubele, 1990. The question arises whether any true anti-corruption measures can be taken at all when the suspects themselves are in charge. No wonder that to date the commission of inquiry has not been set up nor has anyone been brought before the courts on corruption charges. Our forecast is that nothing will happen. See the confidential letters of February 1989 and 2 March 1989 from Charles J Lipton to H M King Moshoeshe II and Major-General Metsing Lekhanya and His Majesty's letter of 15 January 1990 to H E Major-General J M Lekhanya KCMDOM.

- 5 *Ibid.*
- 6 *Ibid.* Again these statements have not been borne out by the facts on the ground. The beneficiaries of these land allocations had not only been those targeted by Major-General Lekhanya, the royal family. Recent revelations by the Moeletsi oa Basotho newspaper of April show how the main Maseru bus stop area had been turned into business sites, all of which had since been subleased to Indian businessmen by their owners. The latter happen to be present and past members of both the Military Council and Council of Ministers.
- 7 *Lesotho Government Gazette Extraordinary* No 3 of January 1986 containing Lesotho Order No 4 of 1986.
- 8 "Statement to the nation by Chairman of the Lesotho Military Council, His Excellency Major-General J M Lekhanya on new policy directions — 24th January 1986", in *Encounter the new Lesotho: Many voices, one people*, Maseru: Department of Information, September 1986) p 20.
- 9 *Ibid.* See the undated and unsigned statement from His Majesty King Moshoeshoe II of Lesotho p 1. The question that will be on the lips of many Basotho, however, is why the King, acutely aware of how hollow his executive and legislative powers were, did not only not come out publicly on his own account earlier but also failed to appeal directly to the nation over the heads of the Military Council as he is now doing from exile.
- 10 An appeal by His Majesty, in *Leselinyana la Lesotho*, 9 Tlhakabele 1990 p 4. (Author's translation from Sesotho.)
- 11 "Lesotho military strongman in student killing", *Sunday Star* (Johannesburg), 24 June 1989; "Lesotho military leader accused of killing," *Sunday Observer* (London), 23 June 1989.
- 12 *Ibid.* This is confirmed by the King in his letter of 11 July 1989 to Major-General Lekhanya in which he says "Similarly I hope investigation will be made regarding the allegation that a high ranking official put undue pressure on the Commissioner of Police to treat this matter as a special case, different from all others ..." p 3.
- 13 "Murder on high", *New African*, September 1989, p 22. His argument given in the same letter, was "that, according to convention and common practice a person who is being directly investigated in a case of this magnitude usually *volunteers* to resign or is asked to resign temporarily, not to deny him the opportunity to answer for himself, but rather to give full liberty and leeway to those carrying out investigations". (Emphasis in original.) See also the *King's statement* of 29 May 1990, p 1.
- 14 "I shot Ramone — Lekhanya", *New African*, November 1989, p 22.
- 15 For reasons that were never made public, the newly christened Constituent Assembly was officially opened on 28 July 1990. It has 109 members, made up as follows: Chairman of Military Council, Council of Ministers, Principal and Ward Chiefs, Members of the Army and the Police, Members of the banned political parties, Members of District Development Council, Members of District Chamber of Commerce and "outstanding" citizens.
- 16 *Leselinyana la Lesotho*, 9 Tlhakubele 1990; *Moeletsi oa Basotho*, 8 Mesa 1990; and *Weekly Mail* (Johannesburg), 16-22 March 1990.
- 17 For example, the King in his letter of 22 February 1990 to Major-General Lekhanya approvingly writes "I am encouraged by this announcement [National Council] which as I say, should have been made back in 1989. I sincerely hope the National Council will actually materialize as promised, especially on this year of "Implementation" (p 2). The King would come back to the national Council in his statement to Basotho people of April 1990. "The minimum programme of action we urged was the establishment of an elected National Council to work with Government for a political consensus designed to lead rapidly to full democracy. Yet even this modest step was frustrated by the Military Council" (p 4).
- 18 *Leselinyane La Lesotho*; *Moeletsi oa Basotho*; and *Weekly Mail*, *op cit.*
- 19 *Ibid.*
- 20 "Order No 4 ha e hlakoloe", *Moeletsi oa Basotho*, 22 Tlhakubele 1990, *op cit.*
- 21 *Lesotho Government Gazette Extraordinary*, vol XXI, no 12, Suspension of Political Activities Order No 4, 1986.
- 22 Statement to the Nation by Chairman of the Lesotho Military Council, His Excellency Major-General J M Lekhanya on "New Policy Directions", 24 January 1986, *op cit.*, p 20.
- 23 *Ibid.*
- 24 *Ibid.* It is probably going too far to put blame on one person for the 1970 *coup d'état* as the King does in his undated, unpagged and unsigned statement: "In the historical contest, you will doubtless be aware of Major-General's role in the 1970 coup when Chief Leabua Jonathan seized power, with the support of then South African forces, after losing a general election in Lesotho Such a coup would have been extremely difficult to mount without the support of Major-General Lekhanya." (Author's emphasis.) See Khaketla, Lesotho 1970 for a detailed account of the *coup d'état*.
- 25 L B B J Machobane, "Perceptions on the constitutional future for the Kingdom of Lesotho", *Journal of Commonwealth and Comparative Politics*, vol xxvi, no 2, July 1988, p 189.
- 26 *Ibid.*, p 189-190. (Author's emphasis.)
- 27 "Order No 4 ha e hlakoloe", *op cit.*, p 2. (Author's translation from Sesotho.)
- 28 *Ibid.* (Author's translation from Sesotho.)
- 29 *Statement by His Excellency Major-General J M Lekhanya*, Chairman of the Military Council and Council of Ministers before a press conference on Friday 23 February 1990, p 2.

Lesotho and the reintegration of South Africa

Roger Southall, Associate Professor, Department of Political Studies, Rhodes University, Grahamstown, analyses the possible incorporation of Lesotho into the new South Africa.

The liberation of South Africa, as envisaged by the African National Congress (ANC) (and not now disavowed by the ruling National Party), will almost certainly be on the basis of a formally unitary, democratic and non-racial state. Implied by this is the re-incorporation of the four nominally independent bantustans — Transkei, Bophuthatswana, Venda and Ciskei (TBVC) — into the body politic of the renovated Republic, and the integration of all “homelands” into a national structure of regional and local government. On what terms, and quite how this restructuring will come about, remains to be seen, subject as it is to the process and course of negotiations and continuing liberation struggle. None the less, whatever the particular outcome, the whole dynamic of events in and concerning the bantustans since the February 1990 unbanning of political movements and the release of Nelson Mandela — notably popularly supported coups in Ciskei and Venda, which have brought to office military leaderships clearly favouring re-incorporation, as well as a developing alignment with the ANC by mid-1990 of eight of the ten bantustans¹ — clearly indicates that the tragi-comic game of national states is very nearly up; and this notwithstanding the reluctance of Lucas Mangope to move beyond his delusions of Bophuthatswana’s either forging greater unity with Botswana or acceding as a constituent territory to a federated Southern Africa. Yet for all that Mangope poses the issue in a

wholly inappropriate manner, the reintegration of the bantustans into South Africa will clearly have major implications for the region as a whole. In particular, that moment or moments — when apartheid is plunged into reverse, border posts dismantled and bantustan citizenships revoked — could provide Lesotho, the subject of this article, with a historic opportunity to review its relationship with the country by which it is wholly surrounded and upon which it is almost wholly dependent for its livelihood.

To put it bluntly, Lesotho’s encirclement by South Africa renders it a very special case. Other states in the world are landlocked, but none by a single other country; other Southern African states are heavily dependent upon South Africa, yet all other members of the Southern African Development Co-ordinating Conference (SADCC) enjoy direct land access to the wider African continent; no other states are so intimately attached to the South African Chamber of Mines through the migrant labour system, to the foreign work-force of which Lesotho contributed fully 52,8 per cent in 1988.² Nor indeed can any other of South Africa’s neighbours offer anything to compare with the Lesotho Highlands Water Project, the massive R11,7 billion scheme (1985 prices) whereby Lesotho will redirect her mountain waters to quench the Witwatersrand’s voracious industrial thirst and thus bind its economic wellbeing yet more tightly to the Republic. Add to this such telling

facts as that the 1986 coup in Lesotho was precipitated by the South African blockade and that the resultant military leadership of General Justin Lekhanya has been happy to do Pretoria’s bidding,³ and the point has been made that whatever the relation between a democratic South Africa and the SADCC states, Lesotho’s future existence and development will remain much more closely bound up with the former than with the latter.

For all that Lesotho’s extreme dependence upon South Africa renders it not unlike a bantustan,⁴ its status as a sovereign entity has been of major significance in terms of the country’s national dignity and regional relations since independence in 1966. None the less, it can also be argued that Lesotho is so deeply embedded in South Africa’s geopolitical economy that we may legitimately give the issue of its integration with the Republic an airing in the same breath as we consider the re-incorporation of the bantustans. In turn, this posits some prior discussion of the minimal prospects for any foreseeable South(ern) African federation.

Bantustan reincorporation

The homeland leaderships that acceded to “independence” in Transkei in 1976, Bophuthatswana in 1977, Venda in 1979 and Ciskei in 1981 did so without any legitimate mandate and against the wishes of their South Africa defined, *de jure* populations⁵ and ushered in regimes that have become synonymous

with corruption, authoritarianism and human rights abuses as well as with anti-developmental strategies and a by and large wilful subordination to Pretoria. Thereafter, the abject failure of these territories to catch even the faintest whiff of international recognition, along with two coups in Transkei (which despatched the Matanzimas' regime and its short-lived successor, led by Stella Sigau, in 1987) and the attempted coup in Bophuthatswana (which saw a deposed Lucas Mangope restored to office by the South African Defence Force) in 1988, put paid to Pretoria's lingering claims to having been pursuing a viable model of internal decolonization. Meanwhile, these developments also confirmed the political nous of those homeland leaderships that, for whatever reason, had stopped short of leading their territories to bantustan-style independence.

Transkei's new military leader, Major-General Bantu Holomisa, pronounced after his seizure of power that the territory now wished to be seen as part of South Africa and would be willing to give up its "independence" if the situation changed significantly.⁶ This assertion melded well with the position of the non-independent bantustans, whose governments were now increasingly arguing the need for the inclusion of Africans in the central political process, either through such devices as federation (as proposed by Lebowa's Dr Cedric Phatudi in 1985) or by a national convention (as favoured by Chief Gatsha Buthelezi's Inkatha movement in the same year).⁷ To be sure, such views clearly envisaged the perpetuation of existent homeland structures at some or other level of government, thereby providing for the incorporation of ethnicity on at least a *de facto* basis into some future constitutional model. Nevertheless, rather than seeking separation from South Africa, these bantustan leaderships were now clamouring for some mode of reinclusion, if only in reluctant recognition of the depth of popular antipathy to the entire independence charade.

Thus it is that such recent developments as Holomisa's hosting an ANC rally in Umtata in April 1990, at which he committed his government to holding a referendum in Transkei as to whether or not independence should be

revoked, should be viewed as the latest in a series of policy reversals in the course of which even the South African government, too, has begun to back-track — notably by proposing in 1985 to confer dual citizenship on Africans who had lost their South African citizenship because of the nominal independence of their homelands⁸ and by indicating in 1986 that it accepted the notion of an undivided South Africa (albeit excluding the independent homelands) wherein all regions and communities would enjoy the right to participate in institutions to be negotiated collectively.⁹

It is true that these latter initiatives were to prove less than satisfactory. The Restoration of South African Citizenship Act of 1988 qualified only 1.75 million Africans out of a total 7.5 million TBVC citizens for South African citizenship¹⁰ and the government's 1988 Promotion of Constitutional Development Bill provided for an African forum which, in seeking to prepare a new constitution for all South Africans, would have further entrenched racial representation by serving essentially as a fourth Chamber of Parliament alongside the existing tri-cameral structure.¹¹ But again, by this time, even those homeland leaders who did not reject the National Council idea outright linked their willingness to participate to the release of political prisoners and the lifting of prohibitions on political organizations. Only Chief Buthelezi now contests the political primacy of the ANC. The other homeland leaders (excepting Mangope) clearly accept their marginality and would seem to be hoping for inclusion in national level negotiations as at least junior partners in liberation. This loss to the government of the support of even its most subservient satraps now leaves it openly exposed to the democratic demand for the total abolition of separate development structures.

This is not to say that national democratic forces have yet paid any systematic attention to the question of how the reincorporation of the homelands into the body politic of South Africa may be achieved. Indeed, little has been done from a liberationist standpoint beyond an insistence upon the unacceptability of the bantustans and the need to replace them with democratic structures. However, such recent developments as Holomisa's issue of a Draft

Decree on the Proposed National Referendum to test the popularity of Transkei's rejoining South Africa will undoubtedly now place the topic and mode of homeland reintegration high upon the agenda of national-level debate and negotiation.

Posing the fundamental question of whether and on what basis Transkei should rejoin South Africa, the Draft Decree outlines five possible scenarios:

- Transkei being subject to South Africa at central government level and the Cape at local government level or forming a separate province;
- Transkei being part of a new South Africa and subject to constitutional structures which will evolve after the impending negotiations have been concluded;
- Transkei largely giving up its independence to a central government on the understanding that certain government functions would be returned to it as part of a South African federation;
- Transkei retaining its independence, but bestowing certain government functions upon a central government which would set up a confederation of South African states; and
- Transkei retaining its independence.¹²

The whole notion of a referendum offers, of course, certain problems. As Transkei has never been internationally recognized as a separate state, the liberation movements would be on firm ground if they insisted that the Transkei population could not legitimately be asked to decide whether to rejoin the Republic since the international community has never regarded them as other than South African citizens. Be that as it may, even if the ANC were to indicate its acceptability of this or any other bantustan referendum in the pragmatic belief that the outcome would favour its own vision of the future, it must be noted that only the first two of Holomisa's options can be reconciled with the ANC's Constitutional Guidelines which today still form the basis for its negotiations with the South African government.¹³

Insisting that South Africa shall be a unitary, democratic state wherein popular sovereignty is exercised through

one central legislature, executive, judiciary and administration, the ANC Guidelines say nothing about the re-integration of the bantustans. By implication, therefore, this issue falls under the broader rubric of the restructuring of regional and local government on a non-racial basis. Yet here the Guidelines are relatively inexplicit, proposing merely that provision shall be made for the delegation of powers of the central authority to subordinate administrative units for purposes of more efficient administration and democratic participation; that all organs of government shall be representative of the people as a whole; and that the people shall have the right to vote under a system of universal suffrage, with every voter having the right to stand for election and be elected to all legislative bodies.

Among other necessary consequences of the above, three particularly hold implications for the reincorporation of the bantustans.

First, just as the Guidelines clearly envisage a multiparty parliamentary democracy, so it would seem that a plurality of parties would be replicated at local level, this further suggesting that regionally specific differences might well become embodied in local government assemblies controlled by political parties not directly represented in government at central level. What this, in turn, suggests is a willingness on the part of the central government both to tolerate political diversity at local level and to concede a significant level of autonomy to local authorities, albeit within the framework of the emergent unitary state.

The second consequence is the rather obvious one that the political geography of local government will form a major aspect of negotiations between the ANC, the government and others at national level. For however great the National Party's commitment to racially defined "group rights" diluted (as seems likely) to some or other scheme involving the voluntary association of individuals into whatever groups they choose, the diverse negotiating parties will understandably seek to maximize their advantage in any delimitation of regional electoral and administrative areas. Such considerations clearly stress the importance of the bantustans being incorporated into a nationally accepted and democratic structure of regional government. This

could well imply acceptance of Umtata as a centre of regional government. But in contrast, the notion of the fragmented absurdity of Bophuthatswana retaining its existence as any sort of entity clearly raises a whole series of questions. How these latter are answered will almost certainly depend upon the course of negotiations as much as upon any prior notion of rational administration.

Finally, as discussed elsewhere,¹⁴ the ANC Guidelines imply that, though urban and rural areas may require appropriately differentiated structures, regional and local government will need to be based on uniform principles and a common set of values (such as the realization of liberty, participation and efficiency). To be plain, for all that it is possible that relatively homogeneous and geographically integrated areas such as Ciskei and Transkei could become regional or local units of government, they would be governed not by the authoritarian principles of their bantustan past but by the more democratic and open values which, flowing from the centre, would in theory shape subnational governance throughout the land — as much in former black and white as in both rural and urban areas.

All this underscores the ANC's commitment to a unitary state and, whatever the structure of regional government adopted, the improbability of Lesotho's being able to join a federal South (or, indeed, Southern) Africa.

Lesotho's federal non-option

In his classic statement, elaborating the case for a federation of Southern Africa, Leo Marquard listed the advantages as not only enabling whites to share power more easily than under a unitary system, but also as guaranteeing liberty by a bill of rights (safeguarded by a Supreme Court), providing a common citizenship, opening positions in shared institutions to all, establishing free movement throughout the region, and of course realizing a host of economies of scale and boosting industrial and agricultural development through the creation of a single market and shared power, water and transport systems. Such territories as Botswana, Lesotho and Swaziland, which would remain economic backwaters if they continued to cling to independent status, would be enabled to enjoy the

prosperity of a regional economic unit yet retain their cultural independence. And so forth.¹⁵ However, although such considerations are not easily dismissed, federation cannot be regarded as being on either the South African or Southern African agenda for at least some years to come. The reasons are easy to discern.

First and foremost, the case for federal — or related confederal — models of government has been elaborated overwhelmingly by those who have argued the impracticality or unacceptability of South Africa's becoming a non-racial, majoritarian, unitary state. Marquard proposed federation for Southern Africa as a device for averting a bloody collision between the races which he deemed the most likely outcome of an attempted "non-white revolution". Again, successive National Party leaders, from Verwoerd through to P W Botha, as well as a host of South African government ideologues, have linked the establishment of ethnically defined homelands to such possible schemes as a constellation or confederation of states in which a white-controlled core would be constitutionally associated with (dominate) a collectivity of black statelets, thereby in essence realizing the ends of separate development. In other words, it is precisely because the virtues of federalism/confederalism have been trumpeted as denying the triumph of African nationalism, of frustrating majority control over the levers of the state and economy as presently constituted, that the ANC and PAC have been equally insistent upon a democratic South Africa's retaining a unitary form.

Likewise, precisely because federal or confederal notions, however presented, have virtually all fastened in some way upon the present connection between race and territory (with some or all of the homelands regularly featuring as constituent units of any proposed scheme), federation has come to be viewed in liberation quarters as providing for the reification of ethnicity when the creation of a non-racial South Africanism is instead the aspired for goal. Federalism, in short, is popularly viewed as a means of today dispersing power favoured by those who have, historically, enjoyed the measure of its concentration.

Related to this is the fact that South Africa is already a unitary state, a

historical fact which the future is unlikely to undo. For a start, modern federations that have arisen not from the union of previously separate states but from a unitary past have been imposed from outside: by the departing colonial power in Nigeria; by the victorious Allies in Germany. On this view South Africa's adoption of a unitary constitution in 1910 appears determinate, for not only is any clear external, compelling or persuasive power lacking, but under De Klerk the South African government itself has abandoned its quasi-federal leanings in favour of a unitary model of government. Featuring a bicameral parliament elected by universal adult franchise on a common voters roll, this envisages a popularly and non-rationally elected lower house balanced by a second chamber representative of "cultures", the voters deciding for themselves to which of the latter they would belong. Indeed, it is precisely because none of the mechanisms viewed by De Klerk as necessary to prevent domination by any one group — decentralization of power, devolution of authority, constitutional checks and balances and an independent judiciary — are centrally at odds with both a unitary model and the demands of the ANC that a negotiated settlement can be seriously contemplated.¹⁶ Any attempt to regionalize South Africa, to deliberately carve out constituent units for a negotiated federation, would in practice (it seems likely) go beyond the renovation of bantustan structures and raise the spectre of partition to accommodate those determined not to federate. This last-named option is favoured only by the far-right whites, and is opposed as strongly by the National Party (which seeks to concentrate white electoral weight within a newly constituted state) as by the ANC.

Again, for all that its proponents have viewed the ultimate goal of federation as the linking of the Republic with its neighbouring states (notably Namibia, Botswana, Lesotho and Swaziland; Angola, Mozambique, Zimbabwe and Zambia have also been mentioned as possibilities), such a project could only be realized well after the creation of a non-racial, democratic South African state. One point only: the National Party would scarcely welcome on board yet more black citizens to swamp its already overloaded demographic boat.

Accordingly, if a Southern African federation is ever to come about, it will have to do so not as an adjunct to the creation of democracy in South Africa but as a wholly separate, interstate negotiation process which will postulate the prior establishment of majority government in Pretoria. Nor, indeed, although it may be less than polite to say so, would South Africa's neighbours be wise to hitch their wagons to a non-racial, democratic horse that would need some time to show quite how well it could run.

Finally, there are a host of additional reasons why impending regional federation is simply not on the cards. Such a large core state as would be the unitary South Africa most likely to emerge from the present negotiation process would be thought by other prospective constituent parties as likely to dominate federal structures (as Russia has dominated the Soviet quasi-federation). South Africa's neighbours are less than likely to contemplate surrendering their separate statehoods and representation in international organizations for uncertain gains (least of all Namibia, which has only just secured its independence from Pretoria). And a third point: there is widespread anticipation that many of the economic benefits that might flow from federation could in any case be pursued through the adoption of a more pragmatic, common-market option. More than a little aware that federalism in any case has fared rather badly in Africa,¹⁷ Southern African governments are much more convinced by the virtues of modestly successful regional co-operation as exemplified in the SADCC than they would be by any more ambitious, federal scheme.

Now we may ask the question: if, in short, there is no prospect of a federal option, how may a reformulation of Lesotho's relation with South Africa be conceived?

Lesotho and a non-racial South Africa

Hitherto, Lesotho's relations with South Africa, however framed in terms of confrontation or accommodation by the government of the day, have always, necessarily, been based on some calculation of how far to oppose apartheid politically while co-operating with the Republic economically. The question now will be how to move away from the

tensions and ambiguities of the past towards a more creative relationship founded upon appreciation of the two countries' shared history, interests and destiny.

Discounting the federal option, Lesotho will have the broad choice of restructuring its relations with South Africa on a basis of retaining its existence as a separate state or, were it bold enough (and were the new Republic willing) surrendering its sovereignty in exchange for the benefits of integration.

Let us admit that in all probability Lesotho will simply drift with the tide of events. That is, it will be likely to continue to balance its membership of the Southern African Customs Union (which links South Africa to Botswana, Lesotho, Swaziland and Namibia) against its membership of the SADCC (designed to reduce member states' dependence upon the Republic), at the same time actively participating in any restructuring of regional relations and institutions (perhaps edging towards the creation of a wider common market or, in the longer term, the erection of confederal structures). Adopting this view of things, it will be argued that Lesotho will be able to combine the benefits flowing from the abolition of apartheid with those it already enjoys as a consequence of its by now long established independent status. In any event, so the argument will continue, statehood once gained should not be casually abandoned: the Basotho people have long developed a sense of national identity which international recognition of their country, albeit small and poor, has merely confirmed. Accordingly, for all that their past is inextricably bound up with that of South Africa, it is simultaneously differentiated by the fact of Lesotho's having before independence been governed by Britain and hence never directly subjected to the impositions of apartheid. The Basotho therefore possess their own political institutions and traditions (symbolized by the existence of the monarchy), and these they will not easily forego.

Meanwhile, it will be argued that, apart from enhancing national dignity, political independence and differentiation from South Africa have brought some important economic advantages. Not least of these has been access to considerable amounts of foreign aid. If these may be said to have had the dubious effect of sustaining Lesotho's

various non-elected governments in power, they may also be said more positively to have enabled the Basotho to not only enjoy the benefits of a host of foreign development programmes but also, perhaps more importantly, acquire an international awareness and sophistication which contrasts so markedly with the isolation and insularity of the "independent" bantustans.

In addition, Lesotho enjoys the advantages of preferential access to both the European Economic Community and American markets. The first arises from Lesotho being signatory to the Lomé III agreement, whereby goods achieving 25 per cent of value added in a country are entitled to a certificate of national origin; the second results from its now benefiting from admission to the US Generalized System of Preference (GSP). As a result, a number of South African firms have relocated to Lesotho both to gain entry to the EEC market and to overcome US sanctions and boycotts. Asian investors, too, especially from Taiwan and Hong Kong, have moved to Lesotho because of the recent removal of GSP from many newly industrializing countries and the quota imposed on textile producing nations by the Multi-Fibre Agreement. The country's manufacturing sector, swelled by the recent arrival of some twenty (mainly textile and clothing) firms, has now become the largest single export earner, the value of its foreign earnings improving dramatically from R7 million in 1986 to R49 million in 1988. Whether or not a liberated South Africa (whose relatively advanced industrial sector might offer competition to European and US concerns) would be able to acquire similar advantages remains to be seen; Lesotho's economists might well argue a case for continuing to exploit whatever advantages there may be to be gained from operating at and in the interstices of the South African and foreign markets.

To resume, states do not normally yield up their separate existence. In favourable circumstances they may federate, and in the past two or more countries may have united under a single crown (we may conveniently quote the Act of Union of 1707 which bonded England to Scotland); but in modern times there is no example of states combining under a unitary model of government save as a result of war or invasion. Meanwhile, there is not even

any precedent for neighbouring African states to rationalize the colonial absurdities of their borders, for indeed (with good reason), the OAU has been at pains to define the existent map of the continent as sacrosanct.

It can none the less be proposed that there are grounds for Lesotho's at least considering the option of integration with a democratic South Africa. These may be enumerated as follows.

The prospect of a democratic settlement in the neighbouring Republic is already encouraging wide-ranging debate concerning Lesotho's future relations with South Africa. No loss a person than His Majesty the King, welcoming President de Klerk's speech of 2 February 1990, in which *inter alia* he announced the unbanning of the ANC, staked Lesotho's claim, as a neighbouring state and contributor to South Africa's historic growth and development, to be involved in the forthcoming negotiations for a future dispensation.¹⁸ His Majesty later went on to elaborate this theme in an address to the nation in which he recommended to its attention the ways in which the Basotho had featured in the black man's struggle for freedom since 1912, when Chief Maama Letsie had attended the founding conference of the ANC.¹⁹ Although speaking unambiguously in terms of improved and good neighbourly interstate co-operation, the King was equally clearly arguing in favour of a special relationship between Lesotho and South Africa. Meanwhile, the collapse of communism in Europe had previously been hailed by Mr Charles Mofeli (a long-standing, prominent politician and leader of the United Democratic Party) as rendering union (by federation) between Lesotho and South Africa more credible — (presumably on the grounds that communist influence upon a majority government in the Republic would be diminished).²⁰ For its part, although the present regime has as yet given no indication of evolving a longer term perspective, Foreign Minister Tom Thabane has intimated that Lesotho will be interested in once again taking up the vexed issue of the so-called "Conquered Territories" when a democratically elected government comes to power in Pretoria.

To raise the issue of integration with South Africa is therefore merely to

argue its right to inclusion on an agenda concerning constitutional-political options already being drawn up by Basotho politicians themselves. "Many people today", notes a Maseru based periodical, "are debating whether Lesotho should be incorporated into a free South Africa".²¹

The emergent debate may serve to remind us that Basotho political identity has been very largely defined in opposition to racial domination by settlers in South Africa. This is not to detract from the Basotho struggle for independence from British colonial rule, but is to stress that Basotho wars of resistance against the Boers in 1858 and 1865-68, and against Cape Colony forces in the Gun War of 1880-81, resulted in Basotho consent to the declaration of British Protection. This was considered far preferable to direct rule by neighbouring white governments, which were deemed to have a more immediate interest in subjecting the Basotho people to coercive land and labour legislation.

This can be further elaborated by reference to the historic struggle against "closer union". It will be recalled that the South Africa Act of 1909, which constituted the Union from the colonies of the Cape, Natal, Transvaal and Orange Free State, simultaneously provided for the "the eventual admission into the Union or transfer to the Union of such parts of South Africa as are not originally included therein", although, as further elaborated by Section 151, any transfer of the High Commission Territories of Bechuanaland, Basutoland and Swaziland was to be subject to conditions designed to protect native rights and interests enumerated separately in a Schedule to the Act. These conditions included the insistence that, come what may, it would not become lawful to alienate any land in Basutoland, or from the "native reserves" in Bechuanaland or Swaziland, from "the native tribes inhabiting those territories"; the custom, where it existed, of holding *pitsos* or other forms of assembly, was to be maintained; there was "to be free intercourse for the inhabitants of the territories with the rest of South Africa" subject to the laws, including the pass laws, of the Union; and finally, all revenues derived from these territories was to be expended for and on behalf of them, save any proportionate amount required to

and defence provided by the Union. Finally, the British government gave assurances during the debate on the Act that the British Parliament would be able to deny any proposal of transfer of the territories and that, equally, the inhabitants of the territories would be consulted and their wishes taken into account.²²

There is no need to repeat here the story of how determined resistance by the population of all three High Commission Territories to vigorous attempts by different South African governments to secure their incorporation was vital in dissuading the British imperial authorities from agreeing to a sell-out. Suffice it to say that, for all that the original Verwoerdian notion of separate development explicitly envisioned the eventual absorption of Bechuanaland, Basutoland and Swaziland into the Union (so much so that the key Tomlinson Commission of 1955 actually included these territories in its calculation of what South African land might be considered available for Africans), the determination of the peoples of these territories not to become directly subject to apartheid was such that, once the British government had begun to embark upon African decolonization, it became inevitable that they would accede to separate political independence — notwithstanding much contemporary debate concerning the extent to which political sovereignty would in practice differentiate them from the bantustans.²³ It follows that the arrival of a democratic government in South Africa would remove the fundamental objection historically held by the Basotho against merging their political existence with that of their neighbouring state.

At this point it is by no means anachronistic to return to the Schedule attached to the Act of Union, for the whole point there was its assertion, in colonial parlance, that the interests of the inhabitants of the High Commission Territories should be “paramount”. “Paramountcy” was, in turn, closely linked with the issue of the Cape franchise, which proved central to discussions on “closer union” between the four colonies during the National Convention which, beginning its deliberations in 1908, forged the agreement upon which the Act of Union came to be based. What concerned both the Basotho chiefs and Whitehall,

observes Spence was the split between those delegates from the Cape who stood by the principle of “equal rights for all civilized men” and those from the two northern colonies who stood for the opposing concept of “no equality in church and state”; the fact that a compromise was reached on this issue indicated the concern the majority felt about the necessity for creating a unitary state to deal with the pressing political and economic problems that faced each of the colonies separately and hampered their economic development. But in so doing they had to forgo the prospect of immediate incorporation of the Territories, decisions about whose future status were to remain a British responsibility as Section 151 of the South Africa Act (1909) make clear.²⁴

What followed was the naive assumption that in time South African policy towards the indigenous African population would change as the “liberal” influence of the Cape Colony spread to the two northern provinces. It was thus implicitly supposed that when that occurred British objections to handing the High Commission Territories over to South African jurisdiction would fall away.²⁵ In the event, however, it was the principle of racial exclusion from the vote, rather than inclusion, that triumphed thus ordaining that the territories would eventually acquire separate independence. Our point, for our present purposes, is the major one that the attainment of non-racial, universal suffrage in South Africa would remove at one stroke the fundamental obstacle which blocked Lesotho’s incorporation in 1910. A majoritarian, unitary state would rest upon the assumption that the interests of the majority of people in South Africa should be paramount.

The attainment of democracy in South Africa would similarly render redundant the protection granted by the Schedule against alienation of land by white settlers from the Basotho. This is so simply because any redistribution of land which occurs in South Africa consequent upon attempts to address land inequalities will necessarily entail the transfer of land from white to black, rather than the reverse.

Reference has already been made to the fact that the government of Lesotho is already gearing up for negotiating the recovery of the Conquered Territory,

lands in the Eastern Free State that the Basotho lost to the Boers as a result of the wars of 1858 and 1865-68. These have remained an issue of dispute between Lesotho and South Africa ever since the former regained its independence in 1966. However, to put it bluntly, it seems less than likely that any majority government in South Africa would be any more interested in addressing the issue on Maseru’s terms than would the present minority regime. It is difficult to dispute the South African position that, having lost these lands by conquest and by cession (the Treaty of Aliwal North in 1869), Lesotho has no claim in international law;²⁶ further, a democratic South African government would be party to the OAU commitment to the maintenance of present boundaries and would in any event not be keen to open up a can of worms that might complicate its relations with other neighbouring states that might similarly bid for the return of land. Nor perhaps would land-hungry black South Africans endorse any transfer of territory to non-citizens.

What all this suggests is that the citizens of Lesotho stand considerably more chance of regaining access to the Conquered (and other) Territory if they become citizens of South Africa since such a union would avoid the difficulty of transferring land between neighbouring states. Indeed, the return of Free State land to Basotho ownership could well form part of any negotiated act of integration, by which (we add) customary land rights in Lesotho would almost certainly continue to be protected. More to the point, a strong case can be made that for Lesotho to stay out of South Africa would lead to the exclusion of its citizens from benefiting from any settlement of the broader land question that might be attempted.

A related benefit from integration would be that the right to “free intercourse” between Lesotho and South Africa, which citizens of the former enjoyed under the Schedule (albeit subject to the pass laws) but lost at independence, would automatically be restored, for all border controls upon population movement would be removed. To be sure, freedom of movement for Lesotho citizens within South Africa could well be negotiated short of any act of political union, as might also be the right to own property there; but

full political integration would ensure that these rights would be more fully guaranteed than if they rested upon a simple, reversible agreement between governments.

South African citizenship and freedom of movement would simultaneously secure present Lesotho citizens the right to employment in the Republic. The critical dependence of Lesotho upon the export of migrant labour to South Africa is a commonplace, as is the lack of any meaningful economic alternative to migration for the bulk of its labour force and the chronically high level of unemployment. What accordingly needs to be stated is that the relatively "favourable" position on the South African migrant labour market presently enjoyed by Basotho might well be endangered were Lesotho to remain an independent entity.

As noted, Lesotho currently provides something over 50 per cent of the foreign nationals employed by the South African Chamber of Mines, overwhelmingly the largest employer of non-South African workers; and, for the moment at least, there is no suggestion that this proportion will be reduced. Yet Basotho prominence on the mines cannot be guaranteed for two reasons. For a start, even under a democratic government, South African mines might be able to continue to play off one source of foreign labour against another in order to secure as cheap and quiescent a work-force as possible. But more to the present point is that any majority government, especially one responsive to the chronically high level of unemployment in former bantustan areas such as Transkei, could well place pressure upon the mines (especially if they were to be partly or fully nationalised) to employ a higher proportion of its own nationals. In contrast, were such a government to be directly politically accountable to Lesotho as part of its constituency, the interests of Basotho labour might well be more firmly secured. Indeed, whereas Basotho migrants currently complain that the Lesotho government actively discourages them from playing an active trade union role,²⁷ they would as South African citizens be no longer subject to discriminatory labour practices designed to exclude foreign workers from participating fully and equally in the South African system of industrial relations.

Political inclusion would similarly move Lesotho from the margin into the mainstream of South African debate and development. At one level, as the King noted when referring to Basotho participation in the foundation of the ANC, this would represent an extension of Lesotho's tradition of engagement in the South African struggle which has always complemented the emphasis upon political differentiation necessitated by the fight against incorporation. For instance, just as Lekhotla La Bafu (the popular political association which in the 1950s gave birth to the BCP) developed what its historian has termed a "sustained relationship" with the South African Communist Party,²⁸ so could Lesotho's contemporary trade unions — the most lively stream of which already reflects influences emanating from the democratic labour movement in the Republic — merge with their South African counterparts. Not only would they by so doing secure the considerable benefits which especially Cosatu's organizational weight and experience could bring, but such a merger would simultaneously offer trade unionism in Lesotho an escape from the rather limiting cycle of political factionalism and limitation by government that framed its more recent history.²⁹

Political inclusion might also offer the bulk of Lesotho's citizens the prospect of a more democratic mode of politics. For all that under the previous regime of Leabua Jonathan the country's political profile (and foreign aid receipts) had been boosted by its carefully cultivated anti-apartheid foreign policy line, and for all that the government had made an important contribution to the liberation struggle by acting as host to many ANC and other South African refugees, the denial of democracy represented by the Basotho National Party's retention of power despite its electoral defeat in 1970 set the stage for a serious decline in political civility; for the endorsement of political violence by the Lesotho Liberation Army (the armed wing launched by that portion of the Basotho Congress Party which fled into exile following a bungled coup attempt in 1974); and not least for a disturbing incidence of human rights abuse involving the deaths of quite a number of opponents of the government. However, while the passing of the

Jonathan regime can on this account be scarcely lamented, the successor military government of General Lekhanya has itself proved highly authoritarian. Indeed, despite its formal commitment to a restoration of parliamentary rule, its recent construction of a National Constituent Assembly to devise a new constitution is so notable for its lack of democratic characteristics that the established political parties initially declined to participate on the grounds that the military seemed intent on continuing to rule through an unrepresentative and malleable organ that could be easily used to curtail fundamental human rights.³⁰ (That the country's politicians were subsequently induced to change their mind and join the Constituent Assembly was reportedly due to British and American diplomatic pressure.)³¹

Finally, although political union with South Africa would by no means guarantee a restoration of democracy within Lesotho, it might well renovate Basotho political structures parallel to any contemporary restructuring of government and administration in the bantustans. And, whether or not the ANC chooses to accept the legitimacy of the forthcoming Transkeian referendum, Lesotho could scarcely join South Africa without that decision's being endorsed by a direct, popular mandate which would itself require an opening up of domestic political debate.

Again, if we assume that a Lesotho government were to negotiate union with South Africa as something on the lines of a provincial entity (corresponding to the Transkeian referendum's first scenario), then it would presumably become subject to the same principles (liberty, participation and efficiency) which would inform the restructuring of regional government in former bantustan areas. Meanwhile, perhaps the major point of the exercise of integration would be that the population of Lesotho would be enabled to participate fully and actively in the South African political process which would, as now, very largely determine the reality of their existence.

Conclusion

The restructuring of regional government that will be required in South Africa consequent upon the reincorporation of the bantustans, together with

the highly unlikely availability of a federal option, argues strongly that Lesotho's negotiating union with the Republic should and will become a serious issue of debate.³²

This, of course, presumes the willingness of the politico-administrative élite in the country to consider conceding the symbols and privileges of international sovereignty of which it has been the principal beneficiary. Likewise, it must not be forgotten that, while Basotho would simultaneously need to debate whether or not there should be a continuing role for the monarchy were Lesotho to become a constituent part of South Africa, the Republic would itself need to be convinced that incorporation of its enclave neighbour would be to its advantage. For Lesotho as it stands, however, the attainment of majority rule in South Africa will provide one major drawback: no longer will it be able to justify its existence by calling upon its struggle against apartheid. In fact, by opting to retain independence, Lesotho would stand in danger of becoming a de facto bantustan at the very moment when these present "national states" are moving beyond that de jure status.

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Tanzania 1990: Economic and political developments

Earlier this year Dr Simon Baynham, Chief Researcher at the Africa Institute, visited Tanzania. Here he provides an overview of the current economic and political situation in that country.

Introduction

Located on the eastern side of the continental landmass, and lying south of the equator between the great lakes of Central Africa and the Indian Ocean, Tanzania has an area of almost a million square kilometres and an estimated population of some 25 million. Although most of the country is made up of plains and plateaux, it is a land of attractive and varied landscape — some on the grandest scale. It boasts both the loftiest and lowest parts of the African continent: Mount Kilimanjaro (5 950 metres above sea-level) and Lake Tanganyika (358 metres below).

The mainland, formerly the United Nations Trust Territory of Tanganyika under British trusteeship (and between 1885-1917 part of German East Africa), was granted internal self-government in May 1961, achieving full independence under the leadership of Dr Julius Nyerere on 9 December of that year. Zanzibar, comprising the islands of Zanzibar and Pemba (together with several smaller islets), came under British protection in 1890, becoming fully independent within the British Commonwealth two years to the day after the mainland on 9 December 1963. On 26 April 1964 Zanzibar joined with Tanganyika to form the United Republic of Tanganyika and Zanzibar or, as it became known later that year, Tanzania.

This union joined two entities whose links before the nineteenth century had been few, and whose socio-political systems during pre-colonial and colonial

periods had been quite different. As long ago as the late 1700s, Zanzibar had become the seat of an Omani dynasty, breaking away in 1856 to form an independent sultanate with an economy based on Arab-owned clove plantations dependent upon slave labour.¹

Four weeks after independence, and only a few months prior to its union with the mainland, Zanzibar experienced the 12 January 1964-revolution, the Arab sultan, H H Seyyid Jamshid bin Abdulla, great-grandson of the first sultan, being overthrown amidst considerable bloodshed by a revolt of (largely African) Afro-Shirazi Party (ASP) politicians who established the People's Republic of Zanzibar and Pemba with their leader, Sheikh Abeid Amani Karume, as President. For the first thirteen years of Union, this revolution had few significant implications for the internal political systems either of the mainland or of the islands. Zanzibar retained its autonomy in virtually every respect. It was not until 1977, when the ASP and Tanu (Tanganyika African National Union) merged to form the Revolutionary Party (*Chama Cha Mapinduzi* — CCM), that cautious steps were taken towards some form of real territorial integration. Zanzibar has nevertheless retained its own head of government, who is also the first vice-president of the Republic.

Politically, mainland Tanzania has remained remarkably stable, experiencing a high degree of national unity among a large number (more than 120) of relatively small ethnic groupings,

none of which by virtue of either size or resources is in a position to dominate the country. Moreover, the national leadership has consistently opposed what is frequently referred to as "tribalism". In addition, the state has been united by an indigenous language, Swahili, a widely distributed lingua franca which provides most Tanzanians with a vehicle for literacy without their being obliged to learn a completely alien tongue.

On Zanzibar, however, politics have been a different matter. Apart from the bloody revolution of 1964 (when thousands of Zanzibaris of Arab origin were massacred) the islands have been home to political excesses and human rights abuses, the assassination of their first president, Sheik Karume, in 1972 and — more recently — considerable resentment at the mainland authorities on the part of ordinary people which has given rise to increased separatist sentiment.

The Zanzibar conundrum, together with the related debate on the merits or otherwise of a more pluralistic polity, will constitute the political core of the material in this brief article. The economic dimension, with which we will begin immediately below, will focus on Tanzania's strategy of structural adjustment, which was initiated in the mid-1980s following the failure of the country's policy of "socialism and self-reliance" formulated in the Arusha Declaration of 1967. Tanzania's regional, military and strategic relations will be discussed in a study to be published during 1991.²

Table 1: PROFILE

Date of independence: 9 December 1961 (Tanganyika); 9 December 1963 (Zanzibar). United Republic of Tanzania formed 26 April 1964. Both formerly under British control.

Former colonial ruler: United Kingdom.

Area: 945 087 km² (Zanzibar Island 1 657 km², Pemba Island 984 km²).

Population: 24.9 million (mid-1990 estimate).

Head of state: President Ali Hassan Mwinyi (born 1925), since 1985.

Capital: In practice, Dar es Salaam. Since 1974 Dodoma has been designated the official capital.

Main ports: Dar es Salaam, Tanga.

School attendance: Primary: 72%; Secondary: 3% (1985).

Adult literacy: 85% (1983).

Life expectancy at birth: 53 years (1986).

Religion: Christian 44%; Muslim 33%; Animist 23%. Zanzibar: over 95% Muslim.

Languages: Swahili and English.

Trade: Imports: \$1 275 million; Exports: \$392 million (1989).

Budget: \$1 235 million (1988).

GDP: \$4 571 million. (1988); **GNP/capita:** \$204 (1988).

Currency: \$1 = Tanzanian shillings 200 (September 1990).

Major exports: Coffee, tea, cotton, cashew nuts.

Government: Federated presidential republic, the only political party being the Revolutionary Party (*Chama Cha Mapinduzi* — CCM), formed in 1977 by the merger of the mainland's Tanganyika African National Union (Tanu) and Zanzibar's Afro-Shirazi Party (ASP). Since 1977, the CCM has exercised supreme authority over the government. Today, Ali Hassan Mwinyi combines the presidency with chairmanship of the CCM.

Electoral representation: National Assembly with 169 members elected by universal suffrage, 15 "national" members, 25 regional commissioners, 15 women members, 5 members appointed by the House of Representatives of Zanzibar and 15 members appointed by the President.

Administrative divisions: 25 regions (including 5 for Zanzibar).

programme and the failure to provide sufficient incentives)

- the proliferation of poorly-targeted and inefficiently administered direct controls: on prices, foreign exchange, investment and wages
- the second petroleum crisis at the end of the 1970s and the subsequent related global recession
- the creation and expensive maintenance of inefficient, unnecessary and overlapping parastatals — more than half of which were still operating at a loss as late as the end of 1990
- the break-up in 1977 of the East African Economic Community, a trade agreement signed between Kenya, Tanzania and Uganda in June 1967
- adverse environmental conditions, mainly repeated droughts
- a serious deterioration in Tanzania's transport system — a major hurdle to economic development

The accelerating rhythm of inflation had by 1980 reached almost 40 per cent. This translated into a decline in living standards across the socio-economic spectrum and the threat of a collapse in medical and educational services, Tanzania's hardest-won achievement.⁴ By the early 1980s, the balance of payments and related difficulties had become so acute that, in June 1982, a Structural Adjustment Programme (SAP) was announced by the government.⁵ But it was not until four years later that significant steps were taken: in the budget of June 1986 a new three-year Economic Recovery Programme (ERP) was launched, closely tied to IMF recommendations and conditions.

The Economic Recovery Programme

The objective of the ERP was to achieve an ambitious 4.5 per cent average annual GDP growth rate over a three-year period. The IMF agreement enabled Tanzania to negotiate substantial extra aid from bilateral donors, too, and to come to a number of agreements on debt rescheduling. Briefly stated, the ERP was designed "to restore the basis for sustainable economic growth, facilitated by an increased ability to generate foreign exchange".⁶

Economic failure

Tanzania has appeared on the roster of the world's Least Developed Countries (LDCs) since independence in 1961. Between that year and 1985, the Tanzanian leadership embarked on a socialist experiment designed to uplift the masses from their poverty, ignorance and disease. The principal tenets of Tanu and (from 1977) CCM ideology were that the socialist road to development, through collective economic activity, was ethically preferable to the capitalist path; that the means of production should be controlled and directed through a programme of nationalization, especially in the major industries, banking and marketing; that only through the grouping and concentration of rural communities into *ujamaa* villages was it possible to fund social services on a realistic financial

basis; and that progress and development were rooted in hard work and large-scale aid financing.³

In the event — for all his achievements in uniting his people politically — Nyerere was a catastrophe as manager of the national economy. By the late 1970s the country had been brought to economic collapse, the consequence of a cocktail of factors including:

- a deterioration in the terms of trade, which declined by over one third between 1972 and 1980. World market prices plummeted for Tanzania's traditional export crops (coffee and tea) while the costs of essential imports rose sharply
- to worsen matters, the volume as well as the value of Tanzania's exports fell — reflecting lower agricultural productivity (itself due to the disruptive impact of the *ujamaa* villagization

Table 2: GDP: REAL CHANGE (%), 1982-1989

1982	1983	1984	1985	1986	1987	1988	1989
0,6	-2,4	3,4	2,6	3,6	3,9	3,7	4,4

Source: *UN Monthly Bulletin of Statistics*

Table 3: BALANCE OF PAYMENTS: TRADE BALANCE (\$ million), 1983-1989

1983	1984	1985	1986	1987	1988	1989
-333	-386	-533	-566	-802	-811	-841

Sources: *IMF International Financial Statistics* and *Bank of Tanzania Annual Reports*

To this end, the programme stressed:

- a general reduction of state intervention in the economic sphere
- the rationalization of industry to make it more cost-efficient
- increased financial incentives to producers in the agricultural sector. Agriculture is crucial in Tanzania's efforts to tackle its economic crisis, earning some 80 per cent of the country's foreign exchange, accounting for approximately 40 per cent of GDP, and employing 90 per cent of the workforce.⁷

The first phase of the ERP, which drew to a close in August 1989, exceeded all previous adjustment efforts in the scope of its measures. The original growth forecasts fell slightly short of their 4,5 per cent target. But GDP growth averaged 3,8 per cent over the three years 1986-88 (compared with an annual average growth of 1,4 per cent over the six years 1980-85), and 1989 saw GDP growth breaking through the 4 per cent level (see Table 2). Also, despite a population growth of about 2,8 per cent per annum, average living standards rose during the programme period.⁸

The most important source of GDP growth was agriculture, the contributing factors being the impact of attractive incentives to producers, the improved availability of inputs and favourable weather conditions. In most cases, producer price increases beat inflation, thereby providing farmers with an increase in real terms. Generally speaking, there was a revival in the industrial sector — which

recorded, for instance, a growth rate of 5,2 per cent in real terms during 1988-89, in contrast to persistent declines in the early 1980s. Nevertheless, the industrial sector remains depressed with output still significantly below levels attained in the 1970s.⁹

The most difficult area of economic management, however, was the external sector. As the Bank of Tanzania has put it, while "the reforms implemented during the ERP helped to stimulate exports ... and the increased external support resulted in improvement of [the] foreign exchange situation, the balance of payments position remains depressed. At the end of the ERP, exports are still only one third of [the] import bill".¹⁰ In fact, export performance has stagnated at around the \$400 million mark, so that with an import bill of some \$1,3 billion Tanzania has become increasingly reliant on donor support for financing its development projects and for balance of payments support. Indirect, but no less valuable, assistance has been provided by debt rescheduling. At the end of 1990, Tanzania's total external debt stood at \$5 billion. Debt servicing accounts for approximately 43 per cent of export earnings.

As the Economist Intelligence Unit has noted,¹¹ the Tanzanian authorities appear ready to follow the multilaterals' repeated prescriptions of privatization; but although an IMF team visiting Tanzania in May 1990 seemed satisfied with economic progress in general, it articulated concern regarding first, the exchange rate (it would like to see a further downward adjustment of the Tanzanian shilling) and, second, the

apparent reluctance of the government to reform the parastatal sector in a manner that would reduce the impact of parastatal losses on the budget. Such reforms are difficult to implement since they imply a diminishment in state, CCM and managerial patronage and power. "However, with the World Bank shifting to *ex ante* conditionality, ... a programme of state divestment is likely to be launched" before the end of 1990.¹² The second stage of the Economic Recovery Programme (ERP II), which concentrates on the *social* aspects of the adjustment process, was launched at the beginning of 1990. At the time of writing it is too early to assess its impact.

To conclude this section, 1990 was the sixth year in a row that Tanzania experienced a slow recovery from the financial doldrums of a decade ago. But the pace remains painfully slow and — even if a growth rate of 6 per cent is achieved in the next two years — this will achieve no more than restore the per capita figures of the mid-1970s. A number of major drawbacks to effective economic improvement are impeding the ERP. These include: large underperforming parastatals; both bureaucratic and political corruption; a skewed and ineffective incentive system (for example only: principal secretaries, with annual departmental budgets we might put at \$20 million, receive monthly salaries of just \$300); and the condition of the country's infrastructure (as noted above, much of the infrastructure, especially roads, is in a very poor state of repair).

On the positive side of the balance-sheet Tanzania enjoys some major strengths. The key ones are: political stability; rich agricultural resources and plentiful supplies of water; substantial mineral wealth, including gold, diamonds and vanadium plus confirmed deposits of uranium, nickel and copper; a high level of literacy (the rate was 10 per cent in 1961; today, it is over 80 per cent); a reasonable population size and population growth rate and, finally, huge potential in the tourist industry (Tanzania boasts considerable natural resources in its great game parks and along the Indian Ocean coastline. Currently, it earns only \$40 million (compare Kenya's \$500 million!) from tourism annually; but it certainly has the capacity, with time, to equal its neighbour's tourism figures). In short,

with its considerable, albeit mostly untapped, resources, Tanzania has the potential to be something of an economic success story — something that offers mutual benefits advantages to Dar es Salaam and its East and Southern African neighbours.¹³

The multiparty debate

As an analysis on the crisis of African socialism put it, “recent dramatic changes in the Soviet bloc ... brought to a head the latent crisis of the one-party state [in Africa] Driven to desperation by worsening food shortages, decaying educational and health services, unemployment, lack of accommodation, galloping prices, empty shops, rampant corruption, and the like, more and more African people believe that only a multi-party system of government would be responsive to their needs”.¹⁴

At the moment, the only political party in Tanzania is the Revolutionary Party, *Chama Cha Mapinduzi* (CCM), formed, as noted earlier, in 1977 from the fusion of Tanu and Zanzibar’s ASP. That the merger did not take place prior to 1977 was due to Zanzibari resistance especially from Karume, who felt that he had given up as much sovereignty as he intended to at the time of union in April 1964. By contrast, Karume’s successor, Jumbe, favoured a single nationwide political body rather than the anomaly (as he saw it) of an ostensibly unified country having two autonomous party/political units. When the constitution of the CCM was ratified, Nyerere was elected chairman of the party with Jumbe as vice-chairman.¹⁵

In the past, compared with either Frelimo in Mozambique or the MPLA in Angola, Tanzania’s single party system has been quite loosely organized, with a marked egalitarian and democratic structure and programme.

Within the broad orientation of a vaguely defined socialism, the CCM has shown itself willing to tolerate a relatively broad spectrum of opinion, as evidenced by the current debate on multiparty politics.¹⁶ The debate was sparked off by Julius Nyerere, who originally led the independence movement and subsequently held the presidency for 23 years until November 1985, when Ali Hassan Mwinyi (previously first vice-president and

president of Zanzibar) was inaugurated in his place. The transition was achieved in an orderly and peaceful manner, representing one of the few truly constitutional successions to have occurred in post-colonial Africa.¹⁷ The hand-over was crowned and completed when Dr Nyerere stepped down as CCM chairman in August 1990, leaving Mwinyi to wear both presidential and party hats.

Inspired by reforms in Eastern Europe — and (according to one diplomatic source) severely shocked by the collapse of the state apparatus in the ill-named German Democratic Republic — Nyerere, still CCM chairman, came out with a shock announcement of his own in February 1990, by questioning the appropriateness of Tanzania’s single-party system, forcing CCM die-hards to sit up when he said that “what is happening in Rumania, Hungary and East Germany can also happen here if we don’t change”.¹⁸ Subsequently, it was learnt that, prior to making his views public, Nyerere had advised Mwinyi and other CCM luminaries on the need to seize opportunities for political change before events overwhelmed them. At the same time, Nyerere lashed out at the ruling party for having transformed itself from one which worked for the welfare of the population into a “clique of a few leaders who have no time for the people but who love their offices and sleek party cars”.¹⁹ During the following months, Nyerere followed up his initial bombshell by stating that the status of the CCM was “not sacred”, that a re-think on the issue should continue, and that the reasons for the introduction of a one-party system in the 1960s “no longer hold true”. Thus, by publicly questioning the necessity of a one-party model, the former president not only got the debate off the ground but, equally important, also legitimized it.

Mwinyi’s reaction to a controversy which is being played out, *mutatis mutandis*, across the continent has been somewhat cautious; but it is known that he entertains genuine fears that party politics in Tanzania will undermine national unity and degenerate into ethnic rivalry. In short, he seems to be opposed to a multiparty system not on ideological grounds but because of a belief that any proliferation of parties would destabilize the polity. As might be expected, there is little enthusiasm

for a radical upheaval on the part of CCM cadres — many of whom believe that they have everything to lose. But some of the more far-sighted leaders realize the need for a shake-up. Under pressure from some of its external aid donors, especially from Britain and the Scandinavian states, and perhaps as a way of playing for time (and to the international gallery) the CCM announced in October the creation of a special committee to make recommendations for the “reorganization of the party”, to devise ways of “drawing the party closer to the people and to serve them better” and to suggest ways in which the CCM could “promote efficiency”.²⁰ The committee is to be chaired by Bakari Mwapachu, director general of the Board of Internal Trade; but by the end of 1990, it was still not known whether its recommendations would carry any weight.

One Nordic ambassador I interviewed noted that a striking characteristic of contemporary Tanzania is the absence of an identifiable opposition articulating an assembled and coherent body of ideas. However, the main sources of discontent emanate from Dar es Salaam University (closed in May by President Mwinyi in a show of strength against student political excesses)²¹ and from an association calling itself the Civil and Legal Rights Movement, created in April 1990 to campaign for freedom of association, a freedom which may, in the words of its acting-secretary, James Mapalala, “prove to be the most difficult right to realise fully because of the one-party State Constitution”.²²

What is both refreshing and remarkable about these discussions on political pluralism and CCM reforms is that, in sharp contradistinction to the violence, bitterness and repression that have characterized the situation in neighbouring Kenya, the talks in Tanzania are taking place in an atmosphere of calm. In addition, this lively dialogue is a very public one, its arguments reflecting a wide spectrum of opinion and appearing in the press, not least in the government-owned *Daily News*. For the time being, there is no boiling popular demand for a multiparty system; the administration is permitting the polemic to proceed; and Mwinyi — whose authority was enhanced by an overwhelming vote of approval in the October elections²³ — has stated that, “whatever the outcome

of these discussions, we shall go by what the masses want". But against the backdrop of burgeoning sentiments for democratization across Africa, it is likely that the recent parliamentary and presidential elections were Tanzania's last under one-party rule. One last point: while the country's authorities feel relatively confident that there are acceptable risks in letting the debate go ahead, there is one very real danger to the country's political integrity, that is, the possibility, if not the probability, that Zanzibar may want not only its own party (or parties) but also its complete independence as a sovereign state.

The Zanzibar challenge

President Mwinyi's second main political problem is how to handle Zanzibar, an issue beginning to look increasingly intractable with growing friction between island dissidents and central authorities. Although there are already indications that Zanzibar's new president, Dr Salmin Amour (see note 23), is taking strenuous steps to defuse the tension, the possibility of reconciliation in the short to medium term seems slim.

With their 660 000 inhabitants — there are no less than 24 million mainlanders — the islands have enjoyed a large measure of autonomy, Zanzibar continuing to control immigration and its own economy and pursuing a variety of independent policies both domestically and abroad.²⁴ As noted earlier, the islands' only political party, the Afro-Shirazi Party, merged with the mainland's Tanu to form the CCM in 1977. Yet despite the island's semi-autonomous status, the period from the mid-1980s has witnessed rising resentment and hostility towards union with their neighbour.

In January 1984 Zanzibar's president About Jumbe, and three of his ministers were forced to resign as a result of their proven inability to stem the islanders' dissatisfaction. Amid demands for a referendum on the issue, security was increased as soldiers from the Tanzanian People's Defence Force (TPDF) were drafted to Zanzibar. Jumbe, as we have seen, was succeeded by Ali Mwinyi, a strong supporter of the Union who attempted to ease tensions by the introduction of a more liberal constitution and judicial system. But when Mwinyi stepped into Nyerere's presidential shoes in October

1985, Idris Abdul Wakil, former speaker of Zanzibar's House of Representatives, was elected president of Zanzibar.

Wakil's political style was in many ways reminiscent of Karume's (1964-1972); and his intolerance of opposition led in 1988 to new undercurrents of rebellion, directed against both his dictatorial administration and union with the mainland. These upheavals were given additional salience by underlying rivalries between the majority African and the minority Arab populations and discord between Zanzibar Island and the smaller island of Pemba, where most of Zanzibar's wealth — in the form of clove exports — originates.

In January, Wakil accused unnamed ministers and dissidents of conspiring to overthrow his government, allegations which culminated in the dismissal of the chief minister, Seif Sharrif Hamad (a Pemban), and the expulsion of Hamad and six of his colleagues from the ruling CCM. Hamad was subsequently arrested in May 1989 and charged with being in possession of secret government documents, attending an illegal meeting on Pemba and disrupting the unity of Tanzania.²⁵ His detention was preceded by the despatch to Zanzibar from the mainland of some 4 000 troops as a precautionary measure in reaction to rumours of a coup against Wakil, planned to coincide with Zanzibar's January 1989 celebrations commemorating the twenty-fifth anniversary of the 1964 revolution. In the event, the festivities passed peacefully; but significant separatist sentiment has continued to bubble below the political surface.

During the past eighteen months, as I write, several (mainly exiled) dissident groupings have been pressing for an end to one-party domination and/or a review, by means of a referendum, of the terms of the 1964 Tanzanian union. Operating mainly from Scandinavia, London and the Middle East, the main opposition bodies are: the Movement for a Democratic Alternative (MDA), the Zanzibar Democratic Alliance (founded in Sweden), the Zanzibar Organization (currently based in the Gulf) and the Zanzibar People's Forum. The Forum has recently taken to sending Dar es Salaam-based foreign envoys details of human rights violations on the islands. Another, smaller, organization with a religious base,

calling itself the Bismillah ("in the name of God") Party operates from Pemba. In addition, certain of the islands' Muslim sheikhs and mosques are viewed by the authorities as centres of anti-government subversion and propaganda. A number of clandestine publications, including *Free Zanzibar Voice* and *Expectations of the Zanzibaris*, have called for an end to the mainland link and the establishment of an Islamic Republic.

The effectiveness of these movements has been limited by communal and family feuding, by racial tensions between Africans, Indians and Arabs and by fragmentation into religious and secular factions. Resentment at their economic decline and deteriorating infrastructure (often blamed on the mainland's past insistence on socialism — an ideology that sat uneasily on islands which have for centuries been centres of trade, smuggling and free-booting), and a (mistaken) belief that Zanzibar has been economically exploited by its larger partner, have added fuel to the increasingly fierce fire of Zanzibari nationalism. And running through this combustible hotchpotch of imagined and real grievances is what can best be described as the Gulf factor.

Zanzibar's connections with the Arab Gulf stretch back a thousand years and the islands have traditionally looked north, not west to mainland Africa. There is a not inconsiderable number of Zanzibari expatriates living in the Gulf states, and in recent years the islands have received a good deal of financial and development aid from the area, especially from Oman which is currently involved in the rehabilitation of Zanzibar's airport facilities. The desire of Zanzibaris — at least 95 per cent of whom are Muslim — to preserve their Islamic heritage and culture is a further strand in this tangled web. Many islanders fear that the predominantly Christian mainland is intent on eroding their religious identity — indeed, for some years now Nyerere has been disparagingly referred to as "the Pope" and Mwinyi as his "cardinal" — a suspicion that has been exacerbated by mainland demands for an amendment to Islamic law permitting polygamy. On a number of occasions, too, Tanzanian authorities have accused unnamed Arab states of destabilizing the islands — accusations that seem to be levelled especially at Oman and

Dubai where, according to diplomats I spoke to, small groups of Zanzibari political dissidents are active. Circulating on the islands is extremist Muslim political material, some of which enjoins the population to prepare for an *intifada* (uprising) along Palestinian lines.²⁶ What were only sporadic instances of violence on Zanzibar are now occurring on a more frequent basis, and a certain amount of intimidation was used in an attempt to prevent the registration of island voters prior to the 1990 October elections.²⁷

It is still too early to ascertain what the outcome will be; "it depends", as one American diplomat put it to me, "on how far the islanders are willing to push it". The government, beginning to become somewhat paranoid about subversion from the Gulf (not helped, it should be added, by Iraqi efforts to recruit Tanzanian Muslim youth to fight in Kuwait)²⁸, is in a quandary. In the meantime it is cracking down hard, arresting "trouble-makers" and tightening security. It remains to be seen whether economic and political reform will have the desired effect (from Dar es Salaam's perspective) of nipping Zanzibar separatist sentiment in the bud. But for many islanders, support for the multiparty debate is viewed as a Heaven-sent tactical opportunity to break up the union and create an independent Islamic Republic of Zanzibar.

Appendix: Tanzania's new investment code

In the June session of Parliament a Bill was enacted under the title: National Investment (Promotion and Protection) Act 1990. Its purpose was to stimulate local and foreign investment by setting up an Investment Promotion Centre and establishing rules governing investment in Tanzanian enterprises, particularly foreign capital. The Act applies throughout industry, except to petroleum and minerals for which there is existing legislation. While it replaces the Foreign Investments (Protection) Act 1963 it incorporates, with necessary amendments, a number of other statutes, including the Companies (Regulation of Dividends and Surpluses and Miscellaneous Provisions) Act 1972.²⁹

The underlying purpose of the legislation is two-fold. First, it establishes machinery for the stimulation of investment in Tanzanian industry and offers tax incentives for investment in new enterprises and the expansion or rehabilitation of existing enterprises. Second, it lays down rules to ensure that new investment, particularly from overseas, does not lead to abuses and is directed towards the enterprises

of greatest importance to the Tanzanian economy without creating new burdens only capable of satisfaction in foreign exchange.

The first of these objectives arises from a recognition that an attempt must be made to attract foreign capital if the pace of economic development is to be maintained. For despite attempts to stimulate domestic saving by a new government bond issue and the maintenance of interest rates at levels comparable with the rate of inflation, local resources alone will be inadequate to sustain economic development at more than a very slow pace. The appointment of Mr George Kahama as director general of the new Investment Promotion Centre is intended to make use of his earlier experience as general manager of the National Development Corporation, a holding company for the financing of Tanzania's growing industrial base in the sixties and seventies. The establishment of the Centre will attract the approval of the World Bank and bilateral aid donors.

Tanzania has, however, learned the hard way how counterproductive foreign investment can be. First, there is the danger that transnational corporations, having invested in Tanzania, will export products at artificially low prices in order to gain a cost benefit elsewhere, a practice that would have the effect of forcing Tanzania to subsidize a foreign enterprise. Second, externally funded projects may be so designed as to rely heavily on imported raw materials and equipment, resulting in a net outflow of scarce foreign exchange. Third, the technology chosen may be quite inappropriate to Tanzanian conditions and both expensive and difficult to maintain. There are examples of all these shortcomings in the earlier history of industrialization in Tanzania. It was therefore essential to impose on the director general a duty to satisfy himself that a proposal will maximize foreign exchange earnings and savings; enhance import substitution; expand food production; increase employment opportunities and enhance human resource development; conduce to the efficient use of the productive capacity of existing enterprises; and improve links between different sections of the Tanzanian economy. The director general must also consider other matters such as the source of raw materials, employment conditions, siting, the financing plan and the need to generate constructive competition among enterprises.

These enquiries may seem onerous and could lead to bureaucratic delays. To minimize this risk the Act requires ministries to which matters concerning a proposal are referred to reply within 14 days; and it enjoins the Investment Promotion Centre to give a final decision within 60 days. It remains to be seen whether such time limits will be reasonable in practice or will lead to slipshod decisions. A great deal depends upon the willingness of the promoters to provide without delay the reliable information which they are called upon and bound under the Act to submit. If the promoters' application is well received a Certificate of Approval is issued. This Certificate may be amended or transferred with the approval of the Centre. Where its

terms are not adhered to, or in the event of fraud, a Certificate may be cancelled; in such instances the Centre may withdraw any or all rights and benefits and, if necessary, require the promoter to sell the enterprise.

Incentives

As an incentive to investors the Act provides for a tax holiday of five years in the taxation of profits and a withholding tax on dividends. Thereafter normal rates of tax will apply to profits: 50 per cent for non-resident investors, 45 per cent for residents and 22.5 per cent for investors in co-operative societies; the withholding tax on dividends to be 10 per cent for non-residents and 5 per cent for residents.

Import duties and sales taxes on equipment, machinery, spares and materials to be used solely for the conduct of the enterprise are remitted. An enterprise may be allowed to retain in a foreign exchange account a proportion of its earnings abroad, and up to 50 per cent of such holdings may be used for the servicing of debts, the payment of dividends and the satisfaction of other external obligations. The apparent effect of this provision is to limit the proportion of foreign exchange earnings available for making payments abroad to less than 50 per cent, though the actual proportion is not laid down.

Restrictions

The Act empowers the enterprise to pay dividends and profits to foreign investors in the approved foreign currency at the prevailing rate of exchange; to transfer abroad an approved proportion of the proceeds of sale of the enterprise; and to provide for the servicing or repayment of any foreign loan specified in the Certificate of Approval. Whether these provisions override the 50 per cent limit referred to in the final sentence of the last paragraph might well be a matter for legal debate. The payment of *dividends* is, however, limited by the terms of the Companies (Regulation of Dividends and Surpluses and Miscellaneous Provisions) Act 1972 to the average of profits made in the last three years, or 80 per cent of the profits arising in the previous year, or such sum as will reduce the net worth of the enterprise as disclosed in the balance sheet to not less than 125 per cent of the par value of the paid-up capital. The minister has the power, subject to prior approval by the National Assembly, to authorize an enterprise to pay dividends at a higher rate, but this provision is unlikely to be used unless in exceptional circumstances.

The difficulty with these provisions is the extent to which they rely on permissive powers to be exercised by the Bank of Tanzania or, presumably, by the Investment Promotion Centre. In order to remove the anxieties of investors it may be necessary to spell out in regulations made under the Act the precise meaning to be attached to such phrases as "a portion of their foreign exchange earnings" or "an approved proportion of the net proceeds of sale". The word "approved" also requires definition. As it stands, the Act appears to favour projects involving only a limited foreign

exchange commitment for operational purposes and to operate against entirely foreign-owned enterprises, which would be unable to recover in foreign currency more than a proportion of the proceeds of sale in the event of withdrawal. These may be justifiable acts of policy. But it may be necessary to delineate borderlines more clearly if foreign capital is to be attracted.

An approved enterprise cannot be compulsorily acquired except in the national interest and after due process of law, in which case, full, fair and prompt compensation must be paid in a transferable currency.

The Act lists in a schedule three types of enterprise. Part A refers to areas of priority for private investment. Part B enumerates the areas reserved for public sector enterprises except where the minister grants a special licence. In Part C are listed those enterprises reserved for investment exclusively by Tanzanian nationals and those closed to foreigners investing less than \$250 000. By far the most comprehensive list is that in Part A.

This legislation is essentially experimental. Many developing countries, not forgetting Eastern Europe, are competing for investment capital today, and it is not clear whether investors will be attracted by the prospects offered by Tanzania. Decisions on investment also of course take into account circumstances other than those covered by legislation, such as a country's political stability, climate, availability of staff housing and the personal taxation of expatriate staff. Only the future can show whether these investment provisions will have their intended results.

Notes and references

- 1 Irving Kaplan (ed), *Tanzania: A country study*, Washington, DC: The American University, 1978, p 3.
- 2 The study will focus on the development of the Tanzanian People's Defence Force and the role of the TPDF in projecting Dar es Salaam's regional foreign policy objectives.
- 3 Colin Darch, *Tanzania*, Oxford: Clío Press, 1985, p xix.
- 4 *Ibid*, p xxi.
- 5 For details of the structural adjustment programme and Tanzania's failure to reach an agreement (until 1986) with the IMF, see "Tanzania", in *Africa South of the Sahara 1990*, London: Europa Publications, 1990, p 999.
- 6 Economist Intelligence Unit, *Tanzania: Country profile, 1989-90*, London: EIU, 1989, p 8.
- 7 Figures from *Africa Report*, January-February 1988, pp 31-32.
- 8 Economist Intelligence Unit, *Tanzania/Mozambique: Country report*, London: EIU, no 4, 1989, p 11.
- 9 *Economic and operations report for the year ended 30th June 1989*, Dar es Salaam: Bank of Tanzania, 1989, p 2.
- 10 *Ibid*.

- 11 Economist Intelligence Unit, *Tanzania/Mozambique: Country report*, London: EIU, no 1, 1990, p 6.
- 12 Economist Intelligence Unit, *Tanzania/Mozambique: Country report*, London: EIU, no 3, 1990, p 14.
- 13 For the businessman, details of Tanzania's Investment Code, reproduced from the September 1990 *Bulletin of Tanzanian Affairs*, will be found here in an appendix.
- 14 Erich Leistner, "Africa and the crisis of socialism", *Africa Institute Bulletin*, vol 30, no 5, 1990, pp 1, 3. The article continues: "Major demonstrations and in some cases serious rioting, have occurred in 1990 in virtually all francophone African countries... In every instance, the commotion was triggered by economic crisis." p 3.
- 15 As one study notes, the "merger was not without benefit to Zanzibar. Its representation on the most important committees of the party was equal to that of the mainland, despite the substantial disparity in their populations... [Nevertheless] Nyerere, apparently not wishing to push things too far too fast, made it clear that party merger did not mean the complete integration of the mainland and islands. The islands would still keep their own ministries and, at least for the time being, their earnings from the clove trade." Kaplan, *op cit*, p 104.
- 16 For a closely argued piece on ideology and the Tanzanian political economy, see Stefan Hedlund and Mats Lundahl, *Ideology as a determinant of economic systems: Nyerere and ujamaa in Tanzania*, Uppsala: Scandinavian Institute of African Studies (Research Report 84), 1989.
- 17 There have been very few cases of orderly succession in sub-Saharan Africa: the top-level leadership transitions in Gabon (1967), Kenya (1978), Angola (1979), Botswana (1980), Senegal (1981), and Cameroon (1982) provide the most notable instances of peaceful and constitutional change. For a thoughtful discussion and analysis of this phenomenon, see David Goldsworthy, "Armies and politics in civilian regimes", in Simon Baynham (ed), *Military power and politics in black Africa*, London and New York: Croom Helm and St. Martin's Press, 1986, chapter 4.
- 18 *Africa Newsfile*, 9 April 1990, p 5.
- 19 *Ibid*.
- 20 *The Indian Ocean Newsletter*, 27 October 1990, p 6.
- 21 Dar es Salaam University has been the centre of a bitter conflict between students and the Government. The crisis in question was sparked off when the University Council refused to accept student demands for an investigation into campus corruption and better living conditions for undergraduates. A twelve day boycott by students in April provoked a series of strikes in sympathy at other Tanzanian institutions. President Mwinyi, who is the university's chancellor, reacted by shutting

down the campus on 12 May and accusing the students of being "involved in plots by foreign enemies". For further details, see *Africa Analysis*, 25 May 1990, pp 1-2.

- 22 *The Indian Ocean Newsletter*, 12 May 1990, p 5.
- 23 Ali Hassan Mwinyi was returned with 95.5 per cent of votes cast in the 27 October single-candidate presidential elections. Constitutionally, this is his second, and last, five-year term as head of state. At the end of his tenure in 1995 he will also step down as chairman of the CCM which by then, probably, will not be Tanzania's sole political party.
The election of the Zanzibar president took place on 21 October, when the sole candidate, Salmin Amour, was elected with 97.7 per cent of votes cast. He is the fifth president of the islands since the revolutionary overthrow of the Sultan in 1964. According to figures released by the Zanzibar Electoral Commission, 214 000 of 297 000 eligible voters actually registered. Some 195 000 people cast their vote.
- 24 "Zanzibar retained so much autonomy after the merger that it prompted a number of observers to question what made the merger worthwhile to the mainland. The answer appears to be that Nyerere saw in it an opportunity to advance pan-Africanism. Furthermore the Soviet Union and the People's Republic of China (PRC) had shown an interest in the islands and Nyerere feared that, should either become established there, it could use Zanzibar as a base from which to become involved in mainland affairs. The union forestalled this." Kaplan, *op cit*, p 99.
There have also been recent allegations of American complicity in the Union's creation. According to a report in *Africa Analysis* (17 March 1989, p 7), "Nyerere will find little comfort in a book, *US Foreign Policy and Revolution: The Creation of Tanzania*, published in London last week by Pluto Press. Written by Amrit Wilson and with an introduction by Abdul Rahman Babu, former chairman of Zanzibar's Umma party and an ex-minister in Nyerere's government, the book uses declassified US government records to show how the state department and the CIA engineered Tanzania's formation in 1964."
- 25 "Tanzania", in *Africa south of the Sahara 1990*, *op cit*, p 998, and *African Defence*, July 1988, p 20.
- 26 *Africa Confidential*, vol 30, no 3, 3 February 1989, p 5.
- 27 In June 1990, a number of government opponents, including a former judge and several former ministers, were arrested on Pemba. A week later, the authorities issued a warning to "the handful of provocateurs" on Zanzibar who were seeking to "break up the Tanzanian union and to disrupt the elections". For further details, see *The Indian Ocean Newsletter*, 21 July 1990, p 6. See, also, the 6 October 1990 issue (p 6) of the same newsletter.

- 28 I first heard of the Iraqi embassy's recruitment drive when in Dar es Salaam in September 1990. Most of the young Tanzanian citizens who volunteered for service were unemployed Muslims from Zanzibar. According to one source, thirty or so Tanzanians allegedly left for Baghdad in early November. Following an official protest from the Tanzanian authorities, the Iraqi ambassador in Dar es Salaam ceased recruitment. *The Indian Ocean Newsletter*, 10 November 1990, p 3.
- 29 A useful account of the state regulation of foreign investment between 1961 and 1985 is given in an article by S Rugumamu in *Africa Development*, vol XIII, no 4, 1988. The new Act aims at avoiding the gross economic errors and mismanagement that have blemished so many parastatal enterprises financed from abroad by setting up a monitoring mechanism with statutory powers of control. The Act is based on a coherent policy for overseas investment, the absence of which prior to the Act forms a central theme in Rugumamu's article.

Ports of South Africa: Durban and Richards Bay

Trevor Jones, Senior Lecturer in the Department of Economics, University of Natal, Durban, continues our series on the ports and harbours of Africa with the first of two articles on the ports of South Africa.

The South African economy and its landlocked northern neighbours are served by six major ports on the South African coastline, all operating under the jurisdiction of Portnet, the harbours division of Transnet (formerly S A Transport Services). In addition, Portnet owns and administers the harbour facilities in Walvis Bay, which is geographically and economically part of Namibia, but which remains for the present under the juridical control of the South African state. Of the six full-fledged South African ports, four — Durban, East London, Port Elizabeth and Cape Town — may be described as “traditional” ports catering for a mix of conventional breakbulk cargoes, containerized general cargoes and certain bulk commodities; while the activities of the two newer ports — Richards Bay and Saldanha Bay — are presently directed predominantly at the export of high volume, relatively low value bulk staples transported in bulk carriers too large to enter the older ports.

The total traffic (excluding petroleum products) handled by these ports has increased dramatically over the last two decades, rising from some 22.5 million tons in 1970 to approximately 109 million tons in 1989, the most spectacular growth being posted by export volumes, which doubled in tonnage terms from 20 million tons in 1974 to over 40 million tons in 1977, and then doubled again to reach 84 million tons by 1988. From Union onwards, the lion's share of this seaborne traffic has been handled

through the ports of Natal: from the 1920s to the 1970s, Durban routinely handled more cargo than all the remaining South African ports combined; while in the years following the opening of Richards Bay in 1976 the relative dominance of Natal as a main gate of trade has been greatly strengthened, Durban and Richards Bay accounting for some 75 to 80 per cent by volume of the Republic's total harbour traffic by the late 1980s. It is to the facilities and performance of these two Natal ports that this article is particularly directed.

The port of Durban

Although Durban harbour is the natural feature to which Durban as a settlement owes its existence, early harbour developments in the Bay of Natal — a shallow, mangrove-filled lagoon flanked by the Bluff headland and the Point, and fed by the Umhlatuzana and Umbilo Rivers — were inauspicious in the extreme, and gave little hint that Durban would later develop into the busiest and best-equipped general cargo port on the entire African continent.

The principal problem with which early harbour developers had to grapple was the “battle of the bar”, since a persistent silting up of the narrow entrance linking the lagoon with the Indian Ocean prevented large sea-going vessels from entering the more sheltered waters of the bay. It was only thanks to the application of the

improved dredging techniques of the last decade of the nineteenth century that the bar was finally vanquished, so effectively dating Durban's history as a modern port roughly the turn of the century.

Early harbour developments were confined to the Point area and the Bluff, where coal loading facilities were established. Later expansion of the port was to take place in four relatively distinct areas of the bay. These, as shown in Figure 1, are:

- further development of the Point dock area
- the Maydon Wharf/Bayhead area
- Pier No 1 and Pier No 2 (Container Terminal) in the Fynnlands area
- the Island View area

Until the mid-1960s, the centre of gravity of Durban's general cargo activities was firmly located at the Point docks, which provide a total of 3 668 metres of quay for commercial shipping, the minimum water depth alongside varying from 7 to 12 metres. Following the “container revolution” in international shipping in the late 1960s, and the subsequent completion of sophisticated container-handling facilities in South African ports approximately a decade later, the role of the Point berths began to change, with conventional breakbulk cargo-handling facilities, based on traditional wharf sheds and large numbers of wharf cranes of limited lifting capacity, giving way to more open cargo-working areas suitable for bulk and

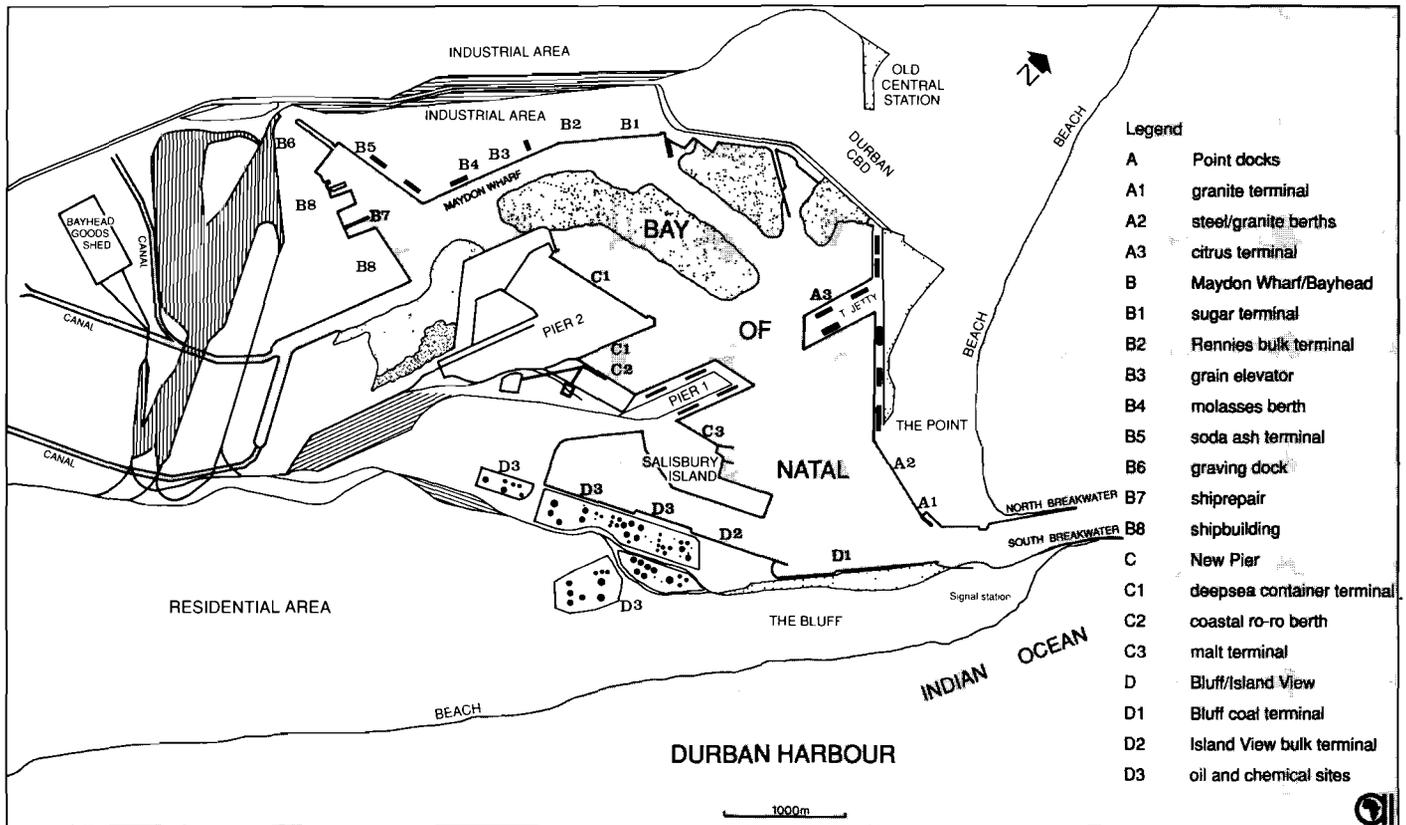


Figure 1 Durban harbour

“neo-bulk” commodities. At present, the Point berths not only retain an important residual function as an area of general cargo activity but also provide a dedicated berth for granite shipments served by a private granite terminal; several berths suitable for the pre-assembly and rapid loading of steel cargoes; and a modern private fruit terminal operated by the Citrus Exchange. This last facility serves three reefer berths on the western side of the T-jetty, and provides a total storage capacity of 19 500 cubic metres. Although the Point has to some extent been eclipsed by the more modern general cargo facilities on the southern side of the Bay, its 16 berths, served by a total of 75 wharf cranes and enjoying excellent road and rail access, remain an integral and active part of the modern port.

The second major segment of the Bay of Natal to be developed was the Maydon Wharf/Congella area, which provides 15 commercial berths. Initially intended principally to handle bulk cargoes, Maydon Wharf has developed a function and spirit very different from those of other cargo-working

areas in other South African ports, for the strict exclusion of private sector activities which has, until the very recent past, been an entrenched feature of all the other ports, has never been associated with the Maydon Wharf area. From an early date, private leaseholders occupied sites on the quayside, so that the more recent establishment of private terminals in this area was a natural development. Notable facilities in this port segment include:

- The South African Sugar Association’s bulk sugar terminal at Maydon Wharf, berth 2. The three storage silos of this terminal have a capacity of 520 000 tons, and two shiploaders can maintain a combined loading rate of up to 800 tons per hour, making it one of the largest and most sophisticated sugar terminals in the world. A bagged sugar terminal is presently under construction on an adjacent site.
- Rennies Bulk Terminal at Maydon Wharf, berth 5. This multiproduct terminal is capable of handling both inward and outward bulk cargoes of agricultural and mineral products,

including coal. Storage capacity is available for 30 000 tons of agricultural commodities and 120 000 tons of mineral products, with open storage for a further 25 000 tons.

- The Grain Elevator, owned and operated by Portnet at Maydon Wharf, berth 8. This facility, commissioned in 1925, is one of the two principal maize export terminals in South Africa, with an effective annual export capacity of about 1,6 million tons.

Other major privately-owned facilities at Maydon Wharf include a bulk molasses storage and export terminal, cold-storage facilities for frozen meat, and a bulk terminal to handle soda ash imports. Patronage of the latter will diminish in the near future when soda ash from Botswana replaces the import article. Maydon Wharf also serves Durban’s timber trade and a significant proportion of the growing volume of paper exports.

The Bayhead area immediately to the south of Maydon Wharf is the site of Durban’s ship repair and shipbuilding industries, the latter clustering tightly around the 352-metre Prince

Edward graving dock, one of the two largest dry docks in the southern hemisphere, while ancillary repair facilities are provided by a small (3 600 ton lifting capacity) floating dock and two repair berths. In the late 1960s, shipbuilding in Durban emerged from its earlier preoccupation with small craft construction to become the major shipbuilding centre of Southern Africa. Its principal clients were the local ship-owning Unicorn Lines, the Transport Services and the Navy. After a lengthy period in the doldrums in the 1980s, the Durban yards, now consolidated under the banner of the Dorbyl group, are engaged in the construction of a series of container ships for German owners and have work in hand for the Mossgas project.

To the south and east of the shipbuilding sites, the two largest railway marshalling yards in the port area — Bayhead and King's Rest — service rail traffic to all parts of the port. Despite the inroads made by road haulage of cargo to and from the wharfside, Durban remains essentially a railway port, virtually all its bulk cargo and some 62 per cent of its containerized cargo still being moved by rail. During the 1970s, the rail infrastructure of the port was substantially increased to accommodate traffic generated by the new harbour facilities then under construction on the southern side of the Bay. These facilities comprise two large piers — Pier No 1 and Pier No 2 — reclaimed from tidal sandbanks and



Durban harbour

mangrove swamps in the Salisbury Island/Fynnlands area. Pier No 1 provides a total of 9 modern, general cargo berths served by four large wharf sheds, 38 wharf cranes with lifting capacities ranging from 4 to 15 tons, and specialist cargo handling equipment for key cargoes such as steel and ferro-alloy exports and malt imports.

The key to Durban's pre-eminence as a modern general cargo port is, however, to be found at the Pier No 2 container terminal. This terminal, which came into service in July 1977 and has subsequently handled over 5 million

TEUs*, can accommodate 6 deep-sea container vessels plus 1 coastal container or roll-on roll-off vessel, and is equipped with 8 container gantries — 7 for deep-sea and 1 for coastal traffic — plus a full array of straddle carriers, haulers and trailers, all box handling and cartage operations remaining under the control of the port authorities. The terminal is capable of accepting the largest cellular vessels in current service, and annually handles a throughput of over 400 000 TEUs, or approximately 65 per cent of the aggregate box traffic passing through all South African ports.

The final port area to be reviewed — the Island View berths and the Bluff berths — is situated under the lee of the Bluff on the southern side of the Bay. The principal *raison d'être* for development of the Island View facilities was the need to service the large and strategic trade in petroleum products. But since the commissioning of an off-shore buoy mooring for tankers off Réunion in 1970 has permitted crude oil imports to be carried in VLCCs** too large and of too deep a draught to enter Durban, use of these Island View berths has fallen off substantially. The area does retain several important functions since it handles the coastal distribution of refined petroleum products;



Durban harbour

* Twenty foot equivalent units

** Very large crude carriers

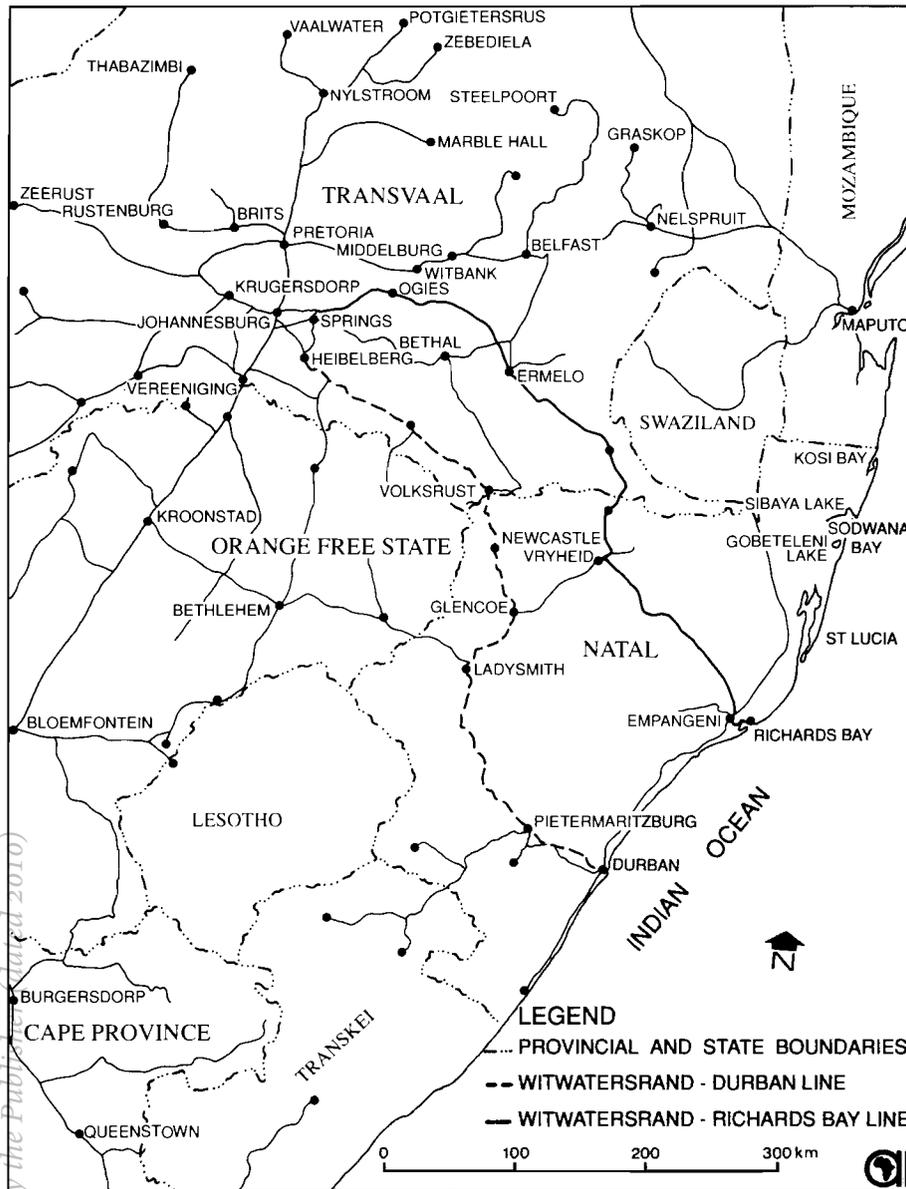


Figure 2 Rail connections from the Witwatersrand to Natal harbours

provides bunker facilities for transit shipping; houses a private bulk terminal for agricultural products, ores, minerals and vegetable oils; and above all provides a home for the port's substantial import-export trade in bulk chemicals. Finally, four berths at the Bluff handle the bulk of the port's coal and anthracite exports. The antiquated loading facilities at the Bluff, some of which date from Edwardian times, were recently taken over by the Durban Coal Terminal Company (DCTC), a joint venture formed by the port authority and groups of Natal and Transvaal coal exporters. The stated intention of these terminal operators is to refurbish the

old shiploaders and tippers, but to date no major renovations have been carried out.

In sum, the port of Durban provides a total of a little under 14 kilometres of wharf for commercial shipping which can accommodate some 65 vessels. The major physical constraint remains depth of water, as the present minimum depth of 12,74 metres in the entrance channel and alongside most of the modern berths could only be appreciably increased at prohibitive cost. Durban is thus likely to remain a port predominantly patronized by general and unitized cargo vessels, handy-sized tankers, and bulk carriers up to

a limit of about 60 000 to 70 000 deadweight tons.

Port traffic

The diversity of the port's facilities is mirrored by Durban's traffic base. Of the annual total of some 24 million tons of cargo (excluding petroleum products) typically handled in the late 1980s, export volumes exceeded imports by a factor of approximately 2 to 1, while the aggregate cargo flow breaks down into (very roughly) equal figures for bulk traffic, conventional breakbulk traffic, and unitized box traffic.

The matrix of exports is dominated by primary and intermediate products, the top eight commodity groups in 1987 being coal and anthracite (3 Mt), steel (2,6 Mt), maize (1,5 Mt), sugar (1,3 Mt), paper and forest products (1,0 Mt), chemicals (0,7 Mt), ferro-alloys (0,7 Mt) and citrus (0,5 Mt). Export volumes have grown steadily at an annual average rate of four per cent over the last two decades, but not all commodity classes can be expected to continue to grow in the future. Static or falling volumes may be anticipated for coal, since some further diversion of steam coal exports to Richards Bay is likely; steel, where supply problems, difficulties in access to foreign markets and a shrinking surplus of production over domestic demand militate against further growth; citrus, where some Swazi and Eastern Transvaal fruit is expected to switch to the Citrus Exchange's newly renovated Maputo terminal; and sugar, where the Sugar Association's view of exports is generally pessimistic. The Maize Board's projection is one of a falling secular trend of export volumes for their products as domestic demand rises, although considerable short term volatility may be expected as agricultural conditions change, tonnages fluctuating between zero and the grain elevator's annual capacity of 1,6 million tons. Sources of potential export growth can be identified in the areas of ferro-alloys, forest products and granite. In the ferro industries, several major producers have recently installed additional export-oriented capacity. Although Richards Bay is the export port favoured by the industry on grounds of rail cost, Durban's better loading rates and the absence of congestion should see the older port's

export volumes top one million tons annually by the mid-1990s. A strong export growth of paper and woodpulp products is anticipated, the industry favouring the establishment of a dedicated forest products terminal capable of handling unitized and ro-ro vessels. For granite, buoyant foreign demand is expected to lift exports to the million ton level by the early 1990s.

The level of imports landed in Durban is basically a function of the level and growth of demand in the port's catchment area, which presently extends well beyond the geographic boundaries of South Africa. Cargo other than classified petroleum products landed in Durban has historically been dominated in volume and value by three commodity classes — chemicals, machinery and mechanical appliances, and vehicle components and transport equipment — which together accounted for some 53 per cent of 1988 inward tonnages. Chemical imports, which topped 2 million tons in 1988, enjoy encouraging growth prospects: storage capacity has recently expanded and the local chemicals-handling industry is confident that Durban has the potential to operate at an enhanced international storage/distribution/re-export level by the early 1990s. Machinery imports are clearly influenced by the Southern African business cycle, while on vehicle components (CKDs) the port directorate and the carrying lines are more pessimistic, since increases in local content thresholds in local assembly industries are likely to exert a downward pressure on imports.

In overall terms, import volumes are likely to hold up somewhat better than aggregate exports, and with the possibility of static or falling tonnages in some key export staples, the general traffic prognosis for the foreseeable future is one of tonnages stabilizing at, or somewhat below, the level of the late 1980s. An improvement in the security of access to ports in the SADCC countries and an improvement in their general efficiency could also exacerbate a slowdown in Durban port activities. Although no clear breakdown of traffic associated with the SADCC countries emerges from Portnet's cargo data, several commodities such as tobacco, Swazi citrus, sugar and molasses, periodic Central African cereal imports, and certain general cargo would have to be seen as potentially divertible to ports

such as Maputo, Beira, Nacala or Lobito. Of greater consequence, however, are those South African exports potentially divertible to Maputo, the natural main gate of trade for the Eastern Transvaal. If road and rail access to Maputo were entirely normal, the Mozambican port would be favoured for some citrus exports, for certain coal exports (notably those without access to the Richards Bay Coal Terminal) and by chrome ore producers in the Steelpoort area.

The port of Durban: Future developments?

Despite some likely stabilization in the aggregate level of demand for its harbour facilities, Durban is certain to retain its role as the pre-eminent general cargo port in Southern Africa. It serves, directly, the Durban functional region of some 3 million persons (which currently absorbs about 25 to 30 per cent of the port's general cargo activity) while its superior access to the industrial heartland of the PWV area, guaranteed by geography, could only be challenged by the development of major general cargo and container facilities at Richards Bay or Maputo.

With an overall commercial berth occupancy rate of 72 per cent during the second half of 1989, current traffic levels give Durban harbour a utilization of berth capacity well above those of the Cape ports but below that of the constantly congested pre-container days of the mid-1970s. The ability of the port's existing facilities to cope with the anticipated traffic parameters of the remainder of the twentieth century therefore appears sound.

The future physical development of the basic port infrastructure is severely constrained. As Figure 1 indicates, the Durban Bay area is already saturated with harbour facilities, the only major undeveloped areas being small portions of the Bayhead and the waterfront bordering the CBD between the Point berths and Maydon Wharf. In terms of certain legislation, the latter area cannot be developed into commercial wharfage, being presently earmarked for a major waterfront residential and marina development supported jointly by the port authority and the Durban City Council. As a consequence of these physical constraints, future port developments are more likely to take the form of improvements to the

harbour superstructure (cargo handling equipment, shore terminals and so forth) rather than additions to the basic infrastructure. Likely developments include the further redeployment of general cargo berths into areas dedicated to the handling of intermediate products such as steel, paper, granite and chemicals; an increase in privately-owned terminals; improvements in the productivity of the container terminal to cope with an inevitable increase in container traffic; and the deepening of certain berths within the overall draught restrictions of the port.

The overall picture of Durban is thus one of a highly developed, diversified port likely to retain its dominant position as the subcontinent's premier conduit for seaborne general cargoes, container traffic, chemicals and the smaller dry-bulk trades.

Richards Bay

Although the Port of Richards Bay was officially opened to commercial shipping as recently as 1 April 1976, interest in the development of a deep-water port on the Zululand coast goes back to the middle of the last century, when Voortrekkers in Natal were anxious to gain access to a port other than Durban. The landlocked Zuid-Afrikaansche Republiek later cast covetous glances at Kosi Bay as a possible independent trade outlet, while in 1903 the harbour engineer of Durban, Cathcart Methven, conducted a detailed survey of the Richards Bay lagoon, his findings convincing him that Richards Bay possessed greater development potential than Durban itself.

Interest in a prospective northern Natal harbour was rekindled with greater urgency in the 1960s, when rising traffic activity in existing ports generated bouts of severe congestion, the alleviation of pressure on Durban, in particular, being identified as a priority. After serious consideration of a number of sites, including Sodwana, Kosi Bay and St Lucia, Richards Bay was finally selected for four principal reasons. These were the amenability of the lagoon for deep dredging; the availability of large tracts of land for shore-based industries; the ready incorporation of Richards Bay into the existing rail infrastructure running to Durban via the railhead at Empangeni; and, perhaps most crucially, the powerful locational



Richards Bay harbour

advantage enjoyed by Richards Bay in relatively short rail connections with both the Eastern Transvaal coalfields and the core industrial areas of the PWV complex.

An immediate impetus to the conception of a new harbour was provided by the Transvaal Coal Owners Association's (TCOA) plans to export large volumes of both bituminous and coking coal, with the proviso that these flows should be directed through the new port. Parliamentary authorization for the project was given in May 1972, and over the ensuing four years the Transport Services orchestrated the largest single infrastructural project they have undertaken to date. The overall project consisted of two distinct activities: the construction/refurbishing of a rail link from Richards Bay to Broodsniersplaas in the Witbank area of the Transvaal coalfields, and the transformation of a shallow, silted lagoon of 3 050 ha, fed by the Umhlatuzi River, into a sophisticated deepwater port capable of accommodating bulk vessels in the 150 000 dwt size range.

The rail developments meant the construction of a new link 93 km long between the coalfields and Ermelo, the virtual rebuilding of the low-standard Ermelo-Vryheid line to carry the proposed heavy (6 000 ton) coal trains, a new link of 212 km from Vryheid to the Richards Bay marshalling yards, and a final 16 km connection over

swampland to the coal terminal itself. This 525 km rail link, as shown in Figure 2, is some 275 km shorter than the Durban-Witbank route, and also offers a more direct link from the sea to the Witwatersrand.

At Richards Bay itself, the construction of a major port on a virgin site with a water area approximately twice that of Durban Bay permitted planners to develop a model harbour that would inflict minimum damage upon the surrounding environment. The lagoon

was accordingly divided by means of a berm wall or levee to separate the northern commercial harbour from the ecologically sensitive Umhlatuzi delta to the south, this latter area of some 1 400 ha remaining a nature reserve. In the port area, provision was made for the maximum separation of "dirty" bulk activities such as coal handling from "clean" bulk commodities, general cargo and (potential future) container cargo. In terms of their agreement with the TCOA, the Transport Services undertook to provide the basic marine infrastructure (breakwaters, approach channels, quay walls and so on) while the coal owners would be responsible for the provision of the shoreside facilities of the coal terminal. The "clean" cargo areas, however, were to be fully financed and operated by the port authority. The initial development phase of the port provided for two bulk coal berths and four clean cargo berths, the marine parameters being designed to allow a water depth of 19 metres, sufficient for 150 000 dwt bulkers, but with quay walls constructed with a view to a later deepening of the port to 23 metres, permitting entry by loaded 250 000 dwt vessels. Both "clean" and "dirty" cargo areas have subsequently been extended, the present lay-out of the port being shown in Figure 3.

The central feature of the port remains the Richards Bay Coal Terminal (RBCT), located in the south-western



Richards Bay harbour

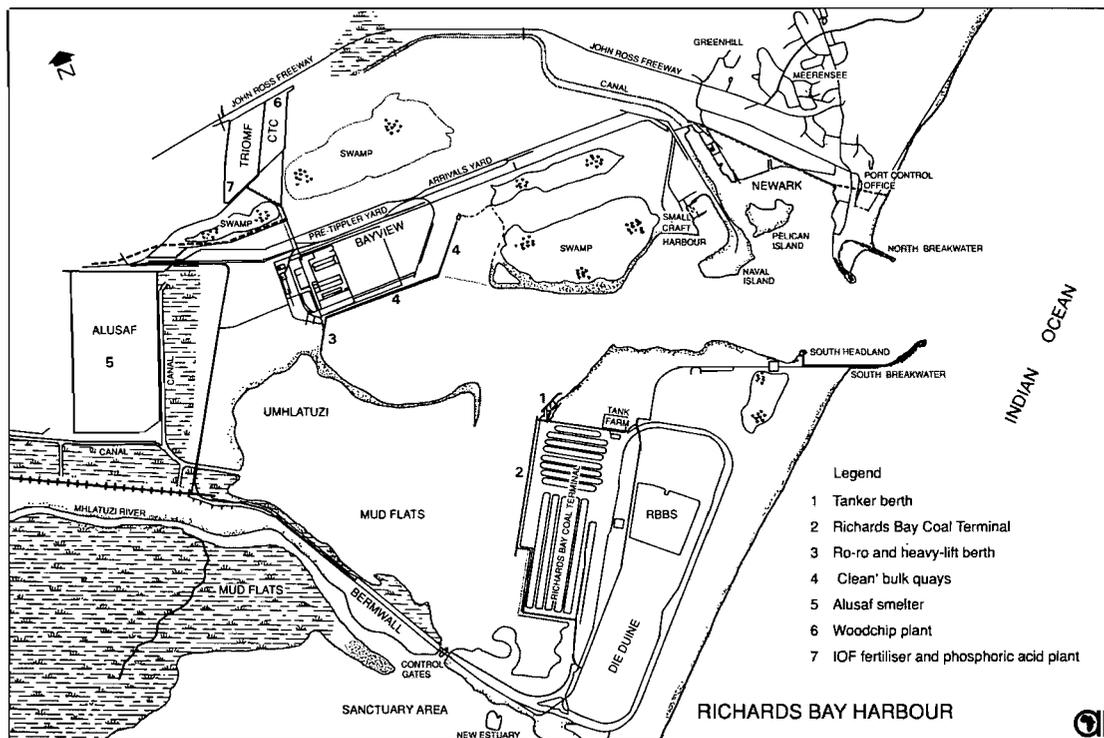


Figure 3 Richards Bay harbour

part of the commercial port. This impressive facility, one of the largest single coal export terminals in the world, provides four loading berths each of 350 metres in length. Shoreside facilities comprise a rail yard to receive the special coal trains, a stacking area with a total holding capacity of 2,5 million tons, and railmounted stackers/reclaimers feeding a conveyor belt system supplying four quayside shiploaders, each with a normal loading rate of 3 500 tons per hour. From its inauguration to the end of 1989, RBCT handled a total of 397 million tons of coal with a foreign exchange value of some R13 billion. The lion's share of this tonnage has been transported in Cape-sized and large Panamax bulk carriers which offer considerable freight rate advantages over the smaller handy-sized bulkers that patronize Durban. The terminal is currently operating in terms of the Phase III parameters of the coal export programme, which is based on an annual export volume of 44 million tons; but with 1988 and 1989 export levels standing at 42 and 45 million tons respectively, the terminal is already straining against capacity limitations.

Adjacent to the coal terminal at Die Duine a single berth is available for chemicals and for bunkering.

On the north side of the harbour, the general and "clean" cargo berths are located in the Bayview area in close proximity to the principal harbour-related industrial sites. This segment of the port provides a single 300 metre berth for general, ro-ro and heavy-lift cargoes, plus three fully-equipped multi-purpose bulk-handling berths. These berths are equipped with two multiproduct shiploaders capable of maintaining loading rates of 2 500 tons per hour; a 600 ton/hour woodchip loader; a pneumatic unloader of similar capacity for bulk imports; and a phosphoric acid export terminal with a storage capacity of 36 000 tons and a shipping rate of 1 200 tons/hour. The Bayview berths are backed up by open storage areas for bulk products, shed storage, and 35 silos for the storage of bulk free-flowing minerals.

The basic infrastructure of the "clean" cargo port has very recently been further extended by the final commissioning of an additional 900 metres of berth, which was due for completion in 1987 but acceptance of which was delayed owing to stability problems in the quay wall structures. This wharfage is used for vessels working bulk cargoes with their own gear, its open cargo working areas being particularly

suitable for the stacking, pre-assembly and loading of steel, pig iron and ferro-alloys. From August 1990, this area will be served by the first phase of a forest products terminal with an ultimate capacity of some 500 000 tons of paper and woodpulp exports. The remainder of the northern areas of the lagoon remains undeveloped apart from facilities for yachts and harbour craft, although the eventual construction of container facilities may take place in this sector. Richards Bay at present thus provides an effective total of 13 berths for commercial deep sea vessels on approximately 4 kilometres of quays.

In addition to strictly port facilities, the Richards Bay harbour area also contains a number of extremely interesting harbour-oriented industries. The first major industry to establish itself in what was to become the port's industrial zone was Alusaf, whose aluminium smelter relies on imports of alumina and petroleum coke, and by its move has assured itself of ready access to seaborne distribution of its products. A second and more classic example of an industry reaping huge locational benefits from its dockside position is the fertilizer production operation of Indian Ocean Fertilizers (IOF). IOF utilizes domestic inputs of rock phosphates,

together with imports of sulphur, and is able to export large annual volumes of over half a million tons of phosphoric acid through its own terminal. We should also mention a more recent migration to the industrial area — the woodchip export operation of the Central Timber Co-operative (CTC) which processes wattle, pine and bluegum logs into woodchips for export to the East in dedicated bulk vessels. In all these instances the proximity of appropriate port facilities confers substantial economic advantages and the Richards Bay industrial zone must be expected in the fullness of time to attract further export processing or beneficiation-type industries.

Richards Bay traffic and prospects

The total cargo handled at Richards Bay grew from 4,2 million tons in 1976, the first year of port operation, to 22,5 million tons in 1979, the first year in which the Zululand port eclipsed Durban in pure tonnage terms, and surged to 52,8 million tons in 1988. These volumes are dominated to an overwhelming extent by exports, which accounted for 96 per cent of the 1988 tonnages, while within the spectrum of exports the importance of coal is paramount. The RBCT coal exports are made up in the main of bituminous thermal (steam) coal used as an international energy source, while exports of metallurgical (coking) coal from the low ash mines in the Middelburg area amount to only some 2,5 million tons per annum. This export performance put South Africa in third place (behind Australia and the USA) on the international coal exporters' league table in the mid-1980s. Our contribution to the metallurgical coal trade is trivial (about 1,5 per cent), whereas South Africa now accounts for some 28 per cent of the world trade in steam coal. In the sanctions-laden environment of the late-1980s this performance was surprisingly robust and, in the expectation of an easier trading climate in the near future, the coal industry is looking to a further phase of export growth. Such growth could presumably be accommodated by rail, since the capacity of the coal line was upgraded to 68 million tons per annum in 1987/88 (with concomitant tariff

increases bitterly opposed by the exporters), but the capacity of the TBCT could yet be a major constraining factor. In the short term, funds have been earmarked for improvements to existing shoreside facilities that would boost the rated capacity of the terminal to 53 million tons. But in the somewhat longer term a sustained increase in exports could only be achieved by a physical expansion of the present harbour facilities. The future is also likely to see pressure from the smaller coal traders, currently shut out from the "closed shop" RBCT operation, for a second coal export terminal.

The centrality of coal notwithstanding, Richards Bay is by no means a single-commodity port, other flows of considerable magnitude being woodchips from the Natal timber plantations (2,5 Mt/a), which were formerly channelled through Durban; chrome ore (approximately 1,6 Mt/a); ferroalloys; rock phosphates from Foskor's Phalabora base (1,0 Mt/a); and related phosphoric acid exports from the locally-based IOF plant. A further interesting export activity concerns the family of heavy metals (titanium, rutile, zircon etc) and sand products produced from Richards Bay Minerals' controversial coastal dune mining activities. These different RBM products accounted for a combined export flow of some 800 000 tons by the mid-1980s. A number of these items are likely to exhibit substantial export growth. The chrome ore and ferro producers clearly favour Richards Bay as a least-cost loading port, so it is likely to attract an increasing slice of this growing pie, the more beneficiated products such as ferrochrome (and even ultimately stainless steel) appearing likely to gain ground more rapidly than the unprocessed ores. Steady export growth in rock phosphates is also anticipated, while paper and woodpulp should enjoy increasing weight in the Richards Bay export mix in future once the planned forest products terminal is on stream. Finally, steel cargoes are increasingly finding their way through Richards Bay, the shorter distance from the steel producing areas to the port giving it a substantial competitive edge over existing outlets such as Port Elizabeth. For the foreseeable future, then, the increase in the overall export traffic base of the port is likely to continue.

The very much more limited flow of imports is dominated by raw material inputs for the harbour-oriented industries located in the area. Principal commodities landed include alumina (bauxite) and petroleum coke for the Alusaf smelter, sulphur destined for the IOF installation, and various chemical products.

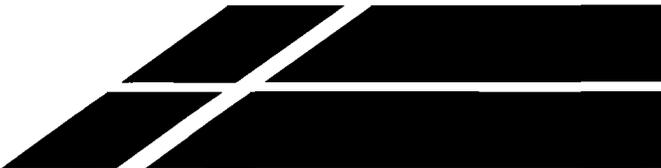
The shipping activity associated with these import-export flows has generally kept the harbour at a high level of capacity utilization, so much so in fact that unbroken congestion was a feature (particularly at the multiproduct bulk berths) over the 1987/88 period. Recent improvements to the cargo-working superstructure of the "clean" bulk facilities should have improved the productivity of this section of the port since late 1988, while the more recent and long delayed commissioning of additional berth space in this area will doubtless further enhance port efficiency.

Taken together, the two Natal ports thus provide by far the largest concentration of sophisticated port facilities on the Southern African coast. Richards Bay would appear to overshadow Durban in terms of the sheer volume of cargo handled. Yet when we look at the richness and diversity of its facilities, and the value of the commodities it handles, the Port of Durban clearly remains the linchpin of the sub-continent's seaborne commerce.

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AFRICA MONITOR




Africa Monitor July to September 1990

Jenny Macgregor

AFRICA

Economic effects of the Gulf crisis

The annexation of Kuwait by Iraq on 8 August and the resultant increase in the price of oil from US\$18 to \$40 on 24 September, exceeding the previous peak levels of 1980, raised serious concerns for African economies. While the price increases appeared to be moderate, African states were seen as less well positioned than the industrial countries to absorb the shock, coming after a decade of dismally low economic growth or stagnation. Concern was expressed in many countries that the long-term consequences of an oil shortage and resultant increase in import bills (as well as possible lower export earnings as a result of a slowdown in industrial production), could threaten IMF-backed economic recovery programmes. This in turn, analysts said, would put the World Bank and the IMF in a dilemma — to watch the reform programmes disintegrate, or lend more to bridge the gap knowing that governments could not afford to pay what they already owed. Repayment of debts would be further aggravated by the predicted three-quarter percentage point rise in world interest rates during 1991, adding some \$3 000 mn to Third World debt interest payments. With most countries already heavily indebted, economic analysts predicted that access to aid would be limited and that the burden of economic adjustment would therefore impact directly on domestic policy measures, with serious consequences for growth and development.

By early September, many countries had been forced to raise the price of petrol, some by up to 65 per cent. Oil supplies had all but dried up in Sierra Leone, Guinea, Guinea-Bissau, Senegal and Mauritania. Countries such as Zambia and Botswana, heavily dependent on oil for their respective copper and diamond mining industries, were seen to be especially vulnerable. Worst off in Southern Africa was Mozambique, one of the world's poorest and hungriest nations, where the fuel shortages were endangering emergency food distribution to nearly two million starving

people. In Côte d'Ivoire the impact on foreign exchange reserves was seen to be crippling; similarly the consequences for Morocco were serious. It was forecast that the prospect of mean annual oil prices stabilizing in the mid-\$20s would mean that an extra \$220 mn in 1990, and \$400-\$450 mn annually, would have to be found to cover the extra costs of oil imports.

But it was on Egypt that the economic impact was greatest, all three of its major export earners — remittances from workers abroad, tourism and the Suez Canal — being affected. Increased prices for Egyptian crude oil had not offset the higher costs for imported goods coupled with the loss of remittances by some two million Egyptians working in Iraq and Kuwait. Remittances from these workers had hitherto been the main source of foreign exchange receipts, amounting to some \$3.5 bn per year, of which \$500 mn came from workers in Kuwait alone. Egypt also stood to lose some \$200 mn because of the devaluation of Gulf currencies, in addition to \$500 mn in back pay owed by Iraq to Egyptian workers, and \$150-\$200 mn owed by the Iraqi government to Egyptian companies. Egypt's problems were further aggravated by the return of some 203 000 workers joining the ranks of the unemployed, who number 10.4 per cent of the population, while an additional loss of \$56 mn a year earned from the Suez Canal was expected, the result of UN sanctions barring ships from trading with Iraq and Kuwait. Earnings from tourism, which earned Egypt nearly \$2 000 mn in 1989, were also expected to decline sharply with the number of tourists for the coming season expected to fall by 30 to 40 per cent.

In late August the government and the US Agency for International Development (USAID) signed five grant aid agreements, worth \$278 mn, for ongoing US-sponsored projects. On signing the agreements the US ambassador noted Egypt's support for US and Western efforts to counter Iraq's invasion of Kuwait — notably the sending of between 2 000 to 3 000 troops to Saudi Arabia. In a significant boost to the Arab commitment to a

possible war with Iraq, in September Egypt sent a further 15 000 troops backed by tanks and armoured personnel carriers, making it the major Arab contributor after Saudi Arabia to the international force. The need for aid packages to assist Egypt in the face of the Middle East crisis was emphasized by both the World Bank and IMF as well as the Group of Seven industrialized nations.

For the oil-producing countries of Africa who provide some 9 per cent of world total of 23 bn barrels, the outlook was positive. With just over 80 per cent of sub-Saharan Africa's oil deposits, Nigeria and Angola in particular were expected to do well. Nigeria, traditionally Africa's main exporter, was able to benefit comparatively more than any other oil exporter by increasing production by about 250 000 bpd to the capacity level of 1.9 mn bpd, following the suspension of production quotas by Opec on 29 August, 1990. Nevertheless, the rise in oil prices brought mixed reactions in Nigeria. For every dollar the price of crude rises, economists estimated that Nigeria would receive an extra \$400 mn in revenue over the course of a year; and at a price of \$30 this was predicted to leave the country with a \$5.6 bn "windfall". But while the economy was strengthened by the price rise analysts felt that Nigeria's bargaining position with its creditors had been weakened.

In Southern Africa only Angola, with its enormous oil reserves, was not vulnerable. Unrestricted by Opec membership and capable of sharply increasing production it ought to have been in a position to take advantage of the gap in the market and earn some desperately needed hard currency. However, ravaged by war and facing logistical, transport and production problems, it was unable to take full advantage of the oil crisis.

The increase in Algeria's export earnings was put at \$1,000 mn a year for every \$2 a barrel rise. With a mean annual price upwards of \$22 a barrel for 1990 against a budgeted \$16 a barrel, the rise in prices was predicted to bring in \$2.5-3 bn over budget — more than sufficient to cover the forecast \$1.3 bn foreign exchange gap for 1990. Tunisia, although

producing a moderate 60 000 barrels per day, was expected to gain because the shortfall in expected revenues would be offset by the price increase. However, the main benefit of higher oil prices was that it would encourage prospecting and therefore raise exports. For **Gabon and Congo** it was hoped that they would be in a position to redress the problem of shrinking oil earnings, although Gabon was expected to be restricted by its membership of Opec.

Political responses to the crisis

Despite an immediate attempt by the **Arab states** to formulate a unified response to the invasion, two distinct responses emerged. Egypt joined Saudi Arabia and Syria at the core of a group fully committed to securing Iraq's unconditional withdrawal from Kuwait, while Libya, Sudan, Tunisia and Algeria formed part of the pro-Iraqi group which supported the formulation of a settlement within the Arab ranks and emphasized the presence of foreign, and particularly US, troops in Saudi Arabia as being a major obstacle to any solution to the crisis. Sudan, seeking to disguise its support for Iraq, appeared to take an ambiguous position. On the other hand, Egyptian **Pres Mubarak** took a firm and critical stance at the Arab league summit held on 10 August, agreeing to the deployment of troops. Fuelling support for his policies, which had the backing of the Egyptian public including the Moslem brotherhood, was the wave of anti-Iraqi feelings generated by the mass of Egyptians fleeing from Kuwait and Iraq. Pres Mubarak's strong stance was, however, instrumental in securing an offer by the US in late September to cancel \$7 000 mn in debts for past US arms sales. Like Egypt, Ethiopia, Somalia and Djibouti, whose port was being used for the French naval deployment in the Gulf, supported the anti-Iraqi camp.

Within the **Maghreb states**, although there was a wide degree of Arab nationalist support for Iraq, the crisis served to highlight differences between member countries and raise fears that the Arab Maghreb Union could be derailed. In Algeria and Tunisia support was particularly strong because both governments faced strong fundamentalist opposition movements which they feared would capitalize on anti-US sentiment. Libya kept a low profile, condemning the Iraqi invasion, but keeping links with Baghdad open, while attacking Western interference in the region. Leader Col Gaddafi, however, explicitly refused to abide by UN sanctions imposed on Iraq. Only Morocco adopted a clear anti-Iraqi line with its decision to send some 1 200 troops to join Egypt and Syria in forming a pan-Arab force to defend Saudi Arabia. Tunisia adopted the most neutral line initially, but following the entry of foreign forces into Saudi Arabia there was a notable swing in public opinion towards stronger support for Iraq. In Libya, Algeria and Tunisia there were a number of pro-Iraqi demonstrations (E 18/8, 22/9; AED 20/8, 27/8, 3/9, 17/9, 24/9, 1/10, 8/10; C 24/8; AA 31/8, 26/10; WA 3/9; ARB 15/9, 30/9; BI 10/90; NA 10/90).

NORTH AFRICA

Algeria

At a meeting of the central committee of the National Liberation Front (FLN) held on 7-10 July, **Prime Minister Mouloud Hamrouche** and four of his cabinet ministers were dropped from the Politburo, at the request of Hamrouche. He had made the request in order for the party "to renew its structures" and for the government to follow through its programme of reforms; the five were replaced by relatively unknown reformers, all university teachers in their forties. The reshuffle was linked to severe criticism of members of the committee following the party's crushing electoral defeat in June (KT 12/7; AED 16/7).

In a cabinet reshuffle announced on 25 July Pres Benjedid appointed **Maj-Gen Khaled Nezzara** to the post of minister of defence, a position held by the president since 1965. There was no immediate explanation for the decision to break with tradition. Most of the other appointees in the reshuffle were not senior members of the ruling FLN, a reflection of the government's policy of distancing itself from the party (C 27/7; ARB 15/8).

Bowing to pressure from Muslim fundamentalists, Pres Benjedid announced in July that **parliamentary elections** would be held in 1991 (DN 31/7).

Trade liberalization introduced in July opened the door for the first time for the importation of a wide range of products ranging from private cars to women's clothing. Trade in certain "strategic products" such as foodstuffs remained an exclusive state monopoly.

Trade unions greeted the announcement on 20 September by Prime Minister Hamrouche that a **market economy** would be introduced at the start of 1991 with predictions of widespread job losses. Despite efforts since the mid-1980s to overhaul the giant state sector by turning state firms into autonomous profit centres and attracting foreign investment, more than 200 of the country's 459 state firms, including those in the worst financial difficulties, had not yet become autonomous (ARB 16/8; AED 27/8, 8/10).

Former president **Ahmed Ben Bella**, 73, returned from a 10 year exile in France and Switzerland on 27 September. Addressing a large crowd at the airport (estimates varied from 50 000 to 200 000), he urged popular support for Iraq and described the policies of the ruling FLN government as catastrophic for the country. Ben Bella was overthrown in 1965 after three years in power and kept under house arrest until 1980 (JA 26/9; KT 28/9; S 28/9; ARB 30/9; K 9/90).

(Summit meeting on marginalization of Touareg people — see Niger.)

Chad

On 8 July, in the first contested **elections** since Chad became independent in 1960, 436 candidates competed for the 123 seats in the National Assembly on a non-party basis. There was a 56 per cent turnout for the elections,

which saw a number of leading political figures lose their seats (S 9/7; ARB 15/7, 15/8).

Fears that the holding of future **peace talks** with **Libya** might be in jeopardy were raised in early August when Pres Habré accused Libya of preparing for an all-out war against Chad. Nevertheless, on 22-23 August Col Gaddafi met Pres Habré in Morocco. As they failed to resolve the dispute both leaders agreed to submit the dispute to the International Court of Justice at The Hague for adjudication. In addition they agreed to continue negotiations, to refrain from any act of aggression against the other's territory, and to settle the issue of the prisoners of war still being held by each side (SWB 3/8, 16/8, 25/8; WA 13/8, 27/8, 3/9; AED 27/8, 3/9; ARB 31/8).

Egypt

A five-year medium-term **trade agreement** worth £E 5 000 mn with the USSR was signed in August. A further six similar deals worth a total of £E 1 800 mn are in the pipeline. Exports to Egypt include machines and equipment, coal, and cast iron shipments (AED 27/8; ARB 16/8).

Libya

On 1 September Col Gaddafi and Lt-Gen Bashir of Sudan signed an agreement to integrate their countries within the next four years (SWB 4/9; WA 10/9).

(Peace talks with Pres Habré fail — see Chad; Summit meeting on marginalization of Touareg people — see Niger.)

Morocco

The establishment of a **customs union** by 1995 was agreed to by the leaders of the five *Union du Maghreb Arabe* (UMA) countries, when they met in July. However, the leaders of Algeria, Libya, Mauritania, Morocco and Tunisia failed to agree on a site for the headquarters of the union, or to appoint a secretary-general, issues which could slow the economic integration of the Maghreb (AED 30/7).

While in Algiers for the Maghreb summit, King Hassan held unprecedented meetings with **Algerian opposition leaders**. Note-worthy was the meeting with Abbasi Madani, leader of the *Front Islamique du Salut* (FIS), because the Islamist opposition in Morocco is not recognized (AED 30/7).

A **UN envoy** charged with preparing a referendum in **Western Sahara**, conducted a "successful" two-week tour of the region in August (ARB 15/8; WA 20/8; AED 27/8).

In July the **IMF** approved a stand-by facility of \$134 mn to support the government's economic and financial programme. In September, eleven creditor countries in the Paris Club agreed to reschedule repayments amounting to about \$7 500 mn on development aid loans. The repayments for periods of between 15 to 20 years were longer than those usually granted to a lower middle-income country. Members were encouraged to convert

their Moroccan debt into local currency projects (ARB 15/8; BI 9/90; AED 17/9).

Sudan

In the June budget wide-ranging **tax increases** were announced to raise revenues and reduce the expected deficit of \$156 mn. More than a quarter of the budget was allocated to defence, a significant increase over the previous year (ION 30/6; AED 16/7; ARB 31/7).

Talks with the **IMF** in August on a three-year economic reform programme failed, and Sudan's request for \$1.5 bn in foreign currency was turned down after IMF demands for the immediate liberalization of all commodity prices and the devaluation of the pound were rejected by the government. On 14 September Sudan was declared "**non-co-operative**" for failing to restructure its economy and to honour its financial obligations to the fund. Having remained in arrears to the fund since July 1984, **arrears** to the IMF amounted to SDR943 mn (\$1.7 bn), equivalent to 555 per cent of Sudan's quota. The IMF threatened further action if no attempt was made to solve the problem of these overdue obligations (ARB 31/7; DN 14/8; AED 3/9, 24/9).

Preliminary **peace talks** "about future negotiations" with the rebel **Sudan People's Liberation Army (SPLA)** which were held on 19-20 August, failed over the issue of Shari'a law.

Against a background of growing public discontent with the military government and the worst shortages of basic foods in recent years, yet another attempt was made to **overthrow the government** on 11 September. It was staged by a group of 15 non-commissioned officers, all members of the **Nuba tribe**, who were summarily executed three days later (AED 28/8; K 90).

Tunisia

The appointment of **Habib Boulares**, a moderate and close aide to Pres Ben Ali, as the new foreign minister on 28 August, was seen by diplomatic sources as serving to consolidate the government's moderate position in the Gulf crisis. Opponents of Pres Ben Ali strongly supported his condemnation of foreign intervention in the Gulf crisis (AED 20/8, 17/9; ARB 30/9).

WEST AFRICA

Benin

France agreed to give Benin aid to cover 80 per cent of its budget deficit. The move followed the decision by the **IMF** and the **World Bank** to suspend the second **structural adjustment programme** because state revenues were so low (WA 6/8, 10/9; AED 3/9; ARB 15/9).

The **referendum** to be held in August on the draft constitution, which had been formally adopted by the transitional government, was **postponed** until 28 October (ARB 15/8, 30/8; SWB 16/8, 17/9; WA 20/8; AED 27/8; JA 28/8).

Burkina Faso

A committee of 104 representing all shades of the political spectrum except Marxists, was formed in July to draw up a **new democratic constitution**, with a presidential system. It was expected to be completed by November, after which it would be submitted to the electorate in a referendum (KT 24/7; SWB 25/7; ARB 15/8).

Cape Verde

On 14 July a major **cabinet reshuffle** was announced. No major economic changes were made, indicating the government's commitment to an economic reform programme, but changes reflected the move towards a broadening of the political system. At the end of July Pres Pereira took the first step towards ending one-party rule by stepping down as party leader, a move he said would put him above party politics. The prime minister, Pedro Pires, was elected as his replacement. In September the National Assembly ratified the constitutional amendments adopted by the party in April, and the ruling African Party for the Independence of Cape Verde announced that a presidential regime would be instituted from 1993 after a transition period beginning in 1991 (SWB 9/7, 19/7, 20/7, 28/7, 31/7, 2/10; AED 23/7; WA 13/8; ARB 15/8, 15/9, 30/9).

Côte d'Ivoire

Finance minister Moise Koffi was replaced on 6 July by **Daniel Kablan**, an economist from the Central Bank of West African States, following the abandonment of the economic stabilization plan in May in reaction to nationwide strikes and demonstrations (SWB 7/7; AED 16/7; ARB 15/8; BI 9/90).

A \$3.7 mn pilot programme designed to enable **women** to play a more important role in the country's economic development was launched in August with the assistance of a World Bank loan of \$2.2 mn. The main objectives were to improve the productivity of the women's farming system and their ability to market their produce and to upgrade the marketable and employment skills of urban women through access to agricultural extension, job training and literacy programmes (WBN 9/8; AED 3/9; ARB 16/9).

Following a meeting between Pres Houphouët-Boigny and leaders of 13 opposition parties, **schools, colleges and universities** were **reopened** on 12 September (WA 2/7; SWB 14/9).

The controversial "Our Lady of Peace" **basilica** built by the president at a cost of some \$150 mn, was officially consecrated by **Pope John Paul II** on 10 September (AED 9/7; S 10/9; C 10/9).

In July four **opposition parties** called for the resignation of the president, the formation of a transitional government, and full freedom of association. Confrontations between members of the opposition and security forces continued as authorities persisted in preventing the opposition holding rallies, despite

their legalization in May. In September, **Laurent Gbagbo**, leader of the Ivorian Popular Front (FPI), was elected to stand in the presidential elections, the first opposition presidential candidate since independence (AED 9/7, 10/9; C 1/9, 7/9, 18/9; WA 10/9; ARB 15/9, 30/9).

Ghana

Under growing pressure from pro-democracy movements, leader Flt Lt Rawlings instituted a **national debate** on the political future of the country in July. The ruling Provisional National Defence Council (PNDC) refused to take a definitive stand on multi-party politics, but cautioned the public on the dangers of divisive politics. On 1 August a new political organization, the **Movement for Freedom and Justice (MFJ)**, was launched with the aim of campaigning for multi-party democracy and civilian rule. Leader Adu Boahen said the group which was not a political party, was formed to contribute to the country's political future. Nevertheless, criticizing the way the national debate was being handled and press restrictions, he called for a national referendum to decide Ghana's future direction. A government committee formed to monitor the MFJ arrested nine of the 17 executive members in August (SWB 10/7; WA 13/8, 20/8; ARB 15/8; AA 17/8; NA 10/90).

Guinea

A decision by Gen Conté to put the new constitution, the "Fundamental Law", to a referendum before the end of 1990 was rejected by the opposition on the grounds that the **draft constitution** was "anti-democratic" because it would be suspended for five years after being adopted, and because all appointments to transitional government bodies would be made by the government. Opposition leader Alpha Conde reacted with a call for the army to return to barracks (JA 18/7, 26/9; ARB 15/8; SWB 4/9, 8/10).

Guinea-Bissau

Addressing the National Assembly on 14 August, Pres Vieira affirmed that the movement towards **multi-partyism** made in response to social and economic changes within the country, was "irreversible". On 3 September the ruling African Party for the Independence of Guinea-Bissau (PAIGC) announced the introduction of a presidential regime in 1993. During the interim period starting in 1991, it said additional freedoms would be accorded to the press and trade unions (C 3/9; JA 1549; SWB 4/9; ARB 15/9, 30/9).

Radio Freedom, the mouthpiece of the PAIGC, began broadcasting again in September after a 16-year silence. There is already a government-owned national radio service. Authorities said that Radio Freedom's new role would be to "renew and deepen democracy" (ARB 30/9).

Pres Vieira appealed for **investment** by domestic and foreign private companies in the move towards establishing a market economy,

which he said was the prerequisite of long-term, balanced development (AED 2/7).

Liberia

Reports of atrocities and random killings abounded in July as fighting in and around **Monrovia** worsened. Pres Doe, besieged in the executive mansion with his presidential guard, continued to cling to power, while a third force led by **Prince Yormie Johnson** (a splinter group of Taylor's National Patriotic Front of Liberia (NPLF)) emerged. The massacre in a church on 29 July of more than 500 civilians — mostly of the **Gio** and **Mano** tribes, the enemies of Doe's minority Krahn tribe — was attributed to government troops. In the absence of a UN or OAU solution to the conflict, **Ecogas** emerged as the principal initiator in the peace process. At the end of July the government accepted an Ecogas peace proposal providing for a ceasefire, the deployment of a regional peacekeeping force and the immediate formation of a government of national unity. This was rejected outright by the NPLF however. During August at an Ecogas meeting attended by a broad spectrum of Liberian politicians, an **interim government** was appointed. Leader of one of Liberia's main opposition parties, **Amos Sawyer** — an academic and lawyer — was called on to head the interim government for a year, pending elections.

On 25 August the 4 000-strong peacekeeping force known as **Ecomog** (the Ecogas Monitoring Group) made up of soldiers from Nigeria, Ghana, The Gambia, Guinea and Sierra Leone, arrived in Monrovia to oversee a ceasefire. Taylor opposed the intervention, but Johnson's rebel forces welcomed it and initially agreed to a truce with Doe. By the end of August some **60 per cent** of the population (around 1.3 mn) were estimated to have been displaced within the country by the conflict which UN sources said had also claimed the lives of **5 000** people.

During Ecomog-arranged talks between **Doe** and **Johnson's** rebel group on 11 September, Doe was wounded and removed by Johnson to face a public "court-martial". No public trial took place and Doe's mutilated body was displayed the following day, raising questions about the apparently passive role of the Ecogas force. Johnson proclaimed himself president until an interim government was established. His rival, Taylor who claimed to control 90 per cent of the country, also proclaimed himself head of state. Amos Sawyer allocated six seats in the interim government to Taylor's group and four seats to Johnson's groups. Following the intervention of the US assistant secretary of state, Sawyer held talks with both Johnson and Taylor, which led to the declaration of a truce on 22 September (K 7/90, 8/90, 9/90; AED 17/9; WA 17/9; AN 17/9; ACon 24/9; JA 26/9).

Mali

A **state of emergency** was declared in the areas of Gao and Timbuktu in July because of

attacks by nomadic **Touaregs** on local communities and a sub-prefecture at Meneka. It was later reported by Amnesty International that some 29 Touaregs had been executed in army reprisals. Pres Traoré accused Libya of direct involvement in training and equipping Touareg youths (SWB 10/8, 25/8, 15/9, 17/9, 21/9, 26/9; WA 13/8, 20/8, 27/8; ARB 15/8, 30/9; S 17/8; ION 14/9; AED 1/10).

Multilateral funding worth \$53 mn by the IDA for a six-year Agriculture Sector Adjustment/Investment Project was granted in July. The \$71 mn project was to ensure agricultural growth while diversifying production and ensuring the sustainability of the production system (AED 6/8).

(*Summit meeting on marginalization of Touareg people — See Niger.*)

Mauritania

France agreed to write off FF340 mn of loans to its former colony. Dependent on the export of iron ore and phosphates, Mauritania is one of the world's poorest countries (AED 23/7; ARB 15/8).

In July **IDA** support worth \$50 mn was granted towards government efforts to restructure some public enterprises and close others. The country has some 80 public enterprises, accounting for more than half of all public investment, but many are unprofitable (WBN 28/6; AED 9/7).

Niger

A **technical commission** was created by Gen Saibou in September to revise the **National Charter** and the **constitution**. Made up of socio-professional groups and institutions, it was tasked to submit all proposals on the modalities of reform (SWB 15/7, 20/9; ARB 15/9, 30/9).

A summit meeting was held between the leaders of **Algeria**, **Niger**, **Mali** and **Libya** on 8-9 September, to draw up a "common strategy for the development of the border regions" and to end the "marginalization" of the **Touareg** peoples. Uncontrolled movement of the nomadic Touaregs (who number some 600 000) across ill-defined borders has been a source of concern for the Sahelian countries for several years. In the period June to August, there were a number of clashes between groups of armed Touaregs and the Nigerien and Malian security police which resulted in the deaths of many people on both sides. Amnesty International expressed concern for the inhumanity suffered by the nomadic group (WA 23/7; ARB 15/8, 30/9; ION 14/9; JA 19/9; SWB 20/9).

More than half of Niger's debts to the Central Fund for Economic Co-operation, which amounted to \$182 mn, were cancelled by **France** (AED 24/9).

Despite the government's structural reform plan in 1989 failing to achieve the fixed objectives, the **IMF** granted a stand-by credit of \$18.6 mn in September to support the economic reform programme (AED 8/10, 15/10).

Nigeria

Elections for executive positions were held during July by the Social Democratic Party and the National Republican Convention, the two parties created by Pres Babangida in preparation for the transition to a civilian government in 1992. The elected leaders of both parties took over in August from the government appointed administrators of their parties (AED 30/7).

In late July, 42 people condemned by the military tribunal for their part in the abortive April coup were **executed**, despite widespread public appeals for the commutation of the sentences to life imprisonment. Among those executed was **Maj Gideon Orkar**, the man who made the coup broadcast. Nine others were sentenced to various jail terms, while 31 soldiers among those discharged and acquitted were retired from the army. Of the 863 soldiers and civilians arrested in April, 764 were discharged and acquitted. Although Britain urged the government not to execute any more people and Amnesty International condemned the trials conducted by a secret panel, a further 27 coup plotters were executed on 13 September.

A major restructuring of the **armed forces** announced at the beginning of August resulted in the retirement and re-posting of some 150 senior military officers, including 27 generals, over a period of two months. On 30 August Pres Babangida carried out a major cabinet reshuffle in which he abolished the post of Chief of the General Staff, replacing it with the Office of the Vice-President, and dropped nine ministers, including finance minister Olu Falae, and Rilwanu Lukman, the external affairs minister. The latter was replaced by the former foreign minister Ike Nwachukwu, in a civilian capacity. The new vice-president (and former Chief of General Staff), Augustus Aikhomu, was retired from the navy, and the nine ministers who were senior military men were retired from the armed forces as a preliminary step towards disengaging the army from politics in preparation for civilian rule. Although senior military men retained control of the top government posts, the only remaining military man in the government (aside from Gen Babangida) was the minister of defence, **Lt Gen Sanni Abacha**, although he had no direct control over the army. Gen Babangida said the reshuffle was aimed at streamlining the transition process, as well as releasing those interested in partisan politics (SWB 23/7, 30/7, 1/8, 3/8, 4/9, 14/9, 15/9, 17/9, 11/10, 12/10; S 28/7; C 30/7, 8/9, 17/9; SN 4/8; ACon 6/8; NA 9/90; AED 3/9, 17/9; WA 10/9; AA 14/9; ARB 15/9, 30/9).

Nigerian soldiers began arriving in Sierra Leone in early August to start the build-up of a 2 500 West African nations' peacekeeping force to intervene in the civil war in **Liberia** (C 13/8; DM 13/8; AED 27/8).

Senegal

The 1988 **census** which was released in July put the population at 6 928 405 and the growth rate at 2.7 per cent. Some 57.7 per cent was under the age of 20, 37.7 per cent between 20

and 59 and only 5 per cent over 60 years. The capital, Dakar, had 22 per cent of the population, and 80 per cent of the urban population (ARB 15/9).

At the Socialist Party congress held in July, **Pres Diouf** consolidated his position as head of state and general secretary of the party by doing away with hierarchy in the bureau, thereby making other senior party officials directly responsible to him (SWB 3/8; JA 21/8; ARB 15/9).

Former Belgian prime minister, **Leo Tindermans**, was chosen as the new mediator in the Senegalese-Mauritanian conflict (SWB 29/9).

Sierra Leone

In the wake of calls from all sections of the population for democratic changes, the central committee of the All People's Congress (APC) endorsed the need to "enhance wider political participation", and called for a review of the 1978 constitution. It was also agreed to have one instead of two vice-presidents, and that a deputy leader of the APC should be elected, who would be the vice-presidential candidate in presidential elections (ARB 15/7, 15/8, 1/9, 15/9; SWB 24/8; WA 10/9; AED 17/9; AE 10/90).

The number of **Liberian refugees** in Sierra Leone multiplied from 7 000 in June to some 120 000 by the end of September (WA 24/9; SWB 24/9).

Togo

Pres Eyadéma paid an official visit to the USA in July. He took the opportunity during his meetings with Pres Bush and other members of the US government to promote the Togolese free trade zone in a bid to attract fresh US investment.

The proposal to set up a **duty-free export processing zone (EPZ)** was initially accepted in September 1989. Subsequently in May 1990 a series of decrees were passed to modify the investment code, opening the way for the establishment of the zone, the first privately established EPZ in Africa. Comprising industrial parks in which the government provides tax holidays and other incentives to mobilize new private sector resources and initiatives for export firms, the zone around the port of Lomé was forecast to begin operating before the end of 1990. Administered jointly by the public and private sector — the government holding a minority interest — funding for the EPZ came from the Overseas Private Investment Corporation and US Aid (AR 3-4/90; WA 19/3, 11/6, 6/8, 13/8; ARB 30/4, 30/6, 16/8; AED 14/5, 6/8; E 16/6; AB 7/90; JA 22/8).

CENTRAL AFRICA

Cameroon

The USA granted \$345 mn to Cameroon in support of the country's Social Dimension of Adjustment programme (WA 10/9).

A record **cotton** crop was recorded for the

1988-89 season (ARB 16/8; AED 20/8).

Four prisoners, one of them **Yondo Black**, who were jailed in February for subversion, were released in August. No reason was given other than that the country was about to enter a "more advanced phase of democracy" (SWB 16/8; AED 20/8; WA 27/8, 3/9; ARB 15/9).

In a major **cabinet reshuffle** on 8 September, Pres Biya dropped eight ministers, including the defence minister, and brought in 10 new ministers. Notable was the appointment of Edouard Mfoumou, the secretary-general at the presidency (prime minister in all but name), to the post of defence minister. His position was in turn filled by **Sadou Hayatou**, the first man not of Biya's ethnic group to fill this position (SWB 10/9; AED 17/9; WA 24/9; ARB 30/9).

Central African Republic

An **IDA loan** of \$45 mn to support the third phase of the government's structural adjustment programme was granted in August. Designed to help the country achieve an average annual economic growth rate of 3.5 per cent, the programme was also aimed at helping to stabilize the economy, strengthening the administrative capacity of the government, integrating approaches to improve social conditions, and reducing unemployment and poverty (WBN 28/6; AED 9/7, 27/8, 3/9; ARB 16/8).

Congo

In line with reforms towards greater democracy, Pres Sassou-Nguesso announced the release of all **political prisoners** on 14 August (SWB 16/8; FG 17/8).

At the congress of the Congolese Trade Union Confederation (a specialized organ of the *Parti congolais du travail (PCT)*) held on 7-18 September, members adopted a resolution recommending that a national conference on **multi-partyism** be held. A general strike was called for 14 September, following a government announcement which annulled the congress' decisions and replaced the elected leadership of the PCT. Following three days of **general unrest** the Confederation agreed to work within the system after presidential promises that its demands would be largely met. On 30 September after an extraordinary session of the central committee of the ruling PCT, Pres Sassou-Nguesso announced that **political parties** could register, with legal status being conferred as of 1 January 1991, and that a **transitional government** would be appointed early in the new year. Observers said the historic announcement was a clear response to the events surrounding the trade union congress (K 9/90; SWB 21/9).

(*President's daughter marries president of Gabon — see Gabon.*)

Gabon

Pres Omar Bongo married the daughter of neighbouring Congolese leader, **Pres Sassou-Nguesso**, in July (C 6/8; ARB 15/8, 15/9, 30/9).

The first **multi-party elections** to be held in 20 years on 16 September were marked by **violence** and accusations of **vote-rigging**. Opposition calls that they be postponed for a year to allow them time to organize themselves, were ignored by Pres Bongo. The 62 seats were contested by 45 independent candidates and representatives of 36 opposition parties, the ruling Progress Party of Gabon winning 38 of the seats in the 52 constituencies in which the results were validated. The government agreed to hold a repeat of the poll in October in the remaining 10 constituencies where voting was deemed to have been spoiled by gross irregularities (ARB 15/7, 30/9; S 17/9, 21/9; TS 18/9; SWB 18/9, 20/9, 24/9, 29/9; WA 24/9; AED 1/10; ACon 1/10).

Sao Tomé and Príncipe

In the **referendum** held in August on the adoption of a new constitution to usher in a multi-party system, only 3.5 per cent of the seventy-two per cent who voted cast a negative vote.

Legislation institutionalizing **political parties** was promulgated on 21 September, ending 15 years of the single-party system. It was decreed that political parties must be national in character, and have no less than 250 members (SWB 13/7, 25/7, 4/9, 29/9).

Zaire

The **massacre** of some 150 students at **Lubumbashi** reported in May was denied by the prime minister. He said only one person had died, and rejected the need for an international enquiry. The US House of Representatives joined Belgium in expressing its outrage by voting to cut both economic and military aid. Furthermore, none of the ambassadors of the European community attended Zaire's independence celebrations in late June.

A report by **Amnesty International** published in September in which it said that steps towards political reform had failed to curb human rights abuses in the country, was rejected by Pres Mobutu (JA 3/7, 10/7, 17/7; SWB 23/7, 1/10; AB 8/90; WA 13/8; NA 9/90; ARB 15/9; AED 1/10).

The creation of a **multi-party system** was **legalized** in July. By August more than 20 fledgling parties had been created in preparation for the local government elections planned for January 1991, although Pres Mobutu said that only the three largest parties would be legally recognized after the elections.

Karl-i-Bond, former foreign minister, announced the amalgamation of his Independent Republican Party (PRI) with the National Federation of Committed Democrats (Fenadec) under the name the PRI-Fenadec Union, on 6 August. As leader of the new party he announced that he would stand as a candidate in the 1991 presidential elections. In September, **Etienne Tshisekedi**, leader of the Union for Democracy and Social Progress, announced that he too would join Pres Mobutu and Karl-i-Bond as candidates in the forthcoming elections.

Thirty-eight Zairean **opposition parties**

launched a **joint manifesto** on 31 August, in which they criticized the democratization process being implemented by Pres Mobutu, and called for a national conference to reach a consensus on the move to democracy (AED 30/7, 24/9; WA 20/8, 26/8, 10/9; ARB 15/9; SWB 17/9, 21/9; C 17/9).

For the first time in the country's history, the entire **civil service** went on **strike** on 9 July, demanding salary increases of up to 500 per cent for the lowest paid. An initial government offer of 100 per cent was rejected, but after two (unspecified) increases, workers returned on 29 September. The rate of inflation during the first six months of 1990 exceeded 50 per cent, while the budget was based on the premise that inflation would not exceed 30 per cent (AED 6/8, 13/8; WA 3/9; AC 14/9; SWB 2/10).

Industry sources predicted that the collapse of the state-owned Kamoto **cobalt** mine in September would result in annual output being halved, and an estimated 40 per cent price rise. Zaire is the world's largest cobalt producer (C 1/10; BI 10/90).

EAST AFRICA

Burundi

On 29 August an **amnesty** for all political prisoners was granted. Among the 66 released were 44 people who had been arrested after the inter-ethnic massacres in the north of the country in August 1988 (ARB 30/9).

Comores

The government claimed to have thwarted an **attempted coup** on 18 August against newly-elected Pres Djohar. Some 20 people, mostly supporters of defeated presidential candidate Mohamed Taki, were arrested following discovery of the alleged plot. Among them were four European mercenaries. One of the detainees subsequently died in custody (C 23/8; SWB 24/8, 20/9; AED 3/9; ARB 15/9, 30/9; S 18/9).

A new political party, the **Movement for Renovation and Democratic Action** (Mourad), was formed at the end of September (SWB 28/9).

Ethiopia

The **Eritrean Democratic Movement** announced its **merger** with the **Eritrean People's Liberation Front (EPLF)** on 19 September in response to the latter's call on all national forces to unite (SWB 22/9; ARB 30/9).

In its first major military success in Eritrea since the capture of Massawa in February, the **EPLF** claimed on 26 August that it had killed or wounded more than 11 000 government troops during an offensive on Decamere, 30 km south of Asmara (the Eritrean capital). In September the rebels claimed they had tightened their hold on the besieged town of Asmara, after crushing an Ethiopian government offensive in which they killed some

1 000 government troops and injured 1 900. With an estimated 120 000 soldiers and 280 000 civilians trapped in Asmara (which had been cut off from overland supplies since February), food aid organizations predicted that **famine** was imminent (AB 7/90; DM 27/8; AED 3/9; ARB 15/9, 30/9; C 17/9; ION 22/9, 6/10).

Some 300 000 Sudanese and 100 000 Ethiopians living in south-western Ethiopia were forced to seek refuge after severe **floods** during August resulted in the loss of their homes and farms (S 5/9; C 6/9).

Kenya

The 1990/1991 **budget** — officially entitled "Enhanced Economic Growth Through Export Promotion" — was released in June. Gross expenditure was put at \$3,44 bn, and economic growth forecast to reach 5,2 per cent. Measures designed to stimulate export-oriented farming and manufacturing were adopted (ARB 31/7; AB 8/90).

Pres Moi was faced with the most serious legitimacy crisis of his rule when rioters went on the rampage in at least six towns from 7-11 July. More than 30 people **died**, about a hundred were wounded, and over a thousand charged with joining **riots**. The riots were sparked off by a political rally calling for the release of **Kenneth Matiba** and **Charles Rubia** and for reforms permitting multiple political parties.

Reacting to the government's intransigence over calls for reform, the **USA** temporarily suspended delivery of \$5 mn of **military aid**, although \$56 mn for development assistance and food aid programmes was granted in late July (WR 13/7; ION 14/7; E 14/7; C 16/7; AED 16/7, 13/8; AE 8-9/90; ARB 15/8).

Bishop Muge, a vociferous government critic, was killed in a car accident on 14 August, the day after publicly stating that a government minister was plotting to kill him. He was returning from a tour of the Busia district in defiance of a security warning by Peter Okondo, the minister of labour. A week later Okondo succumbed to heavy pressure from politicians and clergymen that he resign for his prophetic threat to the bishop issued shortly before his death. Memorial services held for the bishop attracted crowds of thousands who cheered remarks critical of the government (WR 17/8, 24/8, 7/9, 28/9; SWB 17/8, 21/8; KT 21/8; S 30/8; ARB 15/9; NA 10/90; AE 10/90).

The government refused to accept or release the independent investigative report into the death of **Robert Ouko** by a team of UK **Scotland Yard** detectives. Completed in September, the report evidently confirmed widespread suspicions that Ouko had been murdered (ARB 1/9; S 10/9; KT 11/9; ION 15/9; WR 28/9, 5/10).

Madagascar

In an historic development in August, **South Africa** and Madagascar established formal relations with the signing of a trade and co-operation agreement. It was expected that South Africans would benefit from investment

opportunities, estimated at some \$100 mn, while Madagascar would secure South African technical and economic aid, as well as tourism and commercial trade. An ardent critic of apartheid, Pres Ratsiraka cut diplomatic ties with South Africa in 1975. He said that his decision to resume relations was a "pragmatic" step in response to reforms adopted by Pres de Klerk (BD 10/7; JA 25/7; SWB 13/8, 15/8, 17/8; C 15/8; DM 15/8; ARB 16/8; WM 17/8, 23/8; AED 20/8, 17/9; MSA 20/8; ION 1/9, 8/9; S 15/9).

Mauritius

The opening of a **South African trade mission** in the capital, Port Louis, before the end of 1990 was announced in August. While Mauritius had previously disallowed any official presence in South Africa, the shift in policy reflected the easing of relations following an earlier meeting between Pres de Klerk and Prime Minister Jugnauth. **Trade** between the two countries is estimated at some \$100 mn a year (BD 29/8; SWB 31/8).

The continuation of hardline policies against inflation (which was running at 11 per cent), characterized the 1990/91 **budget** announced in June. Further liberalization of the economy in the run-up to the abolition of all foreign exchange controls in 1991 was also announced (AED 25/6; MSE 24/7; ARB 31/7).

A **political crisis** erupted in July when Prime Minister Jugnauth, in an attempt to cement a broad cross-party alliance, concluded an **electoral pact** between his Mauritian Socialist Movement (MSM) and the (similarly liberal socialist) opposition Mauritian Militant Movement (MMM). Under the pact, the two parties drew up a draft bill to amend the constitution under which Queen Elizabeth would cease to be head of state, and Mauritius would become a republic with its own president. It was agreed that **Paul Bérenger** (MMM general-secretary) would be put forward as president of the republic (a caretaker position), Prime Minister Anerood Jugnauth would retain his post, and Pres Nababsingh (MMM leader) would become deputy prime minister. With elections expected to take place before May 1991, they said the government would be a transitional one.

The draft bill was presented to parliament on 17 August, but Jugnauth and Bérenger were one vote short of securing the necessary three-quarters majority necessary to pass the vote because Jugnauth's principal current coalition partner, the more right-wing traditionalist Mauritian Labour Party led by deputy premier and foreign minister **Sir Satcam Boolell**, refused to back the republic bill and had refused either to resign or to join the new alliance. They apparently withdrew their support because Jugnauth refused to confirm the appointment of Governor General Ringadoo as the first president, as requested by the Labour Party as a precondition of their support. As a consequence, a number of ministers were asked by the prime minister to leave their posts. Among them were Sir Satcam Boolell, minister of foreign affairs and leader of the Labour Party, Vishnu

Lutchmeenaraidoo, the second vice-prime minister and minister of finance, and Dinesh Ramjuttun, minister of social welfare and vice prime minister. Three other Labour ministers resigned. The Labour Party then broke its seven year alliance with the MSM and joined the opposition. In turn the MMM, which had been the opposition in the coalition government since 1982, announced that its MPs would support the government, and the leader of the party, **Dr Prem Nababsingh** gave up his place as opposition leader to Boolell.

On 11 September Prime Minister Jugnauth invited six members of the MMM to join the government to replace the six Labour Party members. Prem Nababsingh was appointed to the post of vice-prime minister and minister of health. It was expected that the motion to create a republic would be reintroduced (ION 21/7, 1/9, 15/9, 29/9; JA 25/7, 28/7, 4/8; SWB 25/7, 26/7, 21/8, 23/8, 28/9; ARB 15/8, 30/9; S 20/8; AED 1/10).

Réunion

On 19 September, seven parties and movements from the **opposition**, including the *Union pour la Démocratie Française* and the *Rassemblement pour la République* announced the creation of the *Union pour la France (UPF-Réunion)*. Hoping to consolidate the "positions of the liberal right-wing in the face of the left and extreme-right", the new group said its prime objective was to win a clear victory in the regional and cantonal elections of 1992 (ARB 1/9; ION 22/9).

Rwanda

Reflecting the shift in attitudes on the continent towards South Africa, Rwanda granted landing rights to **South African Airways (SAA)** in August (BD 3/8; S 3/8).

Somalia

Forty-five prominent Somalis accused of distributing a **manifesto** calling for the removal of the president, were released in July on the grounds of insufficient evidence. The following day the government announced that **multi-party elections** would be held in February 1991, and that a referendum on political reforms would take place on 31 October. On 2 August the cabinet unanimously approved the bill **legalizing multi-party politics** (C 16/7; SWB 17/7, 4/8; DT 18/7, 20/7; AED 23/7; ARB 15/8).

Three **rebel groups**, the Somali National Movement (SNM) whose forces operate in the northern Somalia, the United Somali Congress and the Somali Patriotic Movement, fighting government forces in the centre and south of the country respectively, announced on 7 August that they had reached agreement on a **joint command structure** to co-ordinate guerrilla operations against the government. Fighting by opposition groups to overthrow Pres Barré was estimated to have caused the death of 50 000 people since it broke out in May 1988. The agreement reflected the severity of the worsening political and

economic climate in the country — the (now less fragmented) opposition was in control of most of the country and Barré's control of the capital **Mogadishu** was seen to be rapidly diminishing. By July inflation had reached an estimated 600 per cent per annum, and there was widespread cynicism regarding the sincerity of Pres Barré's proposed reforms in the face of continued **repression**. The situation was worsened by declining foreign confidence as donor countries cut their aid.

On 3 September the president sacked the four-month-old government of Ali Samatar and appointed a new prime minister, **Mohamed Hawadle Madar**, a member of the northern Issaq tribe. Gen Samatar was given his old post of vice-president. The move was seen to be a gesture to the northern-based rebels, but the SNM leader rejected the changes and reiterated the movement's commitment to Barre's overthrow (AED 6/8, 13/8; SWB 17/8, 4/9, 6/9, 14/9, 19/9, 20/9; NA 9/90; DN 4/9; ION 8/9, 22/9; AA 14/9; ARB 15/9, 30/9; E 29/9).

Tanzania

The World Bank's lending agency, **IDA**, granted \$38 mn in support of a \$64 mn project aimed at improving the government's capacity to plan, manage and finance **education services**. Once exemplary, the education sector was on the brink of collapse — primary school enrolment had dropped from 96 per cent of all eligible children in 1979 to 78 per cent in 1987, and only 3 per cent of students between the ages of 14 and 17 were attending school (ARB 15/7).

Julius Nyerere officially stepped down as chairman of the Chama Cha Mapinduzi (CCM) party on 17 August. In his keynote address he defended his one-party rule as having brought homogeneity and a strong national unity to the country. The chair was taken over by Pres Mwinyi, who received 99.72 per cent of the votes cast at a special congress of the CCM. On 27 September Pres Mwinyi said he was prepared to allow the setting up of a multiplicity of **political parties** in the country, and called for open discussion on the issue (C 18/8; ARB 15/9; SWB 27/9).

The controversial **Tazara** (Tanzania-Zambia Railway) recorded total net profits of some TSh1 bn for the two years ending June 1991. Confidence in the future of Tazara was reflected in a grant of \$140 mn by some 11 countries and aid organizations, as well as the renewal of a 10-year contract by the Chinese (who initially provided the money and manpower to construct the railway) for engineering, managerial and technological co-operation (AED 24/9).

Uganda

Uganda and **Kenya** restored **diplomatic relations** on 17 August following talks on bilateral, regional and international issues. The two heads of state also agreed to strengthen border security and ensure co-operation in this field, to promote and strengthen economic co-operation and to consolidate regional

co-operation through the PTA and the Inter-Governmental Authority on Drought and Desertification (IGADD). Relations between the two had been strained for some four years with suspicions expressed by both that the other had harboured rebels (KT 25/7; SWB 20/8; ARB 15/9).

A fresh wave of violence swept north-eastern Uganda in July during which some 60 people were killed in clashes between **rebels** and government troops (SWB 6/7, 27/7).

SOUTHERN AFRICA

Angola

In a concerted effort to stimulate its crippled economy, the government launched a crusade against corruption in July with the implementation of **public spending cuts** of up to 50 per cent and **tax reforms** designed to increase government revenues. The austerity plan, which was approved by the government at the end of August, resulted in the **exchange rate** of the kwanza being halved from 29.92, the level at which it had been fixed since 1978, to K60 = \$1 in an effort to close the gap between the official and parallel values. On the black market the dollar was fetching about 2 000 kwanzas. Analysts said the austerity measures were expected to cause hardship for a large segment of the population (DT 20/7; AED 23/7, 27/8, 27/9, 1/10; BD 30/8, 24/9; ARB 15/9; SWB 24/9; BI 10/90).

On 14 August Angola became a member of the **Preferential Trade Area (PTA)** (MSE 5/9; WA 16/9).

In September the **liberalization of education** was announced, opening the way for religious and private entities to take part in professional training (ARB 30/9).

The third round of meetings between **Unita** rebels and the government were held in Lisbon at the end of August, but broke down over whether the government should formally recognize Unita before the signing of a ceasefire. Aside from demanding recognition, the rebels also called for a date to be fixed for multi-party elections, but the government said that a ceasefire must precede discussions on a new constitution which would provide for multi-party politics and free elections. Peace talks were resumed on 24 September amid hopes that the presence of **US** and **Soviet** observers would help to unblock the impasse. A major obstacle continued to be the status of Unita. At the conclusion of the four-day talks the two groups had agreed in principle to let their superpower backers monitor an eventual ceasefire (ARB 15/7, 15/8, 15/9, 30/9; C 21/7, 23/7, 11/8, 29/8, 1/9, 3/9, 6/9, 28/9, 29/9; DT 25/7; SWB 27/7, 10/8, 4/9, 14/9, 17/9, 18/9, 22/9, 26/9, 27-29/9; AED 13/8, 27/8, 1/10; WM 31/8; KT 6/9; WA 10/9; BD 14/9).

On 25 September the government agreed to the creation of five transport corridors for the **delivery of food** and other aid by agencies to an estimated 250 000 people in danger of starvation in drought- and war-affected zones in the south (K 9/90).

Botswana

Officials of the three **opposition parties**, the Botswana People's Party (BPP), the Botswana National Front (BNF) and the Botswana Progressive Union (BPU), held **unity talks** in August aimed at forming a strong opposition against the ruling Botswana Democratic Party. Only the Botswana Independence Party (BIP) was not present, having withdrawn from earlier unity talks after its wish that the individual parties concerned be dissolved in order to unify, was rejected by the other parties (DN 31/7, 3/9).

Lesotho

Drastic cuts in **sales tax** on motor vehicles, tobacco, electricity and telecommunications, and liquor were made in early September. The minister of finance said the reductions were designed to redress the burden of "draconian fiscal impositions" on the man-in-the-street, to discourage smuggling and to boost the tourist industry (S 3/9; DM 3/9).

Four protest marches were held within four weeks during July and August, an unprecedented occurrence in Lesotho, as a nationwide **teachers' strike** calling for salary increases spread to students, who protested in sympathy with the teachers. Brutal police treatment of students and threats by the government to stop paying teachers' salaries altogether aggravated the situation, causing more teachers to join the strike. Schools eventually **reopened** in September after the government agreed to appoint a salary review commission to examine the disparity between teachers' and civil servants' salaries (C 22/8; LT 30/8, 6/9; S 31/8).

Malawi

In August the **IMF** approved a \$25.5 mn loan in support of the Enhanced Structural Adjustment Facility (ESAF) supported programme. During the period of implementation, Malawi's **economic performance** had shown marked improvement — a growth rate of 4.9 per cent in 1989, and a reduction in the inflation rate from 40 per cent in early 1988, to 10.5 per cent in the year ending April 1990. The programme for 1990/91, supported by the third annual arrangement under the ESAF, envisaged substantial further progress with respect to financial sector, parastatal reforms, and import liberalization (ARB 16/8; AED 20/8, 27/8).

Mozambique

The first direct round of talks between **Renamo** and the government finally took place in Rome from 8-10 July. In a joint communique issued at the close of the talks both parties said they had agreed in future to concentrate on items of agreement rather than divisive issues. A second round of direct talks took place in Rome from 11-14 August, a fortnight later than scheduled. Although the talks were expected to focus on integrating the two warring armies, implementing a cease-fire and

the issue of a multi-party system, government officials accused rebel leaders of refusing to discuss any substantial issues, and rejected Renamo's call for a mediator. The third round of peace talks scheduled for late September was boycotted by Renamo because of what it described as a major government military drive against rebel strongholds. The rebel organization said peace talks could not take place until Frelimo stopped attacking their central strongholds. Government officials in turn accused Renamo of using delaying tactics saying it had refused to discuss a cease-fire before all political issues had been dealt with (ION 14/7; AED 16/7; ARB 15/8, 15/9, 30/9; SWB 15/8, 16/8, 20/8, 18/9, 22/9; C 15/8; DM 28/8; MF 9/90; WM 27/9).

On 15 August the central committee of the ruling Frelimo party voted unanimously to abandon the one-party state in favour of a **multi-party** system, following a nationwide debate on the new draft constitution which enshrined a market economy and freedom of the press but excluded the privatization of land. The decision was seen as a major concession towards peace efforts, as it opened up the possibility of Renamo taking part as a political party in the 1991 presidential and general elections. However, the committee stipulated that to qualify as a political party the support of 1 100 civilians of voting age — 100 in each of the country's eleven provinces — must be demonstrated, while parties formed along ethnic or religious lines were to be excluded. Another resolution gave approval to a **market economy**, officially ending the party's commitment to a planned socialist economy. The committee also advocated changing the country's formal name from "People's Republic" to "**Republic**" (C 1/8, 16/8, 6/9; SWB 3/8, 13/8, 17/8, 21/8; ION 4/8; AED 6/8; BD 16/8; MSE 20/8; AB 9/90; ARB 15/9).

By late September more than 100 Mozambican **refugees** were estimated to be entering **Zimbabwe** daily, bringing the total number living in the country to 100 000. Officials reported that the five refugee camps established by the Zimbabwe government were already overpopulated. In addition some 20 000 Zimbabweans had to be moved into safe villages in the northern part of the country because of a marked increase in across-border raids by armed bandits. Pres Mugabe promised to send more **troops** to the area, aggravating the burden of maintaining some 7 000 troops in Mozambique at an estimated cost of £250 000 per day (ARB 15/8; S 15/9; SWB 18/9, 1/10).

After three years of negotiations Mozambique and **Zimbabwe** signed an agreement aimed at stimulating **trade investment** between the two countries (AED 24/9).

Namibia

By the end of July, the government had signed agreements with some 100 countries establishing **diplomatic relations**. Twenty-one countries had established missions in the capital, Windhoek (AED 6/8).

Namibia's first independence **budget**

tabled on 6 July estimated revenue for the 1990/1991 financial year at R2 366 mn and expenditure at R2 576 mn, leaving a narrow deficit to be financed partly through loans. Observers described it as conservative budget — "sensible and realistic" — but commented that while it also aimed at declaring "war on poverty and underdevelopment", there was nothing to demonstrate this (AED 23/7; ARB 15/8).

On 1 August the country's new **central bank** opened for business with assets worth \$15 mn and a commitment to achieve financial independence from South Africa as quickly as possible (AED 6/8; ARB 15/8).

An attack in which phosphorous grenades were used was launched on the editorial office of **The Namibian** newspaper on 6 August. Nobody was injured, but the damage was extensive. The attack was linked to an editorial comment the week prior which claimed that a coup was being plotted against the Swapo government. The editor had refused to divulge the sources of her story.

The finding by police of what was believed to be the biggest illegal **arms cache** in the country's history led to the arrest in September of six young men, all of them Namibian residents. Police had been investigating shooting attacks on the homes of two cabinet ministers in July and the grenade attack on the offices of the newspaper, as well as the theft of a large quantity of weapons from a police armoury and ammunition from a military base outside the city (DM 7/8, 3/9, 4/9; S 3/9; NT 8/8; AED 20/8; MSE 20/8; C 4/9; ARB 15/9).

South Africa

On 7 August, at the conclusion of their second round of negotiations, a five-man team led by Pres de Klerk and another led by ANC deputy leader Nelson Mandela signed the "**Pretoria Minute**" — a summary of agreements reached during the talks, which both parties claimed as a triumph. The most significant outcome was the announcement by the ANC that it would **suspend** its 30-year **armed struggle** with immediate effect, in return for the government's agreement to release 1 000 **political prisoners** and to grant indemnity to some 22 000 returning anti-government **exiles**. The right-wing opposition Conservative Party dismissed the cease-fire agreement as "untenable and illegal". The Pan-Africanist Congress (PAC) and the Azanian People's Organization (Azapo) refused to recognize any agreement arising from the talks, and said they would continue their own armed struggles. The Pretoria Minute included a commitment to create mechanisms to involve more directly the ANC and other organizations in the running of the country at all levels. On 27 August the minister of constitutional development said that negotiations on a new constitution were expected to begin in 1991 and to be completed within two years.

The long-standing feud in **Natal** between ANC backers and the Zulu-based **Inkatha** movement spilled over into townships on the **Transvaal Reef** in July. Within an eight-day period during August over 400 people were

killed and 1 500 wounded during what often amounted to pitched battles, in the main between Inkatha supporters in migrant workers' hostels and non-Zulu township residents. Troops were sent into the townships — at the request of the ANC — and the government imposed a state of emergency on 24 August on 27 townships of the Vaal Reef, bringing a relative measure of calm. However, fighting between the warring factions in Natal continued unabated, flamed by the war of words between Mandela and Inkatha leader, Chief Mangosuthu Buthelezi — the two leading black opposition leaders in the country.

The continuing violence in the country increased pressure on the government and the ANC, and contributed to rising tensions between the two parties. Mandela called on the government to investigate police complicity in the township violence, and threatened to resume the armed struggle. More specifically he alleged that right-wing extremists were fuelling the trouble in an attempt to disrupt the reform process. Violence in the Johannesburg townships reached its worst point on 12-13 September when 50 died in riots in **Thokoza** township and an indiscriminate massacre of some 26 commuters took place on a suburban train. With the death toll having reached an estimated 757 since the first outbreak of fighting in August, the government announced measures on 15 September to deal with the violence in an operation code-named "**Iron Fist**". The new measures included a curfew and the cordoning off of hostels and squatter camps. The government appointed special investigative units to examine the ANC allegations of police misconduct.

De Klerk arrived in the **United States** on 24 September for the first official visit by a South African government leader to the USA in 44 years. During his three-day visit he obtained crucial backing from the US president for South Africa's ongoing political reform programme (K 7-8/90, 9/90).

TBVC States

Transkei — The government agreed to pay **Jalc Holdings** R5.5 mn in final settlement of a two-year dispute, although it had originally refused to pay Jalc R11 mn for work done because it claimed poor construction workmanship by Jalc. Nevertheless, the matter which was settled in arbitration, included the proviso that Jalc first pay taxes owing to the government, estimated by Gen Holomisa at between R4 mn and R6 mn (C 19/9; FM 21/9).

In mid-September **King Goodwill Zwelithini**, king of the Zulu nation, and **Pres Tutor Ndamase**, jointly addressed several community gatherings in strife-torn **Reef** townships. They called for political parties to exercise tolerance, patience and vision in order to end the ethnic violence (S 14/9, 17/9; C 15/9, 17/9).

Bophuthatswana — Amid fears of government repression the African National Congress (ANC) launched its first branch at a secret venue in Mmabatho, the capital, on 21 August. Despite earlier public statements by the

president that the ANC was no longer banned, seven members of the newly formed branch were arrested the following day on charges of attending an illegal gathering, but were subsequently released. By the end of September some seven branches had been established throughout the homeland, and the formation of a further 10 was expected (S 22/8, 30/8; DM 23/8, 28/8, 30/8; SWB 23/8; C 28/8, 29/8).

Ciskei — In an apparent contradiction of its wish for reincorporation into South Africa, the government published the **draft** of a **new constitution** on 15 August. The bill of rights guaranteed freedom of association and assembly, the right to peaceful political activity and to change citizenship, and it did away with detention without trial and abolished the death penalty. However, a decree subsequently gazetted appeared to contradict the bill as it consolidated the position of **Brig Gqozo**, making him extremely powerful. As chairman of the Council of State (which has both legislative and executive powers), and commander-in-chief of the armed forces, he assumed direct control of the army, the police, the presidency and the departments of internal affairs and works (S 15/8; C 15/8; ST 16/9; SWB 17/9; WM 11/10).

Swaziland

On 17 August **Prince Mfanasabili** was acquitted on charges of high treason for allegedly conspiring to assassinate King Mswati. He was immediately rearrested without explanation, however, under a 60-day detention act (TS 31/7, 2/8, 7/8; SN 11/8, 18/8; DM 16/8; AA 17/8; C 18/8).

Zambia

Following the announcement in July that public canvassing for or against the existing one-party system was permitted, a broad coalition of multi-party supporters formed a **National Interim Committee for Multiparty Democracy Referendum**. Headed by former cabinet minister **Arthur Wina**, the ad hoc group, which received powerful church backing, included former ministers and the Zambia Congress of Trade Unions (ZCTU), an umbrella body for the country's trade unions.

On 25 July, in a surprise offer of reconciliation, Pres Kaunda announced the unconditional release of all **political prisoners** and agreed to postpone the October **referendum** on multi-party rule for 10 months. Multi-party advocates had demanded the postponement, saying that millions of Zambians would be disenfranchised unless the electoral register was updated. Among those released were Lt Luchembe, the man who in June broadcast news of a non-existent military takeover, a former high court judge and four others sentenced to life imprisonment in 1980 for plotting to overthrow the president.

At the launching of its campaign to end one-party rule held on 18 August, the month-old **Movement for Multi-party Democracy** (MMD) called on people to vote against the ruling United National Independence Party

(Unip) in the referendum, and also called for the resignation of Pres Kaunda. The rally was attended by some 100 000 people.

Former attorney-general **Ludwig Sondashi**, a top official of Unip, resigned from the party in September to back the new MMD. **Rallies** held during the month by the pro-democracy movement reflected growing support for multi-partyism, with many Unip supporters handing in the membership cards, and effectively served to force the hand of Pres Kaunda. At the end of September, in a major policy switch, the president announced that a **multi-party system** would be reintroduced through legislation rather than holding a referendum on the issue. Multi-party elections, he said, would be held in 1991 (thereby ending nearly two decades of single-party rule), but he would be the only presidential candidate. Unip simultaneously endorsed proposals by a special parliamentary select committee to democratize the party. Political observers saw the moves as aimed at defusing growing dissension within the country (BD 18/7, 28/9; C 19/7, 24/7, 26/7, 31/7, 20/8, 5/9, 25/9, 28/9; S 23/7, 25/9; AE 8-9/90; AED 6/8, 13/8; AC 10/8, 14/9; ARB 15/8, 15/9, 30/9; DN 20/8; NA 9/90; SWB 11/9, 26/9, 27/9, 29/9; WR 28/9; FF 10/90).

In an apparent effort to ease **economic difficulties**, Pres Kaunda cut the price of maize meal by 20 per cent in September. Leader of the ZCTU, Frederick Chiluba, rejected the "half-baked measure" of appeasement, and called for prompt political change (C 15/9, 17/9).

The first load of **Zambian copper** to be exported through Namibia and the South African port of **Walvis Bay** was transported along the route in September. In terms of an agreement between the two countries, 3 000 tons is expected to be exported monthly via Namibia (C 13/9).

At a meeting of aid donors on 20 July, Zambia was promised \$500 mn of **aid**, \$50 mn more than expected, in recognition of the government's progress on economic reforms and its call for an end to one-party rule. Prior to the meeting the Paris Club had agreed to reschedule \$1 600 mn of the country's **external debt** of \$7 200, closing the government's funding gap for 1990 (AED 23/7, 30/7; WBN 26/7; ARB 15/8).

Zimbabwe

The country's 25-year-old **state of emergency** was lifted on 25 July. Political observers predicted that the lifting of the state of emergency, which gave the government sweeping powers, would enhance the country's image generally and lead to more external investment. (S 19/7, 22/7; DM 26/7; AED 30/7; NA 9/90).

In a **general amnesty** to mark Zimbabwe's 10th anniversary of independence on 25 July, Pres Mugabe pardoned a wide range of criminals, including members of the defunct Zapu-PF and some 200 people convicted of "dissident activities" (C 27/7; SWB 28/7; ARB 15/9).

A US\$3 700 mn **budget** for 1990/91 was announced in July. With the budget deficit set

to rise more than 25 per cent in 1991 to a level equal to 10 per cent of GDP, the minister of finance announced plans to cut public spending sharply in the next few years and to introduce radical changes to steer the economy towards a sustainable growth path. He said the government planned to cut jobs in the civil service, reintroduce primary-school fees and phase out subsidies for parastatals as it shifted its priorities away from social services to production. The minister of finance simultaneously announced the long-awaited trade liberalization programme, with exporters in heavy industry, construction, transport, textiles, horticulture and tourism singled out for special encouragement (AED 6/8; ARB 15/8; MSE 9/90; FF 9/90; AB 9/90).

In August Pres Mugabe announced plans for land reform involving the nationalization of 11,3 mn hectares of farming land for distribution among 110 000 black peasants. Strong opposition to the proposed amendment came from Zimbabwe's 4 000-strong, mainly white, commercial farmers who occupy more than half of the most fertile land, while over eight million blacks are crowded on to mostly arid land. In 1981 the government proposed a target of 165 000 families to be resettled over a 3-year period, but by 1986 only about 35 000 had been resettled on prime land bought from commercial farmers (KT 22/1; ACon 5/3; S 31/7; FG 17/8; MSE 20/8; AED 20/8).

The International Finance Corporation

signed agreements for loans totalling \$130 mn to five banks for on-lending to export industries. The loans were to be on-lent to local companies to finance the importation of urgently needed capital equipment for export projects mainly in the industrial, mining and agricultural sectors (ARB 15/8; WBN 30/8; AED 3/9).

At a meeting of the ruling Zanu-PF in July, Pres Mugabe reaffirmed his commitment to socialism and a one-party state. Nevertheless, his hopes of ending the multi-party system were dashed when the 160-member central committee of Zanu voted on 27 September not to legislate for a one-party system, but to work towards achieving one in practice. Mugabe had become increasingly isolated in his championing of the single party system, with a mere four members of the cabinet giving him their support (ARB 15/8, 15/9; S 9/9, 28/9; SWB 19/9, 27/9; BD 28/9; FF 10/90; AED 1/10).

Sources

A — Afrika; AA — Africa Analysis; AB — African Business; AC — Africa Confidential; A Con — Africa Concord; AE — Africa Events; AED — Africa Economic Digest; AE&M — Africa Energy & Mining; AIB — Africa Institute Bulletin; AN — Africa Newsfile; ANews — Africa News; AP —

African Preview; AR — Africa Report; ARB — Africa Research Bulletin; B — Beeld; BD — Business Day; BDN — Botswana Daily News; C — Citizen; CI — Crescent International; Cr — Crescent; D — Drum; DM — Daily Mail; DN — Daily News; DT — Daily Times; E — The Economist; FF — Frontfile; FG — Financial Gazette; FM — Financial Mail; F&T — Financies & Tegniek; G — The Guardian; H — The Herald; I — The Independent; IMFS — IMF Survey; ION — Indian Ocean Newsletter; JA — Jeune Afrique; K — Keesing's Record of World Events; KT — Kenya Times; KN — Kwacha News; LT — Lesotho Today; M — The Mail; MF — Mozambiquefile; MIO — Mozambique Information Office; MNR — Mozambique News Review; MSE — Market South East; N — Namibian; NA — New African; NM — Natal Mercury; NN — New Nation; R — Rapport; Rep — Republikein; S — Star; SAB — SA Barometer; SAD — South African Digest; SAE — Southern African Economist; SAN — South African Newsletter; SAT — Southern Africa Today; So — South; SN — Swazi News; SS — Sunday Star; ST — Sunday Times; SWB — BBC Summary of World Broadcasts; T — Transvaler; TS — Times of Swaziland; TWR — Third World Reports; U — Uniform; WA — West Africa; WBN — World Bank News; WM — Weekly Mail; WR — Weekly Review; ZN — Zimbabwe News.

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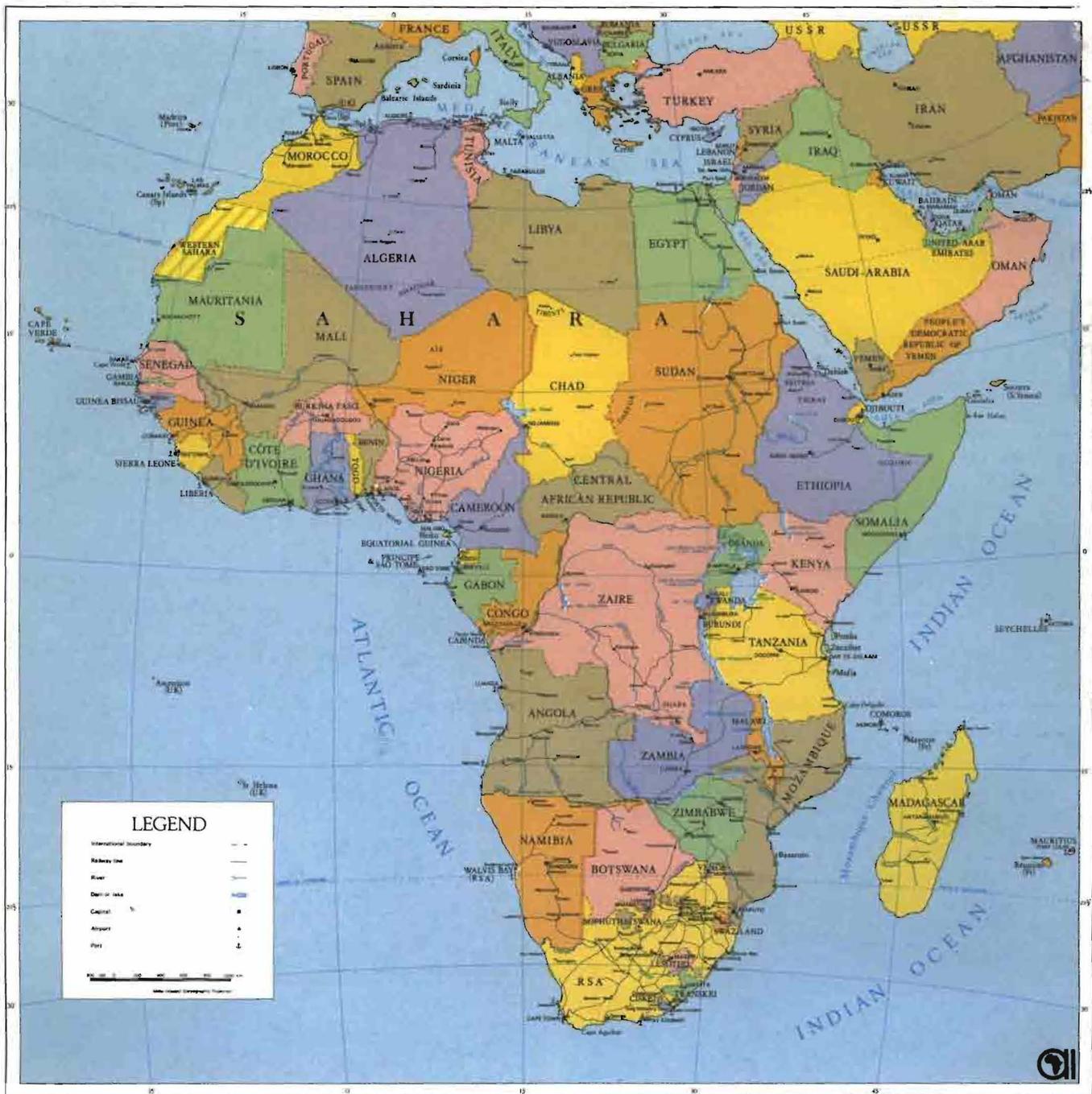
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