

**Social Development
and
Urban Poverty**

**Proceedings of a Workshop
Held at the Kentucky Hotel,
Harare, Zimbabwe**

22 – 26 February, 1993

**School of Social Work,
Zimbabwe**

Social Development and Urban Poverty

**Paper presentations and edited proceedings of a
Workshop held in Harare, Zimbabwe
22nd – 26th February, 1993**

edited by Nigel Hall

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Aims and Focus of Workshop

Workshop on Social Development and Urban Poverty

Dates: February 22 – 26, 1993

Venue: Kentucky Airport Hotel, Harare, Zimbabwe

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Participants: To be drawn from Southern African countries: Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe. Also participants from University College, Swansea.

Aims of the Workshop:

- a) To discuss issues of social development with specific reference to urban poverty.
- b) To facilitate an exchange of experiences on problems of poverty in southern Africa.
- c) To examine the social consequences of structural adjustment programmes, especially as they relate to urban poverty.
- d) To discuss the implications of urban poverty for social work education and practice, in particular, fieldwork.

Focus of the Workshop:

- The Workshop will focus on the problem of urban poverty, looking at issues such as definition of problems, intervention strategies, social policy, the way forward, analysis of students' experiences while on fieldwork, etc.
- Country structural adjustment and economic reform programmes will be reviewed.
- The Workshop will also address the issue of popular participation and accountability, with the objective of making central and local governments more accountable than they are.
- Specific services such as housing, health, community services, personal social services, social security, research, etc, will be evaluated in their relation to urban poverty.
- Fieldwork, with its implications for social work education and practice, will be examined.

Papers will be two-pronged:

- a) Focus on country with discussion of urban poverty, extent of problem, intervention strategies, etc.
- b) Focus on fieldwork regarding its role in training social workers and urban development; and social development training with special reference to fieldwork.

“The Structural Adjustment Economic Reform Programme and Urban Poverty in Malawi”

Milton Kutengule *

LIST OF ABBREVIATIONS

ADMARC	Agricultural Development and Marketing Corporation
ESCOM	Electricity Supply Commission of Malawi
NSO	National Statistical Office
SAP	Structural Adjustment Programme
SDA	Social Dimensions of Adjustment
SSA Region	Sub-Saharan Africa Region
THAs	Traditional Housing Areas
Unima	University of Malawi

Introduction

Malawi is a small land-locked country in the southern Africa sub-region. Its population was in 1991 estimated at 7.9 million of which about 11% lived in urban areas (NSO, 1991:71). Its economy is based on agriculture which has two sub-sectors: estate agriculture which caters for the export of tobacco, tea, sugar, and certain cereals, and smallholder agriculture.

This paper discusses the impact of the structural adjustment policies that Malawi has implemented since 1981, on the urban poor. It recognises the fact that lack of comprehensive data on income and expenditure patterns in urban households makes it difficult to determine the nature and causes of poverty in Malawi's urban areas. This also causes problems in identifying the poor, although rural poverty has been attributed to landlessness, rapid population growth, low farming technological adoption, lack of employment opportunities and low levels of human capital, (House and Zimalirana, 1992:18). This paper examines the changes in living conditions that have taken place among people in the urban areas during the adjustment period. In particular, it considers diminishing employment opportunities, declining real wages due to a high rate of inflation, and the rising costs of food, energy and fuel, housing and clothing, as factors that have worsened urban living conditions in Malawi.

The paper has drawn heavily on a five-year longitudinal research study that has been conducted by the University of Malawi's Centre for Social Research in their effort to monitor changes in the living conditions of the urban poor during the adjustment period. In addition to this, reference has been made to some publications by Malawian academicians, development practitioners, and officials of donor agencies. My own practical observations have also influenced the discussion. It starts with describing the characteristics of the Malawian urban poor; a review of the Structural Adjustment Programme in Malawi is then conducted and the impact of the policies implemented under the programme on the urban poor then examined. In this regard, it is observed that Malawi's poverty has been compounded by the structural adjustment policies of the 1980s. Finally, possible policy interventions to mitigate the effects of adjustment on the poor in the urban areas are proposed.

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The Urban Poor in Malawi

Lack of data on the occupational distribution of the urban and rural populations poses problems in determining the extent to which the urban poor have been affected by structural adjustment policies in Malawi. However, preliminary results of the 1987 Population and Housing Census indicate that the population of Malawi grew at the rate of 3,7% per annum, while the rate of urbanisation was estimated at 6,1% per annum between 1977 and 1987 (NSO, 1991). The question that remains to be answered is whether urban poverty has risen due to rapid urban population growth or the adverse effects of the adjustment policies implemented during the latter part of the inter-censal period, or a combination of these two and any other factors.

In the urban areas, the poor tend to live in traditional housing areas (THAs) and squatter settlements. These areas are poorly provided with social amenities, electricity, sanitation, water and communication facilities. They spend a large proportion of their income on food, much of which is of low nutritional value. They lack gainful employment opportunities and they may be either unemployed or disguisedly unemployed in the informal sector and their earnings generally fall short of their expenses (Roe, 1992).

Structural Adjustment and Economic Reform Policies in Malawi

Malawi's real economic growth was favourable in the 15 years following the attainment of Independence in 1964. The economy registered an average annual growth rate of 6,1% between 1964 and 1978 and this rate fell to about 1,3% between 1978 and 1980 and it virtually stagnated between 1980 and 1982 (Mulaga in Unima, 1990: 22). This generally declining economic trend was also manifested in other macro-economic indicators, such as employment creation, export growth, declining fiscal and balance of payments positions, low industrial capacity utilisation and a high rate of inflation, which peaked at 31,5% in 1988, although it averaged 14,7% per annum over the 1980s (World Bank, 1992:218). This decline in economic performance was largely due to a number of external shocks such as:-

- a) rising import prices especially for fuel, while export prices fell, resulting in a major deterioration in the terms of trade
- b) rising transport costs due mostly to the disruption of the traditional trade routes through the ports of Beira and Nacala in Mozambique, and
- c) severe droughts in 1980 and 1981 which caused a decline in agricultural output and export volumes, which resulted in the country importing large quantities of maize.

While the decline in Malawi's economic performance can be attributed to these external factors, there also existed major structural weaknesses in the economy, such as the narrow export base, stagnant smallholder agriculture, heavy import dependency in the industrial and energy sectors and inefficient public enterprises.

To redress the situation by stimulating suitable economic growth, SAPs have had to be implemented from 1981 to date in collaboration with the World Bank and the International Monetary Fund. The major SAP policy instruments sought to:

- a) reduce or eliminate subsidies on fertilizer, education, housing, health services and food (especially maize meal)
 - b) increase the role of market forces in the economy by enhancing the role of private traders and instituting price de-control and licensing liberalisation measures
 - c) diversify the export base
 - d) maintain an active exchange rate policy through devaluations of the Malawi Kwacha
-

- e) promote efficiency in loss-making parastatal organisations such as the Agricultural Development and Marketing Corporation (ADMARC), Air Malawi, the Electricity Supply Commission of Malawi (ESCOM) and the Malawi Railways
- f) promote the role of private traders in marketing smallholder agricultural produce, and
- g) reduce fiscal and balance of payments deficits.

The Impact of the Structural Adjustment and Economic Policy Reform Policies on the Urban Poor in Malawi

The SAPs that Malawi has been implementing have not been monitored in a comprehensive manner, particularly with respect to their impact on the urban poor. Except for the studies carried out by the Centre for Social Research, there are no systematic data sources that can be used to establish causal relationships between the implementation of structural adjustment policies and the incidence of urban poverty. Despite this problem it is almost certain that these policies have compounded the falling socio-economic conditions of the urban poor. The declining living conditions of these people are evidenced by the decreased employment opportunities for the burgeoning urban labour force, declining real wages, rising food, fuel and housing costs and the declining quality of social and physical infrastructure, especially in the areas where the poor live. All these conditions undermine the living standards of the poor. The discussion below examines these conditions, in relation to the structural adjustment policies.

Diminishing Employment Opportunities

a) Employment and Earnings

The employment situation in the SSA Region deteriorated during the 1980s due to economic decline and an overwhelming rise in the supply of labour that was created by rapid population growth (Oberai, 1992: 65). With the deep recession of the 1980s, the employment generating capacity of the formal and informal sectors had lagged behind the increasing labour force.

In reaction to this discrepancy between demand for and supply of labour, markets have adjusted largely through a decline in the real wage (without necessarily creating unemployment) on the one hand and increased under-employment or disguised unemployment, particularly in the public sector. In Malawi, for instance, most urban poor households had the household head working in the skilled or semi-skilled employment in the services industry where the average monthly wage was K98,11 in Lilongwe and K99,76 in Blantyre in 1988. In the informal sector, 30% of household heads in Lilongwe and 22% in Blantyre had at least one income-generating activity which was an important survival mechanism (on top of formal employment) for the urban poor (Unima, 1990:51). These small businesses earned the household heads an average monthly income of K69 in Blantyre and Lilongwe, while 45% in Lilongwe and 40% in Blantyre earned less than K40. In the absence of sufficient capital to expand (or compete in) these businesses, some resort to negative survival mechanisms as economic pressures intensify. It is little wonder then that such people were reported to be switching to smuggling, prostitution, thuggery, drug-trafficking and many other criminal acts (Unima, 1990).

Unemployment level statistics are rare in Malawi and so it is difficult to come up with figures that explain changes in unemployment with respect to the structural adjustment process. Much of wage employment in Malawi is provided by the public sector and the transnational corporations. Employment opportunities must have fallen during the adjustment period due to the reduced industrial capacity which resulted from a lack of foreign exchange for the purchase of imported spare parts and raw materials for the industrial sector.

Structural adjustment policies contributed to this situation through the devaluations of the Kwacha which made Malawian imports very expensive without increasing export earnings. Again, public sector 'austerity budgets' required a reduction in the wage bill by refraining from staff recruitment (Malawi Government, 1988:137). Similarly, retrenchments implemented in the restructuring of such loss-making parastatal organisations as ADMARC, Air Malawi, Malawi Railways and ESCOM resulted in massive job losses (Roe, 1992:5). Unemployment worsened poverty and its related evils such as prostitution, drug trafficking, thefts and burglary and drunkenness, all of which weakened the social fabric of life. The restraint on recruitment for the civil service also created serious unemployment among secondary school leavers and university graduates, a phenomenon of the 1980s.

Inflation and Declining Real Wages

The devaluation of the Kwacha, the increased transport costs, price de-control and the introduction of private traders in smallholder agricultural produce marketing, have contributed enormously to the very high levels of inflation in the 1980s. It has been estimated that inflation reached its peak of 31,5% by 1988 (see Table 1 below). Consequently, real wages declined from an index of 100 in 1980 for the non-agricultural sector, to 67,1 in 1986. This category of wages includes the urban wages (House and Zimalirana, 1991:29-35).

The declining trend in real wages is believed to have continued until May 1989 when the legal minimum wage rose by 126% in rural areas and 98% in the cities. Sahn estimates that the adjustment programme had caused the doubling of the 1983 price of maize by 1988 (Sahn, et al, 1990:106-107). The discrepancy between the price and wage indices means that wage earners, especially the urban workers, needed to work more hours than they used to work before adjustment, in order to be able to purchase a unit amount of food. Alternatively, they could do the same amount of work but reduce consumption of food. Both options imply that SAPs brought about tougher living conditions for them.

However, the inflation blow eased slightly following the launching of the Industrial and Trade Policy Adjustment Credit (ITPAC) in 1989 under which funding was made available to facilitate procurement of industrial inputs, thus increasing industrial capacity utilisation (Malawi Government, 1989a:22).

The inflation which was above real incomes was fuelled by two major policy instruments under the structural adjustment programme: the persistent devaluation of the Malawi Kwacha and price-decontrol. Devaluations make exports cheap and imports rather expensive, and the fact that Malawi's export earnings are always lower than import costs due to high transportation costs and massive inputs of industrial materials and supplies, fertilizers and petroleum products, which could not be controlled under the SAPs as they are the basic inputs into the country's productive system. The devaluations, coupled with price decontrol only created the precedence for a general inflation which rose to 31,5% by 1988 (Kandoole in Unima, 1990:17).

**Table 1 - COMPOSITE RETAIL PRICE INDEX
1980 - 1988 (1980 = 100)**

YEAR	INDEX ¹	INFLATION RATE
1980	100	—
1981	110,4	10,40
1982	120,0	8,79
1983	136,2	13,41
1984	151,2	11,01
1985	173,8	14,95
1986	199,7	14,90
1987	252,9	26,70
1988	332,2	31,50

Source: (NSO, 1992)

¹ The Index refers to the cities of Blantyre and Lilongwe

The Department of Economic Planning and Development has also illustrated that real wages in the cities of Blantyre, Lilongwe, Mzuzu and Zomba have declined while the inflation has risen tremendously. It observes that:

“the purchasing power of low income households (in these urban areas) is being severely stretched and many households probably are not able to afford even the minimum amount of maize needed to satisfy basic nutritional requirements” (Malawi Government, 1989b:11).

The decline in real wages can be attributed to Government's reluctance to substantially increase wages for fear of worsening its own deficit under the SAP arrangement, in addition to the high levels of inflation. In essence, the importation and local production of consumer goods, inputs, and services became more expensive under SAPs and these costs were transferred to consumers in the form of high prices, thus reducing real consumption and in some cases even reducing industrial capacity utilisation. In addition, capacity under-utilisation itself implies unemployment.

Food Costs

It has been estimated that in 1989, average monthly expenditures were K129,71 in Lilongwe and K122,7 in Blantyre which exceeded average household incomes estimated at K108,7 and K109,8 respectively (Unima 1990: 51), but of these incomes, household food expenditures were estimated at an average of K59 in Lilongwe and K61 in Blantyre, which are 45,5% and 49,7% of total monthly household expenditures, respectively. However, in 1980, NSOs Urban Household Expenditure Survey found that 23% and 26,3% of total low income household monthly expenditures were on food in Blantyre and Lilongwe, respectively.

This increase in the household budgetary allocation to food would reflect the increase in food prices and a decline in real wages, since theoretically, as food is a basic necessity, the proportion of income spent on food would be expected to decline as incomes rise and vice versa. The implication

here is that poverty increased between 1980 and 1988 when devaluations and price decontrol reduced real wages drastically (see Table 1 above). In an effort to meet other cash requirements, households have switched to less nutritious foods and also decreased expenditures on other goods and services such as education, health, clothing, transportation, entertainment and many others.

Furthermore, under the SAP, the privatisation of smallholder crop marketing has led to the closure of uneconomic ADMARC food markets and the reduction or removal of ADMARC's subsidy on fertilizers and milled maize meal. The price of maize meal rose by 90% in 1990, while minimum wages were not raised and maize has gone beyond the means of most poor urban households at the ruling minimum wage levels (Roe, 1992:83). Pressure on households to secure food at high prices has led most urban poor to open up maize gardens in the urban as well as rural areas. It has been estimated that about 70% of poor urban households had a garden at home as a survival mechanism during 1989 (Roe, 1992:132). While low food production may have resulted from poor weather in some years, over the adjustment period these economic reforms have contributed to a rise in food prices.

Fuel Costs

It has been estimated that poor urban households in Malawi spend the second highest share of their expenditures on fuel and energy (Roe, 1992: B1). In most urban poor households, wood and charcoal are used for cooking while paraffin is widely used for lighting, and very few would be connected to electricity supply. With the rapid population growth in Malawi deforestation is rising and the cost of collecting fuelwood has risen and so has its market price. Consequently, most poor urban households' women go and fetch firewood from more and more distant bushes and this is done at the expense of other household chores such as child care, cooking and others if they cannot afford the very expensive firewood that is brought to the urban and peri-urban residential areas on push bikes every morning. As regards paraffin, this fuel is sold at filling stations, in groceries and also in the poor residential areas by young men who carry it in gallons.

The paraffin that is sold by the petty traders tends to be more expensive than that bought at filling stations which is sold at state-controlled prices. However, many poor urban residents do not find it convenient to buy paraffin at the current price of K1,60 per litre. Hence they buy the minuscule quantities sold in the residential areas. Since paraffin is imported, devaluations of the Malawi Kwacha have tended to raise the Kwacha price of paraffin. As devaluations have not been followed by proportionate salary increases, the range of paraffin uses has narrowed down to domestic lighting.

In view of their financial constraints, poor households respond to fuel price increases by using Chibuku and Napolo beer cartons, sawdust and other combustible materials for cooking. They are also prohibited from cooking and boiling contaminated drinking and washing water as much as they would like (Roe, 1992:89-90). This also leads to less meals being cooked in a day, thus rendering these households susceptible to poor health and nutritional standards.

Housing

In the above study, housing was reported as the third largest expenditure item in poor urban areas in Blantyre and Lilongwe, claiming about 11,6% of total expenditure in 1989 (Roe, 1992:78). Most of the urban poor live in the traditional housing areas and squatter settlements such as Ndirande, Bangwe, Mbayani, Kawale, Mchesi, Area 25, Chinsapo and Mtandire in Blantyre and Lilongwe. These are poorly serviced with water, electricity and sanitation. They are also largely inaccessible due to poorly developed physical infrastructure. Roe estimates that rent in these areas increased by approximately 35% between 1989 and 1992. This was due to rising prices of plots and such

construction materials as cement, roofing materials, and paints due to the general inflation which accompanies SAP devaluations. Maintenance of the housing units is also inadequate, such that in 1989, most roofs were found to be held in place by very old tyres or any available weight to prevent the sheets from blowing off, and some houses were leaking heavily (Roe, 1992:29-30).

This makes life very uncomfortable for the urban poor. With the general freeze on government expenditure on housing development over the adjustment period, the housing situation has deteriorated seriously in most traditional housing areas and squatter settlements.

The prohibitive plot prices and rents have resulted in the emergence of what are called illegal squatters. These are people who put up housing units in the traditional housing areas without permission from the authorities.

Clothing

This is one aspect that general government development policy emphasises. In particular, acquisition of "decent" clothing by the majority of the population is considered as a sign of development in Malawi (Malawi Government, 1988).

David Whitehead and Sons (a Lonrho Group Company) are the leading textile producers in the country. Although cotton for this industry is grown locally, the general price increases that followed the devaluations of the Malawi Kwacha over the 1980s contributed to rising textile production and marketing costs. This resulted in the spiral increase in the average cloth price from just over K6/metre in 1984 to about K16/metre in 1990, which is a 167% increase over this six year period of time (Roe, 1992:91-92). Clothing was estimated to take up 5,3% of a household budget in a 1992 survey of urban living conditions and this reflected an increase of 1,51%. This increase resulted mostly from the need to allocate more resources to clothing owing to the price increase. A large market in second-hand clothes has therefore emerged in the country to serve as a substitute for the more expensive locally-produced textiles.

However, as prices continue to rise under the SAPs it will be getting more difficult for poor households with stagnant incomes to afford more and better quality clothing. Furthermore the textile producers are known to have been making attempts to curb the second-hand clothing market which has been eroding the demand for new locally-produced textiles.

Possible Interventions to Mitigate the Effects of SAP Policies on the Urban Poor in Malawi

It is very likely that the structural adjustment policies will continue to be implemented in Malawi in the foreseeable future. This will be necessitated by the fact that the external factors that contributed significantly to economic decline in the 1990s are either still operative or they can be expected to recur later unless there are fundamental changes in the structure of the Malawian economy. For example, the country's land-lockedness cannot be altered and so transport costs may continue to impose bottlenecks on economic growth. In the short-run, it will be important, therefore, to consider ways and means of mitigating the effects of SAPs on the vulnerable groups or the urban poor in this case.

This approach has already been adopted by the Malawi Government under the Social Dimensions of Adjustment Project which it is implementing with financial and technical support from the World Bank and the governments of United Kingdom, Germany and Norway. Under this project, micro-level pilot interventions are being initiated with a view to learning much about projects that can assist the poor during adjustment and other unfavourable socio-economic conditions.

However, except for the under-five and homecraft shelters that are being constructed in the Municipality of Zomba, the interventions under the SDA Project have centred on the rural poor. After taking into account the problems encountered by the urban poor in the above discussion, the need for interventions in the urban areas has become more apparent.

This relates to interventions to cater for the availability of employment opportunities to the urban poor, restraint from inflationary policy instruments (anti-inflation policies), choice of appropriate wage structures, food supply, reasonable fuel pricing, supply of adequate housing through cheap credit, and protection of the clothing needs of the poor. The possible interventions are as follows:

Creating/Protecting Employment Opportunities for the Poor

The SDA Project, government departments, non-governmental organisations and donor agencies could consider ways and means of creating employment opportunities for the urban poor. The government can probably institute policies that support the creation of such small-scale self-employment activities as small-scale marketing and manufacturing enterprises, coupled with appropriate training and credit packages. Women could also be encouraged to undertake income-generating activities more assertively. It also appears that those who lost their jobs with the now restructured parastatals never benefited from any compensatory employment-creating interventions, Cornia suggests that such intervention can play an important role in this context (Cornia, et al, 1987: 197-217). Is it not possible to introduce schemes in Malawi?

Inflation and Real Wages

It has been noted above that Malawian real wages have declined during the adjustment period. There are two direct policy options here: price control and wage increases. However price control seems to be inconsistent with the objective of growth, with efficient allocation of resources under the market system.

Similarly can wages be increased at a rate that surpasses that of inflation without courting even higher levels of inflation? It seems possible, however, to do these by way of discriminatory price and wage increases. But these interventionist policy proposals may not sound very attractive in the present era when the 'invisible hand' is being recognised universally as the best allocator of scarce resources. Labour is little unionised in Malawi and its wage-bargaining power is minimal. Taking this factor into account, the government's minimum wage prescriptions need to be re-inforced more effectively.

Food Costs among the Poor

One thing that has not been tried in Malawi is targeted food distribution for the poor. Food coupons which have been used in some (of the neighbouring) countries have never been used in Malawi. Can this work? Alternatively, can food prices be kept low without reducing farmer incentives in Malawi? Can food-for-work programmes not be initiated in the urban areas in Malawi? Experience with the SDA Zomba Municipality Project has shown that mobilising urban populations for communal work is very difficult.

Fuel and Energy Prices

It is ironic that the urban poor might be paying higher fuel and energy prices than the well-off who are connected to power. The continued dependency on wood energy even in urban areas has long-term implications for the environment. In particular, deforestation in Malawi is likely to be accelerated by the rapidly-growing population which raises demand for wood fuel. Electricity should

provide a better substitute for wood energy and Malawi is believed to have a high potential for hydro electrification due to the abundance of its water resources.

Efforts ought to be made by the relevant authorities to connect the urban poor to electricity supply first and this could be extended to more rural areas. The immediate financial cost implications should be weighed against the long-term benefits of checking deforestation, improving the welfare of the people and the possibility of promoting small-scale manufacturing and service enterprises that require electricity. Similarly, the burden on women in terms of domestic work would be eased by the use of electricity for cooking. Enhanced electrification of the THAs and squatter settlements and the rural areas would obviously have to be subsidised. However, the Structural Adjustment Programme's policy of reducing public expenditure may not support increased expenditures on electrification.

Housing for the Urban Poor

Cheap but good quality housing ought to be provided for adequately in the THAs and squatter settlements, not only by the government but also non-governmental organisations and international and bilateral donor agencies. Similarly conditions and terms attached to housing development credit ought to be eased to improve access by the poor. Rental charges need to be coordinated through a sound information system on the demand for and supply of different types of houses. Landlords need to be subjected to minimum standards for the repair and maintenance of different types of houses.

The city local government authorities in Malawi ought to be strengthened and equipped so that they can provide the necessary health and sanitation services. Collection of refuse, sewerage treatment, provision of sufficient drainage systems and good quality road infrastructure need to be created or enhanced in the traditional housing areas and squatter settlements.

The inability of the urban poor to pay the rising rents has resulted in the emergence of what are regarded as illegal squatters. These are people who have put up houses in THAs without the permission of the authorities. These people have been doing so due to the non-availability of housing plots and the prohibitive costs of securing them.

Clothing Needs of the Urban Poor

New decent clothing is usually beyond the means of a minimum wage earner. The second-hand clothing market offers a cheaper alternative source of clothing for the urban poor. Rather than support textile producers' efforts to curb this market, the authorities should probably take a *laissez-faire* stance. Consumers should be allowed to get what they can afford. However such a *laissez-faire* stance may work to the disadvantage of the local textile industry and the cotton farmers. Second-hand clothes are also imported which may contribute to foreign exchange losses over time. However, second-hand clothes are not the only imports that are competing with locally-produced goods. In fact, the textile producers also have to compete with importers of new clothes.

Urban vs Rural Poverty

Are the SDA and other interventions justified in concentrating their poverty-alleviation efforts on the majority rural poor? Is poverty not more serious in the urban areas, than where policy interventions are focused? To what extent is this rural bias a means of not addressing urban poverty in Malawi?

Rural – Urban Income (In)equality

Malawi has in the past followed income and wages policies that attempt to harmonise rural earnings with urban wages with a view to arresting rural-urban migration by minimising rural-urban

differentials. Now that fertile land is becoming more and more scarce, containing the rapidly-expanding rural population, without also increasing the adoption of new agricultural techniques, production will inevitably decline. Consequently, the increasing labour force may simply result in under-employment and unemployment in the rural areas, thus creating a precedent for increased rural-urban migration, urban unemployment and poverty.

Conclusion

It has been observed in the above discussion that urban poverty in Malawi did not originate from structural adjustment policies. These policies can only be said to have exacerbated poverty since the causal relationship between the two can not be established with certainty.

The impact of the policies has been felt with respect to, among others, unemployment, depreciated real wages, risen food, fuel, clothing and housing prices and these factors undermine the living conditions of the poor. It can also be observed that the incidence of urban poverty could be felt more seriously than rural poverty due to the higher social differentiation in the urban areas. Furthermore, it has been noted that rural-urban migration is likely to intensify urban poverty in the near future due to the expanding population and Malawi's limited arable land resource.

In conclusion, it can be said that the structural adjustment programme in Malawi has not been a solution to all the socio-economic problems of the country. It may be appropriate to consider it as one of the "policy experiments" originating from the multilateral donor agencies. As such, it is a "policy as its own cause". It does, as we have seen above, contain seeds for future problems. It serves as a solution to our short-term problems, but then it generates certain long-term losses for the country as evidenced by its consequences. While the programme had seemingly good intentions, its unforeseen consequences do underline the fact that there are a lot of uncertainties in these policy instruments and their propounders should not present them as mechanical answers for complex national socio-economic problems. For how can SAP be an effective development strategy if it increases suffering among the poor?

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