

**THE PRICE OF PRETORIA: SOUTHERN AFRICA'S BURDENS
FROM SOUTH AFRICAN REGIONAL STRATEGY**

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Apartheid, Aggression And Costs To Victims

The reality and the evil nature of apartheid are well known. However, especially since 1985 the main focus has been on apartheid and the struggle against it in South Africa. With rare exceptions over brief periods, the aggression of South Africa against its neighbours and its illegal occupation of Namibia have attracted much less attention either journalistically or analytically.

This is not to assert that there has been no attention - the agony of Mozambique and the war in Angola have received growing coverage in 1986-88, partly as a result of expanded access to events and to data made available by the governments and information agencies of those states. The South African murder raids - nominally against ANC (African National Congress) personnel but in practice random in targets hit and apparently aimed at causing alarm and acquiescence more than at actual people or facilities - in Botswana, Zimbabwe and Zambia have been fairly widely covered, the more frequent killings and kidnappings in Lesotho and Swaziland much less so.

But there has been little systematic analysis of South Africa's regional strategy or its place in its overall total strategy in defence of apartheid. What there has been has appeared largely in papers of SADCC (the Southern African Development Coordination Conference grouping the nine independent Southern African States) and specialist volumes not in more widely read articles or press features.

Similarly the cost of South Africa's economic harassment of and armed aggression (directly and by proxy - particularly the armed bandits who call themselves Renamo in Mozambique and UNITA in Angola) has been mentioned but usually sporadically and fragmentarily. Again SADCC papers, UNICEF's Children On The Front Line and the same few specialist volumes plus a handful of

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specialist economic analyses intended for would-be buyers, sellers or investors are the exceptions.

As a result the facts that South Africa views a regional strategy of destabilisation, aggression and international terrorism as integral to its total strategy in defence of apartheid and that the costs to the nine SADCC states since 1980 are of the order of \$60,000 million lost output and 1,900,000 persons now dead who in the context of peace would have been alive are not widely recognised ~~let alone~~ understood. They have been set out - most effectively in terms of breadth of readership and journalistic coverage in Children On The Front Line - but have not become integral to global (or in some cases even national) thinking about 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 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 and on overall macroeconomic levels, rates of change and balances requires serious attention. With the annual region loss of output now of the order of \$10,000 million and exceeding 10% of actual GDP in at least four cases (Angola, Mozambique, Zimbabwe, Malawi) and possibly two more (Tanzania, Zambia) and with achieved Angolan and Mozambican GDP under 50% of what it would probably have been in the absence of South African destabilisation and aggression this is a serious omission.

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

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. It briefly reviews the regional aspects of South Africa's total strategy and the nature as well as orders of magnitude of economic and human costs regionally. The introductory section concludes by pointing to some analytical, domestic and external cooperation implications of these orders of magnitude.

Subsequent sections summarise the impact on each of the nine independent Southern African states (SADCC member States) with greater attention to the most severely damaged - Mozambique and Angola but stressing that the price of Pretoria is high and to date rising throughout the Southern African region. Following a brief overall summary the findings are related to what types and orders of magnitude of external support and cooperation with the Southern African states and against South Africa might be adequate. Throughout figures used are estimated on the basis of known data and relationships but are orders of magnitude not precise recorded empirical data - 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 (four-thirds actual levels) this would make little difference to the basic findings. As a major donor representative put it at the 1988 Emergencia Conference in Maputo "This is a holocaust fully comparable to the Second World War".

To Make Southern Africa Safe And Profitable For Apartheid

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 goal has been a theme in South African policy at least since the 1940s. The cordon was broken with the independence of Mozambique, Angola and Zimbabwe and much of the post 1980 tide of South African aggression is an attempt to restore it including by turning Angola and Mozambique ungovernable wastelands.

South Africa has a second regional goal which is to make the region provide profitable lebensraum for exports of goods and services. Much of South Africa's invisible and visible exports growth over the past two decades has been to Southern Africa and it has bolstered the faltering export constrained South African GDP and equally shaky, domestic market inequality constrained (ironically in large part a consequence of apartheid) industrial sector growth rates.

The security and profitability objectives have been neither fully compatible nor fully contradictory. In broad terms South Africa has pursued policies of destabilisation, aggression, sabotage and terrorism directly and by proxy against the two coastal states - Angola and Mozambique albeit seeking to

retain some economic links with the latter. This has until recently virtually cut off the four of the central landlocked SADCC states (Zimbabwe, Botswana, Malawi and Swaziland) from external transport routes other than through South Africa and forced the fifth (Zambia) to use them to some extent. This transport vice is perceived by South Africa and SADCC alike as a key to South Africa's quest for regional hegemony. It is also highly profitable to RSA both in terms of transport and commercial service revenues and in enhancing the competitive (or oligopolist) position of South African exports in quasi captive markets.

Destabilisation (trade barriers, rolling stock withdrawals, delays in export and import flows), aggression (support for dissidents and bandits) and murder raids have been used but apparently to deter (what is not so clear - trade sanctions and active support for ANC cross-border operations one must assume) and to threaten with the presence of South African power not to cause enough economic damage as to prevent increased export purchases from RSA. Lesotho has been treated more like the other landlocked states though there South Africa's greater transport leverage was used to secure a change of government by use of an economic blockade.

For present purposes the correctness - or rather incorrectness - of the total strategy's premise that the basic threat to continued apartheid rule is irrelevant. South Africa does believe 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 Southern African states. It is the level and nature of that burden - the price of Pretoria - which is the central topic of this study.

Economic Costs Of War: Items And Estimates

There are three basic ways of estimating war costs. The first is to make up a list of items. In the case of the SADCC economies these include direct war damage, extra defence spending, higher transport costs (e.g. Malawi to Durban or Port Elizabeth as opposed to Nacala or Beira), loss of transport revenue (on routes damaged or closed by South African and proxy action), higher energy costs (e.g. South African vs Cahora Basa power), looting and smuggling (basically from Southern Angola), destruction of exports from destabilisation

directly or indirectly preventing production (e.g. in terrorised rural areas) or transport (e.g. from Moatize colliery), support for domestic displaced persons and international refugees, trade boycotts and embargoes (overt or covert) by South Africa, excess costs of South African goods and refusal to renegotiate inequitable trading arrangements, loss of existing production (consequential on war damage), loss of growth (from diversion of resources from new investment to military, relief and reconstruction spending).

SADCC's estimate for these costs over 1980-84 came to \$10,120 million and a revision by Carol Thompson and R. H. Green to \$12,940 million. Carried through 1986 in Children On The Front Line they came to \$25,120 and \$27,240 million respectively. Through 1988 the total on this basis is of the order of \$44,000 - 46,940 million on a basically historic price basis and over \$50,000 million on a 1988 price one. Defence spending and lost economic growth are the dominant heads with war damage, transport and energy costs, refugee relief and existing production losses also significant are export losses (including transit traffic) for Mozambique and, outside the petroleum sector, Angola.

<u>Head</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 costs	970,000,000	970,000,000
Smuggling (looting)	190,000,000	190,000,000
Refugees (including internal displaced persons)	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
<u>TOTAL 1980-1984</u>	<u>10,120,000,000</u>	<u>12,940,000,000</u>
	<u>SADCC</u>	<u>Revised</u>
1980-1984	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
<u>TOTAL</u>	<u>44,120,000,000</u>	<u>46,940,000,000</u>

The sharp increase in 1985 over the 1980-1984 average relates to escalation of conflict, the rising defence bill, cumulative output losses and inflation.

The chief problem with this approach is that it is likely to produce double counting, e.g. among loss of exports and production losses and gaps - from inadequate coverage of lost growth. While all of the heads can be estimated as to orders of magnitude none is really subject to precise calculation and several (e.g. excess defence spending, loss of output from new investment) depend on somewhat problematic estimates (e.g. non-war basic defence budgets, normal incremental capital/output ratios).

A second method is to compute estimated non-war growth rates for gross domestic product and compare them with actual outturns. In Children On The Front Line this produced estimates of \$5,500 million for Mozambique and \$13,000 million for Angola over 1980-86 in 1986 prices assuming non-war growth rates of 5% and 8% respectively allowing for substantial recovery in Mozambique (in progress from 1979 but cut short by the escalation of proxy terrorism and sabotage in 1981) and the petroleum sector led growth plus recovery of other sectors Angola could have achieved in the absence of continued South African aggression over 1976-80 and its escalation from 1981.

The Children On The Front Line regional total of \$25,000 - 30,000 million over 1980-86 includes \$5,000 - 8,000 million for the other 7 SADCC states calculated on a modified list basis. This total is somewhat misleadingly similar to the 1986 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 (e.g. refugee relief, military salaries and local purchases) represents a shift in actual GDP makeup not a direct loss of GDP. The similarity of the two figures therefore tends to confirm orders of magnitude implying either gaps in the list estimation or too high non-war growth rates assumption in the GDP calculation.

As of the end of 1988 on a GDP loss basis - 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 - was of the order of \$60,000 million at 1988 prices or about twice achieved GDP. The impact on regional growth was to reduce it as of the 1986-88 period from a probably peace rate of 5 to 6% to 2 to 3%, i.e. from 2% above to 1% below population growth. In short in the absence of 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 and late 1980s even had all other factors remained unchanged.

It must be stressed that the end of South African aggression would not end this stream of losses, only reduce it. Even on the list approach the largest component is now loss of potential growth. While 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 to 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 to \$600 million 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 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 to 6% a year, the numbers in absolute poverty and/or lacking access to basic education, health and water services would be substantially lower. However, war - as waged by South Africa - has three much more telling impacts: loss of food security, massive displacement of people and death.

Proxy and regular South African military force attacks have not seriously sought to set up new South African installed governments - with brief exceptions in Angola in 1975 and possibly Mozambique in 1986. Their activities have focussed on sabotage aimed at specific (usually transport and power) targets on mass terrorism designed to destroy governmental authority and rural production and on smaller, briefer murder raids and kidnappings by RSA's own forces. While financed, supplied, planned, directed and often led by South Africa the first two aspects have been carried out primarily by South African proxy forces notably the armed bandits of Renamo in Mozambique and Unita in Angola but also the Lesotho Liberation Army in Lesotho so-called Super-Zapu in Zimbabwe, and a collection of smaller gangs in Zambia. Renamo has also attempted terror operations in Tanzania, Zambia and Zimbabwe with very limited success except in parts of the Zimbabwe border area with

Mozambique and - more successfully until late 1986 - sought to coerce the government of Malawi into not taking effective steps to bar the use of its country by South Africa/Renamo as a transit and resupply base.

The terrorism has involved and resulted in keeping rural populations in Mozambique and Angola on the move, unable to settle down to restore production. The results have included massive food shortages resulting from production shortfalls of up to 1,500,000 tonnes of grain. The economic consequences of war (exacerbated in the case of Angola by the 1986 petroleum price collapse) have prevented commercial imports being substituted while food aid has to the two states never exceeded 500,000 tonnes a year and - because of transport sabotage and rural terrorism - has proved very difficult to distribute.

Further about half the populations of Angola and Mozambique - 14,000,000 souls - have been driven out of their homes at least once usually with virtually total loss of all possessions and often of the lives of some family members. About 1,500,000 are international refugees, 3,000,000 registered rural displaced persons with no significant ability to restore their production and incomes, up to 2,000,000 urban migrants largely in slum or shanty areas with very low incomes, and over 7,500,000 nominally again self-supporting, unlocateable because of the degree of rural dislocation or held as slave labour by the armed bandits. The reason that in Mozambique the 1987-88 breaking of most armed bandit units raised the number of displaced persons and refugees (500,000 now in Malawi alone) was the escape of slave labour from Renamo control - a situation documented in USAid's Gersony Report. It is noteworthy that the armed bandits do not carry out basic service provision or food relief operations (they destroy services, killing, maiming or driving out personnel as prime targets and steal or destroy food) and that no one flees to them, rather large numbers cross borders or take refuge in government controlled urban or less insecure rural areas. That in itself is adequate comment on the Renamo and Unita claims to be liberation movements with popular bases rather than what they are - proxy South African terrorist and sabotage forces.

By the end of 1986 UNICEF estimated - apparently underestimated - the numbers dead as a result of South Africa's war of aggression as 1,000,000 souls in Mozambique and Angola. Half were infant and under 5 year old child victims

of war-caused malnutrition and the destruction (or budgetary and import constrained) health services. Another 200,000 were famine victims and 100,000 older child and adult victims of medical service collapse and the interaction of malnutrition with not otherwise fatal diseases. The 200,000 estimate for direct civilian and military war victims is shown by the Gersony estimate of 100,000 in Mozambique alone over 1986-87 to be an underestimate. A conservative re-estimation through 1986 would be at least 325,000 (200,000 in Mozambique and 125,000 in Angola). War related deaths over 1987-88 can be estimated as of the order of 500,000 (325,000 infants and young children, 50-75,000 older health and malnutrition victims, 125,000 war casualties) for a 1980-88 death toll of 1,900,000 human beings now dead who would have been alive in the absence of war.

That figure relates to Angola and Mozambique alone. In the other seven states direct calculation is not possible. In several - but not all cases - war costs have enfeebled the economy and the budget to an extent eroding food security as well as medical and water services. A cautious estimate of these deaths plus those of terror raids and limited proxy terrorism might be 25,000 - 50,000 over 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 - especially in the short run - only reduce human costs. Rehabilitating health and water services and restoring rural production and livelihoods is a task which will require at least five years of peace and the reversal of the negative infant and child mortality trends and bringing their levels down to those pertaining in other low income SSA countries, will take yet longer. However, by the second year of peace the death toll could be halved and by the fifth reduced by perhaps 80% assuming priority attention to food security, mass immunisation, access to pure water and basic health care services.

Policy Implications - Domestic, Regional And Global

The level of the price of Pretoria to the SADCC region means that it must be seen as of central economic and human concern. It is necessary to take its impact into account in all sectors - especially but not only in Mozambique and

Angola - and to relate priorities in resource allocation to its reduction and alleviation.

Increasingly the independent Southern African states have understood and acted on this brutal reality both individually and collectively. National prioritisation of food security, rehabilitation and relief (emergencia), basic health care, restoration of regional transport routes and defence do speak to this as, perhaps slightly less directly, and to date less effectively, do attempts to increase intra regional trade, partially as a substitute for South African.

The SADCC Programme of Action focusses squarely on the economic side of the price of Pretoria especially in its priorities for transport, power and telecommunications rehabilitation and expansion to break South Africa's non-military grip on the region. So too do SADCC's and the PTA's (Preferential Trade Area of Eastern and Southern Africa grouping 14 states including 6 SADCC members) on bolstering intra-regional trade as a means to resourcing imports and re-targetting exports away from RSA.

The Front Line States (Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe) have increasingly coordinated regional defence and international diplomatic offensives against South Africa. The solidarity shown in the defence of Mozambique demonstrates the reality of that cooperation. So does the leadership they have taken in calling for effective international action - especially sanctions - against South Africa to hasten the end of its regional policy of total 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 and displaced persons, restoring growth and development. Poor and beset with most of the other exogenous shocks (including drought, debt and terms of trade) which have overwhelmed most of SSA since 1980 this is not surprising. These are - with the exception of Botswana - foreign exchange constrained - or in several cases import capacity strangled - economies. The foreign exchange cost of excess defence spending, higher cost transport routes, lost exports, survival relief

and rehabilitation of direct war damage is - regionally - of the order of three-quarters actual export earnings.

Therefore, a strong practical and moral case exists for global economic and security support for the independent states of Southern Africa and effect measures against the Republic of South Africa. The first should be designed to assist in vulnerability reduction, human survival and rehabilitation, output restoration and defence to offset present and reduce future costs. The second should be aimed at reducing South Africa's military and economic capability of doing massive harm to its neighbours as an interim goal within the broader one of ending apartheid. 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 at disbursement level. But \$3,500 million is less than one-third of the annual price of Pretoria to these states. Furthermore, were the solidarity and cooperation successful the extra resource transfer needs would decline (especially after about the fifth year of peace while economic gains, notably from increased extra regional trade with SADCC member States out of restored growth and shifting trade away from South Africa.

MOZAMBIQUE: The Struggle For The Life Of A Dream

Mozambique has titled a video film on the war against South Africa and its armed bandits "Killing The Dream" - the dream of liberation and development which has mobilised Mozambicans to fight for independence and against constant attempts first by Rhodesia and then by South Africa to destroy their economy, society and nation. That is a realistic perception of the nature of the war in Mozambique and it is a war which is central to the entire Southern African struggle because of Mozambique's key role in providing transport for the landlocked states. Zimbabwe has termed the Beira Transport Corridor its lifeline (and poured troops and equipment into its defence) and Prime Minister Mugabe has warned that Mozambique's destruction would mean Zimbabwe's as well.

The qualitative aspects of the price of Pretoria are different in Mozambique and Angola from the other Southern African states. Armed aggression and terrorism is of a quite different order of magnitude and therefore so are numbers of deaths and displaced persons and 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 since 1981 has sought to destroy the transport routes, economy, civil society and state ability to rule and to serve of Mozambique and has used its proxy terrorist group (inherited from its Rhodesian founders) the armed bandits of the self-styled Renamo as its chief instrument. The economy of Mozambique now operates at levels less than half what they would be in the absence of war while of the order of 1,000,000 Mozambicans are now dead who would be alive had even the tenuous 1975-80 peace with South Africa not been shattered by RSA'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 - because it does not have a booming (at least until 1986) protectable export leading sector like Angola's petroleum. Therefore its fiscal ability to hold the state service apparatus together and to provide emergency relief out of its own resources is far more limited. Because of the greater overall poverty (especially in respect to the state and to core urban households) the margins above survival are narrower. Second, the degree of damage to health, education and water services and to rural livelihood appears to be more severe in Mozambique although this may be partly a result of more complete information flows.

The three military tactics used by South Africa have been murder raids, targetted sabotage and mass terrorism. The first is common to all the SADCC states except Tanzania. The second has concentrated primarily on the four rail corridors to Nacala, Beira and Maputo and in selected large rural production and energy units. The last has targetted schools, clinics and rural water supplies - up to 40% of which have been destroyed or severely damaged over 1980-88 - as well as local transport, villages and peasant households.

Its chief aims appear to be to kill or maim government officials (especially those providing services) and supporters and to churn peasants about so severely and so frequently that they cannot settle down to restore their livelihood or their families. At least half the entire population of Mozambique have been driven - often literally burnt - out of their homes at least once and many several times. The traumatic effect of the war on Mozambicans and especially children are high. As many as 300,000 to 500,000 children are estimated to suffer from trauma. Extreme cases: orphans, ex-bandidos armados "boy soldiers", mutilated and present at massacres alone, probably number of the order of 100,000. The armed bandits are trained, directed, financed and supplied from South Africa and have used the services of South African (or South African white mercenary) specialist personnel and officers. They are trained to torture, destroy, mutilate and kill by South African (and other foreign) instructors and kidnap young children who are forced to become killers or die. The savagery with which they fight appears not unrelated to the viciousness of their conduct and resultant fear they will be killed if they surrender although since mid-1987 increasing numbers have accepted government amnesties as their units were smashed and increasing numbers came to be isolated bandit gangs killing and stealing to survive, running out of ammunition and approaching starvation in the rural wastelands they themselves have created. The armed bandits have coerced peasants - including many thousands kidnapped on raids - into providing slave labour as porters, food growers, servants and prostitutes. As a result the 1987 upsurge of refugees to Malawi and Tanzania and of deslocados to government camps was evidence of an improving military position - when bandidos armados units were mauled and forced to flee their slave labour escaped.

The excess military and other security bill for Mozambique is now running on the order of \$325 million a year and has probably totalled about \$2,000 million since independence with three-quarters representing direct and indirect imports. This is however a sum far too small to provide adequate security - Zimbabwean, Tanzanian and (marginally beginning in 1987) Malawian security spending in support of Mozambique plus training expenditure by several countries including the United Kingdom is now of the same order of magnitude as Mozambican security spending or possibly larger.

Mozambique's largest export before independence was transport services to its neighbours including South Africa and its most rapidly growing electricity to South Africa. The destruction of transport links and power lines plus the non-economic diversion of most South African cargo away from Maputo have devastated these sectors. Transit traffic revenue loss (including diversion of South African cargo economic logic and shipper preferences would route via Maputo) was of the order of \$275-300 million in 1988 and \$1,500 to 1,600 million over 1980-88. Loss of power exports and purchases of replacement power cost Mozambique on the order of \$75 million in 1988 and over \$300 million for the period.

Export trade was devastated by the destruction of rural life by terrorism and of transport routes by sabotage. (The exceptions - prawns and fish - demonstrate the rule, South Africa has not thought it prudent to provide the armed bandits with a navy.) The loss is probably of the order of \$250-300 million by 1988 and \$1,500 to 1,750 million for the 1980-88 period. South African expulsion of Mozambican miners has probably caused a loss of remittances of at least \$75 million a year by 1988 and of \$300 million over 1980-88. This may be an underestimate as it relates only to miners and not to the larger (but lower remittance) body of other workers who have been estimated at 200,000 to 450,000 versus about 60,000 miners in 1986. Further falls will take place as South Africa's present rules will phase out virtually all Mozambican miners by the mid-1990s.

The domestic production loss turns on rural devastation and the inability to pay for adequate inputs, spares and equipment resulting from export destruction. By 1988 Mozambique's grain deficit was 1,000,000 tonnes and total food basic deficit perhaps 2,000,000 tonnes grain equivalent in value terms - say \$200-250 million (\$500 million at aid agency import parity

valuation). Adding other rural and urban output suggests a loss of \$400 million. The 1980-88 agricultural total may be \$750-850 million and overall \$1,250 million on this basis.

Mozambique has over 3,300,000 known deslocados/afectados, i.e. people driven from their homes and with no or minimal means of livelihood. However, the total of severely affected persons is nearer 9,000,000 including at least 1,000,000 international refugees, 2,000,000 rural and urban de facto deslocados with very limited ability to produce or to secure meaningful employment and 2,500,000 persons whose present location and status cannot be determined because of the war conditions. That is up to 60% of the entire population of Mozambique virtually all of whom are below the absolute poverty line. As already noted health and education have been armed bandit priority targets reducing school enrollment by about 500,000 and effective access to medical facilities by up to 5,000,000 compared with probable non-war levels. While the cost of emergencia programmes for deslocados was by 1988 running at over \$200 million a year most of this was, of stark necessity given the lack of either domestic finance or goods, externally financed. Perhaps \$25 million in 1988 and \$125 million over the period was covered from Mozambican resources.

Deaths directly related to the war - armed bandits killings of civilians dominating - probably total 400,000 since the USAid's carefully researched Gersony Report estimates the 1986-87 toll (the worst two years) at 200,000, including however infants and children while 1980-85 Mozambican estimates were of the order of 100,000 and appear to have been underestimates. Deaths from starvation - particularly over 1983-84 - totalled at least 100 to 125,000 and those flowing from malnutrition and wrecked health services 75-100,000 for adults and children over 5.

For infants and children under 5, UNICEF prepared a detailed scenario analysis contrasting 1977-81 trends and health care evolution with scattered data suggesting an infant and under 5 mortality rate of 325-375 per 1,000 live births (with Afghanistan the highest in the world). The 325 estimate used in the calculations has since been confirmed (or shown to be low) by surveys in Tete and Manica Provinces. Projecting the UNICEF estimates through 1988 indicates that over 1980-88 about 500,000 infants and under 5 year old children died because of the war (89,000 in 1988). The total now dead who

would have been alive had peace prevailed is of the order of 1,100,000 compared to a population estimate for 1988 of the order of 15,000,000.

Two approaches to GDP loss are possible. One is to estimate forex costs and losses and multiply by 3 to take into account the production lost through import strangulation and then to add refugee and domestic production loss costs. Using one half of military expenditure (conservative given the probable 75% import content) this method yields a 1988 loss of \$2,500-2,750 million and a 1980-88 one 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. A UNICEF estimate on that basis suggests a total 1980-85 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.

However, subsequent World Bank data suggests actual 1986 GDP was of the order of \$2,750 which implies an adjusted loss of about \$7,500 in 1986 prices. A further adjustment for base year RSA aggression losses of - say - \$100 million would raise the 1980-86 total to \$8,750 and the 1986 loss of GDP growth to slightly over \$2,750. 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 would otherwise 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 one of about \$3,000 million. The 1988 loss is of the order of 100-110% of actual GDP and the 1980-88 total (at 1988 prices) is over 5 times as large. Combined with the 1,100,000 death toll it paints a picture of the South African war against Mozambique fully equivalent to the 1988 Emergencia Conference description of it as "a holocaust" by the US delegate.

However, it should be stressed that "the dream lives". Mozambique has survived and on both the economic and military fronts 1987 and 1988 have been years of partial recovery. The military - albeit less so the brute killing - capacity of the bandidos armados has been largely broken, steady progress is

being made on re-opening and rehabilitating transport links; with more effective policy and enhanced international support deslocados needs are met less partially than before 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. Because Angola is much less poor than Mozambique absolute economic losses have been higher even though at about 10 million at the end of 1988, the estimated population is about two-thirds as large. However, there have been three major differences: first, South Africa has intervened nakedly and on a massive scale with its own armed forces; second - as a result - Angola has had to use solidarity forces on a larger scale (now perhaps 50,000 vs 17,500 in Mozambique) and from outside the Southern African region with the result; third that the Angolan armed bandits who call themselves UNITA have been able to secure overt external support from certain states other than South Africa. A supposed fourth difference, the nature of UNITA is no longer significant. While UNITA did initially have a regional base it has not sought to provide food or basic services to it and indeed has savagely driven out rural residents from areas nominally supporting it and sowed their fields with mines. Deslocado and refugee flow data show a telling pattern - nobody flees to UNITA any more than to Renamo. Increasingly the mass rural terrorism plus key (usually transport or power) target sabotage pattern of the Angolan armed bandits has moved to the Mozambican pattern and since perhaps 1983 or 1984 they have been virtually indistinguishable. Because of South African support the Angolan armed bandits have been able to hold a more permanent base area in Southeastern Angola but its significance is more symbolic - the real damage to the economy and destruction of Angolan lives does not centre on the Jamba enclave in a barely populated, semi-desert savannah area. Outside the enclave the Angolan war has been somewhat more fluid than the Mozambican with armed bandit destabilisation shifting from one province or zone to another - either to escape government pressure or to keep all rural areas dislocated through recurrent cyclical campaigns.

Over half Angola's population are deslocados in self-created clusters, camps or urban slums, international refugees, peasants no longer able to work their land effectively because of lack of security or 'lost' in the chaos resulting from rural terrorism. The damage to education and health facilities appears to be less at the physical level (10-15% destroyed) than in Mozambique but data flows are so incomplete that this may simply reflect lack of centrally available data. Certainly educational enrollments fell sharply in mid-1980s until recovering partially over 1987 and 1988. Effective rural health

coverage is as low as 10% in some provinces and for some services (e.g. 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 before 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, transport and food production were as severely, or almost as severely, impacted in Angola as in Mozambique. Social disintegration and trauma are comparable in rural areas - judging by very fragmentary data - and perhaps marginally less in urban areas because the larger, healthier formal economy care has provided better markets for small scale informal and parallel market production and commerce.

The diversion of personnel and of institutional capacity to the armed forces is very marked. The latter appear to be 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 probably flowed from the high technology aspect of the war with regular South African forces which is far more skill intensive than that against armed bandits in Angola or elsewhere.

Excess military and related security costs were of the order of \$1,500 to 1,600 million (about 30% of GDP and over 40% of government spending) in 1988 and \$8,500 million over 1980-88 excluding the costs borne by the governments of foreign contingents (which export, budget and GDP data conclusively show are not paid by Angola). Until 1986 - with the exception of a brief period at the beginning of the 1980s - these levels were potentially compatible with constant or rising basic service spending. The basic problems were access to many rural areas and lack of personnel. From 1986 they have crippled the budget and their 60% direct and probably 70% direct and indirect import content has crippled import capacity availability to all other sectors.

Assuming that in the absence of war overall non-oil exports would, on average, have regained 1973 levels and gone about 10% above them the export loss on global trade in 1988 was roughly \$500 million and that for 1980-88 3,500

million plus the loss of potential regional exports (including manufactures) of say \$50 million in 1980 and \$250 million over 1980-88.

The Angolan transport system - except for military cargo - has been even more devastated than the Mozambican. Repeated attacks (including several in 1988) have brought the entire 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 as of the order of \$125 to 150 million and the 1980-88 total around \$600 to 750 million. Unlike the Mozambican case no turn-around has been achieved and none is immediately in sight.

Bandit activity has forced very large numbers of peasants to halt production with all or most members of the households fleeing to rural points considered less insecure, formal camps, provincial capitals or Luanda itself. As a result the grain deficit is of the order of 350,000 tonnes and the (value) grain equivalent food deficit perhaps 750,000. This implies a 1988 rural production loss of perhaps \$100 million and a cumulative 1988 total of \$100 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 dislocated person figures until 1988 were in the 600,000 to 700,000 range. This is now seen to be a gross underestimate. Probably 1,000,000 additional deslocados are in urban shanty towns (or if lucky with urban established refugees). Another 500,000 are international refugees and perhaps 1,500,000 are in households which while not new deslocados are unable to produce or earn enough to support their families at or above the absolute poverty line. Finally, it appears that the location and status of up to 1,500,000 persons are not known as a result of the constant harrying and churning of rural populations by the terrorists of UNITA and the South African army. That implies that about 5,200,000 persons or significantly over 50% of all Angolans are severely affected by the war. Angola has been less successful than Mozambique in mobilising external finance for emergencia programmes and - until 1986 - could put more domestic resources behind them. 1988 expenditure on this head was probably on the order of \$50 million and 1980-88 \$350-400 million.

The human costs of war at the level waged against Angola are massive. With at least 10-15% - and probably 25% or more counting no information provided meaning no facility - of primary health and education units destroyed and up to 75% of small town and rural water systems destroyed or out of operation school enrollment is several hundred thousand, access to water perhaps 1,500,000 and access to primary health care at least 2,000,000 what it would have been in the context of peace. While Angola has not had a single famine comparable to Mozambique's as the result of the interaction of drought, rural insecurity, limited foreign exchange and destruction of transport capacity, severe malnutrition is, if anything, higher and starvation has stalked isolated rural areas.

Directly war related deaths may be of the order of 250,000 over 1980-88. Fragmentary information underlines the murderous nature of the war waged against Angolans - in particular against civilians - by some elements of the overt South African forces and by their armed bandits. However estimates comparable to the Mozambican governments for 1980-85 and the Gersony Report for 1986-87 do not exist so that the least unsafe method appears to be to estimate these Angolan deaths at slightly under 60% of those for Mozambique - comparable to population.

Deaths from starvation, malnutrition and diseases made more prevalent and deadly by health service breakdown have probably totalled about 175,000 over 1980-88 for adults and older children. A UNICEF infant and child "excess mortality" estimate for 1980-85 exists on a basis comparable to that for Mozambique and indicates 214,000 deaths. A direct projection through 1988 (assuming infant and young child mortality remained unchanged) totals 332,000 infants and young children dead over 1980-88 who would have lived in the absence of war. On that basis the total 1980-88 direct and indirect death toll is over 750,000. This is probably an underestimate. Scattered provincial surveys suggest that infant and young child mortality nationally may well average above 325. Further, it almost certainly rose after 1985, as was not the case in Mozambique, because of the additional economic weakness resulting from larger direct RSA war involvement and the oil price collapse.

As with Mozambique GDP loss can be estimated by two different methods. One 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 is to compare with a peacetime economy scenario. A UNICEF calculation on that basis (assuming 8% annual oil and recovery fuelled growth) came to \$15,600 over 1980-85 in 1985 prices. Recalculating on a broader range of GDP estimates gives \$14,300 million. If it is assumed that over 1986-88 GDP would on average have been static under peacetime conditions (with other sectors' growth capable of offsetting petroleum sector decline the 1980-88 total (in 1988 prices) is of the order of \$30,000 million and the 1988 loss of the order of \$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%. This calculation - and especially the 1980-88 total - is not quite comparable to others in this paper. Because Angola suffered far more heavily from RSA 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

Zimbabwe has, since independence, been the constant target of South African destabilisation (e.g. railway rolling stock withdrawals, delays in supply of imports, open and covert barriers to Zimbabwean exports) and aggression (occasional border raids, murder raids and attempts to build so-called "Super-ZAPU" into an 'effective' proxy terrorist body). These have fluctuated with escalation followed by relaxation and are currently at a low level - particularly since the failure of "Super ZAPU" to be more than marginally effective and the merger agreement between ZANU and ZAPU. However, they have cost perhaps 500 lives (under 100 in 1988) and forced substantial defence expenditure to meet and limit them as well as severe economic dislocation during the 1981-2 non-delivery of petroleum and \$150-200 million costs from sabotage over 1980-88 (very little in 1988).

However, the dominant costs have been the result of South African and proxy terrorism in Mozambique. These have meant that instead of 90% of non-RSA external trade transitting Mozambican ports as before 1965 only about 33% (15% excluding petroleum) was able to do so in 1988 with the remainder forced to use longer and more expensive RSA routes. They have also - partly consequentially and partly from solidarity led to substantial Zimbabwean military activity (up to 12,500 troops in Mozambique and on border area defence against Renamo armed bandits). Lives lost by the armed forces and by civilians killed in armed bandit transborder raids and attacks on lorries have probably been of the order of 4,500 over 1980-88 (900 in 1988).

Excess defence costs appear to be running at \$500 million as of 1988 and to have totalled \$3,000 to 3,250 million over 1980-88 of which two-thirds has been direct and indirect import cost. Excess transport costs - around 15% of visible trade - were of the order of \$100-125 million in 1988 and \$700 to 800 million for the period to which must be added about \$25 and \$150 million for transport revenue lost on transit traffic from Mozambican ports to other landlocked Southern African states.

Trade costs in the case of Zimbabwe are dominated by export losses - to RSA because of restrictions and discouragement of would-be importers and to the region because of the economic debilitation resulting from RSA 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. The 1988 loss can be roughly estimated at \$50 million and the 1980-88 at \$250 million.

The defence bill and the tax revenue loss from 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, Zimbabwe's underlying fiscal policy is highly conservative with most of the public sector non-war capital as well as the total non-war recurrent budget financed out of domestic recurrent revenue. It is the war bill which creates a government deficit and resultant inflationary pressure not any general laxity in fiscal policy.

Refugees in Zimbabwe are probably over 175,000 almost all from Mozambique including over 100,000 self-settled or supported by extended families, communities and Zimbabwean ngo's. Land and food shortage and ecological damage problems appear to have been fairly low. The cost to Zimbabwe was probably of the order of \$10 million in 1988 and \$40 million for the period.

Human costs have turned on an average growth rate of 4 to 5% with war as opposed to a likely 7 to 8% average without, i.e. 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 and 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 to 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% to 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 - Tidalwave Spillover Impact

Malawi's economy has been devastated by South African proxy aggression even though neither South Africa nor its proxies have attacked in Malawi. The causes behind this paradox are that armed bandit (Renamo) action 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) ones to Dar es Salaam and Beira (via Zimbabwe) and that terrorism in Mozambique has resulted in a tidal wave of Mozambicans fleeing to Malawi with over 500,000 estimated as present by mid-1988.

Terrorism and fighting have not taken place, to date, in Malawi. Armed bandit expulsions - notably at the end of 1986 - have not resulted in military clashes. 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 around \$20-25 million annually and over 1980-88 probably came to \$80 to 100 million.

The main overt economic burden has been excess transport costs with the armed bandits systematic destruction of the road and rail routes to Beira and Nacala over 1982-1984 leading to their total closure over from mid-1984 to late 1987 and 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 of the Beira line before 1992 or 1993. Increased use of Beira via the Tete highway to Zimbabwe and of Dar es Salaam via lake, highway and Tazara can reduce costs from roundabout routes to Durban and Port Elizabeth but will be limited in capacity and still entail massive additional costs.

In 1988 these costs were probably of the order of 20% of visible external trade or \$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 in 1980-88). Other trade costs - including lack of access to low cost sources and RSA export credit backed overcharging may be \$10-15 million a year (\$75-100 million over 1980-88).

Refugees from armed bandit terrorism in Mozambique fled to Malawi during the period of the Liberation Struggle against Portugal and Renamo's period as a Rhodesian proxy force. Most returned home over 1979-81 but with the renewed upsurge in Renamo (now South African controlled) banditry late in that year the flow reversed back into Malawi. By 1983 their number exceeded 100,000. The massive 1986 RSA campaign to cut Mozambique in half raised numbers further but the largest influx came in 1987 when the breaking of armed bandit control over slave labour tillage and portorage prisoners allowed them to flee to Malawi. By mid-1988 over 500,000 mozambicans were in Malawi and, even with a return flow running at 30-34,000 a year as rural security improved, the numbers were still rising.

The costs are fairly easy to identify but very hard to quantify. In a country of under 7.5 million people, 500,000 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 grown food for themselves this has increased land shortages and, together with fuel collection, led to severe ecological damage. The bad 1987 and poor 1988 harvests combined with a near doubling of refugees also created a massive food availability and price crisis in 1988 with an apparently severe impact on the already serious malnutrition levels of the refugees and of poor Malawians.

Because much of the cost has been "invisible" except to the kin and community households who helped the Mozambicans and to the farmers facing increased land scarcity/women confronting increased food prices, no total cost estimate can pretend to accuracy. Nor is GDP impact a good indicator of the human and social costs to Malawians of the solidarity they have extended to these victims of South African proxy terrorism. For what it is worth a 1988 cost estimate of \$50 per person comes to \$25 million (with another \$30 to 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 result of war in Malawi flow from the interaction of general economic weakness, bandit imposed transport and defence costs and the 1987-88 refugee related food shortages on mortality and 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 of poor people 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 forex constrained economy on trade and transport losses plus one-half of defence costs and adding refugee costs come 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 or major terrorism and sabotage in Zambia. The costs have turned on the continuing need for high levels of defence expenditure, 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. It has used minor terrorist gangs - notably the Mshala gang at the end of the 1970s and early 1980s - and carried out border raids and mine laying from occupied Namibia. Over 1987-88 the armed bandits from Mozambique made several incursions. All of these were contained - lives lost directly were perhaps 100 in 1988 and 750 over 1980-88. Physical damage was small - 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 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 UDI in 1965 at an additional cost of perhaps \$40 to 50 million in 1988 and \$200 to 250 million over the 1980-88 period. Buildup in Beira and Dar es Salaam use has begun to erode this cost but cannot do so fully before rehabilitation of the Dar es Salaam and Beira corridor facilities for which finance has been mobilised allow a near complete rundown of external trade haulage via South Africa.

Trade costs include: higher prices paid for South African imports - secured by RSA 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 t 50 million in 1988 and \$100 to 125 million over the period beginning in 1980.

Zambia is vulnerable to escalated military raids judging by experience during the period when Rhodesia attacked Patriotic Front and Zambian transport targets. However, this may be less true than is usually assumed - Zambian armed forces have dealt effectively with armed bandit incursions from Mozambique including a hot pursuit wiping out two substantial base camps in 1988. Zambia's refugee population is usually presented as about 135,000 (97,000 Angolan, 30,000 Mozambican and about 10,000 Namibian and South African) 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 to date \$50 million. Because Western Zambia is very sparsely populated the land, food and ecology balance problems have been notably less severe than in Malawi.

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 droughts). A cautious estimate is that the deterioration of nutrition levels (especially in low income urban areas) and of basic health care and access to pure water (especially in rural areas) has raised Infant and Young Child Mortality by 25 per 1,000 above what it would otherwise be. On that basis 7,500 infants and young children died in 1988 who would have lived in the absence of South Africa's strategy of total regional aggression and over 1980-88, 50,000.

GDP losses estimated - at one-half defence expenditure plus trade and transport losses and excess costs times a multiplier of three to relate net foreign exchange damage to output in a very severely import strangled economy plus refugee and direct war damage costs - come to the order of \$450-500 million in 1988 and \$4,750-5,000 over 1980-88. The 1988 estimate is of the order of 20% of actual GDP.

TANZANIA: Paying For Solidarity

Tanzania is the most distant of the Front Line States; has had no direct RSA raids on its territory and only minor proxy incursions; has had no economic links with RSA for over a quarter-century and moves its international trade virtually totally over its domestic transport system. This does not mean that it has not had a heavy economic bill to meet as a result of RSA destabilisation and aggression. The dominant costs are on defence and within these on military operations in solidarity with Mozambique including up to 6,000 men in Mozambique and 10,000 including additional security forces in Southern Tanzania.

The precise amount of excess military expenditure which can be attributed to South African aggression is hard to estimate prior to 1986. Over 1980-82 the main cause was the aftermath of Idi Amin's invasion and support for the liberation of Uganda while over 1983-85 the levels were influenced by the limits on returning the armed forces to the lower levels appropriate after the end of the war with Amin and the withdrawal of the security forces in Uganda. However, a portion of Tanzania's defence spending from 1962 on has related to the threat posed first by Portugal (in Mozambique) and subsequently Rhodesia and South Africa.

From late 1986 when Tanzanian solidarity forces returned to Mozambique (having served in defence against earlier Rhodesian and Renamo armed bandit aggression in 1976-1978) the cost has been clearer and markedly higher. In 1988 direct solidarity expenditure on behalf of Mozambique has been about \$150 million and total excess defence expenditure \$250 million. Over 1980-88 the probable totals are of the order of \$300 and \$750 million respectively, two-thirds in direct and indirect import content. War deaths on the other hand have been relatively low because of the minimal levels of terrorism RSA and proxy forces have been able to push into Tanzania - perhaps 250 in 1980 and 750 for the period, almost all in the armed forces.

In respect to transport Tanzania has, up to a point been a gainer because its major Southern transport links - TAZARA, Tanzam Highway, Tazama Pipeline - were built to serve the landlocked countries as a result of Rhodesian/South African destabilisation and aggression. The gain - allowing for unpaid bills likely to prove uncollectable - was of the order of \$25 million in 1988 and \$125 million for the period. This is, in fact, an overestimate as the capital employed to build these routes (up to 25% of Tanzanian fixed investment in the

years between 1970 and 1974) could, at least in part, have been used for other domestic development projects.

Trade impact has been centred on lower exports to SADCC partners - particularly Zambia and Malawi - because of the debilitation of their economies and constriction of their import capacity as a result of RSA destabilisation and aggression. The export loss in 1988 can be conservatively estimated at \$15-25 million and for the period 1980-88 at \$50-75 million.

The direct fiscal impact - while not as great as in Zimbabwe - of war has been marked. In 1988 excess defence expenditure plus revenue loss on the taxes which could have been levied on other imports and goods/incomes derived from them in the absence of the necessity to use them on defence have probably been of the order of Sh 6,500-7,000 million. That is three to four times domestic bank borrowing and 40 to 50% of the portion of the recurrent budget which had to be financed out of sources other than domestic recurrent revenue. If one allows for the indirect impact of lower output and export growth in previous years the direct and indirect negative impact was probably of the order of Sh 10,000 million or two-thirds of the gap.

Refugee costs borne by Tanzania and Tanzanians may have been \$5 million in 1988 and \$25 million for the period. Mozambican refugees in 1988 numbered about 75,000, over half 1986 and 1987 arrivals. They had by mid-1988 largely been resettled on a quasi village basis and begun to develop productive capabilities as well as having access to basic public services without imposing serious land, food availability, or ecological stress in Tanzanian communities.

Deterioration and, since 1984, slow recovery of basic public services has been a major human cost in Tanzania. Evidently it relates in part to the need to finance war bills. A conservative estimate of indirect war death toll in 1988 would be 10,000 and over 1980-88 25,000 corresponding to infant and young child mortality rates 10 per 1,000 higher than they would otherwise have been.

GDP losses in 1988 were probably about \$475 to 500 million or of the order of 10% of achieved GDP while over 1980-88 they totalled \$1,250 to \$1,300 million. Of this defence (estimated at one-half the cost times a forex multiplier of four accounts for all or more than all the net loss with transport revenue gains and export losses approximately cross-cancelling.

LESOTHO: Near Total Dependence And Vulnerability

Lesotho is geographically and economically South Africa locked. It has no significant economic base independent of revenue from up to 400,000 Basotho working in RSA, consequential remittances and import tax (SACUA transfer) revenues and largely RSA tourism. The Oxbow power and water project would - by definition - not alter this as RSA is the basic customer for the water and, at full development of potential, the power. Both in respect to actual and potential basic productive sectors and employment and to transport links independent of RSA Lesotho is in a significantly different - much weaker and more vulnerable - position than either Swaziland or Botswana with whom it is sometimes 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 is perhaps 500 and of property destruction perhaps \$5 million. The principal purposes have been to harry South African refugees and their friends and to underline dependence by terrorist tactics.

The combination of SACUA's revenue formula and the excess price of RSA exports to a captive market probably is a small net loss perhaps \$10-15 million a year and \$75-100 million over 1980-88. The one-off cost of the 1985-86 blockade which led to a change in regime was probably another \$20 million in lost output terms.

The basic vulnerability 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 RSA 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, a sum equivalent to total Gross Domestic Product. The proceeds are basically spent on imports from RSA. The combined income and goods dependence has allowed RSA to coerce Lesotho with limited use of force thus preserving a growing export market and holding the costs of aggression to a minimum.

Refugees are South Africans - largely in transit to safer countries of refuge. The cost burdens are not primarily net financial but traumatic and for those directly affected by 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 - 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 - in 1988 was of the order of \$30-50 million and over 1980-88 of the order of \$250-300 million. The 1988 loss is 5 to 7% of GDP but because of the combination of vulnerability and fear, this understates the impact on Basotho.

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 - murder and kidnapping raids including assassinations with about 250 deaths over 1980-88 - primarily against Southern African refugees has created a climate of fear and enforced avoidance of open conflict with RSA. 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 lines linking the Transvaal with Richards Bay and Durban have probably had an impact offsetting higher transport (say \$10 million in 1988) and power (say \$5 million in 1988) costs resulting from use of RSA facilities instead of RSA sabotaged Mozambican ones. Similarly the locating of certain processing and manufacturing (at one extreme packaging and labelling) facilities in Swaziland both to camouflage basically RSA exports and to sell to South Africa has probably largely cross-cancelled excess import costs/SACUA 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 (\$75-100 million over 1980-88). Net refugees costs - for 25,000 odd Mozambicans - are probably not over \$2.5 million a year to the Swaziland 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 and petty to small business opportunities and raising the crime rate. This interacts with employment vulnerability (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 impossible for Swaziland (unlike Lesotho) to provide full backup 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) were 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 RSA destabilisation and armed aggression. So far as financial costs go the main impact would appear to have been lower buildup of foreign exchange reserves, which at over \$1,750 million (over two years' 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 by RSA) including many instances of child trauma in Gaborone are much more widespread. 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% direct and indirect import content.

Botswana 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' whose nature has been shown by sporadic delays in petroleum (especially for 90 day reserve establishment) delivery and in meat export handling. This has - together with historic links and membership in the Southern African Customs Union Arrangements - led to over 80% import dependence on RSA with Zimbabwe the only other significant source. Electricity is in part purchased from South Africa's ESCOM.

Botswana is acting to assist in financing capacity enhancement at Maputo and on the Limpopo Valley Line to allow rerouting of trade and resourcing of imports. Similar action to reroute petroleum imports and to link to the Zimbabwe and Zambia power grids to resource electricity purchases is in progress. At the point these ensure transport, fuel and energy availability the RSA threat to expel (drive out) Botswana from SACUA will become a paper tiger - the net cost of higher RSA prices and of tariff proceeds 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 (\$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 in (perhaps 25,000 registered and 75,000 total) and remittances from (say \$40 and \$80 million a year respectively) South Africa creates vulnerability. This is not so much at macroeconomic level but because job creation for these numbers would be difficult 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 the order of \$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 (which give some protection against financial but not human or military costs during any transitional period of forced reduction of economic links with or enhanced sabotage by RSA). To date basic service (including nutrition and fallback employment) provision has not been affected significantly by RSA actions.

REGIONAL COSTS: A SUMMARY

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 of the order of \$60,000 million or over 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 - \$4,500 million in 1988 and \$27,000 to 30,000 million over 1980-88 - and Mozambique next with \$2,500 to 3,000 million in 1980 and \$15,000 million for the period. Between them the two lusophone states bore 70 to 75% of the GDP losses. However, no state escaped a significant loss, \$30 million for Lesotho and Swaziland being the lowest 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 to 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 regions 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 - up to 5% a year - could have been achieved and in the cases of Mozambique, Tanzania, probably Malawi and perhaps Zambia, GDP growth would have been able to be held at levels equal to or in excess of population growth.

Human costs are harder to summarise quantitatively. The most shocking is that for "excess mortality" - over 1,900,000 lives lost over 1980-88 as a direct or indirect consequence of South Africa's regional strategy. In Mozambique the total was of the order of 1,100,000 or nearly 8% of estimated 1988 population and in Angola 750,000 or 7.5%. 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. Over half of the population of Angola and Mozambique - 14,000,000 - persons fell into this category. In addition Malawi's land access, food balance and ecology were hard pressed by the over 500,000 Mozambicans (almost 7% of Malawi's national population) who had 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 destabilisation plus overt and proxy aggressions.

[NOTE TO ECA: Do you wish summary tables setting out numbers?]

WHAT IS TO BE DONE?

This study is not primarily about what needs to be done to reduce and to end the price of Pretoria the SADCC states are forced to bear. But the sheer scope of that price - in lost GDP, in fiscal burdens, in defence bills, above all in direct and indirect loss of human lives is such as to require addressing that issue. Southern Africa is engaged in a full scale 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 deaths a year. That is a holocaust and to demonstrate its existence morally requires addressing how the burden can be reduced and ended and how the international community can assist the over 65 million human beings of the nine economically small and poor independent states of Southern Africa.

It is clear - as the Southern African states, the OAU and the United Nations has made clear - 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, the illegal occupation of Namibia and the oppression of the black majority of the people of South Africa. However, that goal lies beyond the scope of this study except insofar as precluding proposals for action to erode the price of Pretoria to its neighbours which would hamper subsequent progress toward ending apartheid and white minority rule in South Africa.

Basically what can be done 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 to reduce vulnerability to South African coercion and armed aggression and others - at least in part - to 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 RSA 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 firsts 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).

Survival - for the economies and for millions of human beings - in Mozambique and - since the oil price collapse of 1986 - Angola, requires external backing for emergencia programmes. Food and the logistical capacity to move it, basic consumer goods, inputs to restart small scale 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 300,000 tonnes) above normal developmental assistance because of war. Today actual disbursement flows are at about half that level in the case of Mozambique and under a third in that of Angola despite major increases over 1987-88.

A related need is refugee support - especially in Malawi where over half a million Mozambicans have taken refuge from the bandidos armados who call themselves Renamo and Zambia with up to 100,000 refugees from Mozambique and over 200,000 from the bandidos armados who call themselves UNITA. Other countries whose economic and social structures (food supply, border area household living standards, health-education-water services, border area ecology, 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 by RSA forces more than financial food, direct social or ecological considerations. Here the additional survival need is probably of the order of \$100-150 million a year including initial rehabilitation and return costs in respect to the 35-60,000 annual return home to parts of Mozambique and Angola which has built up over 1987-88.

Emergencia and refugee support are essential. Without them hundreds of thousands of human beings would literally die 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 emergencia 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 emergencia programmes which are most severely underfunded (often by 60 to 75%).

The historic divisions between emergency survival, interim rehabilitation and restoring 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 14,000,000 human beings (1,250,000 to 1,500,000 international refugees; 5,000,000 internal deslocados, with virtually no ability to produce; 3,500,000 less affected urban and non-urban deslocados with limited access to land, inputs and markets; and up to 4,000,000 people whose present location and status are unknown 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 and because restoring a destroyed production base is different than augmenting an ongoing one (harder 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" using food aid to meet initial wage, spares, inventories, rehabilitation costs of potentially viable and expansible enterprises is an example of one creative link between food and financial and between survival and rehabilitation assistance programming.

Because of overlap with emergencia and developmental assistance needs and of the uncertainty of how rapidly reduction of armed bandit and RSA incursion murder and chaos creating potential will progress it is impossible to quantify this sector's requirements precisely. If one assumes that within three years the bandidos armados in Angola as well as Mozambique will lose the power to create chaos beyond limited areas and that major South African regular forces

incursions will also crease then over 1989-1992 perhaps \$1,250 million over four years (\$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 emergencia and refugee requirement would fall from the order of \$1,000 million annually (of which say \$350-400 million 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 Southern Africans there would be a substantial peace dividend.

However, to the survival/rehabilitation needs must be added the costs of South African expulsion of Southern African workers. For Lesotho where registered, unregistered and illegal migrant workers are of the order of 300 to 400,000 (perhaps 40 to 50% of the adult population) the issue is one of national survival. Import capacity, food availability, government revenue, household incomes depend on the perhaps \$500-600 million earned in RSA and the half as much remitted (in cash or goods, formally or informally) to Lesotho. To avert social and economic collapse and massive reduction in employment in RSA 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 RSA may well be comparable with total incomes perhaps \$300-400 million and formal plus informal remittances \$150-200 million. While less especially relative to GDP and imports, 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 are largely spelled out 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 \$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; rehabilitating of the (newly reopened) Maputo-Zimbabwe Limpopo Line 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 of the security front of the defence against Pretoria which has been slowest on the Lobito Bay route because of the level of South African and other support to UNITA's armed banditry in central and western Angola.

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 (not the Highlands South African linked) power project in Lesotho (\$50 million). All are technically feasible and, subject to effective security, economically viable - as is also true of 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).

Except for Lesotho, the basic problems are transitional and institutional orientation ones. RSA 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 again 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 and capacities 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, 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 - so far as facilities are concerned - largely in hand 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 coordinated national schemes draft proposal - totalling perhaps \$50 million initially - and the Zimbabwe and Tanzania (albeit there South African trade reduction is not relevant as there is none) 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 Africalocked and because its basic export is labour to RSA with good exports 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.

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

But, economic cooperation without defence cooperation cannot be adequate in Southern Africa. The general arguments as to a tradeoff 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 international community acceptance of this fact. 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, as a more open and overall defence need oriented approach might be preferable - if the cooperating partners mean what they say about armed bandit terrorism and murder 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 largely convinced the latter, who had historically 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 proper. Training needs vary but are nearly omnipresent at sophisticated and technical levels and 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 break armed bandit units and change the balance of that warfront as demonstrated in

Mozambique since 1986, by South Africa's failure to get its armed banditry efforts beyond small scale and sporadic incidents in Zimbabwe and by the utter failure of Renamo's attempt to extend armed banditry to Southern Tanzania.

However, equipment is also needed. Not - except in the case of Angola - quantitatively or qualitatively comparable to RSA 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 for exporters - any middle level armed forces know the technology. But in Mozambique mobility and fire power - meaning armoured cars and gunships have been central to turning the tide of battle against South Africa's bandidos armados and neither Mozambique nor Tanzania (which in fact has no combat helicopters) have been able to afford enough and the crippling burden 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 direct RSA 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 (Tanzania, Zimbabwe 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 multinational umbrella, e.g. United Nations or Commonwealth. The obvious case is Namibia after independence on the Orange River 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 on assassination raids. Cordon forces could reinforce that unwillingness, help interdict support for armed bandit terrorism and sabotage and make murder 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 member states would be the first to reject that assertion. Rather it is that the FLS and

SADCC are coordinating regional responses 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 but a complement to action against Pretoria. 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 both reducing the apartheid regimes ability to do harm and shortening its external reach and domestic life expectancy. They can no longer serve as a prophylactic against violence - South Africa has been engaged in violence against black South and Southern (including Namibian) Africans (and the white Southern and South Africans in solidarity with them) for many years. They can reduce costs, save lives and save time lost before regional aggression and apartheid are wound up.

Commercial Sanctions range from voluntary organisation led boycotts of specific products or companies to compulsory, total national sanctions. At all levels these have been endorsed by United Nations General Assembly resolutions stretching back over two decades. Within that broad frame six sub-categories are 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 - the loss of that superiority in Southern Angola has led to withdrawal of regular RSA forces from Angola. The Security Council resolutions embargoing military equipment and technology sales need to be enforced. Their leakiness on equipment allows RSA to buy secondhand jet aircraft and engines. On the technical side the leaks allow the production of avionics and upgrading of

engines and armament typified by the reconstruction plant opened in 1987 to turn old Mirage 3's into modern Kphir look-alike Cheetah's. Similar, if less dramatic, 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 knowhow to operate and reproduce them - fall in this category. In other cases such lists have proven to be articulatable and reasonably enforceable - what is lacking to date in the case of RSA are 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 RSA - dramatically over 1979-85 - but 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 (secondhand spot oil dealer) has already withdrawn because pressure from sectors of the public and other customers more than offset the profits on RSA business, it is highly likely that with such a resolution and data centre most big spot, secondhand 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 source 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 on ship and cargo movements and on suspect items to look for in documentation is needed - an overseas customs inspector unless alerted what to look for may well pass RSA goods exported under fraudulent invoices with forged port stamps (as is already happening).

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 to issue defensive explanations of why they do business with South Africa, such companies will drop the RSA 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 RSA'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 otiose. 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 Basa Dam-Maputo transmission line before it can halt power imports from RSA (and with such a link would halt purchases even if there were no global sanctions). Third, because RSA 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 RSA interests are secondary to them but important to RSA not weak ones whose RSA links are secondary to RSA but critical to themselves who should be asked to take the lead. In any case the claim that Southern African states are in general eager to trade with RSA 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 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 be recognised and measures taken to protect the 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 the general downward revision of estimates of South loan and investment attractiveness and most of all to do with the performance and prospects of the South African economy. The reasons do not alter its effectiveness: without net financial inflows South Africa cannot both finance its war machine and finance output growth as rapidly as 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 imbalance was required. Here sanctions interact - by reducing export, import and growth prospects they further reduce the attractiveness of loans and investment, reduce external economic support groups for RSA 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. RSA 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 RSA 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. The Commonwealth's

Okanogan 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 Front Line 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 destabilisation, 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 terrorist proxies - Renamo and UNITA. These are only too clearly not independent, indigenous movements with serious local bases 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 the solidarity measures discussed above might be of the order of (in \$ million):

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

Of that 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 which is of the order of \$2,000-2,200 million.

But it is not the price of Southern African mistakes or even of global economic forces. It is the price of Pretoria - of the regional portion of the total strategy of the universally condemned apartheid regime. And 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 250,00 lost lives every year (over \$1,100,000 and over 28 lives every hour).

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 cost of the measures against South Africa is indeterminate not merely as to amount but as to sign; that is, there could, especially in the medium 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 $\frac{1}{4}$ % alteration of interest rates. Investment in and loans to RSA 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 and reducing economic decline or destruction before a post-apartheid South Africa becomes a viable, expanding economic partner. 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.