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With Compliments

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THE PRICE OF PEACE

A Summary

South Africa's regional strategy for survival has pervaded all aspects of life in neighbouring countries - lives and economic infrastructure have been destroyed or damaged, and seeds of future disruption have been sown in some states with the ravaging of health and education facilities. Needless to say, the region wants peace. South Africa, under severe economic constraints due in part to the effect of international sanctions and to the cost of its military expeditions, has begun to curtail the latter. Having supported open warfare in some countries and waged economic war against others - South Africa is now being portrayed in some circles as a "peacemaker". This report seeks to answer the question: Just what is the price of this peace?

The reality of apartheid is well known, and has received considerable international attention. South Africa's aggression against its neighbours has received much less attention, either journalistically or analytically, although the fact of it is well documented. Thus, the framework for regional destabilisation is outlined in the Introduction.

South Africa's "total strategy" is a plan for survival based on the coordination of internal and external factors. This report does not explore the internal and parallel aspects but examines the effect on the rest of the region of a strategy which involves the imposition of economic sanctions against neighbouring states and direct military intervention as well as support for proxy groups.

Mozambique's transportation network is key to the region's survival and to the reduction of regional dependence on South Africa. This transportation network - and the nation and people surrounding it - has been the target for a level of destruction that has reduced the country's options for independent survival and vastly increased the region's defence costs, depleting resources available for development and frightening off outside investment.

A senior US State Department official told a United Nations conference of international donors for Mozambique in early 1988 that the situation in that country involved "a systematic and brutal war of terror against innocent civilians through forced labour, starvation, physical abuse and wanton killing . . . one of the most brutal holocausts against ordinary human beings since World War Two." There was confirmation in mid-1989, including from the State Department, that South African support for terrorism in Mozambique was continuing, despite the pressure for peace - or as a part of the process.

This report presents the situation of each of the member states of the Southern African Development Coordination Conference (SADCC), and provides an analysis for each of the cost of the war for apartheid's survival. It shows that the cost to the region in terms of the destruction and lost GDP output has reached US\$ 60,000 million.

The number of dead has reached 1.5 million, over half of them children under five, who would have lived had it not been for war. Half the populations of Mozambique and Angola have been displaced from their homes at least once by the war, and rely on emergency food aid for their survival. The number of wounded, maimed, mutilated and malnourished, the future effects of disrupted education and, in some cases, of children traumatized by a particularly brutal war, are more difficult to quantify.

The total regional cost of South African destabilisation and aggression is now running at about \$10,000 million annually or of the order of 40% of achieved regional GDP. Over 1980-88 it totalled broadly \$60,000 million, or ~~even~~ twice present annual GDP and about three times gross external resource (grant, soft loan, export credit and commercial loan) inflows.

That cost was very unevenly distributed by country, with Angola bearing the largest absolute burden of \$4,500 million in 1988 and \$27,000 - \$30,000 million over 1980-88, and Mozambique next with \$2,500 - \$3,000 million in 1980 and \$15,000 million for the period. Between them, these two states bore 70% - 75% of the GDP losses. However, no state escaped a significant loss, \$30 million for Lesotho and Swaziland being the lowest for 1988, and \$200 million for Swaziland the lowest 1980-88 estimates. Over the period, six states had cumulative losses of over \$1,000 million.

The losses also varied sharply as % shares of achieved GDP from of the order of 100% for Angola and Mozambique to 10% or less for Botswana, Tanzania, Lesotho and Swaziland. However, even 5% + 10% of GDP must be seen as significant for a small, poor economy with narrow fiscal, forex, food security margins at macroeconomic level and with a majority of households with yet narrower margins ~~of~~ abject poverty and a very real danger of premature death.

The main elements in the losses were excess defence costs, loss of merchandise exports, excess transport costs on external trade and loss of transit traffic revenue. Loss of rural production and remittances had lesser macroeconomic impact albeit they were the most burdensome economic factors for poor households, especially in Mozambique and Angola.

The losses suggest that in the absence of war the region's annual GDP growth trend would have been of the order of 5% as opposed to 3% actually achieved. In the cases of Angola and Zimbabwe healthy per capita growth, of up to 8% a year, could have been achieved and in the cases of Mozambique, Tanzania, probably Malawi and perhaps Zambia, GDP growth could have been held at levels equal to or in excess of population growth.

Human costs are harder to summarise quantitatively. The most shocking is the "excess mortality" rate for infants and children under five. When put together with other war deaths in the region, the total reaches 1,500,000 lives lost over 1980-88 as a direct or indirect consequence of South Africa's regional strategy. In Mozambique, the total was almost 900,000 or nearly 6% of estimated 1988 population and in Angola 500,000 or 5.5%. The total for the rest of the region was much lower, perhaps 100,000.

The second indicator of human costs is displaced persons and refugees. Half the population of Angola and Mozambique - 12,000,000 - persons fell into this category. In addition, Malawi's land access, food balance and ecology were hard pressed by almost 700,000 Mozambicans (almost 10% of Malawi's national population) who have taken refuge there.

These totals are appalling - no milder term will do. They confirm the hypothesis that in Angola, Mozambique and arguably Malawi and Zimbabwe, the dominant cause of economic unsuccess and human misery in Southern Africa is South African destabilization plus overt and proxy aggressions.

Without an end to apartheid, there can be no lasting peace in the region, but with the prospect of reducing hostilities comes a glimmer of hope for economic and social reconstruction, and a pressing need for the international community to have a greater understanding of the magnitude of the regional damage that has been wrought in the name of apartheid's existence - to the people of the region, their economies, their social infrastructure, their children, and their future.

The cost quantified here, in human and economic terms, must be calculated through the prism of lost development, lost investment, lost education and job opportunities, national defence and foreign debt.

That is the cost of a war that must eventually lead to a peace •
That, to the southern African region, is the price of peace.

Table 5

Gross Domestic Product Loss 1980-88

(\$ 000,000 in 1988 prices)

Country	1988		1980-88	
	Loss	%Actual GDP	Loss	% 1988 Actual GDP
Angola	4,500	90	30,000	600
Mozambique	3,000	110	15,000	550
Malawi	550	30	2,150	115
Zimbabwe	1,350	25	8,000	145
Zambia	500	20	5,000	200
Tanzania	500	10	1,300	26
Botswana	125	10	500	40
Lesotho	50	7	300	42
Swaziland	30	5	200	33
TOTAL	10,605	43	62,450	210

Source: Estimated from national data and preliminary 1988 GDP estimates as described in text.

Table 6

War-Related Loss of Life
1980-88

Country	Infants/Young Children	Total
Angola	331,000	500,000
Mozambique	494,000	900,000
Malawi	25,000	25,000
Zimbabwe	-	500
Zambia	50,000	50,100
Tanzania	25,000	25,060
Botswana	-	50
Lesotho	-	500
Swaziland	-	250
TOTAL	925,000	1,501,460

Sources: UNICEF *Children on the Front Line*, "Children in Southern Africa" and estimated discussed in text.

THE PRICE OF PEACE

South Africa's Strategy for Survival

Southern Africa's BurdenIntroduction

There has been considerable international focus on the apartheid system, and on South Africa itself, and that is as it should be, but Pretoria's export of violence and its deliberate destruction of economies and lives in neighbouring states, in order to ensure the survival of its apartheid system, has attracted much less attention, either journalistically or analytically.

Yet, in magnitude and implication for the future, its affects are so vast that it is almost impossible to comprehend, on a rational or emotional level. Only to have lost a loved one, dead or mutilated, malnourished or uneducated, as a result of deliberate decisions taken in Pretoria, is to understand the depth of the longing for peace in the region. Leaders of newly independent states struggling to develop them in the face of Pretoria's wrath - together with farmers, miners, industrial and commercial sectors, and international development agencies - watch as their dreams are ambushed at each bend in the road or the railway.

South Africa has actively pursued, for the past decade, a "total strategy" policy that has external as well as internal dimensions, and economic, diplomatic and political goals, although the means to achieve them have often been military.

In 1989, with a ceasefire in Angola, the approach of elections in Namibia, and new prospects to end terrorism in Mozambique, South Africa is being hailed in some quarters as the region's "peacemaker". This raises some questions that demand answers:

- * how much war was waged for this peace and by whom?
- * how much human suffering?
- * how many human beings perished, are maimed or mutilated?
- * how much economic destruction was caused for this peace?
- * how much lost development and investment?
- * lost health care and education?
- * what effect on the children? the next generation?
- * just what is the price of this peace?

As South Africa's regional strategy has been passing through its Armageddon - the great battlefield between the forces of human dignity and the forces of apartheid - it is necessary to assess the cost of this strategy to its neighbours, the cost in destruction and lost development, and the cost in human lives. This report sets out to do that, in terms of human and economic costs to the southern African region, its cause and its solution.

The fact that South Africa views a regional strategy of economic and military pressure as integral to its "total strategy" in defence of apartheid is not widely recognized. Some of the statistical details have been set out most effectively, in terms of breadth of readership and journalistic coverage, in the UNICEF report Children on the Front Line. However, the regional analysis has not entered international (or in some cases even national) policy planning with regard to South and southern Africa.

In part this relates to a post-1945 tendency of economics, both theoretical and applied, not to treat war as integral to economic processes. War has not been taken into account either as a variable or as an exogenous shock (like global terms of trade or national drought) whose impact on each social and economic sector, on overall macroeconomic levels, rates of change and balance, requires serious attention. Since the annual regional loss of output is now of the order of \$10,000 million - exceeding 10% of actual GDP in at least four cases (Angola, Mozambique, Zimbabwe, Malawi) and possibly two more (Tanzania, Zambia) - and since achieved GDP in Angola and Mozambique is under 50% of what it probably would have been in the absence of South African aggression, this is a serious omission.

It is not merely a foreign omission. Only Mozambique (and SADCC) have the capacity to produce recent estimates of GDP loss; Angola's cost estimates are over five years old. Further, most published analyses have not related military burdens, excess transport costs, war damage, terrorism and destabilization to specific macroeconomic and sectoral results, such as external and fiscal balances, food security, provision of public service, gross and net investment, etc.

This study is an initial attempt to set out the economic and human price imposed by the apartheid regime on its neighbours in an accessible format. The introductory section reviews briefly the regional aspects of South Africa's total strategy and the nature of regional economic and human costs. This section concludes by pointing to some analytical, domestic and external cooperation implications.

Subsequent sections summarize the impact on each of the nine member states of the Southern African Development Coordination Conference (SADCC), with greater attention to the most severely damaged - Mozambique and Angola. The findings are then related to what type and order of magnitude of external support and cooperation with southern African states - and pressure on South Africa - might be adequate.

Figures used throughout are estimated on the basis of available data and relationships, but represent orders of magnitude not precise recorded empirical data. This is a reality they share with almost all applied economic data at sectoral and macro level. In fact, the costs are so high, absolutely and relative to the economic size of the victims, that even were the estimates 25% too high or too low, this would make little difference to the basic findings.

This study shows that the cost to the region in terms of the destruction and lost GDP output is US\$ 60,000 million.

The number of dead has reached 1.5 million, half of them children under five, who would have lived had their health facilities not been destroyed - had it not been for war. Half the populations of Mozambique and Angola have been displaced from their homes at least once by the war, and rely on emergency food aid for their survival. The number of wounded, maimed, mutilated and malnourished, the future effects of disrupted education and, in some cases, of children traumatized by a particularly brutal war, are more difficult to quantify.

Total Strategy

South Africa's strategy for survival has altered little in its intent over the past 20 years - since Hendrik Verwoerd established the system of ethnic "homelands" - although there has been considerable tinkering with the tactical procedure. Johannes Vorster's plans for a "co-prosperity sphere" gave way to Pieter Botha's "constellation of southern African states". Vorster's "detente and dialogue" gave way to Botha's "total strategy". The most important tactical shift in the latter involved the extension of military influence within South Africa and beyond its borders, as an inherent part of policy, seeking the obedience that accompanies acceptance as the region's "superpower".

An internal aspect of this "total strategy" involved creation of the Joint Security Management System, a military type of administration from the powerful State Security Council through committees at district centres down to cells. This study, however, does not intend to explore the internal and parallel aspects of Pretoria's survival strategy, but to examine its cost to the region.

First defined in a Defence White Paper in 1977, when PW Botha was Minister of Defence, "total strategy" called for the coordination of internal and external strategies covering four sectors - economic, military, diplomatic and political. The regional objective is to maintain a dependence that will be economically lucrative and politically submissive, and act as a bulwark against the imposition of international sanctions against apartheid.

It is not South Africa's objective simply to militarily destabilise those states which have the geographical misfortune to share its borders, but rather to use destructive methods or "disincentives" as well as "incentives" to "persuade" those states that their interests lie with Pretoria, rather than in opposition to apartheid.

The many incidents of this type of pressure are too numerous to record here, but the following examples provide an insight:

* destruction of regional transportation routes through Mozambique and Angola has forced five other SADCC states which are landlocked to use routes through South Africa, depriving the transit states of the revenue and depositing it instead in Pretoria's ~~diminishing~~ coffers;

* this control of regional trade, particularly commodity exports and imports of petroleum, has been used to exert pressure on neighbours which favour sanctions or are boisterous in their condemnation of apartheid; and it assists in the circumvention of international sanctions, as does joint marketing of some commodities such as citrus, coal and diamonds;

* joint economic projects, existing or planned, have been used to exert pressure for security agreements, successful in some cases;

* overt and covert warfare has been waged to bludgeon neighbouring countries into peaceful co-existence with apartheid and to exert pressure for the expulsion of South African exiles who favour the removal of apartheid and creation of democracy in South Africa;

* a political example is the exertion of pressure through various means, so far unsuccessful, for recognition of the "homelands" and thus "separate development";

* diplomatic forays into Europe or the region by the South African leader of the time followed or preceded the signing of agreements with some neighbouring countries in 1984 - which Pretoria violated - and in 1988.

Within this "total strategy", Pretoria has accepted that it must deal with majority-ruled states in the region which have predominantly black leadership of governments in which whites participate on the basis of non-racialism. However, in tandem with this, South Africa sought to destroy the image of non-racial states in the region as a model for South Africa: by imposing economic constraints, destroying transportation routes, reducing development potential by increasing defence costs, etc.

Safe and Profitable

South Africa's "total strategy" to defend apartheid perceives the "total onslaught" against it as primarily external. Therefore it sees a need for a military, and preferably political, cordon sanitaire around South Africa. That cordon, which has been a theme in South African policy at least since the 1940s, was broken with the independence of Mozambique, Angola and Zimbabwe - and much of the post-1980 tide of South African aggression has been an attempt to restore it.

Pretoria has not chosen to accept, in rhetorical or real terms, that the struggle for democracy could come from within, from the disenfranchised majority of the population in South Africa. *Therefore it sees it as both possible and preferable to wage its war for SADC*
South Africa's second regional goal has been to make the region provide profitable lebensraum for exports of goods and services. Part of South Africa's invisible and visible export growth over the past two decades has been to the region. This has bolstered the faltering export-constrained GDP and equally shaky, domestic-market constrained, industrial sector growth rates.

a historical
The security and profitability objectives have been neither fully compatible nor fully contradictory. In broad terms, South Africa has pursued policies of destabilization, aggression, sabotage and terrorism directly and by proxy against the two coastal states of Angola and Mozambique, although seeking to retain some economic links with the latter. This has, until recently, virtually cut off four of the landlocked SADC states (Zimbabwe, Botswana, Malawi and Swaziland) from external transport routes other than through South Africa and, until 1988, forced a fifth (Zambia) to use them to some extent. This transport vice is perceived by South Africa and SADC as a key to Pretoria's quest for regional hegemony. It is also highly profitable to South Africa, both in terms of transport and commercial service revenues and, in enhancing the favoured position of South African exports in quasi captive markets.

Economic destabilisation (through the use of trade barriers, withdrawal of railway wagons, delays in export and import flows), aggression (through support for proxy groups), and direct attacks have been used in an attempt to deter trade sanctions and active support for groups opposed to apartheid. Yet South Africa's balancing act has been not to cause enough economic damage to prevent increased export purchases from South Africa. Lesotho has been treated like other landlocked states, though South Africa's greater transport leverage over Lesotho was used to secure a change of government by use of an economic blockade.

Pretoria believes that it must keep southern Africa safe and profitable for apartheid, is committed to using military as well as economic sanctions to achieve that end, and has demonstrated that it has the power to impose a massive burden on the independent states of southern Africa. It is the level and nature of that burden which is the central topic of this study.

Economic Costs of War

There are three basic methods of estimating war costs. The first is to draw up a list of items. In the case of the SADCC economies, these include direct war damage, extra defence spending, higher transport costs, loss of transport revenue on routes damaged or closed by direct or proxy action, higher energy costs, looting and smuggling, destruction of export commodities or their transport routes, reduced productivity through rural terrorism, support for domestic displaced persons and refugees from neighbouring countries, trade boycotts and embargoes by South Africa, excess costs of South African goods or long term credit, inequitable trading and customs arrangements, loss of existing production, and loss of growth through diversion of resources from new investment and expansion to military, relief and reconstruction spending.

The SADCC estimate for these costs over the period 1980-84 came to \$10,120 million and a revision by Carol Thompson and R.H. Green for the same period reached \$12,940 million. Carried through 1985 and 1986 in Children on the Frontline the costs doubled to \$25,120 million and \$27,240 million respectively. Through 1988, the total on this basis is of the order of \$44,000 - \$46,940 million on a historic price basis and over \$50,000 million on a 1988 price basis. Defence spending and lost economic growth are the dominant headings, with war damage, transport and energy costs, refugee relief and existing production losses also significant. Export losses, including transit traffic, count for Mozambique and, outside the petroleum sector, Angola.

Table 1

COST OF SOUTH AFRICAN DESTABILISATION
To the SADCC region
1980-84

<u>Heading</u>	<u>SADCC Estimate</u>	<u>Green and Thompson</u>
Direct war damage	1,610,000,000	1,610,000,000
Extra defence spending	3,060,000,000	3,310,000,000
Higher transport, energy	970,000,000	970,000,000
Smuggling, looting	190,000,000	190,000,000
Refugees and displaced	660,000,000	660,000,000
Export loss	230,000,000	550,000,000
Boycotts, embargoes	260,000,000	260,000,000
Loss of existing production	800,000,000	800,000,000
Lost economic growth	2,000,000,000	4,000,000,000
Trading arrangements	340,000 000	590,000,000
TOTAL 1980-84	10,120,000,000	12,940,000,000

Source: Frontline Southern Africa: Destructive Engagement

Table 2

COST OF SOUTH AFRICAN DESTABILISATION
To the SADCC region
1980-88

Year	Adjusted from SADCC Estimate	Adjusted from Green and Thompson
1980-84	10,120,000,000	12,940,000,000
1985	7,000,000,000	7,000,000,000
1986	8,000,000,000	8,000,000,000
1987	9,000,000,000	9,000,000,000
1988	10,000,000,000	10,000,000,000
TOTAL at historic prices	44,120,000,000	46,940,000,000
TOTAL at 1988 prices	53,000,000,000	56,000,000,000

The sharp increase in 1985 over the 1980-84 average relates to escalation of conflict, the rising defence bill, cumulative output losses and inflation.

Source: Children on the Front Line

The chief problem with this approach is that it is likely to produce double counting, eg among loss of exports and production losses, as well as gaps, from inadequate coverage of lost growth. While all of the headings can be estimated as to orders of magnitude, none is really subject to precise calculation and several - eg excess defence spending, loss of output from new investment - depend on somewhat problematic estimates, such as establishing the basic defence budget in the absence of war, normal incremental capital/output ratios, etc.

A second method of estimating war costs is to compute estimated non-war growth rates for gross domestic product and compare them with actual outturns. This produced estimates of \$5,500 million for Mozambique and \$13,000 for Angola over the 1980-86 period, calculated according to 1986 prices and assuming non-war growth rates of 5% and 8% respectively. In the case of Mozambique, this calculation allowed for substantial recovery, in progress from 1979 but cut short by the onslaught of terrorism and sabotage in 1981. In Angola, the growth led by the petroleum sector was anticipated, plus recovery in other sectors which could have been achieved in the absence of South African aggression 1976-80 and its escalation from 1981.

The regional total of \$25,000 - \$30,000 million over 1980-86, in Children on the Front Line, includes \$5,000 - \$8,000 million for the other seven SADCC states, calculated on a modified cost list, the third basis for estimating war costs. This total is somewhat misleadingly similar to the 1986 direct cost list total of \$25,000 - \$28,000 million. The list includes while the GDP calculation excludes, loss of capital stock except insofar as it is reflected in current production losses and expenditure with some GDP impact (such as refugee relief, military salaries and local purchases). The similarity of the two figures therefore tends to confirm orders of magnitude, implying gaps in the list estimation or too high an assumption of non-war growth rates in the GDP calculation.

As of the end of 1988, on a GDP loss basis, the cost to the region of South African aggression and destabilisation was of the order of \$60,000 million at 1988 prices - or about twice achieved GDP. This was calculated on an alternative scenario projection basis for Angola and Mozambique, and on a less comprehensive basis using foreign exchange costs and production multipliers for the other states. The impact on regional growth was to reduce it as of the 1986-88 period from a probable peace rate of 5% - 6% to 2% - 3% - that is, from 2% above to 1% below population growth.

In the absence of the war waged against it by South Africa, the SADCC region would have had far less serious output declines in the early 1980s and far more marked and sustainable recoveries in the mid to late 1980s, even had all other factors remained unchanged.

It must be stressed that the end of South African aggression would not stem this stream of losses, only reduce it. Even on the list approach, the largest component is now loss of potential growth. Peace, ability to cut defence costs, and access to lower cost transport routes and import sources could, if backed by rehabilitation support, restore regional growth to a 5% - 6% annual trend rate. That would not alter the fact that the base level would be at least \$10,000 million lower. Therefore, an annual loss of \$500 - \$600 million in growth terms would continue to accrue indefinitely, a different order of magnitude entirely from \$10,000 million a year however.

Human Cost of War

The economic damage described above in itself entails widespread and severe human costs. The standard of living of a majority of the people of the SADCC states is very close to, or below, the absolute poverty line. Were current GDP 25% higher and growing at 5% - 6% a year, the numbers in absolute poverty and/or lacking access to basic education, health and water services would be substantially lower. However the war waged by South Africa has three much more directly damaging impacts: loss of food security, massive displacement of people - and death.

Proxy and regular South African military force attacks have not seriously sought to install new governments, with the exception of Angola in 1975 and possibly Mozambique in 1986. Their activities have instead focused on sabotage aimed at specific economic targets such as transport and power; mass terrorism designed to destroy governmental authority, economic and social infrastructure, and rural production; and limited commando raids by the South African Defence Force (SADF) Special Forces.

While financed, supplied, planned, directed and, on occasion, led by South Africans, the first two aspects have been carried out primarily by proxy forces, notably Renamo in Mozambique and Unita in Angola. Less significant proxy forces have been used in Lesotho, Zambia and Zimbabwe; and Renamo has been used increasingly and openly for cross-border raids against Zambia, Zimbabwe and, to a lesser degree, Tanzania.

The most significant proxy forces were inherited by South African military intelligence from other colonial regimes in the region. Renamo was established by Rhodesian intelligence around the time of Mozambique's independence from Portugal in 1975 and inherited by the SADF when Rhodesia became Zimbabwe in 1980. Under SADF tutelage and training, resupplied with equipment and given fresh instructions, Renamo was unleashed on Mozambique as a force of economic and social destruction the following year. Unita, similarly, was inherited after South Africa's unsuccessful invasion of Angola in 1975, reconstituted and re-equipped. In Angola, however, South Africa's military action was more overt, with over a dozen major invasions and parts of the country occupied for many months (on one occasion, years) at a time.

Rural terrorism has had the affect of keeping the rural population in Mozambique and Angola on the move, unable to settle down or to restore production. This has resulted in massive food shortages, even in fertile land areas, with production shortfalls of up to 1,500,000 tonnes of grain. The economic consequences of war - exacerbated in Angola by the collapse of petroleum prices in 1986 - have prevented commercial imports being substituted, while food aid to the two states, never exceeding 650,000 tonnes a year, has proved difficult to distribute because of transport sabotage and rural terrorism.

Almost half the populations of Mozambique and Angola have been driven from their homes at least once (usually with loss of possessions, often with loss of life or limb) or are affected by war-induced hunger. The situation is not static and therefore numbers are subject to change, but the following are combined national estimates for Mozambique and Angola in the first half of 1989:

- * at least 1,500,000 are refugees in neighbouring countries;
- * some 3,400,000 are rural displaced persons with no significant ability to restore their production and incomes due to war;
- * approx. 2,200,000 urban migrants, in slum or shanty areas with no independent means of support;

* also affected in both countries are those urban dwellers whose food needs are no longer met from rural surplus, numbering about 4,500,000.

There are at least three types of deaths caused by South Africa's destabilisation of the region, most evident in Mozambique and Angola. These are famine-related deaths where food is not available through a combination of drought and an uncertain security situation; deaths, particularly of infants and young children, through a combination of malnutrition, disease and destruction of rural health networks; and civilian/military casualties caused directly by war or terrorism.

The total number of dead from these causes had reached 1,500,000 by the end of 1988.

Over half of the fatalities were infants and children under five, victims of the destruction of health services or war-induced starvation. These are calculated by UNICEF as "excess" deaths above the normal rate of mortality for a country or region. By the end of 1988, UNICEF estimated that a child under the age of five was dying every 3.5 minutes in Mozambique and Angola - 17 every hour, 408 every day - equivalent to a jumbo jet filled with children crashing somewhere in southern Africa every day.

The total number of children who had perished in those two countries as a result of eight years of war numbered more than the combined casualties of the atomic bombing of Hiroshima and Nagasaki.

Table 3

Deaths of Infants and Children Under Five
in Mozambique and Angola
from War-Related Causes
1980-1988

<u>Year</u>	<u>Angola</u>	<u>Mozambique</u>	<u>Total</u>
1980	0	0	0
1981	10,000	15,000	25,000
1982	20,000	30,000	50,000
1983	31,000	46,000	77,000
1984	42,000	63,000	105,000
1985	55,000	82,000	137,000
1986	56,000	84,000	140,000
1987	58,000	86,000	144,000
1988	59,000	88,000	147,000
TOTAL	331,000	494,000	825,000

Source: Children on the Front Line

In calculations used for the table above, it is assumed that under-five mortality rates in Mozambique and Angola remained in the 325-375 range in 1986-88, rather than rising, and that 1980 was a normal year with no infant and child deaths resulting from war or destabilisation. UNICEF further states that, since these assumptions are optimistic, the figures are under-stated.

In addition, at least 200,000 people have died from war-related famine, plus 150,000 older child and adult victims of the collapse of medical services or the interaction of malnutrition with not otherwise fatal diseases, as well as 325,000 civilian and military victims who have been killed by war or terrorism. However, it must be stressed that these are estimates which are difficult to verify, and some categories may overlap, ie infants/children with other deaths caused by war-induced famine.

The figures above relate to Angola and Mozambique only. In the other seven SADCC states there are even more variables. In some, but not all, cases, war costs have enfeebled the economy and the budget to an extent which has eroded food security as well as medical and water services. A cautious estimate of these deaths plus those caused by acts of war or terrorism might be 25,000 - 50,000 over the period 1980-88, depending primarily on how much war costs have eroded the basic health care systems of Tanzania, Malawi and Zambia.

As with the economic costs, ending South African aggression can only reduce the human costs. Rehabilitating health and water services, and restoring rural production, is a task which will require at least five years of peace. The reversal of the negative infant and child mortality trends, to bring their levels down to those pertaining in other low income countries, will take longer. However, by the second year of peace, the death toll could be at least halved and by the fifth year it could be reduced by perhaps 80%, assuming priority attention to food security, mass immunisation, access to pure water and to basic health care.

Policy Implications: Domestic, Regional, Global

The very high cost of Pretoria's strategy to the SADCC region means that it must be of central economic and human concern. It is necessary that its impact be taken into account by the international community in all sectors - especially, but not only, for Mozambique and Angola - and priorities in resource allocation related to its reduction and alleviation.

The SADCC Programme of Action gives priority to rehabilitation and expansion of transport, power and telecommunications, to increase regional cooperation and loosen South Africa's non-military grip on the region. Bolstering intra-regional trade as a means to re-sourcing imports and re-targetting exports away from South Africa is also a priority of SADCC and the Preferential Trade Area (PTA) of Eastern and Southern Africa, a grouping of 16 states including 7 members of SADCC.

The Front Lines States - Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe - having increasingly coordinated regional defence, and the solidarity shown in the defence of Mozambique, involving military assistance from several other SADCC countries, demonstrates the reality of that cooperation. So does the leadership that the Front Line States (FLS) have taken in calling for effective international pressure on South Africa to hasten the end of its regional aggression and of apartheid itself.

This external role of the FLS, like the resource mobilisation one of SADCC, calls attention to the fact that by themselves the independent southern African states cannot meet the costs of ending unilateral economic dependence on South Africa, blocking direct and proxy military aggression, sustaining existence and beginning rehabilitation for refugees/displaced, and restoring growth and development. Beset with most of the other exogenous shocks (including drought, debt and terms of trade), this is not surprising. All except Botswana face foreign exchange constraints and most economies are strangled by import capacity. The foreign exchange price of excess defence spending, higher cost transport routes, lost exports, survival relief, and rehabilitation of direct war damage is, for the region as a whole, of the order of three quarters of actual current export earnings.

Therefore, a strong practical and moral case exists for global economic and security support for the independent states of southern Africa and effective measures to end apartheid in South Africa.

The former should be designed to assist in vulnerability reduction, human survival and rehabilitation, output restoration and defence capacity to offset present, and reduce future, costs. The latter should be aimed, as an interim goal, at curtailing South Africa's military and economic capability to do massive damage to its neighbours, with the broader goal of ending apartheid always in sight.

The cost of solidarity at effective levels would not be small - perhaps \$3,500 million a year (above and beyond non-war related recovery and development cooperation) of which under a third is currently being provided in actual annual disbursements. However, \$3,500 million is less than one-third of the annual price of Pretoria's war to these states.

Were the solidarity and cooperation successful, the extra resource transfer needs would decline, especially after about the fifth year of peace, while economic gains would be substantial, notably from increased extra-regional trade with SADCC member states out of restored growth and shifting trade away from South Africa.

MOZAMBIQUE

Struggle for Survival

Mozambique's transportation network is key to the region's survival and to the reduction of regional dependence on South Africa. This transportation network - and the nation and people surrounding it - has been the target for a level of destruction that has reduced the country's options for independent survival and vastly increased the region's defence costs, depleting resources available for development and frightening off outside investment.

The qualitative and quantitative aspects of the price of Pretoria's war on Mozambique are different from other southern African states. Armed aggression and terrorism is of quite a different order of magnitude. So are the numbers of deaths and displaced, and the level of socio-economic and production destruction, especially in rural areas, with quite literally mortal consequences for food production, food security, acute malnutrition and starvation.

South Africa has, since 1981, sought to destroy the transport routes, the economy, the civil society and the state's ability to serve the citizens of Mozambique - and has used a proxy terror group inherited from Rhodesia as its chief instrument. The economy of Mozambique now operates at levels much less than half of what they would be in the absence of war, while almost 1,000,000 Mozambicans have died who would be alive had even the tenuous 1975-80 peace with South Africa not been shattered by the latter's escalation of hostilities.

✓ For Mozambique, the war has been even more devastating than for Angola, for two reasons. Mozambique is a much poorer country - it does not have a booming protectable leading export sector equivalent to Angola's petroleum - although it has attracted much more international support. Therefore, its fiscal ability to hold together the state service apparatus and to provide emergency relief out of its own resources is far more limited. Because of the greater overall poverty in Mozambique, the margins for survival are narrower. Second, the degree of damage to health and education services, and to rural livelihood, is more severe in Mozambique.

The three main military tactics used by South Africa against Mozambique have been commando attacks, sabotage of economic installations and mass terrorism. The first is common to all SADCC states except Tanzania. The second has been concentrated primarily on four rail corridors - to Nacala, Beira and Maputo in Mozambique, to Lobito Bay in Angola - and in selected large rural production and energy units. The third has targetted schools, clinics, villages and local transport as well as teachers, medical personnel, foreign aid workers, church officials and peasant farmers.

Government officials, especially those providing services, are killed or maimed, and peasants are churned about so severely and so frequently that they cannot settle down to restore their livelihood or their social relations. At least half of the entire population of Mozambique has been driven from their homes at least once and many several times, often being literally burnt out. The traumatic effect of the war on rural Mozambicans, especially children, is severe.

Some 250,000 children have been orphaned or separated from their parents. As many as 300,000 to 500,000 children are estimated to suffer from war-related trauma. Extreme cases may number as many as 100,000 and include orphans, those mutilated or present at massacres, and children press-ganged into the ranks of the "bandidos armados" and forced to kill.

These "armed bandits" have coerced peasants, including many thousands kidnapped on raids, into providing slave labour as porters, food growers, servants and prostitutes. Details of this treatment were confirmed in a 1988 report to the US State Department by Robert Gersony, entitled "Summary of Mozambican Refugee Accounts of Principally Conflict-Related Experience in Mozambique". The report is drawn from interviews with 170 refugees from 48 districts who were found in 25 different camps in five countries. "That the accounts are so strikingly similar by refugees who have fled from northern, central and southern Mozambique," the report concluded, "suggests that the violence is systematic and coordinated and not a series of spontaneous, isolated incidents by undisciplined combatants."

There is now plenty of evidence on public record - from a variety of sources including admissions by South African officials - that proxy forces in Mozambique are trained, directed, financed and supplied from South Africa and have used the services of South African specialist personnel and military officers. They are trained to torture, destroy, mutilate and kill by South African instructors, and they kidnap young children whom they force to become killers under threat of death. The savagery with which they fight appears not unrelated to the viciousness of their conduct and resultant fear that they will be killed if they surrender. In spite of this fear, almost 3,000 accepted the government amnesty during 1988, many bringing with them further evidence of South African involvement.

The State Department, and the US embassy in Maputo, confirmed in mid-1989 that South African support for terrorism in Mozambique was continuing, despite the pressure for peace - or as a part of the process. (*)

Mozambique has about 4,600,000 known displaced or "affected" people driven from their homes and left with no means of livelihood. However, the total of severely affected persons almost doubles - to 8,700,000 - with the inclusion of 1,000,000 refugees in neighbouring countries and the 3,100,000 urban dwellers whose food needs were previously met from rural surplus.

(*) Cite cross border attacks 14 (near Ressano Garcia) on military units, buses and 82 person massacre days after de Klerk visited Chissano in July

That means that over half of the country's population live below the absolute poverty line.

As already noted, health and education have been key targets in this war, cutting school enrollment by 500,000 pupils and preventing effective access to medical facilities by up to 5,000,000 people, when compared with pre-war levels. Up to 40% of rural water supplies have been destroyed or severely damaged in the period 1980-88. While the cost of emergency programmes was running at \$300 million a year by 1988, most of this was, of necessity, externally financed. Mozambican resources probably covered \$25 million in 1988 and \$125 million over the period.

Deaths in Mozambique caused directly and indirectly as a result of the war can be estimated 1980-88 at about 900,000, of which almost 500,000 were infants and children under five, as illustrated by Table 3 in the introduction to this report. Added to the number of "excess" deaths of infants and young children can be the figure of 175,000 older children and adults who have perished through the disruption of food production, prevention of food distribution and the spread of disease as result of the destruction of health facilities and interruption of vaccination campaigns. This figure includes those who perished in a war-induced famine in 1983-84 and it may be a conservative figure. The Mozambican government estimate of 100,000 military and civilians deaths caused directly by war 1975-85 may overlap in part with the finding of the Gersony report that:

"Roughly 170 refugees, each representing one family, who arrived in 1987/88, collectively reported about 600 murders by Renamo of unarmed civilians, in the absence of resistance or defence. If the refugee reports are generally accurate and the sample reasonably representative, it is conservatively estimated that 100,000 civilians may have been murdered by Renamo in this manner."

No further estimate is available for military deaths on either side 1986-88, but the war has escalated in those years, with more brutal and destructive acts of terrorism and sabotage, and attacks on towns and convoys by larger armed groups.

The excess military and security expenditure for Mozambique is now running at about \$325 million a year, excluding buildings and hardware, and totals well in excess of \$2,000 million since independence, with three quarters of that figure representing direct and indirect imports. This sum is far too low to provide adequate security, however, and excludes the military expenditure of Zimbabwe, Tanzania, Botswana, Zambia and Malawi in support of Mozambique, as well as the military training expenditure of the Soviet Union, Britain, and others.

One third of Mozambique's export income prior to independence was generated through the sale of transport services to its neighbours, including South Africa. Another foreign exchange earner was to be the intended sale of Cahora Bassa electricity to

South Africa. However, the destruction of transport links and power lines, plus the diversion of most South African cargo away from Maputo port, have devastated these sectors.

Lost transit traffic revenue (including the diversion of South African cargo which economic logic and shipper preference would have routed via Maputo) was \$275 - \$300 million in 1988. From 1980 to 1988 inclusive, the loss totalled \$1,500 - \$1,600 million. Loss of electricity exports and purchase of replacement power cost Mozambique \$75 million in 1988, and over \$300 million for the period. The loss since 1980, inclusive of damage, is \$576 million.

Export trade has been devastated by the destruction of rural life by terrorism and the sabotage of transportation routes. The annual loss reached \$250 - \$300 million by 1988, with a total of \$1,500 - \$1,750 million for the 1980-88 period.

South Africa's expulsion of Mozambican miners caused a loss in remittances of at least \$75 million a year by 1988, a total of \$300 million for 1980-88. This may be an underestimate as the figure relates only to miners and not to the large (but lower remittance) body of other workers, estimated at 200,000 to 450,000 versus about 60,000 miners in 1986. The number of Mozambican migrants working in South African mines had dropped to 46,000 by early 1989, and further losses could occur as part of South Africa's plan to phase out virtually all Mozambican miners by the mid-1990s, although one of the verbal undertakings made by PW Botha when he met President Chissano in September 1988 was to stop the cutback in recruitment.

The domestic production loss turns on rural devastation and the inability to pay for adequate inputs of spares and equipment resulting from export destruction. By 1988, Mozambique's grain deficit was 1,000,000 tonnes and total basic food deficit was 2,000,000 tonnes grain equivalent in value terms - it was \$200-250 million in lost grower income which would have cost over \$500 million to import. Other rural and urban output loss was \$400 million. The 1980-88 agricultural total is \$750 - \$850 million and overall \$1,250 million on this basis.

Two approaches to GDP loss are possible. One is to estimate foreign exchange costs and losses, then multiply by three to take account of production lost through import strangulation, then add refugee and domestic production loss costs. Using one half of military expenditure (probably conservative given the likely 75% import content) plus visible and invisible export losses, this method yields a 1988 loss of \$2,500 - 2,750 million and a 1980-88 loss of the order of \$15,000 million. These estimates exclude non-rural production losses other than exports as being primarily related to import capacity and thus covered in the multiplier.

An alternative method is to estimate probable GDP growth in the absence of war - perhaps 5% based on 1979-81 trends and the room for recovery to previous production levels - and contrast it with

actual output. An earlier estimate on that basis for 1980-85 suggested a total loss of \$5,500 million, a 1986 achieved output level of about 50% of the 5% growth scenario levels and an actual 1986 GDP value of \$2,000 million.

Subsequent World Bank data implies this figure understated base GDP, and therefore losses. 1986 GDP was of the order of \$2,750 million, which implies an adjusted loss of about \$7,500 million in 1986 prices. A further adjustment for base year South African aggression losses of about \$100 million would raise the 1980-86 loss of GDP growth to slightly over \$2,750 million. Adding \$6,000 million for 1987-88 losses (GDP did in fact grow by an average of over 5% a year but from a base one-half what it otherwise would have been) and adjusting to 1988 values at an average global inflation rate of 5% a year, gives a total loss of GDP for 1980-88 of about \$15,000 million and a 1988 loss of about \$3,000 million.

The 1988 loss is 100-110% of actual GDP and the 1980-88 total (at 1988 prices) is over five times as large. Combined with the figures of dead, displaced and affected, this paints a picture of the South African war against Mozambique fully equivalent to the 1988 emergency conference description of it as a "holocaust".

Yet it is a tribute to the resolve of the nation that it has survived and that it is regaining the upper hand on the economic and military fronts. Progress is being made on the resettlement of displaced people and the rehabilitation of transport links - and national output per capita is rising.

ANGOLA

Head On Conflict a L'Outrance

The war against Angola, and its impact on Angolans and their economy, has been as severe as that against Mozambique but waged in a very different manner. Angola's military costs have been considerably higher, in an open confrontation with the South African Defence Force (SADF), but its available resources are also considerably higher. Because Angola as a nation is much less poor than Mozambique, absolute economic losses have been higher, even though the population estimate for 1988, at 9,500,000, is less than two-thirds that of Mozambique.

There have been three major differences between the war in Mozambique and that in Angola. First, the South African military intervened openly in Angola, and on a massive scale. Second, as a result, Angola had to retain the use of large numbers of allied forces summoned from outside the region. Third, the South African-backed proxy force in Angola has been able to secure external support from other governments, including the US.

Although Angola has faced an open military confrontation with South Africa, it has also been subjected to economic sabotage of key transportation routes, such as the Benguela railway, and electricity pylons, as well a rural terrorism which has caused disruption of government infrastructure and services.

Almost half of Angola's population have been displaced from their homes and live in self-created clusters, organised camps or urban slums, or have become international refugees. The damage to education and health facilities is less at the physical level than in Mozambique, with 10-15% destruction, but data flows are so incomplete that this may reflect the lack of centrally available data rather than actual damage. Experience in other sectors would suggest that this is the case. Certainly educational enrolments fell sharply in the mid-1980s until recovering partially in 1987 and 1988. Effective rural health coverage is as low as 10% in some provinces and for some services, eg childbirth.

In some respects, the Angolan economy and the financial ability to provide some relief and rehabilitation support out of national resources held up better than in Mozambique - until the collapse of petroleum prices in 1986. However the reason is evident: Angola's well run, growing and largely offshore oil sector could be protected and provided base levels of import capacity and government revenue. Other exports, transportation and food production were almost as severely impacted in Angola as in Mozambique. Social disintegration and trauma are comparable in affected rural areas, perhaps marginally less so in urban areas because the larger, stronger formal economy core has provided better markets for informal and parallel production and commerce.

The diversion of personnel and institutional capacity to the armed forces - necessitated by the fullscale conventional war launched by South Africa - is very marked in Angola. The armed forces are highly professional and able to carry out activities such as vehicle repair and transport logistics effectively whereas the enterprise and civil government sectors lack comparable depth in personnel and institutional capacity. This prioritisation has flowed in large part from the high technology aspect of the war with regular South African forces which is far more skill intensive and requires far more hardware than that against proxy groups in Mozambique or elsewhere in the region.

Excess military and related security costs were of the order of \$1,500 - 1,600 million in 1988, about 30% of GDP and well over 40% of government spending. The total for 1980-88 is at least \$8,500 million, excluding the costs borne by the governments of foreign contingents. Until 1986, with the exception of a brief period in the early 1980s, these levels were potentially compatible with constant or rising basic service spending. The key problems were access to some rural areas and lack of personnel. Since the collapse of international petroleum prices in 1986, however, this spending has crippled the budget, and their 60% direct (probably 70% direct and indirect) import

content has devastated import capacity availability to all other sectors.

Assuming that, in the absence of war, overall non-petroleum exports would have regained 1973 levels, on average, and risen about 10%, the export loss on global trade in 1988 was roughly \$500 million, and for 1980-88 about \$3,500 million. Added to this figure must be the loss of potential regional exports, including manufactures, of about \$50 million in 1980 and \$250 million over 1980-88.

The Angolan transport system, except for military cargo, has been devastated. Repeated attacks, including several in 1988, have brought the entire internal rail system to a virtual halt, except on commuter lines, and transit traffic has been negligible for over a decade. The transit traffic loss can be estimated at \$125 - \$150 million and the 1980-88 total around \$600 to \$750 million.

Large number of peasants have been forced to halt production, with all or most members of the households fleeing to rural points considered less insecure, or to formal camps, provincial capitals or Luanda. As a result, the grain deficit is about 350,000 tonnes and the value of the grain equivalent overall food deficit perhaps 750,000. This implies a 1988 rural production loss of perhaps \$100 million and a cumulative 1980-88 total of \$1,000 million. At least comparable losses of output have been sustained by urban enterprises, largely as a result of priority allocation of personnel and finance to defence expenditures and institutions.

The official figure for displaced people until 1988 was in the 600,000 - 700,000 range. This is now regarded as an underestimate, with the minimum reaching over 1,000,000 through additional people displaced into urban shanty towns or accommodated with relatives. The actual figure may be much higher as the location and status of thousands of people are unknown due to the constant harrying and churning of rural populations. A further 500,000 are international refugees, having fled to neighbouring countries. About 1,400,000 live in households which are unable to produce or earn enough to support their families at or above the absolute poverty line.

Angola has been less successful than Mozambique in mobilising external finance for emergency programmes and, until the 1986 collapse in petroleum prices, could put more domestic resources behind them. Expenditure in 1988 in this sector was probably of the order of \$50 million and the total 1980-88 about \$350 - \$400 million.

The human costs of war, of the level waged against Angola since independence 14 years ago, are massive. With at least 10 - 15%, and more likely 25%, of primary health and education units destroyed, school enrolment is down by several hundred thousand and access to primary health care denied to at least 2,000,000 who would have had it in the context of peace. Up to 75% of small

town and rural water systems have been destroyed or are out of operation, reducing access to water by perhaps 1,500,000.

While Angola has not had a massive famine comparable to that of Mozambique in 1983-84, the combined interaction of drought, rural insecurity, deterioration of transport capacity and recent limitations in availability of foreign exchange, have caused starvation to stalk isolated rural areas.

Even the fragmentary information available underlines the murderous nature of the war waged against Angolans, particularly civilians. For example, Angola has over 40,000 citizens handicapped through loss of limbs, mostly in landmine explosions, the largest number per capita of of any country in the world. Landmines are often sown in fields or on footpaths, and substantial number of the victims are children.

Estimates of direct war-related civilian and military death tolls are difficult to establish, but are possibly 75,000 on a comparable population basis. Deaths from starvation, malnutrition and diseases made more prevalent and deadly by health service breakdown may have totalled as much as 90,000 for adults and older children 1980-88. A UNICEF estimate of "excess" mortality rates for infants and children under five, who would have lived in the absence of war, shows 331,000 over the same period, as shown in Table 3 in the Introduction to this report. On that basis, the total number of direct and indirect war deaths in Angola 1980-88 is possibly 500,000.

As in the case of Mozambique, GDP loss can be estimated by two different methods. One method takes half of defence expenditure plus trade and transport losses multiplied by three to allow for the multiplier impact of enhanced import capacity and adds refugee expenditure and non-export rural production losses. That approach yields a 1988 loss of the order of \$4,500 million and a 1980-88 total of around \$27,000 million.

The other method is to make a comparison with a peacetime economy scenario. An earlier UNICEF calculation on that basis, assuming 8% annual oil and recovery fuelled growth, came to \$15,600 over 1980-85 at 1985 prices. If it is assumed that GDP on average over 1980-88 would have been static under peacetime conditions (that is, with the growth of other sectors capable of offsetting petroleum sector decline), the total 1980-88 total in 1988 prices is \$40,000 million and the 1988 loss \$4,500 million. The latter figure is about 90% of probable actual 1988 GDP. Excluding the oil sector, which has suffered only trivial damage, the ratio is of the order of 110%. Because Angola suffered far more heavily from South African armed aggression before 1980 than any other state in the region, a 10% loss was assumed in the base year.

ZIMBABWE

The Price of Solidarity and Transport Protection

Since independence, Zimbabwe has been a constant target of South African destabilisation and aggression - through withdrawals of railway rolling stock, delays in movement of imports, open and covert barriers to exports, border raids, commando attacks and sabotage.

Post-independence destabilisation through supply of weapons to some dissident groups in south-western Zimbabwe increased the burden of defence expenditure. Further economic hardship was imposed through delaying petroleum supplies in late 1982 in conjunction with sabotage of a pumping station on the pipeline through Mozambique. Total costs of direct sabotage amounted to \$150 - \$200 million over the period 1980-88.

However, the dominant costs have been caused by South Africa's proxy war against Mozambique and neighbouring border areas, and the resultant sabotage of Zimbabwe's shorter transportation routes. This has meant that instead of 90% of non-South African regional trade transitting Mozambican ports, as before 1965, only 33% was able to do so in 1988 - and if petroleum is excluded the figure is 15% - with the remainder forced to use longer and more expensive routes to South African ports.

This war and sabotage has led to substantial Zimbabwean military activity (up to 12,500 troops both in Mozambique and on border area defence within Zimbabwe). Lives lost by the Zimbabwean armed forces in Mozambique have been very few, though several hundred civilians have been killed or wounded in attacks across the eastern border from Mozambique since mid-1987. Total deaths have been about 500 over the 1980-88 period, with two-thirds of these in 1987-88.

Excess defence costs were running at \$300 million a year as of 1988, and total \$3,000 - 3,250 million 1980-88, of which about two-thirds was direct and indirect import costs. Excess transport costs - around 15% of visible trade - were of the order of \$100 - 125 million in 1988 and \$700 - 800 million for the period.

Trade costs in the case of Zimbabwe are dominated by export losses - to South Africa because of restrictions and discouragement of would-be importers and to the region because of the economic debilitaton resulting from South African aggression. The latter is a significant and growing problem in that, taken together, the other SADCC states are a larger buyer of Zimbabwean exports than any single country outside the region. The 1988 loss can be estimated roughly at \$50 million and the 1980-88 total at \$250 million.

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The defence bill, and the tax revenue loss from the reduced imports flowing from the other losses cited, suggest an adverse fiscal impact in 1988 of the order of \$550 - \$575 million or Z\$1,000 million. This is a magnitude comparable to Zimbabwe's total gross domestic government borrowing. In other words, most of the public sector non-war capital as well as the total non-war recurrent budget are financed out of domestic recurrent revenue. It is the war bill which creates a government deficit and resultant inflationary pressure, not any laxity in fiscal policy.

There are at least 175,000 refugees in Zimbabwe, almost all from Mozambique, including 74,000 registered with the United Nations High Commission for Refugees and over 100,000 self-settled or supported by extended families, or Zimbabwean and international organisations. The cost estimate to Zimbabwe for 1988 is at least \$10 million, and \$40 million for the period 1980-88.

Human costs have turned on an average growth rate of 4 - 5% in the presence of war, as opposed to a likely 7 - 8% average without it, ie an erosion of purchasing power for wages and slower expansion of peasant and self-employed productive capacity and earnings. Education, water and health have in general been protected from the recessionary impact of the war and the external economic environment, and drought relief including food for work has been provided. It would not be inappropriate to assert that war has led to any large number of indirect deaths through higher general mortality.

The gross domestic product cost in 1988 is likely to have been of the order of \$1,300 - \$1,350 million or between 23% and 25% of achieved GDP. The 1980-88 total has been about \$7,500 - \$8,000 million. Roughly similar estimates would be obtained by using a scenario positing that in the absence of war GDP growth would have averaged 2.5 - 3% a year higher. The main components are one-half of defence plus trade and transport losses and extra costs multiplied by three as a forex (import capacity) multiplier plus sabotage damage and refugee costs. Of these, the loss consequential on excess defence costs is slightly under 60%, that on transport 30% and that on trade about 10%.

MALAWI

Tidal Wave Spillover Impact

Malawi's economy has been devastated by South African proxy aggression even though neither South Africa nor its proxies have attacked Malawi directly. One cause behind this paradox is that the sabotage in Mozambique has destroyed both of Malawi's natural routes to the sea, forcing 90% of trade to use very long and circuitous routes to South African ports and 10% to move on almost equally circuitous (albeit shorter) routes to Dar es Salaam and Beira (via Zimbabwe). The second cause is that terrorism in Mozambique has resulted in a tidal wave of Mozambicans seeking refuge in Malawi with almost 700,000 present by mid-1989.

Open warfare, terrorism and sabotage have not taken place, to date, on Malawian soil, and lives lost by Malawian armed forces contingents serving in Mozambique on the Tete and Nacala corridors are probably under 25, all in 1987 and 1988. Excess defence spending as of 1988 was running at \$20-25 million annually and over 1980-88 probably reached \$80 to 100 million.

The main overt economic burden has been excess transport costs. With systematic destruction of the road and rail routes to Beira and Nacala over 1982-84 leading to their total closure over the period from mid-1984 to late 1987, and to only very partial useability since then. Reconstruction costs and time profiles mean that completion of rehabilitation of the Nacala rail link is unlikely before late 1990, and raising the Beira line to its full 3,000,000-tonne capacity before 1991 or 1992 is unlikely. Increased use of Beira port via the Tete highway to Zimbabwe and of Dar es Salaam via lake, highway and Tazara railway can reduce costs from longer routes to Durban and Port Elizabeth but will be limited in capacity and still entail massive additional costs.

In 1988 these costs probably amounted to 20% of visible external trade - \$100 million - while over 1980-88 they were approaching \$500 million. In addition, physical bottlenecks hampered production and the costs forced cutbacks in some agricultural export production for a probable total of \$125 million in 1988 - \$550 million 1980-88. Other trade costs, including lack of access to low cost sources and South African export credit-backed overcharging may be \$10 - \$15 million a year and \$75 - \$100 million over 1980-88.

The flow of refugees to Malawi from South African-supported terrorism in Mozambique began in late 1981 and the number of refugees exceed 100,000 by 1983. The massive campaign in 1986 to cut off southern Mozambique from the northern part of the country raised numbers further. However, by far the largest influx came in 1987 when the breaking of proxy control over slave labour tillage and portering prisoners by a government offensive allowed them to flee into Malawi. By mid-1988 over 500,000 Mozambicans were in Malawi, and others were arriving at the rate of 20,000 per month. Even with a return flow of 30,000 - 34,000 a year as rural security improved in certain localities, the numbers in Malawi had swelled to 680,000 by mid-1989.

The costs are fairly easy to identify but very hard to quantify. In a country of under 7.5 million people, over 600,000 destitute or near destitute newcomers concentrated in border areas have created massive overload for already weak basic health, education and water services. While many have attempted to grow their own food, this has increased land shortages and, together with fuel collection, has led to severe ecological damage. The bad 1987 and poor 1988 harvests, combined with a near doubling of the refugee population, created a massive food availability and price crisis in 1988 with a severe impact on the already serious malnutrition levels of the refugees and of poor Malawians.

Most of the cost and the hardship has been "invisible" except to the kin and community households who have assisted the Mozambicans, to the farmers facing increased land scarcity and women confronting increased food prices, no total cost estimate can make any pretense of accuracy. Nor is GDP impact a good indicator of human and social costs to Malawians of the solidarity they have extended to these victims of South African terrorism. For what it is worth, a 1988 cost estimate of \$50 per person comes to \$25 million - with another \$30 - \$50 million likely to have been provided by the international community. Over 1980-83 the pressure was much less severe but it rose sharply thereafter, especially in 1986 and 1987, so that a total period cost of \$100 million is probably conservative.

Indirect deaths as a result of war in Malawi flow from the interaction of general economic weakness, extra transport and defence costs, and the 1987-88 refugee-related food shortages on mortality - on infant and young child mortality in particular via reduced access to primary health care and increased malnutrition. Malawi has had relatively high malnutrition and mortality rates from well before 1980, partly because of the low priority given to food security and to basic health services by the Malawian state. Nevertheless, it is conservative to estimate infant and young child mortality in 1988 at 25 per 1,000 above what it would otherwise have been, implying about 7,500 - 8,000 additional deaths and 25,000 over 1980-88.

GDP loss in Malawi, using a multiplier of 3 in a foreign exchange-constrained economy on trade and transport losses plus one half of defence costs, and adding refugee costs, comes to an order of magnitude of \$550 million in 1988 and \$2,150 million over 1980-88. \$550 million is over 30% of Malawi's probable actual 1988 GDP - a stunning demonstration of the impact of crushing an economy with a transport vice even without sabotage or terrorism on its own territory. The 1980-88 total is of the order of 124% to 133% of actual 1988 GDP.

ZAMBIA

Shock After Shock. Burden Upon Burden

Zambia has been severely affected by South African destabilisation and aggression without having been directly involved in substantial combat at home or abroad. The costs have turned on the continuing need for high level of defence expenditure to protect the country's extensive and vulnerable borders, excess transport and import costs, and lost exports. These have been particularly burdensome because they follow the very severe, similar costs imposed by defence against, and transport rerouting to bypass, the illegal Rhodesian state, and to maintain border security against the South African forces occupying Namibia. and parallel the sustained depression of the world copper market which began in the mid-1970s.

South Africa has launched several murder raids into Zambian cities, nominally against ANC members but most either remarkably ill-targetted or designed to demonstrate force and inspire terror. Pretoria has used minor terrorist gangs (notably the Mushala gang at the end of 1970s and early 1980s) and carried out border raids and mine-laying from occupied Namibia. Over 1987-88 there were many incursions across the eastern border from Mozambique, resulting in lives lost and property damaged or stolen. Lives lost directly were perhaps 100 in 1988 and 750 over 1980-88. Direct physical damage was not large by comparison with neighbouring countries - perhaps of the order of \$10 million over the nine years.

Excess defence costs have been of a quite different order of magnitude, though one which Zambian budget presentation makes it particularly hard to estimate. For 1988 they are likely to have been \$150 to 200 million, and over 1980-88 \$1,000 to 1,250 million, of which about two-thirds represented direct and indirect imports. This is of the order of 10% of government spending and 4% of GDP for 1988.

The loss of Mozambican and Angolan transport links has forced Zambia to continue using South African rail and harbour facilities - which it did not do on a substantial scale before Rhodesian UDI in 1965. The additional cost was about \$40 million in 1988 and \$200 - \$250 million over the 1980-88 period. Buildup in Beira and Dar es Salaam use has begun to erode this cost and Zambia's vital copper is now exported solely through those two ports to the exclusion of South African ports.

Trade costs include the higher prices paid for South African imports, secured by South Africa through the provision of trade credit which, because of its economic debilitation, Zambia cannot procure elsewhere; and exports to other SADCC states lost because their weakened economies can no longer afford them. Together these two items came to perhaps \$40 to \$50 million in 1988 and \$100 to 125 million over the period beginning in 1980.

Zambia's refugee population is usually presented as about 135,000 (97,000 Angolans, 30,000 Mozambicans and about 10,000 Namibians and South Africans) but a more realistic estimate, including those not registered and self-settled or surviving with extended family and community help, is probably over 250,000 - almost 200,000 Angolans and 50,000 Mozambicans. The domestic (including host household and village) cost in 1988 may be of the order of \$10 million and that from 1980-88 \$50 million. Because Western Zambia is very sparsely populated, the land, food and ecology balance problems have been notably less severe than in Malawi, although the eastern border area has some of these problems, albeit on a lesser scale.

Human costs flow primarily from the economic decay and fiscal cutbacks imposed by war costs - as well as the generally unfavourable international context for base metals and cyclical

LESOTHO

Near Total Dependence And Vulnerability

Lesotho is geographically and economically South Africa-locked. It has no significant economic base independent of remittances from up to 400,000 Basotho working in South Africa and import tax revenues, plus (largely South African) tourism. The Highlands power and water project would - by definition - not alter this as South Africa is the basic customer for the water and, at full development of potential, the power. In respect of actual and potential basic productive sectors and employment, as well as transport links independent of South Africa, Lesotho is in a significantly different (weaker and more vulnerable) position than either Swaziland or Botswana with whom it is often lumped.

South African direct military action against Lesotho has taken the form of killer raids, kidnappings and a limited number of sabotage raids. Proxy action has been through the so-called Lesotho Liberation Army and is apparently suspended, unlike the direct intervention. The 1980-88 cost in lives may have reached 500 and in property destruction, perhaps \$5 million. The principal purposes have been to harry South Africa refugees and their friends and to underline dependence through the use of terrorist tactics.

A combination of the customs revenue sharing formula and the excess price of South African exports to a captive market is a small net loss, likely \$10 - \$15 million a year and \$75 - \$100 million over 1980-88. The one-off cost of the 1985-1986 blockade which led to a change in government was probably another \$20 million in terms of lost output.

The basic vulnerability Foundation of apart from beyond transport (which only an airlift costing perhaps \$150 - \$200 million a year could remove) is employment. About 150,000 Basotho are registered as employed in South Africa and up to 400,000 are estimated as the actual total employed there. Remittances are of the order of \$500 - \$600 million a year via banks, in currency and in goods. That sum is equivalent to total gross domestic product. The proceeds are basically spent on imports from South Africa. The combined income and goods dependence has allowed South Africa to coerce Lesotho with limited use of force thus preserving a growing export market and holding the costs of aggression to South Africa to a minimum.

Refugees in Lesotho are South Africans, most of them in transit to safer countries of refuge. The cost burdens are not primarily net financial but traumatic, and for those directly affected injury or death, because the refugees provide a rationalisation for murder raids, kidnappings and threats. Excess defence expenditure is of the order of \$10 - \$15 million annually as of 1988 and about \$75 - \$100 million over 1980-88 with about 80% direct and indirect import content.

GDP loss in 1988 - at full trade and transport costs plus half defence costs and using a multiplier of two since these losses are in foreign exchange and the economy is to a degree forex constrained, plus \$20 million blockade lost output - was of the order of \$30 - \$50 million and over 1980-88 of the order of \$250 - \$300 million. The 1988 loss is 5% - 7% of GDP but because of the combination of vulnerability and fear, this understates the impact on the general population.

SWAZILAND

A Fragile Buffer Zone

Swaziland is a highly vulnerable economy and society, more than one which has to date been systematically destabilised, with two major exceptions. Transport links to Maputo have been systematically sabotaged to deter external trade routing and import sourcing shifts while sabotage to power lines from Cabora Basa dam in Mozambique has an analogous effect on electricity purchases. Terrorism, primarily against Southern African refugees, has created a climate of fear and enforced avoidance of open conflict with South Africa. These murder and kidnapping raids including assassinations have caused about 250 deaths over 1980-88. As with Lesotho and Botswana, the export market capturing arm of the "total strategy" has been dominant.

Parts of South Africa's "total strategy" have provided at least transient gains for Swaziland. South African partial financing and dominant use of the existing and under-construction rail lines linking the Transvaal with Richards Bay and Durban have probably had an impact in offsetting higher costs for transport (about \$10 million in 1988) and power (about \$5 million in 1988), resulting from use of South African facilities instead of South African-sabotaged Mozambican ones.

Similarly, the locating in Swaziland of certain processing and manufacturing facilities (at one extreme, packaging and labelling), both to camouflage basically South African exports and to sell to South Africa, has probably virtually cross-cancelled excess import costs/customs revenues below those of a national indirect tax system - about \$20-25 million a year as of 1988 - with a negative net rate of the order of \$5 million a year.

Excess defence expenditure is of the order of \$10 - \$15 million as of 1988, and \$75 - \$100 million over 1980-88. Net refugees costs, for 25,000 Mozambicans, are probably not over \$2.5 million a year to the Swazi government - nor over \$5 million a year total - as of 1988, but this figure misleads. More than in any other southern African country of refuge, refugees are perceived as taking away semi-skilled jobs and small business opportunities, and raising the crime rate.

Many households would be rendered destitute

This interacts with vulnerability of employment in South Africa - about 20,000 registered, perhaps 50,000 total, with remittances in cash and kind of the order of \$50 million in 1988 - to create a high psychic cost. The macroeconomic implications of employment vulnerability are not massive, but it would be fiscally possible for Swaziland (unlike Lesotho) to provide full back-up employment and food security coverage were massive enforced repatriation to occur.

Total GDP loss to Swaziland (trade plus one half defence times a multiplier of 2 in a forex constrained economy, plus refugee costs) was of the order of \$30 million in 1988 and \$200 million over 1980-88. The 1988 level is equivalent to 5% of GDP. Again, as with Lesotho, extreme vulnerability and fear make this a severe underestimate of actual psychological and social damage, and no guide to potential economic damage which - with systematic repatriation, sabotage and terrorism - could quickly be made massive.

BOTSWANA

The Vulnerability of Success

Botswana, to date, has suffered relatively little physically or financially from South African destabilisation and armed aggression. So far as financial costs go, the main impact would appear to have been a lower build-up of foreign exchange reserves which - at over \$1,750 million (more than two year's exports or one year's GDP) - are adequate. However, in respect to armed attacks, sabotage and transport disruption, Botswana is extremely vulnerable.

South African forces and agents have mounted murder raids into, and crossed the border of, Botswana on numerous occasions. Deaths over 1980-88 are of the order of 100 but the psychological impact (as intended) is much more widespread, including many instances of child trauma in Gaborone. Physical damage is at most a few million dollars. Excess defence spending as of 1988 was running at the rate of \$60 - \$75 million annually with the 1980-88 total \$225 - \$250 million, of which about 80% is direct and indirect import content.

Botswana ^{currently} lacks effective external access other than through South Africa with the real, but limited, exceptions of air and trade with Zambia and Zimbabwe. Thus it is dependent on South African "goodwill", the nature of which has been shown by sporadic delays in petroleum delivery (especially for 90-day reserve establishment) and in meat export handling. This has - together with historic links and membership in the Southern African Customs Union - led to over 80% import dependence on South Africa, with Zimbabwe the only other significant source. However, Botswana is now self-sufficient in electricity generation, except for emergency back-up.

Botswana is acting to assist in financing capacity enhancement at Maputo port and on the Limpopo railway to allow rerouting of trade and resourcing of imports, including petroleum. At the point these ensure transport, fuel and energy availability, the South African threat to expel (drive out) Botswana from the customs union will become a paper tiger. The net cost to Botswana of higher South African prices and of a tariff proceeds (customs transfers) less than what a national customs/excise system would yield is probably of the order of \$50 million a year - \$300 million over 1980-88 - and that of excess transport (Cape Town is not the closest port to most of Botswana and before Rhodesia's illegal declaration of independence about half of overseas trade went via Mozambican ports) perhaps \$10 million - and \$50 million over 1980-88).

Refugee numbers and costs are manageable with Botswana primarily a country of first refuge for Namibians and South Africans. Employment of Botswana in South Africa (perhaps 25,000 registered and 75,000 total) and remittances from South Africa (\$40 and \$80 million a year respectively), creates vulnerability. This is not so much at macroeconomic level but because job creation for these numbers would be difficult at home, although the drought model employment schemes for vulnerable people could be expanded - and financed.

GDP loss for Botswana is probably of the order of \$125 million a year (all trade and transport plus half defence costs) as of 1988 with a 1980-88 total of about \$425-500 million. While nearly 10% of actual GDP, this has not had a multiplier damage effect to date because of a trend growth rate of over 10% and the ability to build up large external reserves. The latter gives some protection against financial but not human or military costs during any transitional period of forced reduction of economic links with or enhanced sabotaged by South Africa). To date, basic service provision (including nutrition and fallback employment) has not been affected significantly by RSA actions.

CONCLUSION

What is to be done?

This study is not primarily about what needs to be done to reduce and to end the burden to the SADCC states. But the sheer scope of that burden - in lost GDP, in fiscal costs, in defence bills, above all in direct and indirect loss of human life - is such as to require that the issue be addressed.

Southern Africa is engaged in a fullscale defensive war against South African aggression with consequential loss of perhaps a quarter of its non-war regional output and of up to 200,000 human lives a year. That is a holocaust and to demonstrate its existence morally requires addressing how the international community can assist in reducing, and ending, that burden.

It is clear - as the southern African states, the OAU and the United Nations have stated - that only the end of apartheid and a transfer of power to democratic non-racial institutions in South Africa can put a permanent end to regional aggression. However that goal lies beyond the scope of this study.

Basically what can be done to assist the SADCC region falls into two categories:

with the independent states of southern Africa and against the apartheid regime in South Africa.

In the first category, some measures are primarily to help these states bear the cost of defence and of binding up the wounds of war, others reduce vulnerability to South African coercion and armed aggression, and yet others deter aggression by raising its cost. In the second, the two goals are to raise the cost of aggression and to reduce the capacity to engage in it. The two fronts are complementary, not alternative. Action against South Africa without parallel (or in some cases prior) support to the SADCC states could leave them vulnerable to additional South African backlash measures.

Solidarity And Support With Southern Africa

The key words in the context of solidarity and support are: survival; reconstruction and rehabilitation; dependence reduction and development; security and defence.

The first three are primarily economic and the last military but that distinction is perhaps more misleading than informative. As already underlined, the survival and economic fronts of the defence and liberation struggle cannot be pursued successfully without coordinated attention to and interaction with the security front. Similarly, on that front the most common needs are for financial and technical assistance and the least common for extra-regional military personnel (except for technical assistance style training and specialist roles).

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Survival for the economies and for millions of human beings in Mozambique and (since the oil price collapse of 1986) Angola requires extensive external backing for emergency programmes. Food and the logistical capacity to move it, basic consumer goods, inputs to restart smallscale agriculture, basic health/education/water supplies and facilities can no longer be funded nationally or out of normal assistance flows because of war.

Mozambique needs \$500 million a year (including 1,000,000 tonnes of grain) and Angola \$200 million (say 300,00 tonnes) above normal developmental assistance because of war. Today, actual disbursement flows are perhaps three-fifths that level in the case of Mozambique and under a third for Angola despite major increases during 1987-88, which may not be sustained in 1988-89.

A related need is refugee support - especially in Malawi where almost three quarters of a million Mozambicans have taken refuge and Zambia, which has almost 150,000 registered refugees but double that number when those "spontaneously settled" are included. About two-thirds are from Angola and most of the rest from Mozambique.

Other countries whose economic and social structures (food supply, border area household living standards, health/education/water services, border area economy, government budgets) are significantly impacted by refugees include Swaziland and Zimbabwe. The burdens on Tanzania while real are lower and on Botswana and Lesotho turn on murder raids against refugees by South Africa more than on financial, food, direct social or ecological considerations. The additional survival need is probably of the order of \$100 - \$150 million a year, including initial rehabilitation and return costs in respect of the 35,000 - 60,000 annual return rate, to parts of Mozambique and Angola, which has built up over 1987-1988.

Emergency and refugee support are essential. Without this hundreds of thousands of human beings will literally perish or be so damaged physically and emotionally as to be permanently deprived of a decent life. But rehabilitation support is necessary to provide a humanly acceptable answer to the questions - "After survival what?" or more bluntly "Survival for what?" Such programmes can build on the logistics, basic service provision and agricultural input supplies of well-designed emergency efforts but they need to go further. This is especially the case because it is the basic service restoration, input supply and other rehabilitation-oriented aspects of emergency programmes which are most severely underfunded (often by 60% - 75%).

The historic divisions between emergency survival, interim rehabilitation and restoration of household earning power potential and development assistance, and between food aid and financial flows, are inherently unsatisfactory. In southern Africa they are potentially disastrous. Over 12,000,000 human

beings (1,500,000 international refugees; 3,400,000 internal deslocados with virtually no ability to produce; 2,200,000 less affected urban and non-urban deslocados with limited access to land, inputs and markets; and 4,500,000 urban dwellers facing food shortages) need to be empowered to produce or to be employed.

This is not a standard agricultural development challenge, both because at least a fifth will not go back to the land (but will remain in their present urban areas) and because restoring a destroyed production base is different than augmenting an ongoing one (more difficult because restarting from near zero and easier because less new knowledge and testing are needed). In urban areas (and for wage employment more generally), the Mozambique "food bank" which uses food aid to meet initial wage, spares, inventories and rehabilitation costs of potentially viable and expansible enterprises is an example of one creative link between food and financial - survival and rehabilitation -assistance programming.

Because of overlap with emergency and developmental assistance needs, and the uncertainty of how a possible reduction in aggression will progress, it is impossible to quantify this sector's requirements precisely. If one assumes that within three years the power to create chaos can be consequentially reduced beyond limited areas, and that major South African regular forces incursions will also cease, then over 1989-1992 perhaps \$1,250 million spread over 1990-93 (\$100 per rural, and \$150 per urban, "rehabilitado" excluding basic physical infrastructure and medium/large scale enterprises) is a conservative estimate of need.

Over the same period, on these assumptions, the emergency and refugee requirement would fall from the order of \$1,000 million annually (of which \$350-400 million is now met) to perhaps \$250 million annually so that the combined survival/rehabilitation requirement might be \$1,150 million in 1989, declining to \$600 million by 1992. For cooperating partners, and especially for the inhabitants of the region, there would be a substantial peace dividend.

seasonal
However, to the survival/rehabilitation needs must be added the costs of South African expulsion of regional workers. For Lesotho - which has registered, unregistered and illegal migrant workers in South Africa numbering 300,000 - 400,000 (40% - 50% of the adult population) the issue is one of national survival. Import capacity, food availability, government revenue and household incomes depend on the \$500 - \$600 million earned in South Africa and the half as much remitted (in cash or goods, formally or informally) to Lesotho. To avert social and economic collapse, through a massive reduction in employment South Africa, requires both financial transfers (to meet macro external and budgetary requirements) and meaningful labour-intensive employment creation (to preserve household incomes).

The same is true at household income level for southern Mozambique. The numbers of people working in South Africa may well be 200,000 with total incomes of the order of \$300 - \$400 million and formal plus informal remittances \$150 - \$200 million. While less crucial relative to GDP and imports than for Lesotho, the macroeconomic importance of the remittances is substantial. At \$60 - \$75 million, their official component is up to a third of Mozambique's total war-ravaged external earnings (30-35% remittances, 40-45% goods, 25-30% services).

Developmental and dependence reduction support needs directly related to the price of Pretoria's actions are presented in some detail in SADCC's Programme of Action. They total of the order of \$7,500 million, potentially implementable over five years of which somewhat under 10% has been invested and perhaps 25% more is in process or funded. The 1988 Arusha SADCC pledge level of somewhat over \$1,000 million, remains well below any optimal floor (say \$1,500 million), is unbalanced among priorities by sub-sector and country, and is at least twice the lagging (albeit rising) rate of actual disbursed resource flows.

The immediate key areas are transport and power. Continued and enhanced upgrading of the Beira and Dar es Salaam port corridors, rehabilitation of the Maputo-Zimbabwe Limpopo railway, plus the Nacala port corridor and the Maputo-Swaziland routes will break South Africa's transport vice on the independent states. The cost of the key components over four years may be of the order of \$650 - \$750 million plus pipeline and tank car enhancement of perhaps a tenth as much. To complete rehabilitation of the pre-1965 regional transport net requires reopening the Lobito Bay (Benquela) port corridor and the Beira-Malawi route at a priority item cost of about the same order of magnitude over the period 1990-1993. That timing is partly determined by transport logistics priorities but also by the rate of progress on the security front, which has been slowest on the Lobito Bay route because of the level of South African and other support.

Power dependence reduction needs turn primarily on linking Cahora Basa to main Mozambican and Swaziland markets (\$150 million plus security costs), secondarily on linking Botswana to the Zimbabwe-Zambia grid (\$25-40 million), and finally on completion of the Oxbow domestic power project - not Highlands which is South African-linked - in Lesotho (\$50 million). All are technically feasible and, subject to effective security, economically viable - as are the main transport projects.

Beyond these SADCC Programme of Action components, the main structural/dependence reduction cooperation needed relating to eroding the price of Pretoria falls in the technical assistance, joint venture and trade (revolving fund) credit areas. South Africa under pressure will reduce imports from, and import-intensive exports to, southern African countries even if it does not apply total trade sanctions against them (or they against it).

and be comparable levels indicated at Luanda in 1989.

Except for Lesotho, the basic problems are transitional and institutional orientation ones. South Africa is on average a high cost supplier of goods available elsewhere, including in the region. It is not a dominant (except for Lesotho) nor a particularly lucrative export market and redirection, including to the region, is practicable for most of the exports at risk.

However, resourcing and redirecting requires both knowledge and institutional capacity not now available at adequate levels, especially in Swaziland, Botswana, probably Malawi and, to a lesser extent, Zambia. To achieve resourcing and redirecting speedily, and at a low transitional cost (the final outcome should be net gains both to the southern African states and to alternative suppliers notably EEC members, Japan and Korea) requires:

- a. technical assistance to build up data banks and collection capacities (in commercial enterprises and for their use even more than by or for governments);
- b. selective creation of joint ventures between domestic investors (public, co-op or private) and foreign trading houses;
- c. reorientation and upgrading of external telecommunication links to provide data and service enterprises;
- d. revolving credits to cover the initial import cost of exports - whether global or regional - until export proceeds are received.

The first category might cost \$25 - \$50 million over five years - identifying what to do and with whom is probably more difficult than finding finance once what is to be done is agreed. The second is a mutually beneficial investment not an aid item, albeit Northern government encouragement and provision of incentives and insurance schemes would be helpful.

The third category is largely in hand (so far as facilities are concerned) within SADCC's telecommunications sub-sector which has a record of rapid on the ground progress and of ability to mobilise external and domestic finance. Similarly, the SADCC/Nordic coordinated national schemes initiative (totalling perhaps \$50 million initially) and the Zimbabwe and Tanzania national scheme expansion proposals (totalling perhaps \$100 million) would go far toward meeting needs in the last category.

Lesotho is a special case because it is not merely landlocked but South Africa-locked and because its basic export is labour to South Africa with exports of goods paying for under a tenth of goods imports. Significant resourcing would require an airlift (perfectly feasible technically but at a cost of perhaps \$150 - \$200 million a year) and the export risk is primarily forced return of migrant workers.

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In all four areas action now is a priority. First, all the proposed actions (except in respect of Lesotho) are economically desirable even in the absence of regional war. Second, building a data base and creating institutional capacity takes time and should therefore be done before, not after, increased restrictions on trade with South Africa - by whomever imposed.

However, economic cooperation without defence cooperation cannot be adequate in southern Africa. The general arguments as to a trade-off between military and developmental expenditure do not apply in the context of a war of defence against aggression any more than they did in the UK and USA during World War II.

There is a growing acceptance of this fact by the international community. Indeed its scope may be greater than it appears - "non-lethal assistance", "protecting development projects" and "multi purpose assistance" are emerging as terms of art, especially in relation to Mozambique. However, ~~was~~ a more open and overall defence need-oriented approach might be preferable - if the cooperating partners mean what they say about terrorism and murder being run from South Africa then the normal reasons for concealing or being shy about police and military assistance do not apply. That position was taken quite strongly by the SADCC inter-Christian Council participants in an early 1988 conference with their Nordic counterparts. They largely convinced the Nordic churches, who, historically had always been at the core of resistance ~~to~~ bilateral security involvement by their countries. ✓

The basic and near universal defence cooperation needs are for finance and training. In one sense, the finance is not needed so much for defence as to replace funds (and foreign exchange) necessarily diverted to security votes, and within defence is often especially urgently needed for clothing, food, medical supplies, shelter and transport rather than arms and ammunition. Training needs vary but are nearly omnipresent at sophisticated and technical levels, and are significant in some cases even for basics. Trained, clothed, fed, sheltered, transported southern African troops even with only moderately sophisticated equipment have the morale and ability to defend their population and to change the balance of that warfront, as demonstrated in Mozambique since 1986.

However, equipment is also needed. Except in the case of Angola, this equipment need not be quantitatively or qualitatively comparable to that of South Africa but up to and including helicopters, light armoured vehicles, transport aircraft and coastal patrol units. None of this is security sensitive in any normal sense of exporters, any middle-level armed forces know the technology. In Mozambique, mobility, fire power and communication has been central to turning the tide of battle, yet neither Mozambique nor Tanzania (which in fact has no combat helicopters) has been able to afford enough and the crippling burden that buying and fielding them has imposed on the Zimbabwe economy has been discussed earlier.

The need - and indeed desire - for non-regional military personnel beyond trainers varies widely. Because it faced a direct South Africa main line forces invasion, Angola has had to rely on Cuban fighting units to complement its own. There is, to date, no comparable case - Mozambique has relied on its own and its neighbours (Zimbabwe, Tanzania and, since 1987, Malawi) for all combat personnel and the other states have, to date, not needed external combat personnel.

An intermediate category worth serious consideration would, in some cases, be border protection and cordon units fielded under a multi-national umbrella, e.g. United Nations or Commonwealth. The obvious case is on Namibia's Orange river boundary after independence, but the borders of Mozambique and of Botswana with South Africa are others to which this type of solidarity might be useful. Except in the case of Angola, South Africa has been unwilling to use regular armed forces units openly and undeniably, except for commando attacks and assassination raids. Cordon forces could reinforce that unwillingness, help interdict support for terrorism and sabotage, and make cross-border raids harder to mount and more costly.

This section has dealt exclusively with what the global community should do. That is not because the primary responsibility for survival, development and defence lies outside southern Africa. SADCC, the FLS and their members would be the first to reject that assertion. Rather it is that the FLS and SADCC are coordinating regional response and defences, and national governments do prioritise survival, reconstruction and defence but that - largely as a result of up to 14 years of armed aggression - all lack adequate resources to do the job without external support.

Against Pretoria's Apartheid Regime

Action in support of victims - even including direct assistance to their defence capacity - is not a substitute for action against Pretoria but is complementary to it. Such action falls under three main heads: commercial sanctions, financial disengagement and publicity (for liberation and against apartheid oppression).

Sanctions by themselves will not end either apartheid nor regional aggression. What they can do is complement internal resistance and southern African self-defence (military and economic), thus reducing the apartheid regime's ability to do harm and shortening its external reach as well as its domestic life expectancy. They can no longer serve as a prophylactic against violence - South Africa has been engaged in violence for many years against black South/southern Africans (including Namibians), and the white South/southern Africans who are in solidarity with them. They can reduce costs, save lives and save time lost before regional aggression and apartheid are wound up.

Commercial sanctions range from boycotts of specific products or companies led by voluntary organisations to compulsory, total national sanctions. At all levels these have been endorsed by United Nation General Assembly resolutions stretching back over two decades. Within that broad frame are six sub-categories of particular relevance: military hardware and software; dual purpose equipment; petroleum; certain exports and particular company links, transport and telecommunications.

South Africa's regional strategy requires air superiority over its neighbours and the loss of that superiority in southern Angola led to negotiated withdrawal of regular South African forces. The Security Council resolutions embargoing military equipment and technology sales need to be enforced. Their leakiness on equipment allows South Africa to buy second-hand jet aircraft and engines. On the technical side the leaks allow the production of avionics and upgrading of engines and armaments typified by the reconstruction plant opened in 1987 to turn old Mirage 3's into modern Aphir look-alike Cheetahs. Similar leakages apply to artillery, vehicles and warships and to the technology for producing them.

Clearer embargoes on dual purpose equipment are needed combined with serious articulation to enforce them. Virtually all nuclear equipment, planes, ships, vehicles, computers and much sophisticated communications, electronics and advanced machine tools - and the know how and reproduce them - fall into this category. In other cases, such lists have proven to be articulatable and reasonably enforceable. What is lacking to date in the case of South Africa is the will and the priority - not the feasibility and the method.

Nominally all major petroleum export producers ban petroleum and products sales to South Africa. This has raised costs to Pretoria - dramatically over 1979-85, for which period South Africa estimates higher oil import bills plus coal to oil plant capital and excess (over petroleum-based refined products) and operating bills at over \$20,000 million. However, producers do not have either adequate knowledge of or control over petroleum movements after they cross their boundaries to have cut physical availability drastically. Here a mandatory Security Council resolution and a data collection/flow monitoring unit are needed. With them costs would rise and flows fall even if some evasion would doubtless take place.

As one major oil trading company (second-hand spot oil dealer) has already withdrawn because pressure from sectors of the public and other customers more than offset the profits on South Africa business, it is likely that, with such a resolution and data centre, most large second-hand spot traders and virtually all major integrated petroleum companies would see South African business as no longer commercially attractive because of the risks of fines and, especially, of loss of other business.

Export sanctions are complementary to import blocks. Coal, metals other than gold, diamonds (readily identifiable as to sources and traded at uncut level primarily via a British-based set of companies most of whose turnover is not South African), fresh and processed foods, iron and steel and other manufactures are by and large moderately easily identifiable. However, a backup service to monitor ship and cargo movements and suspect items and their documentation is needed. An overseas customs inspector, unless alerted what to look for, may well pass South African goods exported under fraudulent invoices with forged port stamps (as is already happening).

products Targetted, non-governmental pressure on particular companies or ~~products~~ can be important - as it has been in respect to banking and may soon become in respect to petroleum. For most major enterprises, south African transactions are a small portion of their business. If keeping them causes loss of significant other business, or even a risk of such loss plus a constant need to issue defensive explanations of why they do business with South Africa, such companies will drop the South African transactions and, even sooner, disinvest from south Africa. For them the issue is not morality but common business prudence.

Transport and telecommunications sanctions, even if loopholes remained, would both erode the South African economy and bring home their isolation to South African backers of, or acquiescers in apartheid. The end of international air, telephone and telex services would send a message to every white South African. A ban on shipping movements, backed by satellite monitoring and enforcement in ports of sanctioning states, would have a major disruptive impact on South Africa's external trade and capacity to produce, even though third party routings and other leaks would exist.

To expect southern African states to take the lead in imposing sanctions is absurd. In the first place, their actions by themselves would not hit any of the key areas except manufactured and food exports and, therefore, would be of limited effect. Second, several of these countries cannot do so until the measures discussed under solidarity with them have come to fruition. For example, Mozambique requires a Cahora Bassa-Maputo transmission line before it can halt power imports from South Africa. Third, because South Africa will try to re-export part of the cost of sanctions against it to its neighbours, a part of any sanctions programme should be measures to offset the cost of such action to southern Africans along the lines discussed above.

It is strong economies whose South African interests are secondary to them, but important to South Africa, who should take the lead - not weak ones whose South African links are secondary to South Africa but critical to themselves.

In any case, the claim that southern African states are in general eager to trade with South Africa does not stand up to examination. Angola and Tanzania operate total sanctions; the defence budgets of Zimbabwe and Zambia are convincing evidence of their commitment against apartheid; Botswana has contributed to the cost of Mozambican rail and port rehabilitation and defence to enable it to switch external trade links and routes; the King of Lesotho has squarely recognised the moral nature of the call for sanctions and said he does not and cannot oppose it but asks only that the fallout on Lesotho to be recognised and measures taken to protect Basotho.

Financial disengagement from South Africa has proceeded rapidly. It has little to do with mandatory sanctions, a good deal to do with home country, non-governmental pressures and general downward revision of estimates of South loan and investment attractiveness and most of all to do with the performance and prospects of South African economy. The reasons do not alter its effectiveness: without net financial inflows South Africa cannot finance its war machine and output growth equal to that of population; without close external corporate links it cannot keep its technology up to date - a military as well as an economic necessity. The lack of access to IMF or commercial bank credit triggered draconic demand cutting measures in mid-1988 because without credit access almost instant correction of the first quarter's external trade balance was required. Here sanctions interact - by reducing export, import and growth prospects they further reduce the attractiveness of loans and investment, cut down on external economic support groups for South Africa and tighten external constraints on it.

The agenda now is one of consolidating what has happened. Realistically there is and will be no IMF voting majority for new drawings, as South Africa perceives or it would have sought one in mid-1988. Similarly, commercial banks, with few exceptions, seek to reduce their medium and long term loan exposure and will continue to do so. Many major investors have drawn back (because of home hassle and South African profit falls more than changed perspectives) and very few are coming in or bringing in new money. National legislation could help ensure there is no reversal of these trends.

It could also break new ground in respect to revolving trade credits. South Africa has preserved these to date and with its present and probable future low reserves would be severely impacted if it had to go on a cash basis.

Publicity is a field in which South Africa has used its greater funds and specialist personnel to some effect to muddy water and raise dust in response to criticisms - and has also limited access to information. Support is needed to southern African states, to independent news and telecommunication bodies and (by data banks) to journalists and researchers generally.

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The Commonwealth's Okanagan proposals in this regard should be acted on promptly; a similar resource mobilisation effort should be mounted by UNESCO, and Northern governments opposed to apartheid should fund independent and southern African data collection, analysis and dissemination.

South Africa is unable to refute the facts or to defend its regional actions when they are coherently explored and presented - as evidenced in its silence when Children on The Frontline showed 500,000 children and infants were dead and \$25,000 million production lost in the SADCC states over 1980-86 as a result of its regional policy of destabilization, aggression and international terrorism.

Closing South African information or disinformation offices and not listening to statements from their diplomatic corps is a hotly contested issue. A legitimate case can be made against, as well as for, such action. What cannot be justified is allowing information and diplomatic offices for and visits by officials of its proxy groups. It has been well documented that these are not independent, indigenous movements but instrumentalities of the Republic of South Africa, and part and parcel of its military special forces. To expel them is not a matter of ideology but of combatting international terrorism by proxy.

The Costs Of Action - And Inaction

The total annual cost of solidarity measures discussed above might be of the order of magnitude shown in Table 6 below:

Table 6
The Cost of Action
in Support of Southern Africa
(in \$ million)

(Delete 1992
()?)

	<u>1989</u>	<u>1992</u>
Survival/Emergency/Refugee	1,000	(250)
Rehabilitation	150	(350)
Employment (to offset probable levels of RSA expulsions)	250	(200)
Dependence Reduction and Development	1,500	(1,250)
Defence Solidarity	500	(500)
Trade Redirection	75	(50)
TOTAL	3,475	(2,600)

Of that amount, perhaps \$1,000 million is being provided now. The additional cost of \$2,475 million initially, declining to \$2,600 million in the fourth year of a successful programme, is not small. It is larger than total present gross provision of external funding (excluding technical assistance) to the region which is of the order of \$2,500 million a year.

But this cost is not the price of Southern African mistakes or even of global economic forces. It is the price of Pretoria - the costs of the regional portion of the "total strategy" of the universally condemned apartheid regime. It is low compared to the cost of the status quo to southern Africans now running on the order of \$10,000 million lost output and 200,00 lost lives every year.

Clearly the costs would not cease when regional aggression - or even apartheid - did, either for southern Africans or cooperating partners, but they would decline substantially. Similarly there are offsets for cooperating partners, funding of this order would in practice raise imports from outside the region by a comparable amount initially and more over time as exports and imports financed from them were rebuilt.

The net (as opposed to gross) cost of the measures against South Africa is indeterminate not merely as to amount but as to sign. There could, especially in the medium and long term, be a net economic gain. The costs of redirecting exports and resourcing imports away from South Africa are likely to be small for all major economies. Specific, not major macroeconomic, costs and adjustment problems are at issue comparable perhaps to those of a 1/4% alteration of interest rates. Investment in and loans to South Africa are increasingly "high risk/low return" as the total strategy in defence of apartheid runs the economy into the ground.

The costs of trade and investment losses now need to be set not only against the gains of enhanced trade with and investment in southern Africa, but on those from speeding up the day when a post-apartheid South Africa becomes a viable, expanding economic partner - and reducing economic decline or destruction before that day. Many enterprises have quite literally concluded that apartheid is bad business and acted on that conclusion. There is an even stronger case for states concluding and acting likewise.