South African DESTABILIZATION

The Economic Cost of Frontline Resistance to Apartheid

United Nations

Inter-Agency Task Force,
Africa Recovery Programme/
Economic Commission for Africa

MAP NO. 3565 UNITED NATIONS
SEPTEMBER 1989

South African DESTABILIZATION

The Economic Cost of Frontline Resistance to Apartheid

United Nations

Inter-Agency Task Force,
Africa Recovery Programme/
Economic Commission for Africa

This study was commissioned by the Inter-Agency Task Force of the United Nations Programme of Action for African Economic Recovery and Development (1986-1990) and executed by the United Nations Economic Commission for Africa.

The study was prepared with the assistance of Reginald Herbold Green of the Institute of Development Studies, Sussex University, United Kingdom; Siteke G. Mwale, Principal Advisor on Regional Cooperation, Office of the Prime Minister of Zambia; and Phyllis Johnson and David Martin of the Southern African Research and Documentation Centre (SARDC), Harare, Zimbabwe.

Cover Photograph: Angolan News Agency
Back Cover Photographs: AIM, Mozambique; Angolan News Agency; International Committee of the Red Cross

Produced by the Africa Recovery Unit of the Department of Public Information's Communications and Project Management Division, for the UN Economic Commission for Africa.

For further information, please contact:

Office of the Executive Secretary, Economic Commission for Africa
PO Box 3001 Addis Ababa, Ethiopia Tel. 517200

Africa Recovery, DPI/CPMD Room S-805
United Nations, New York, NY 10017 Tel. (212) 963-6857 Telex: 232422

CONTENTS

PREFACE

Following the adoption of the United Nations Programme of Action for African Economic Recovery and Development, 1986-90 (UN-PAAERD) by a Special Session of the UN General Assembly in 1986, a United Nations Inter-Agency Task Force for the Follow-up on the Implementation of UN-PAAERD at the Regional Level (UN-IATF) was set up by the Secretary-General of the Organization, His Excellency Mr. Javier Pérez de Cuéllar. Its task was to facilitate monitoring of the Programme on a systematic basis, according to its regional, sub-regional and thematic aspects.

Out of concern over the debilitating impact of South Africa's acts of destabilization on the development prospects of the countries of southern Africa, and therefore, on the prospects for the successful implementation of UN-PAAERD, the UN-IATF, with the support of the UN Steering Committee on UN-PAAERD, decided at its fourth meeting, held in Lusaka and Harare from 16 to 19 November 1987, to commission a study on this subject which would:

1. Synthesize information on South Africa's systematic military, political, economic and social destabilization acts against the countries of southern Africa;
2. Assess the devastating burdens imposed on the governments and people of the sub-region by these acts of destabilization, with particular reference to the most vulnerable groups of the population;
3. Assess the chances of these countries to engineer recovery and development in the context of these extra burdens;
4. Assess the responses of the countries as well as the international community in countering the impact of destabilization;
5. Delineate, in concrete terms, the various actions that are needed from the international community to sustain recovery and development in the sub-region in the face of these destabilization acts.

This volume is the outcome of this exercise. The study clearly shows that the economic costs of South Africa's destabilization to the sub-region have been prohibitive and that the human costs have been unacceptably wanton and tragic. The costs of physical destruction and lost Gross Domestic Product have topped $60 billion, which suggests that in the absence of destabilization, the sub-region's annual GDP would have grown in the order of 5 per cent per annum as opposed to the 3 per cent actually achieved.

While human costs are difficult to render quantitatively, the figures do give a sense of the enormity of the tragedy wreaked on the sub-region by South Africa: 1.5 million war deaths during 1980-88, counting the "excess mortality" rate of infants and children under five. At one time or another during this period, half the population of Angola and Mozambique has been forced to seek refuge in other countries, or been displaced internally.

Such economic and human haemorrhage should not be permitted to continue. While some prospects have recently emerged for a reduction in hostilities and for dialogue, it must be said loud and clear that without an end to apartheid, there can be no lasting peace in the sub-region.

It is imperative, therefore, for the international community to urgently take strong measures to promote recovery and development in the sub-region in spite of the continuing devastation—by deterring, as well as reducing the burden of, aggression; supporting efforts to lessen dependence on South Africa; and backstopping reconstruction. In addition, the international community should work earnestly to bring about an end to the abhorrent apartheid system in South Africa. The southern African states have of course received appreciable support from the international community in the past. What needs to be emphasized is that the magnitude of devastation and resulting needs calls for support on a much larger scale and on a more sustained basis.

The commissioning of this study shows the seriousness with which the organizations of the UN system, under the leadership of the Secretary-General of the UN, view the plight of the destabilized states of southern Africa within the context of UN-PAAERD. It is my sincere hope that the study, by revealing the extent of the human and economic devastation that the countries of southern Africa have had to sustain, and the scale of assistance urgently needed from the international community to meet the economic and security needs of the besieged states of the sub-region, will contribute to the search for a solution.

Adebayo Adedeji
United Nations Under-Secretary-General
and Executive Secretary of
the Economic Commission for Africa

SUMMARY

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

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

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

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

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

This report presents the situation of each of the member states of the Southern African Development Coordination Conference (SADCC), and provides an analysis for each of the cost of apartheid's war for survival. A separate Annex deals with Namibia.

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

The total regional cost of South African destabilization and aggression is now running at about $10 billion per annum, or of the order of 40 per cent of achieved regional GDP. Over the 1980-88 period it has totalled broadly $60 billion, which is twice present annual GDP and about three times the gross external resource inflows (grants, soft loans, export credits and commercial loans) of the last nine years.

That cost was very unevenly distributed by country, with Angola bearing the largest absolute burden of $4.5 billion in 1988 and $27 billion to $30 billion over 1980-88, and Mozambique next with $2.5 billion to $3 billion in 1988 and $15 billion for the period. Between them, these two states bore 70 per cent to 75 per cent of the GDP losses. However, no state escaped a significant loss, with even Swaziland suffering a $30 million loss in 1988, and a $200 million loss during the 1980-88 period. Over the period, six states had cumulative losses of over $1 billion each.

The losses also varied sharply as percentage shares of achieved GDP from around 100 per cent for Angola and Mozambique to 10 per cent or less for Botswana, Tanzania, Lesotho and Swaziland. However, even 5 per cent to 10 per cent of GDP loss must be seen as significant for a small, poor economy with narrow fiscal, foreign exchange and food security margins at the macroeconomic level and with a majority of households having yet narrower margins above abject poverty and whose members face the very real danger of premature death.

The main elements in the losses have been 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, although they were the most burdensome economic factors for poor households, especially in Mozambique and Angola.

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

Human costs are harder to summarize quantitatively. The most shocking is the "excess mortality" rate for infants and children under five. When put together with other war deaths in the region, the total reaches 1.5 million lives lost over 1980-88 as a direct or indirect consequence of South Africa's regional strategy. In Mozambique, the total was almost 900,000 or nearly 6 per cent of estimated 1988 population and in Angola 500,000 or 5.5 per cent. The total for the rest of the region was about 100,000.

The second indicator of human cost is the magnitude of displaced persons and refugees. Half the populations of Angola and Mozambique—12 million persons—fell into this category. In addition, Malawi's land availability, food balance and ecology are hard pressed by almost 700,000 Mozambicans (almost 10 per cent of Malawi's national population) who have taken refuge there. These totals are appalling. They confirm the hypothesis that the dominant cause of economic setbacks and human misery in southern Africa is South African destabilization plus overt and proxy aggression.

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

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

That is the cost of a war that must eventually lead to a peace. That, to the southern African region, is the price they have paid for having refused to accept the practice of apartheid. For it is this refusal which is responsible for the South African strategy of aggression. The goal has been to create costs so exhausting that the frontline region would eventually find apartheid—or a modified version of it—a reality to which they would turn a blind eye.

Clearly, it is not a goal which can be realized.

Table 1

GROSS DOMESTIC PRODUCT (GDP) LOSS IN THE SADCC REGION 1980-88

($ million in 1988 prices)

	1988		1980-1988	
Country	Loss	% of Actual GDP	Loss	% of 1988 Actual GDP
ANGOLA	4,500	90	30,000	600
MOZAMBIQUE	3,000	110	15,000	550
ZIMBABWE	1,350	25	8,000	145
MALAWI	550	30	2,150	133
ZAMBIA	500	20	5,000	200
TANZANIA	500	10	1,300	26
BOTSWANA	125	10	500	40
LESOTHO	50	7	300	42
SWAZILAND	30	5	200	33
ALL SADCC	**10,605**	**43**	**62,450**	**210**

Source: National data and preliminary 1988 GDP estimates as described in the text.

Table 2

WAR-RELATED LOSS OF LIFE IN THE SADCC REGION 1980-88

Country	Infants/Young Children	All Deaths
MOZAMBIQUE	494,000	900,000
ANGOLA	331,000	500,000
ZAMBIA	50,000	50,100
TANZANIA	25,000	25,060
MALAWI	25,000	25,000
ZIMBABWE	—	500
LESOTHO	—	500
SWAZILAND	—	250
BOTSWANA	—	50
TOTAL	**925,000**	**1,501,460**

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

SOUTH AFRICAN STRATEGY:
The Human and Economic Costs for the Region

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

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

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

In 1989, with initial peace talks in Angola, the approach of elections in Namibia, and some prospects for an end to terrorism in Mozambique, South Africa is being hailed in some quarters as the region's "peacemaker."

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

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

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

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

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

The subsequent section summarizes the impact on each of the nine SADCC member-states, as well as Namibia, with greater attention to the most severely damaged—Mozambique and Angola. The findings are then related to what type, and order of magnitude, of external support and cooperation with southern African states—and pressure on South Africa—might be necessary.

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

This study shows that the cost to the region in terms of destruction and lost GDP output is over US$60 billion.

The number of dead has reached 1.5 million, half of them children under five who would have lived had their health facilities not been destroyed—had it not been for war. Half the populations of Mozambique and Angola have been displaced from their homes at least once by the war, or rely on emergency food aid for their survival. The number of wounded, maimed, mutilated and malnourished, the future effects of disrupted education

and, in some cases, of children traumatized by a particularly brutal war, are more difficult to quantify.

Total Strategy

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

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

First defined in a Defence White Paper in 1977, when Botha was Minister of Defence, the "total strategy" called for the coordination of internal and external strategies covering four sectors—economic, military, diplomatic and political. The regional objective is to maintain a dependence by neighbouring states which will be economically lucrative for South Africa and will simultaneously keep these states politically submissive. These states would also act as a bulwark against the imposition of international sanctions against apartheid, since such sanctions would hurt them as well.

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

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

- Destruction of regional transportation routes through Mozambique and Angola has forced five other SADCC states which are landlocked to use routes through South Africa, depriving the transit states of the revenue and depositing it instead in Pretoria's coffers;
- This control of regional trade, particularly exports and imports of petroleum, has been used to exert pressure on neighbours which favour sanctions or are boisterous

in their condemnation of apartheid; and it assists in the circumvention of international sanctions, as does joint marketing of some commodities such as citrus, coal and diamonds;

- Joint economic projects, existing or planned, have been used to exert presssure for security agreements, successfully in some cases;
- Overt and covert warfare has been waged to bludgeon some neighbouring countries into "peaceful" co-existence with apartheid and to exert pressure for the expulsion of South African exiles who favour the removal of apartheid and creation of democracy in South Africa;
- Political pressure has been exerted through various means, so far unsuccessful, for recognition of the "homelands," and thus "separate development";
- Diplomatic forays into Europe or the region by the South African leader have been followed or preceded by the signing of agreements with some neighbouring countries in 1984—which Pretoria violated—and in 1988.

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

Further afield, South Africa has sought to divide African states and dilute their opposition to apartheid by offering economic sweeteners such as long-term credit and soft loans.

Safe and Profitable

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

Pretoria has chosen not to accept that the struggle for democracy could come from within, from the disenfranchised majority of the population in South Africa. Therefore it sees it as both possible and preferable to wage its war for the continuation of apartheid on foreign soil.

Another South African goal has been to make the region a profitable market for its exports of goods and services. Part of South Africa's invisible and visible export growth over the past two decades has been to the region. This has bolstered its faltering export-constrained GDP and equally shaky, domestic-market constrained, industrial sector growth rates.

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

Economic destabilization (through trade barriers, withdrawal of railway wagons, delays in export and import flows), aggression (through support for proxy groups), and direct attacks have been used in an attempt to deter trade sanctions and active support for groups opposed to apartheid. Yet South Africa's balancing act has been not to cause such economic damage as to prevent purchases from South Africa.

Lesotho has been treated like other landlocked states, though South Africa's greater transport leverage was used to secure a change of government by use of an economic blockade.

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

Economic Costs of War

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

Table 3

DIRECT COST METHOD OF ESTIMATING LOSSES TO THE SADCC REGION 1980-84
(In current $ million)

Item	SADCC Estimate	Green and Thompson
DIRECT WAR DAMAGE	1,610	1,610
EXTRA DEFENCE SPENDING	3,060	3,310
HIGHER TRANSPORT, ENERGY	970	970
SMUGGLING, LOOTING	190	190
REFUGEES AND DISPLACED	660	660
EXPORT LOSS	230	550
BOYCOTTS, EMBARGOES	260	260
LOSS OF EXISTING PRODUCTION	800	800
LOST ECONOMIC GROWTH	2,000	4,000
TRADING ARRANGEMENTS	340	590
TOTAL	**10,120**	**12,940**

Source: Johnson and Martin, eds., *Frontline Southern Africa: Destructive Engagement* (New York, 1989).

Table 4

ADJUSTED ESTIMATE OF DIRECT WAR COST TO THE SADCC REGION 1980-88
($ million)

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

The sharp increase in 1985 over the 1980-84 average relates to escalation of conflict, the rising defence bill, cumulative output losses and inflation.
Source: UNICEF, *Children on the Front Line.*

The SADCC estimate for these costs over the period 1980-84 came to $10.12 billion and a revision by Carol Thompson and R.H. Green for the same period reached $12.94 billion. Through 1988, the total on this basis is of the order of $44 billion to $46.94 billion on a historic price basis and well over $50 billion on a 1988 price basis. Defence spending and lost economic growth are the dominant headings, with war damage, transport and energy costs, refugee relief and existing production losses also significant. Export losses, including transit traffic, count for Mozambique and, outside the petroleum sector, Angola.

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

A second method of estimating war costs is to compute estimated non-war growth rates for GDP and compare them with actual outturns. This produced estimates of $5.5 billion for Mozambique and $15 billion for Angola over the 1980-86 period, calculated according to 1986 prices and assuming non-war growth rates of 5 per cent and 8 per cent respectively. In the case of Mozambique, this calculation allowed for substantial recovery, in progress from 1979 but cut short by the onslaught of terrorism and sabotage in 1981. In Angola, the growth led by the petroleum sector was anticipated, plus recovery in other sectors which could have been achieved in the absence of South African aggression in the period 1976-80 and its escalation from 1981.

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

As of the end of 1988, on a GDP loss basis, the cost to the region of South African aggression and destabilization was over $60 billion at 1988 prices—or over twice achieved GDP in 1988. This is the amount by which total output of SADCC countries since 1980 has been lower because of the war. This is calculated on an alternative scenario projection basis for Angola and Mozambique, that is, by projecting probable growth without war, and, in the case of other SADCC countries, on a less comprehensive basis using foreign exchange costs and production multipliers.

The impact on regional growth was to reduce it for the 1986-88 period from a probable peace rate of 5 per cent to 6 per cent to about 2 per cent to 3 per cent—that is, from 2 per cent above to 1 per cent below population growth. In the absence of the war waged against it by South Africa, the SADCC region would have had far less serious output declines in the early 1980s and far more marked and sustainable recoveries in the mid-to-late 1980s, even had all other factors remained unchanged.

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

Human Costs of War

The economic damage described above in itself entails widespread and severe human costs. The standard of living of a majority of the people of SADCC states is very close to, or below, the absolute poverty line.

Were current GDP 25 per cent higher and growing at 5 per cent to 6 per cent a year, the numbers in absolute poverty and/or lacking access to basic education, health and water services would be substantially lower. However, the war waged by South Africa has three much more directly damaging effects: loss of food security, massive displacement of people, and death.

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

While financed, supplied, planned, directed and, on occasion, led by South Africans, the first two aspects have been carried out primarily by proxy forces, notably Renamo in Mozambique and Unita in Angola. Less significant proxy forces have been used in

Lesotho, Zambia and Zimbabwe; and Renamo has been used increasingly and openly for cross-border raids against Zambia, Zimbabwe and, to a lesser degree, Tanzania.

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

Rural terrorism has had the effect of keeping the rural population in Mozambique and Angola on the move, unable to settle down or to restore production. This has resulted in massive food shortages, even in fertile areas, with production shortfalls of up to 1.5 million tonnes of grain. The economic consequences of war—exacerbated in Angola by the collapse of petroleum prices in 1986—have prevented commercial imports being substituted, while food aid to the two states, never exceeding 650,000 tonnes a year, has proved difficult to distribute because of transport sabotage and rural terrorism.

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

- At least 1.5 million are refugees in neighbouring countries;
- Some 6.1 million are displaced internally with no significant ability to restore their production and incomes due to war (approximately 1 million have migrated to urban areas where they live in slum or shanty areas with no independent means of support);
- Also affected in both countries are urban dwellers, numbering about 4.5 million, whose food needs are no longer met from rural surplus.

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

The total number of dead from these causes had reached 1.5 million by the end of 1988.

Table 5

DEATH OF INFANTS AND CHILDREN UNDER FIVE IN MOZAMBIQUE AND ANGOLA FROM WAR-RELATED CAUSES 1980-88

Year	Angola	Mozambique	Total
1980	0	0	0
1981	10,000	15,000	25,000
1982	20,000	30,000	50,000
1983	31,000	46,060	77,000
1984	42,000	63,000	105,000
1985	55,000	82,000	137,000
1986	56,000	84,000	140,000
1987	58,000	86,000	144,000
1988	59,000	88,000	147,000
TOTAL	**331,000**	**494,000**	**825,000**

Source: UNICEF, *Children on the Front Line.*

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

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

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

In addition, at least 200,000 people have died from war-related famine, plus 150,000 older child and adult victims of the collapse of medical services or the interaction of malnutrition with not otherwise fatal diseases, as well as 325,000 civilian and military victims who have been killed by war or terrorism. However, it must be stressed that

these are estimates which are difficult to verify, and some categories may overlap, for example infants/children with other deaths caused by war-induced famine.

The figures above relate to Angola and Mozambique only. In the other seven SADCC states there are even more variables. In some (but not all) cases, war costs have enfeebled the economy and the budget to an extent which has eroded food security as well as medical and water services. A cautious estimate of these deaths, plus those caused by acts of war or terrorism, is just over 100,000 for the period 1980-88, depending primarily on how much war costs have eroded the basic health care systems of Tanzania, Malawi and Zambia.

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

Policy Implications: Domestic, Regional, Global

The very high cost of Pretoria's strategy to the SADCC region means that its implications must be central to all concerned. In particular, its impact must be taken into account by the international community in all sectors—especially, but not only, for Mozambique and Angola—and priorities set in resource allocation be related to its reduction and alleviation.

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

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

This external role of the Frontline States, like the resource mobilization 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. Nor can they, by themselves, continue to block direct and proxy military aggression, sustain the existence of and begin rehabilitation for the refugees and displaced, and restore growth and development. Beset with most of the other exogenous shocks affecting Africa (including drought, debt and deteriorating terms of trade), this is not surprising. All except Botswana face foreign exchange constraints and most economies are strangled by limited import capacity. The foreign exchange price of excess defence spending, higher cost transport routes, lost exports, survival relief, and rehabilitation of direct war damage is, for the region as a whole, of the order of three-quarters of actual current export earnings.

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

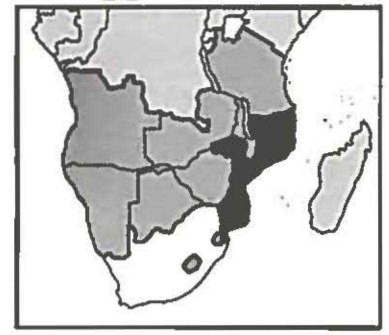
Economic support should be designed to assist in vulnerability reduction, human survival and rehabilitation, human resources development, output restoration and defence capacity to offset present, and reduce future, costs. Support in the security area should be aimed, as an interim goal, at curtailing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

The cost of solidarity at effective levels would not be small—perhaps $3.5 billion a year (above and beyond non-war-related recovery and development cooperation), of which under a third is currently being provided in actual annual disbursements. However, $3.5 billion is less than one-third of the annual price of Pretoria's war to these states.

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

MOZAMBIQUE

Struggle for Survival



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

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

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

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

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

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

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

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

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

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

Mozambique has about 4.6 million known displaced or "affected" people driven from their homes and left with no means of livelihood. However, the total of severely affected persons almost doubles—to 8.7 million—with the inclusion of 1 million refugees in neighbouring countries and the 3.1 million urban dwellers whose food needs were previously met from rural surplus.

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

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

Deaths in Mozambique caused directly and indirectly by the war can be estimated at about 900,000 for the period 1980-88, of which almost 500,000 were infants and children under five, as illustrated by Table 5. To the number of "excess" deaths of infants and young children can be added 175,000 older children and adults who have perished through the disruption of food production, prevention of food distribution and the spread of disease as a result of the destruction of health facilities and interruption of vaccination campaigns. This figure includes those who perished in a war-induced famine in 1983-84 and it is likely a conservative figure. The Mozambican government estimate of 100,000 military and civilian deaths caused directly by war during 1975-85 may overlap in part with the finding of the Gersony report that:

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

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

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

One-third of Mozambique's export income prior to independence was generated through the sale of transport services to its neighbours, including South Africa. Another foreign exchange earner was to be the intended sale of Cahora Bassa electricity to South Africa. However, the destruction of transport links and power lines, plus the diversion of most South African cargo away from Maputo port, have devastated these sectors.

Lost transit traffic revenue (including the diversion of South African cargo, which economic logic and shipper preference would have routed via Maputo) was $275 million to $300 million in 1988. From 1980 to 1988 inclusive, the loss totalled $1.5 billion to $1.6 billion. Loss of electricity exports and purchase of replacement power cost Mozambique $75 million in 1988, and over $300 million for the whole period. The loss since 1980, inclusive of damage, is $576 million.

Export trade has been devastated by the destruction of rural life by terrorism and the sabotage of transportation routes. The annual loss reached $250 million to $300 million by 1988, with a total of $1.5 billion to $1.75 billion for the 1980-88 period.

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

The domestic production loss turns on rural devastation and the inability to pay for adequate inputs of spares and equipment resulting from export contraction. By 1988, Mozambique's grain deficit was 1 million tonnes and the total basic food deficit was 2 million tonnes. In value terms it was $200 million to $250 million in lost grower income and would have cost over $500 million to import. Other rural and urban output loss was $400 million. The 1980-88 agricultural total is $750 million to $850 million, with overall losses of $1.25 billion on this basis.

Two approaches to GDP loss are possible. One is to estimate foreign exchange costs and losses, then multiply by three to take account of production lost through import strangulation, then add refugee and lost domestic production costs. Using one-half of military expenditure (probably conservative given the likely 75 per cent import content) plus visible and invisible export losses, this method yields a 1988 loss of $2.5 billion to $2.75 billion and a 1980-88 loss of the order of $15 billion. These estimates exclude

non-rural production losses other than exports as being primarily related to import capacity and thus covered in the multiplier.

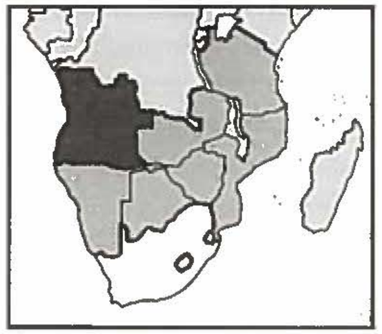
An alternative method is to estimate probable GDP growth in the absence of war—perhaps 5 per cent based on 1979-81 trends and the room for recovery to previous production levels—and contrast it with actual output. An earlier estimate on that basis for 1980-85 suggested a total loss of $5.5 billion, a 1986 achieved output level of about 50 per cent of the 5 per cent growth scenario levels and an actual 1986 GDP value of $2 billion.

Subsequent World Bank data imply that this figure understated base GDP, and therefore losses. GDP in 1986 was of the order of $2.75 billion, which implies an adjusted loss of about $7.5 billion in 1986 prices. A further adjustment for base year South African aggression losses of about $100 million would raise the 1980-86 loss of GDP growth to slightly over $2.75 billion. Adding $6 billion for 1987-88 losses (GDP did in fact grow by an average of over 5 per cent a year but from a base one-half what it would have been otherwise) and adjusting to 1988 values at an average global inflation rate of 5 per cent a year, gives a total loss of GDP for 1980-88 of about $15 billion and a 1988 loss of about $3 billion.

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

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

ANGOLA
Head-to-Head with Proxy and Pretoria



The war against Angola, and its impact on Angolans and their economy, has also been very severe but waged in a very different manner. Angola's military costs have been considerably higher, in open confrontations with the South African Defence Force (SADF), but its available resources are also considerably higher. Because Angola has greater economic resources than Mozambique, absolute economic losses have been higher, even though the population estimate for 1988 (at 9.5 million) is less than two-thirds that of Mozambique.

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

Not only has Angola faced an open military confrontation with South Africa, it has also been subjected to economic sabotage of key transportation routes, such as the Benguela railway, and electricity pylons, as well as rural terrorism which has caused disruption of government infrastructure and services.

Well over one-third of Angola's population has been displaced from their homes and lives in self-created clusters, organized camps or urban slums, or has been forced to flee from the country. The damage to education and health facilities is less at the physical level than in Mozambique, with 10 per cent to 15 per cent destruction, but data flows are so incomplete that this may reflect the lack of centrally available data rather than the real damage. Experience in other sectors would suggest that this is the case. Certainly educational enrollments fell sharply in the mid-1980s until recovering partially in 1987 and 1988. Effective rural health coverage is as low as 10 per cent in some provinces and for some services, as for example childbirth.

In some respects, the Angolan economy and its financial ability to provide some relief and rehabilitation support out of national resources held up better than in Mozambique—until the collapse of petroleum prices in 1986. The reason is evident: Angola's well-run, growing, and largely offshore oil sector could be protected and could provide base levels of import capacity and government revenue. Other exports, transportation and food production were, however, almost as severely disrupted as in Mozambique. Social disintegration and trauma are comparable in affected rural areas, perhaps marginally less so in

urban areas because the larger, stronger core of the formal economy has provided better markets for informal and parallel production and commerce.

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

Excess military and related security costs were of the order of $1.5 billion to $1.6 billion in 1988, about 30 per cent of GDP and well over 40 per cent of government spending. The total for 1980-88 is at least $8.5 billion, excluding the costs borne by the governments of foreign contingents. Until 1986, with the exception of a brief period in the early 1980s, these levels were potentially compatible with constant or rising basic services spending. The key problems were access to some rural areas and lack of personnel. Since the collapse of international petroleum prices in 1986, however, this spending has crippled the budget, and the 60 per cent direct (probably 70 per cent direct and indirect) import content has devastated import availability for all other sectors.

Assuming that in the absence of war, overall non-petroleum exports would have regained 1973 levels, on average, and risen about 10 per cent, the export loss on global trade in 1988 was roughly $500 million, and for 1980-88 about $3.5 billion. Added to this figure must be the loss of potential regional exports, including manufactures, of about $50 million in 1980 and $250 million over 1980-88.

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

Large numbers of peasants have been forced to halt production, with all or most members of the household fleeing to rural points considered less insecure, or to formal camps, provincial capitals or Luanda. As a result, the grain deficit is about 350,000 tonnes and the grain equivalent of the overall food deficit perhaps 750,000 tonnes. This implies a 1988 rural production loss of perhaps $100 million and a cumulative 1980-88 total of $1 billion. 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 expenditure and institutions.

The official figure for displaced people until 1988 was in the 600,000 to 700,000 range. This is now regarded as an underestimate, with the minimum reaching over 1.5 million through additional people displaced into urban shantytowns or accommodated with relatives. The actual figure may be much higher as the location and status of thousands of people are unknown due to the constant harrying and displacing of rural populations. A further 500,000 have fled to neighbouring countries. About 1.4 million live in households which are unable to produce or earn enough to support their families at or above the absolute poverty line.

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

The human costs of war of the level waged against Angola since independence 14 years ago are massive. At least 15 per cent, and more likely 25 per cent, of primary health and education units have been destroyed. School enrollment is down by several hundred thousand and access to primary health care denied to at least 2 million people who would have had access to such facilities in the context of peace. Up to 75 per cent of small town and rural water systems have been destroyed or are out of operation, reducing access to water for perhaps 1.5 million people.

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

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

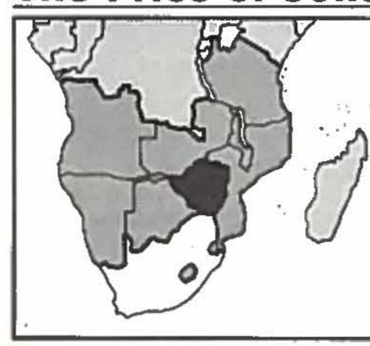
Estimates of direct war-related civilian and military death tolls are difficult to establish, but are possibly 75,000 on a comparable population basis. Deaths from starvation, malnutrition and diseases made more prevalent and deadly by the breakdown in health services have totalled as much as 90,000 for adults and older children for the period 1980-88. A UNICEF estimate of "excess" mortality rates for infants and children under five who would have lived in the absence of war, shows 331,000 over the same period, as seen in Table 5. On that basis, the total number of direct and indirect war deaths in Angola between 1980-88 is almost 500,000.

As in the case of Mozambique, GDP loss can be estimated by two different methods. One method takes half of defence expenditure, plus trade and transport losses, multiplied by three to allow for the multiplier impact of enhanced import capacity. It also adds refugee expenditure and non-export rural production losses. That approach yields a 1988 loss of the order of $4.5 billion and a 1980-88 total of around $27 billion.

The other method is to make a comparison with a peacetime economy scenario. An earlier UNICEF calculation on that basis, assuming 8 per cent annual oil and recovery-fuelled growth, came to $15.6 billion over 1980-85 at 1985 prices. If it is assumed that GDP on average over the period 1980-88 would have been static under peacetime conditions (that is, with the growth of other sectors capable of offsetting petroleum sector decline), the total for the 1980-88 period, in 1988 prices, is $30 billion and the 1988 loss, $4.5 billion. The latter figure is about 90 per cent of probable actual 1988 GDP. Excluding the oil sector, which has suffered only trivial damage, the ratio is of the order of 110 per cent. Because Angola suffered far more heavily from South African armed aggression before 1980 than any other state in the region, a 10 per cent loss is assumed in the base year.

ZIMBABWE

The Price of Solidarity and Transport Protection



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

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

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

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

Excess defence costs were running at $300 million a year as of 1988, and total $3 billion to $3.25 billion for 1980-88, of which about two-thirds were direct and indirect import costs. Excess transport costs—around 15 per cent of visible trade—were of the order of $100 million to $125 million in 1988 and $700 million to $800 million for the 1980-88 period.

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

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

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

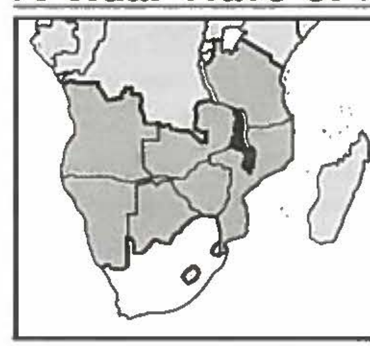
Human costs are measured by an average GDP growth rate of 4 per cent to 5 per cent, as a result of the war, as opposed to a likely 7 per cent to 8 per cent average without it, through an erosion of purchasing power for wages and slower expansion of peasant and self-employed productive capacity and earnings. Education, water and health have, in general, been protected from the recessionary impact of the war and the external economic environment, and drought relief, including food-for-work, has been provided.

It would not be inappropriate to assert that war has led to a large number of indirect deaths through higher general mortality.

The GDP cost in 1988 is likely to have been of the order of $1.3 billion to $1.35 billion or between 23 per cent and 25 per cent of achieved GDP. The 1980-88 total has been about $7.5 billion to $8 billion. Roughly similar estimates would be obtained by using a scenario positing that, in the absence of war, GDP growth would have been on the average 2.5 per cent to 3 per cent a year higher. The main components of the costs are: one-half of defence, plus trade and transport losses and extra costs, multiplied by three as a foreign exchange (import capacity) multiplier, plus sabotage damage and refugee costs. Of these, the loss as a consequence of defence costs is slightly under 60 per cent, that on transport 30 per cent and that on trade about 10 per cent.

MALAWI

A Tidal Wave of Mozambican Refugees



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

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

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

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

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

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

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

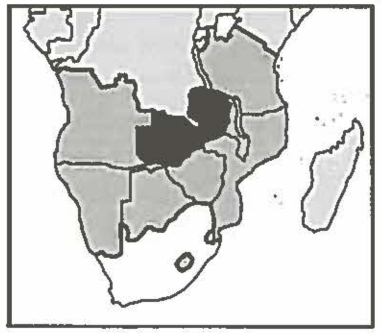
sharply thereafter, especially in 1986 and 1987, so that a total cost of $100 million is probably conservative.

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

GDP loss in Malawi, using a multiplier of three in a foreign exchange-constrained economy, with trade and transport losses plus one-half of defence costs, and adding refugee costs, comes to an order of magnitude of $550 million in 1988 and $2.15 billion over 1980-88. This $550 million is more than 30 per cent of Malawi's probable actual 1988 GDP—a stunning demonstration of how to crush an economy with a transport vice even without acts of sabotage or terrorism on its own territory. The 1980-88 total is of the order of 124 per cent to 133 per cent of actual 1988 GDP.

ZAMBIA

Shock after Shock, Burden upon Burden



Zambia has been severely affected by South African destabilization and aggression without having been directly involved in substantial combat at home or abroad. The costs have turned on the continuing need for a high level of defence expenditure to protect the country's extensive and vulnerable borders, excess transport and import expenditures, and lost exports. These have been particularly burdensome because they follow the very severe and similar costs imposed by defence against the illegal Rhodesian state, involving transport rerouting as well as maintaining border security against the South African forces occupying Namibia. In parallel with these extra costs was 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 African National Congress members, but most were either remarkably ill-targetted or designed to demonstrate force and inspire terror. Pretoria has used minor terrorist gangs (notably the Mushala gang at the end of the 1970s and early 1980s) and carried out border raids and mine-laying from occupied Namibia. During 1987-88 there were many incursions across the eastern border from Mozambique, resulting in lives lost and property damaged or stolen. Lives lost directly were perhaps 100 in 1988 and 750 over 1980-88. Direct physical damage was not large by comparison with neighbouring countries—perhaps of the order of $10 million over the nine years.

Excess defence costs have been of a quite different order of magnitude, though one which Zambian budget presentation makes it particularly hard to estimate. For 1988, they are likely to have been $150 million to $200 million, and over 1980-88, $1 billion to $1.25 billion, of which about two-thirds represented direct and indirect imports. This is of the order of 10 per cent of government spending and 4 per cent 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 Rhodesia's Unilateral Declaration of Independence in 1965. The additional cost was about $40 million in 1988 and $200 million to $250 million over the 1980-88 period. A buildup in the use of Beira and Dar-es-Salaam ports has begun to erode this cost and Zambia's vital copper is now exported only through those two ports, to the exclusion of South African ports.

Trade costs include the higher prices paid for South African imports, secured by South Africa through the provision of trade credit which, because of its economic debilitation,

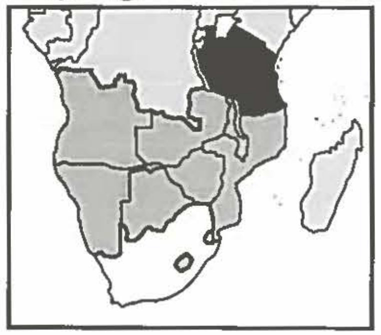
Zambia cannot procure elsewhere; and exports to other SADCC states lost because their weakened economies can no longer afford them. Together, these two items came to perhaps $40 million to $50 million in 1988 and $100 million to $125 million over the 1980-88 period.

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

Human costs flow primarily from the economic decay and fiscal cutbacks imposed by war costs—as well as the generally unfavourable international context for base metals and cyclical 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 potable 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. Over the entire 1980-88 period, the figure is 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 million to $500 million in 1988 and $4.75 billion to $5 billion over 1980-88. The 1988 estimate is about 20 per cent of actual GDP.

TANZANIA
Paying for Solidarity



Tanzania is the most distant of SADCC countries from South Africa. It has had no direct South African raids on its territory and only minor proxy incursions across the border from Mozambique. Tanzania has had no economic links with South Africa for over a quarter of a century and moves its international trade almost totally over its domestic transport system.

This does not mean that Tanzania has not had a heavy economic bill to meet as a result of South African destabilization and aggression. The dominant costs are on defence and, within these, on military operations in solidarity with Mozambique; 4,000 men in Mozambique and 6,000 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. However, a portion of Tanzania's defence spending since 1962 has related to the threat posed first by Portugal (in Mozambique) and subsequently by Rhodesia and South Africa.

From late 1986, when Tanzanian solidarity forces returned to Mozambique (having served in defence against earlier Rhodesian aggression in 1976-78), the cost has been clearly 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 million and $750 million respectively, two-thirds in direct and indirect import content. War deaths have been relatively low because of the minimal levels of terrorism South Africa and its proxy forces have been able to inflict on Tanzania—less than 100 dead for the period, virtually all in the armed forces.

In respect of transport, Tanzania has had a net gain because its major southern transport links—Tazara railway, Tanzam highway, Tazama pipeline—were built to serve the landlocked countries as a result of Rhodesian/South African destabilization and aggression. The gain—even allowing for unpaid bills likely to prove uncollectable—was of the order of $25 million in 1988 and $125 million for the 1980-88 period. This is, in fact, an overestimate as the capital employed to build these routes (up to 25 per cent of Tanzanian fixed investment in the years between 1970 and 1974) could, at least in part, have been used for domestic development projects.

The impact on trade has been centred on lower exports to SADCC partners, particularly Zambia and Malawi, because of the debilitation of the economies and constriction of their import capacity as a result of destabilization and aggression. The export loss in

1988 can be conservatively estimated at $15 million to $25 million and for the period 1980-88 at $50 million to $75 million.

The direct fiscal impact of the war, while not as great as in Zimbabwe, has been marked. In 1988, excess defence expenditure, plus revenue loss on the tax 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 TSh6.5 billion to TSh7 billion (then $50 million to $55 million). That is three-to-four times domestic bank borrowing and 40 per cent to 50 per cent of the portion of the recurrent budget which had to be financed out of sources other than domestic revenue. If the indirect impact of lower output and export growth in previous years is allowed for, the direct and indirect negative impact was probably of the order of TSh10 billion ($75 million), or two-thirds of the gap.

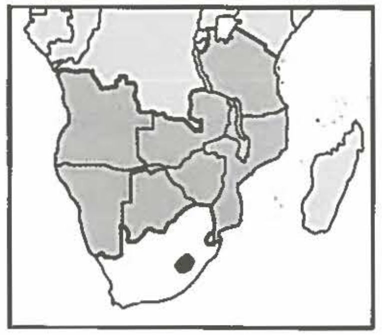
Refugee costs borne by Tanzanians may have been $5 million in 1988 and $25 million for the 1980-88 period. Mozambican refugees in 1988 numbered about 75,000, and over half of these were 1986 and 1987 arrivals. By mid-1988, they largely had been resettled on a quasi-village basis and had begun to develop productivity capabilities; they also had 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, related in part to the need to finance war bills. A conservative estimate of indirect war deaths 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 million to $500 million, about 10 per cent of achieved GDP, while over 1980-88 they totalled $1.25 billion to $1.3 billion. Of this, defence (estimated at one-half the cost times a foreign exchange 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 remittances from up to 400,000 Basotho working in South Africa and import tax revenues, plus (largely South African) tourism. The Highlands power and water project would—by definition—not alter this as South Africa is the basic customer for the water and, at full development of potential, the power. In respect of actual and potential basic productive sectors and employment, as well as transport links independent of South Africa, Lesotho is in a significantly different (weaker and more vulnerable) position than either Swaziland or Botswana, with whom it is often lumped.

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

A combination of the customs revenue-sharing formula and the excess price of South African exports to a captive market is a small net loss, likely to be of the order of $10 million to $15 million a year or $75 million to $100 million over 1980-88. The one-off cost in terms of lost output, of the 1985-86 blockade, which led to a change in government, was probably another $20 million.

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

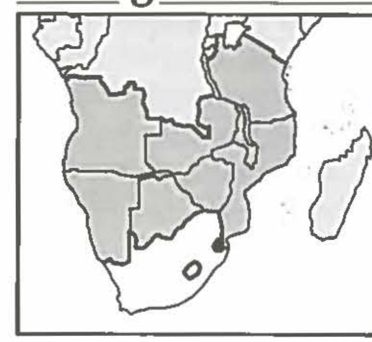
Refugees in Lesotho are South Africans, most of them in transit to safer countries. The cost burdens are not primarily financial but traumatic, and for those directly affected, those costs are injury or death. The refugees provide a rationalization for murder

raids, kidnappings and threats. Excess defence expenditure is of the order of $10 million to $15 million annually, as of 1988, and about $75 million to $100 million over 1980-88, with about 80 per cent direct and indirect import content.

GDP loss in 1988—at full trade and transport costs, plus half defence costs, and using a multiplier of two since these losses are in foreign exchange and the economy is, to a degree, constrained by lack of foreign exchange, plus $20 million in lost output from the 1985-86 blockade—was of the order of $30 million to $50 million, and over 1980-88 of the order of $250 million to $300 million. The 1988 loss is 5 per cent to 7 per cent of GDP, but because of the combination of vulnerability and fear, this understates the impact on the general population.

SWAZILAND

A Fragile Buffer Zone



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

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

Similarly, the locating in Swaziland of certain processing and manufacturing facilities (at one extreme, packaging and labelling), both to camouflage basically South African exports and to sell to South Africa, has probably virtually cross-cancelled excess import costs/customs revenues, bringing them below those of a national indirect tax system—

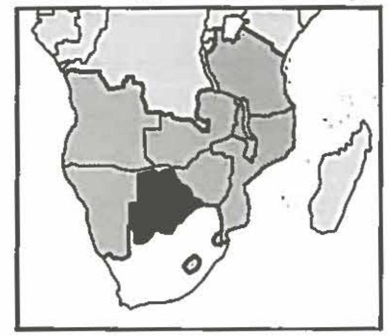
about $20 million to $25 million a year as of 1988—with a negative net rate of the order of $5 million a year.

Excess defence expenditure is of the order of $10 million to $15 million as of 1988, and $75 million to $100 million over 1980-88. Net refugee costs, for 25,000 Mozambicans, are probably not over $2.5 million a year to the Swazi government as of 1988, but this figure misleads. More than in any other southern African country of refuge, refugees are perceived as taking away semi-skilled jobs and small-business opportunities, and raising the crime rate.

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

Total GDP loss to Swaziland (trade, plus one-half defence, times a multiplier of two in an economy constrained by foreign exchange shortages, plus refugee costs) was of the order of $30 million in 1988 and $200 million over 1980-88. The 1988 level is equivalent to 5 per cent 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 become massive.

BOTSWANA
The Vulnerability of Success



Botswana has suffered relatively little, physically or financially, from South African destabilization and armed aggression. So far as financial costs go, the main impact would appear to have been a lower build-up of foreign exchange reserves which—at over $1.75 billion (more than 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 between 1980-88 are of the order of 100, but the psychological impact (as intended) is much more widespread, including many instances of child trauma in Gaborone. Physical damage is, at most, a few million dollars. Excess defence spending, as of 1988, was running at the rate of $60 million to $75 million annually, with the 1980-88 total, $225 million to $250 million, of which about 80 per cent is direct and indirect import content.

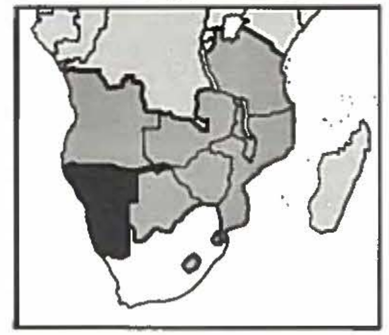
Botswana currently lacks effective external access other than through South Africa, with the real, but limited, exceptions of air links and trade with Zambia and Zimbabwe. Thus, it is dependent on South African "goodwill," the nature of which has been shown by sporadic delays in petroleum delivery (especially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

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

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

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

Annex: NAMIBIA
The Price of Liberation



For Namibia, the human and economic price of South Africa's strategy has been imposed through continued illegal occupation since the 1966 revocation of the former League of Nations mandate. And that is the price of liberation of an independent Namibia.

In this respect, Namibia differs from the independent states of southern Africa from whom the price of peace has been exacted by economic destabilization, proxy-force sabotage and terrorism, and by direct incursions by the South African armed forces. However, the results are very similar for Namibia and Namibians as for Angola and Angolans or Mozambique and Mozambicans. Again, the lasting consequences of the human and economic costs of occupation will be a burden on Namibians long after independence, even if South Africa does not engage in economic destabilization or other aggression against independent Namibia.

For Namibia, the comparison of what would have happened had South Africa ended its illegal occupation is with Botswana. In the early 1970s Botswana was much poorer than Namibia at territorial level, although now no longer in black incomes and access to services. Population size, ecological conditions and key economic sectors (diamonds, metals, ranching) are similar, while the main differences (possession of a deep-water port and a fishing sector) favour Namibia. Yet in terms of economic growth, access to basic services, fiscal balance, infant mortality and external reserves, Botswana has moved from strength to strength over the past decade and a half, whereas Namibia has gone backwards, except in access to education and the creation of a black middle-income minority.

If South Africa had left Namibia in 1978, as it once proclaimed itself willing to do, the probable evolution of GDP would have been much more positive. Over 1978-80 there might have been a transitional low growth rate, but given the relatively favourable external economic context then, the 5 per cent growth achieved during 1977-80 could certainly have been matched.

Over the period 1980-88, a growth rate of at least 5 per cent could have been achieved. The dominant black Namibian party's then (and now) economic strategy of continued large-scale production, land reform in ranching, conservation in fishing, improved support for peasant crop production, enhanced black employment and real minimum wage increases, moves to universal access to basic services and improved infrastructure (especially black urban infrastructure) was—except for land reform in ranching and for fishing—not all that different in substance from Botswana's. Botswana achieved a 10 per cent growth rate, so 5 per cent for Namibia is a relatively conservative estimate.

If that had occurred over 1980-88, GDP in constant prices would have risen 47 per cent instead of falling 5 per cent, while per capita GDP would have risen 18 per cent instead of falling 24 per cent. Actual GDP for 1988 (adjusted to include Walvis Bay) would have been over R7 billion ($2.9 billion) in 1988 prices versus barely over R4.5 billion ($1.9 billion). The cumulative 1980-88 loss has been almost R14 billion ($5.9 billion) or virtually three times actual total GNP for 1988.

The reasons for this catastrophic performance—on a par with the worst performances in sub-Saharan Africa and worse even than South Africa's own dismal economic record during the 1980s—can be identified fairly specifically. First, the funds wasted on creating and propping up racial and tribal authorities (including the diversion of all personal income tax revenue to the white second-tier authority) have exceeded R4 billion ($1.7 billion) at 1988 prices. Second, war has directly dislocated white as well as black economic activity in northern and north-central Namibia. The war has also created, to use Keynes' term, low animal spirits among investors and ranchers, which has led to a steady erosion of the productive asset base, massive capital flight (estimated at R500 million, or $210 million, by a senior occupation regime official) and the abandonment of over a fifth of white ranches. Third, the war and police bill of sustaining occupation has significantly exceeded Pretoria's so-called subsidy payments—probably by R1 billion to R2 billion ($420 million to $841 million) over 1981-88.

The multiplier (or divider effects) of direct losses and eroding public and private investment levels on a base of at least R6 billion ($2.5 billion) direct costs readily explains a cumulative loss of R14 billion ($5.8 billion) over 1981-88—and an annual rate of loss, as of 1989, of R2.5 billion ($1.05 billion) a year (over 50 per cent of actual gross territorial product).

Hidden in these aggregates are very real human investment losses which will hamper future growth as well as a continued denial of employment, income and access to services to black Namibians.

Botswana has moved far more rapidly and sooner toward an effective education system, with a universal primary base. So have Namibians in exile, with access to adult, primary, secondary, vocational and tertiary education organized by the South West Africa People's Organization (SWAPO), with international support. Thus, to run effectively the Botswana economy needs less than 10,000 foreign middle- and high-level personnel, while to date, the number needed for a less effective running of Namibia's is 30,000.

A middle-income (R5,000 to R12,000 [$2,100 to $5,000] a year) minority has been created among black mine- and finance-workers, puppet "homeland" politicians, clerics, teachers and nurses. But this minority is only about a tenth of the black population, and has incomes of about one-quarter the white average and six times those of other

black Namibians. Botswana on the other hand has enlarged domestic modern sector employment at decent wages to an average of almost one per family and a majority of high-level posts are now held by indigenous citizens.

Life-expectancy and infant and under-five mortality figures spell out the silent toll in lives being paid as a result of occupation.

Table 6 **COMPARISON OF CHILD MORTALITY, LIFE EXPECTANCY IN NAMIBIA AND BOTSWANA**

	Life Expectancy at Birth	Infant Mortality	Infant and Under 5 Mortality
BOTSWANA	56	69	96
BLACK NAMIBIANS IN NAMIBIA	40-43	175-200	235-300
WHITE NAMIBIANS IN NAMIBIA	69	21	30
BLACK NAMIBIANS IN EXILE	NA	50	70

Source: UNICEF, *Children on the Front Line.*

Had Namibia become independent in 1978, both SWAPO's stated policy, and its demonstrated ability to act on it for exile communities in Angola and Zambia, clearly indicate that a universal-access, basic health care system would have been created. In addition, effective steps to reduce malnutrition (2.6 per cent for infants and young children in the exile community, 35 per cent to 50 per cent for black Namibian infants and young children in the occupied territory) would have been taken. In such a situation, total infant and under-five mortality would have fallen from 300 per 1000 in 1978 to the order of 290 in 1980, 200 in 1984, and 125 in 1988 (a level comparable to Zimbabwe, but conservatively estimated above Botswana or Namibian exile levels).

Therefore over 1980-88, 50,000 infants and young children died who would have lived had South Africa's illegal occupation terminated in 1978.

War, terrorism by police and special forces, curfews, expenditure cuts and the inefficiencies which result from creating 11 parallel ethnic and racial health bureaucracies have eroded medical care and access to it for most black Namibians, especially for the majority who live in the northern "operational zone." Combined with the growing impoverishment of most black Namibians (two-thirds of whom exist in absolute poverty), this limited, declining health service has led to excess mortality among children over five and adults. A conservative estimate for 1980-88 stands at 20,000.

Direct war-related deaths (including from wounds, accidents and illness contracted while on duty) are also of the order of 2,000 to 5,000 in PLAN (People's Liberation Army of Namibia) forces, 5,000 in the South African "territorial" and "homeland" forces, and 10,000 civilian casualties (as in the earlier example of 600 at the Kassinga civilian exile camp in Angola, and up to 100 each in several village massacres in northern Namibia). The price of liberation, in occupation-caused deaths over 1980-88, stands at 90,000 (or 5 per cent of the estimated 1988 number of Namibian people).

Fifty per cent lower total annual output of goods and services and the death of 5 per cent of the population—that is the quantifiable price of occupation for Namibia.

CONCLUSION

What Is To Be Done?

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

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

It is clear—as SADCC, the Organization of African Unity and United Nations have stated—that only the end of apartheid and a transfer of power to democratic, non-racial institutions in South Africa can put a permanent end to regional aggression. How to achieve that goal is, of course, beyond the scope of this study.

Basically assistance to the SADCC region falls into two categories: cooperation *with* the independent states of southern Africa and *against apartheid* in South Africa.

In the first category, some measures are primarily intended to help these states bear the cost of defence and of binding up the wounds of war. Others reduce vulnerability to South African coercion and armed aggression, while others deter aggression by raising its cost.

In the second category, 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 alternatives. Action against South Africa without parallel (or in some cases prior) support to SADCC states could leave them vulnerable to South African retaliation.

Solidarity and Support for Southern Africa

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

The first three are primarily economic and the last military, but that distinction is perhaps more misleading than informative. As already underlined, the survival and economic fronts cannot be pursued successfully without coordinated attention to, and interaction with, the security element. On this latter front the most common needs are for financial and technical assistance. And while extra-regional military personnel could at best play only a minimal role, technical assistance and training in security could most certainly be provided.

Survival for the economies and for millions of people in Mozambique and (since the oil price collapse of 1986) Angola requires extensive external backing for emergency programmes. Food and the logistical capacity to move it, basic consumer goods, inputs to restart 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 million tonnes of grain) and Angola $200 million (say 300,000 tonnes) above normal developmental assistance because of war. Today, actual disbursement flows are perhaps three-fifths that level in the case of Mozambique and under a third for Angola, despite major increases during 1987-88, which may not be sustained in 1988-89.

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

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

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

The historical separation of emergency survival, interim rehabilitation and restoration of household earning potential from development assistance, and of food aid from financial flows, is inherently unsatisfactory. In southern Africa, such separation is potentially disastrous. In Angola and Mozambique, over 12 million people need to be given the opportunity to produce or to be employed (1.5 million international refugees; 6.1 million internal "deslocados" with virtually no ability to produce; and 4.5 million urban dwellers facing food shortages).

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

Because of the overlap with emergency and developmental assistance needs, and the uncertainty of how a possible reduction in aggression will progress, it is impossible to quantify this sector's requirements precisely. If one assumes that within three years the power to create chaos can be reduced (beyond limited areas), and that major incursions by South African regular forces will also cease, then a conservative estimate of need over 1989-92 would be about $1.25 billion ($100 per capita for rural displaced, and $150 per urban migrant, excluding basic physical infrastructure and medium/large-scale enterprises).

Over the same period, on these assumptions, the emergency and refugee requirement would fall from the order of $1 billion annually (of which $350 million to $400 million is now met) to perhaps $250 million annually. This would mean that the combined survival/rehabilitation requirement might be $1.15 billion in 1989, declining to $600 million by 1992. For cooperating partners, and especially for the inhabitants of the region, there would be a substantial peace dividend.

However, to the survival/rehabilitation needs must be added the costs of South African expulsion of regional workers. For Lesotho—which has registered, unregistered seasonal, and illegal migrant workers in South Africa numbering 300,000 to 400,000 (40 per cent to 50 per cent of the adult population)—the issue is one of national survival. Import capacity, food availability, government revenue and household incomes depend on the $500 million to $600 million earned in South Africa and the half as much remitted (in cash or goods, formally or informally) to Lesotho. To avert social and economic collapse, through a massive reduction in employment in South Africa, Lesotho 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 number of people working in South Africa may well be 200,000, with total incomes in the $300 million to $400 million range and formal plus informal remittances of $150 million to $200 million. While less crucial relative to GDP and imports than for Lesotho, the macroeconomic importance of the remittances for Mozambique is substantial. At $60 million to $75 million, their official component is up to a third of Mozambique's total war-ravaged external earnings (30 per cent to 35 per cent remittances, 40 per cent to 45 per cent goods, 25 per cent to 30 per cent services).

Developmental and *dependence reduction* support needs, which are directly related to the price of Pretoria's actions, are presented in some detail in SADCC's Programme of Action. They total $7.5 billion, potentially implementable over five years, of which somewhat under 10 per cent has been invested and perhaps 25 per cent more is in process or funded. The 1988 Arusha SADCC pledge level of somewhat over $1 billion, and the comparable levels indicated at the Luanda SADCC conference in 1989 remain well below any optimal floor (say $1.5 billion). They are also unbalanced between priorities, by sub-sector and country, and are at least twice the lagging (albeit rising) rate of actual disbursed resource flows.

The immediate key areas are transport and power. Continued and enhanced upgrading of the Beira and Dar-es-Salaam port corridors, rehabilitation of the Maputo-Zimbabwe-Limpopo railway, plus the Nacala port corridor and the Maputo-Swaziland routes, will break South Africa's transport vice on the independent states. The cost of the key components over four years may be in the region of $650 million to $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 (Benguela) port corridor and the Beira-Malawi route at a priority item cost of about the same order of magnitude over the period 1990-93. That timing is partly determined by transport logistics priorities and also by the rate of progress on the security front, which has been slowest on the Lobito Bay route because of the level of South African and other support for Unita sabotage.

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

Beyond these SADCC Programme of Action components, the main areas of cooperation needed to reduce structural dependence relate to compensating for falls in South African technical assistance, joint ventures and trade (revolving fund) credits. 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. South Africa is on average a high-cost supplier of goods which are available elsewhere, including in the region. It is not a dominant (except for Lesotho) nor a particularly lucrative export market. Redirection is thus practicable for most of the exports at risk.

However, re-sourcing and redirecting requires both knowledge and institutional capacity not presently available at adequate levels, especially in Swaziland, Botswana, probably Malawi and, to a lesser extent, Zambia. To achieve re-sourcing 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, cooperative or private) and foreign trading houses;
c. reorientation and upgrading of external telecommunication links to provide data and to 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 million to $50 million over five years. Identifying what to do and with whom is probably more difficult than finding finance.

The second category is a mutually beneficial investment, not an aid item, although donor government encouragement and provision of incentives and insurance schemes would be helpful.

The third category is largely in hand (so far as facilities are concerned) within SADCC's telecommunications sub-sector, which has a record of rapid, on-the-ground progress and of ability to mobilize external and domestic finance.

Similarly, the SADCC/Nordic coordinated national schemes initiative (totalling perhaps $50 million initially) and the Zimbabwe and Tanzania national scheme expansion proposals (totalling perhaps $100 million) would go far towards meeting needs in the last category.

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

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

However, economic cooperation without defence cooperation would not be adequate in southern Africa. The general arguments on the trade-off between military and developmental expenditures do not apply in the context of a war of defence against aggression, any more than they did in the United Kingdom and the United States during World War II.

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

The basic needs in universal defence cooperation 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 budgetary expenditures for security. Within defence, financing is often especially urgently needed for clothing, food, medical supplies, shelter and transport rather than arms and ammunition. Training needs vary but are virtually universal at sophisticated and technical levels, and are significant in some cases even for basics. Trained, clothed, fed, sheltered, transported southern African troops, even with only moderately sophisticated equipment, have the morale and ability to defend their populations and to change the balance of that war front, as demonstrated in Mozambique since 1986.

However, equipment is also needed. Except in the case of Angola, this equipment need not be quantitatively or qualitatively comparable to that of South Africa, but should include 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 would already know the technology. In Mozambique, mobility, fire-power and communication have been central to turning the tide of battle. Yet neither Mozambique nor Tanzania (which in fact has no combat helicopters) has been able to afford to purchase enough of such equipment. The crippling burden on the Zimbabwe economy of buying and putting into the field such material has been discussed earlier.

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

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

For the most effective implementation of this assistance, it is important to remember the key role of human resources in the respective countries. Where it is more viable to train personnel in the wider global community, allowances should be made. Otherwise, training programmes should be organised within and across the SADCC countries. What is obvious is that the economic strength on which the apartheid regime relies has to be matched if there is to be a reduction in the problems of human suffering and deprivation it creates. What is more, the damage to the stability and peace of the region can be reduced only if the people concerned have the facilities to deal with South Africa's aggression.

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. The SADCC, the Frontline States and their members would be the first to reject that assertion. The Frontline States and the SADCC are coordinating the regional response and defences; and national governments do place priorities on survival, reconstruction and defence programmes. But 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 direct assistance to their defence capacity—is not a substitute for action against Pretoria, but is complementary to it. Such action falls under three main categories: commercial sanctions, financial disengagement and publicity (for liberation and against apartheid oppression).

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

Commercial sanctions range from boycotts of specific products or companies, led by voluntary organisations, to compulsory, total national sanctions. At all levels these have been endorsed by United Nations General Assembly resolutions stretching back over two decades. Within that broad frame are six sub-categories which are of particular relevance: military hardware and software; dual purpose equipment; petroleum; certain exports; 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 led to negotiated withdrawal of regular South African forces. The Security Council resolutions embargoing *military equipment and technology* sales need to be enforced. Present loopholes allow South Africa to buy second-hand jet aircraft and engines. On the technical side the loopholes allow the production of avionics and upgrading of engines and armaments typified by the reconstruction plant opened in 1987 to turn old Mirage IIIs into modern Kfir look-alike Cheetahs. Similar loopholes apply to artillery, vehicles and warships and to the technology for their production.

Clearer embargoes on *dual purpose equipment* are needed, combined with serious articulation to ensure that they are enforced. Virtually all nuclear equipment, planes, ships, vehicles, computers and much sophisticated communications, electronics and advanced machine tools—and the know-how to reproduce them—fall into this category. In other cases, it has been possible to formulate such lists and ensure their enforcement. What is lacking to date in the case of South Africa is the will and the priority—not the feasibility and the method.

Nominally, all major petroleum export producers ban *petroleum* and petroleum products sales to South Africa. This has raised costs to Pretoria dramatically over the 1979-85 period. South Africa estimates the cost of higher oil import bills, plus capital for coal-to-oil conversion plants and excess (over petroleum-based refined products) and operating bills at over $20 billion. However, producers do not have either adequate knowledge of, or control over, petroleum movements after they cross their boundaries

for physical availability to have been cut drastically. In this regard, a mandatory United Nations Security Council resolution and a data collection/flow monitoring unit are needed. With these, costs would rise and flows fall even with the inevitable evasions that would continue to take place.

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

Export sanctions are complementary to import blocks. Coal, metals—other than gold—diamonds (which are readily identifiable as to source and which are traded at the uncut stage 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 back-up service to monitor ship and cargo movements and suspect items and their documentation is needed. An overseas customs inspector, unless alerted, may well pass South African 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, and also creates a constant need to issue defensive explanations of why they do business with South Africa, such companies will drop the South African transactions and, even sooner, disinvest from South Africa. For them the issue is not morality but common business prudence.

Transport and telecommunications sanctions, even if loopholes remained, would 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 the ports of sanctioning states, would have a major disruptive impact on South Africa's external trade and capacity to produce, even though third-party routings and other leaks would exist.

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

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

In any case, the claim that southern African states are, in general, eager to trade with South Africa does not stand up to examination. Angola and Tanzania operate total sanctions; the defence budgets of Zimbabwe and Zambia are convincing evidence of their commitment against apartheid; Botswana has contributed to the cost of Mozambican rail and port rehabilitation and defence to enable it to switch external trade links and routes. King Moshoeshoe II of Lesotho has squarely recognized 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 recognized and measures be taken to protect his people.

Financial disengagement from South Africa has proceeded rapidly. It has little to do with mandatory sanctions, but a good deal to do with home country, non-governmental pressures and a general downward revision of estimates of the attractiveness of South African loans and investments. Most of all it has 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 finance its war machine and ensure per capita economic growth and 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 draconian demand-cutting measures in mid-1988 because, without credit access, almost instant correction of the first quarter's external trade balance was required. Here, sanctions interact with financial disengagement—by reducing export, import and growth prospects, they further reduce the attractiveness of loans and investment, cut down on external economic support and tighten external constraints.

The agenda now is to consolidate present actions. Realistically, there is and will be no IMF voting majority for new drawings. South Africa already perceives this, or it would have sought one in mid-1988. Similarly, commercial banks, with few exceptions, are seeking to reduce their medium- and long-term loan exposure and will continue to do so. Many major investors have withdrawn partially or completely (because of domestic concerns over their South African operations and/or because of falls in profits from that country) and very few are coming in or bringing in new money. National legislation could help ensure there is no reversal of these trends.

Such legislation could also be extended to revolving trade credits which have been preserved to date. But, with its currently low reserves unlikely to grow in the future, South Africa would be severely affected if it had to resort to cash transactions.

Publicity is a field in which South Africa has used its greater funds and specialist personnel to some effect to confuse and disinform people. Support is therefore needed for southern African states, for independent news and telecommunication bodies and (by data banks) for journalists and researchers generally.

The Commonwealth's Okanagan proposals in this regard—announced in Vancouver, Canada, in October 1987—should be acted on promptly. A similar resource mobilization effort should be mounted by UNESCO, and donor governments opposed to apartheid should fund independent and southern African data collection and analysis, as well as their 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 in 1987 when UNICEF's *Children on the Front Line* showed 500,000 children and infants were dead and $25 billion in production was lost in SADCC states over 1980-86 as a result of South African actions.

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

The Costs of Action—and Inaction

The total annual cost of solidarity measures discussed above might be of the order of magnitude shown in the table on the next page.

Of this amount, perhaps $1 billion is currently being provided. The additional cost of $2.475 billion initially, declining to a total annual cost of $2.6 billion in the fourth year of a successful programme, is not small. It is larger than the total present gross provision of external funding (excluding technical assistance) to the region, which is approximately $2.5 billion a year.

But this cost is not the price of southern African mistakes or even of global economic forces. It is the price of Pretoria—the costs of the regional portion of the "total strategy" of the universally condemned apartheid regime. It is low compared to the cost of the

Table 7

THE COST OF ACTION IN SUPPORT OF SOUTHERN AFRICA
($ million)

	1989	1992
SURVIVAL/EMERGENCY/REFUGEE	1,000	250
REHABILITATION	150	350
EMPLOYMENT (TO OFFSET PROBABLE LEVELS OF SOUTH AFRICAN EXPULSIONS)	250	200
DEPENDENCE REDUCTION AND DEVELOPMENT	1,500	1,250
DEFENCE SOLIDARITY	500	500
TRADE REDIRECTION	75	50
TOTAL	**3,475**	**2,600**

status quo to southern Africans now running around $10 billion in lost output and 200,000 lives lost every year.

Clearly, the costs would not cease when regional aggression—or even apartheid—did, either for southern Africans or for cooperating partners, but they would decline substantially. Similarly, there are gains for cooperating partners which can be offset. Funding of this magnitude would in practice raise imports from outside the region by a comparable amount initially, and by a greater amount over time since imports would boost both exports and the economies generally, increasing import requirements.

The net (as opposed to gross) cost of the measures against South Africa is indeterminate, not merely as to amount, but also as to whether it is positive or negative. There could, especially in the medium- and long-term, be a net economic gain. The costs of redirecting exports and re-sourcing imports away from South Africa are likely to be small for all major economies. Such adjustment costs are comparable perhaps to those of a 0.25 per cent alteration of interest rates. Investment in, and loans to, South Africa are increasingly "high risk/low return," as the "total strategy" in defence of apartheid runs the economy into the ground.

The costs of present trade and investment losses need to be set not only against the gains of enhanced trade with and investment in southern Africa, but also against the gains of bringing closer the day when 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.