The Socio-economic Crisis in Southern Africa (Botswana, Malawi, Zambia, Zimbabwe)

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Introduction: The Crisis of Hegemony

While the economic experience of the countries of the sub-region differ in many respects every one of them is, to varying degrees, confronted by a crisis of hegemony underpinned by the inability to generate and sustain autonomous accumulation and generalized equity. The crisis is reflected in the inability of the State to fulfil the crucial functions of facilitating accumulation and legitimacy. While it is true that the economic and social crisis began in the mid-1970s, triggered by the World recession, it has continued unabated in the era of economic reform which has been informed by the much touted stabilization and structural adjustment programmes promoted by the International Monetary Fund (IMF) and the World Bank. Unfortunately, the economic reform programmes have not only been unable to resolve the economic and social crisis, even if in a different way they may have abated it, but have, by the same token thrown the past semblance of political and social cohesion into disarray vitiating any hints as to the basis for a future hegemonic consensus or developmental thrust.

The crisis in hegemony is also related to the emerging dislocation and disorientation of social classes whereby the ability to distinguish between contingent and necessary forms of class consciousness as a basis for political action is becoming increasingly blurred, and whereby, by the same token, the possible basis for forming class alliances driven by a common national developmental project or agenda is increasingly receding or becoming dissipated. In the process, however, economic reform measures, by making the State retreat, are creating an economic environment that may be easily hijacked or exploited by particularistic domestic and external private interests for whom the national project for economic and social transformation and autonomous development is secondary or incidental. In the following sections we attempt to review, in a synthetical way, the nature of this crisis in southern Africa and its implications for praxis by examining the experiences of Malawi, Zambia, Zimbabwe and Botswana.

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The Goal of Economic Development

We begin by advancing a definition of the goal of economic development, which we assume has been the primary objective of the countries of the sub-region since independence. This is important in order to set before us criteria on the basis of which the nature of the current crisis may be assessed. Economic development may be defined as the process whereby a least developed country achieves sustainable increase in per capita gross domestic product (GDP) through the efficient use of its human and physical resources. The foregoing definition implies at least three facets of the process. First, the process entails increases in economic growth that outstrip increases in population. Second, the process entails structural transformation, whereby a country evolves economic structures that are increasingly articulated, coherent and mutually supportive in a manner that makes the growth process dynamically efficient allocatively, technically, and distributively (or equitably). And third, as a consequent of the foregoing, the economy should not only be able to absorb external shocks, but should also be able to emerge from such shocks autonomously.

The sad fact is that the countries of the sub-region, including the 'growth miracle' case of Botswana, have failed to initiate economic development as defined above. Indeed, it might be asserted that, since the promotion and attainment of economic development implies the ability to sustain an accumulation regime with generalised benefits for the populace, the failure to attain it necessarily leads to an hegemonic crisis reflected in the loss of legitimacy by the State or parties in power and in increasing social and political anomie and instability. The inability of countries of the subregion to promote economic development or sustain an accumulation regime, in part reflects the failure to transcend the structures of colonially inherited economic structures with their associated syndromes of dependency and inequity, and in part also reflects the post-independence economic policy errors of omission as discussed below.

The failure of our countries to initiate an economic development process can also be interpreted in another way. Fundamentally, this failure reflects the following eventualities:

(a) the inability of the societies to articulate and implement a long-term development policy agenda;

(b) the inability of the societies to form an alliance of classes or a vanguard class that could spearhead accumulation and development whether on the basis of a capitalist or a socialist path.

Unfortunately, while it is much easier to explain that these eventualities have been true to one degree or another in the pre- and post-economic reform periods, it is rather difficult to explain why the countries have been

indeed unable to articulate and implement a development agenda and to crystallize a class vehicle for such an agenda.

The current socio-economic crisis in the sub-region may thus be seen as a developmental crisis. However, while the 'whys' of the situation may be difficult to illuminate, the foregoing assertions nevertheless imply that in order to resolve the crisis the development question has to be addressed. Indeed, it may be asserted that the developmental crisis and the hegemonic crisis are inter-related and intertwined especially given the central role of the State in African development policies and economies.

The central role of the State in the socio-economic development of the countries in southern Africa arises simultaneously first as a consequence of the colonial heritage, and second, as a consequence of the imperative of the nationalist project. Colonial development policies in the sub-region were primarily driven by the need to extract or produce primary resources. In the event, the colonial project in southern Africa entailed a form of domination and subjugation that ensured the availability of cheap African labour from within particular countries. This domination may have been an aspect of colonialism elsewhere, in southern Africa the combination of rich mineral and agricultural resources in some countries, the initial perceived shortage or reluctance of cheap unskilled African labour, and the presence of a settler community, resulted in the well-known apartheid based labour reserve social formation, with its centre in South Africa, its sub-centre in Zimbabwe (then Southern Rhodesia) and its peripheries in Botswana, Lesotho, Swaziland, Malawi, Mozambique and to some degree Zambia. In turn, the whole sub-region was a periphery of the metropolitan interests as part of the British Empire.

In general this resulting colonial mode of economic incorporation and exploitation imparted an extroverted and enclave pattern of development. Indeed, it was the realisation of this impossibility that led to the development of settler economic nationalism in an attempt to chart an autocentric development path particularly in South Africa and later in Zimbabwe (then Rhodesia). For the countries in the periphery of South Africa and Zimbabwe, since the settler presence was smaller, the catalyst for challenging the colonially inherited status was totally lacking. But even then, South Africa and Zimbabwe were never able to effectively reverse this heritage even if they were able to modify it to some degree as exemplified by their relative degree of economic development. Essentially, in the latter countries, imperial interests were challenged by settler interests resulting in an easy hegemonic alliance between international capital, settler industrial and agricultural capital, and settler working-class interests at the expense of the African. In the periphery, international capital dominated in extractive activities, while the migrant labour phenomenon, induced by various policies

facilitated the supply of cheap labour within and across borders in southern African countries.

Thus colonial 'economic development' was primarily in the interest of the metropole and the settlers and only incidentally in the interest of Africans. The resulting extroverted and enclave economic structures were legitimised by an apartheid-type superstructure and reinforced by force and extra-market modifications of the social and geographical environment to ensure the desired and facilitative allocation of African land and labour. Indeed, the 'normal' operation of the domestic and international markets in such an environment merely reinforced and reproduced the biased and distorted social relations of exploitation and subjugation. Thus, on the one hand, the extroverted nature of the economies meant that the stimulant (and also depressant) to growth was essentially externally determined in form of external demand for raw materials. And, on the other hand, the enclave nature of the settler and metropole dominated formal sectors within these countries meant that the majority of the population was marginalized from whatever growth that ensued. The foregoing eventualities imply that the colonial legacy in southern Africa was such that the economies were extremely vulnerable to external shocks, and such that autocentric economic development, driven by and on behalf of indigenous interests was precluded. The resulting social formations in essence reflected allocative and distributive inefficiencies of both a static and dynamic kind from the point of view of indigenous interests. The resolution of these inherited inefficiencies, which in essence implied underdevelopment, in effect also constituted the nationalist economic project.

In southern Africa, as elsewhere, colonialism resulted in both underdevelopment and dependent development, aspects of which have been elaborated in detail elsewhere. Nevertheless, colonialism precluded autocentric economic development. And the manner in which the colonial legacy reproduced both underdevelopment and dependent development has been amply demonstrated by Gunder Frank, Samir Amin, Claude Ake among many others. It may be noted also that the revisionist benign interpretation of colonial development, as for instance presented by Sender and Smith (1986), is not convincing enough to demonstrate that colonialism had sown enough seeds for capitalist growth to occur automatically with or without the advent of Independence. The point is that African capitalist development, be it in form of entrepreneurship, wage labour, human capital formation, and technological development, was not only incidental: but that to the extent that it occurred, was meant to service the interests of international and settler capital, even if it may be accepted, as Kennedy (1988:59) has observed that:

> nevertheless, at least in some countries, the basis for future economic growth had been laid down by 1960 and there were realistic prospects that local capitalism might play an increasingly important role in the process. How great this contribution might be and with what success and speed African entrepreneurs might respond to this challenge would depend on several factors, but above all, the nature of State power and politics after Independence.

Unfortunately at the advent of Independence in southern Africa this nucleus for indigenous capitalism was practically non-existent except for a few individuals in the service sector catering for African and primarily rural demand and for a few select 'master' (kulak-style) farmers. Indigenous Africans in southern Africa constituted a large pool of proletarian and semi-proletarian labour and the structures of the economies were primarily endogenous to external imperatives.

The Post-independence Failure to Promote Economic Development

At independence, the majority governments of southern Africa were quite clear that they had to fulfil at least two major objectives and functions. First they had to legitimize themselves by resolving colonial social and economic inequities, and by creating a sense of nationhood and common purpose in the inherited so-called nations artificially created by colonialists. And second, they had to facilitate accumulation directed at attaining economic development and the improved well-being of their societies. In the countries under review, these objectives were acutely recognised by all and represented a wide consensus among the elites, parts of the bourgeoisie and the masses. Indeed the mass nationalist movements in Malawi and Zambia were predicated on those same objectives, and so was the armed struggle waged by the nationalist forces in Zimbabwe. Only Botswana appeared to have had a less tumultuous transition, but even here, those two objectives were at the forefront.

As indicated earlier, the present hegemonic crisis in southern Africa can be interpreted to be fundamentally a consequence of the State in these countries having failed to fulfil its historically mandated objectives of accumulation and legitimization. The former (accumulation) may be understood to refer to the need to promote autocentric growth and development; and the latter, to the need to promote equity and improved welfare for the majority. The State's failure to fulfil those crucial dual functions predates the adoption of stabilisation and structural adjustments measures. The hegemonic crisis was implicit in the developments of the first decade of independence, but lay camouflaged by a number of factors unique to each country.

At Independence, Malawi and Botswana were among the poorest countries in Africa being primarily dependent on traditional agricultural

migrant labour primarily to South Africa, and exports of agricultural raw materials. The two countries were practically the backwaters of the South African periphery and the British colonial empires. In the event, Malawi and Botswana both ostensibly opted for an agricultural-led development strategy the reasons being that these countries lacked mineral resources unlike Zambia and Zimbabwe.

The Problem: Synthesis

The economic picture in the sub-region is not a healthy one in spite of the economic reform measures that have now been implemented for five or more years by many African countries. Initially, advocates of the economic reform measures contended that short-run contradictionary consequences of implementing economic reform measures should be expected and that in due course the logic of the calculus of the market would click and the economies would be on the road to achieving allocative, technical and distributive efficiency and growth. However, as the formal sector has been shrinking, the rural sector deteriorating, unemployment increasing, and the informal sector laterally expanding, squeezed between the compressing formal and rural sectors advocates of economic reform have cited other reasons for the resulting perverse trend since the so-called short-run has now been surpassed. Various reasons are now cited such as inadequate or non-comprehensiveness in measures adopted, poor sequencing and timing, inadequate implementing and monitoring capacities, frequency of non-economic shocks such as drought and political conflict, and a lack of political commitment.

That there may be some fundamental faults with the overall strategy is only recently being accepted as a possibility, albeit reluctantly. The most unsettling critique of the economic reform measures being undertaken in Africa does not originate in the African debate, but rather, in the interpretation of the experience of the east Asian miracle. However, the implications of this critique for the strategies to be pursued in Africa has unfortunately not been explored adequately enough. In effect the World Bank, especially, has finally succumbed to the sustained demonstration by critics, many of whom are not even directly interested in Africa such as Wade, Porter and Amsden that contrary to the World Bank's insistence, east Asian countries did not follow a strategy that could, by any stretch of imagination, be labelled a *laissez-faire*, purely outward oriented strategy. Indeed, to the contrary, the foregoing authors and others have demonstrated rather convincingly that these countries relied on a combination of inward and outward looking strategies, promoted through State intervention of a facilitative and market friendly nature, which included deliberate efforts to transform agriculture, inherited comparative advantage, and backward and forward linkages through the conscious adaptation and development of technological capacities.

Thus the World Bank was compelled to put up a team to study the east Asian miracle resulting in their recent report in which they in effect revise their previous stance but in which they go to extreme lengths to attempt to show how and why African countries cannot emulate the east Asian dirigist strategy. The debate over the east Asian miracle is important precisely because the most important aspects of development strategy that have been missing in Africa have related to the absence of a vision and a conscious, State-directed strategy to realize it.

It is perhaps futile to debate the desirability or non-desirability of stabilisation and structural adjustment measures, since taken singly, many of the measures are indeed desirable and commendable. The problem really is that it may be a fundamental mistake to view the measures, in their totality, as constituting a sufficient strategy for sustainable development. It might be contended, rather, that many of the measures may indeed be necessary but may not be sufficient to transform African economies toward a path of sustainable development. These African countries have been implementing economic reform measures without any due concern for the structural disarticulations, rigidities and market failures that are so ubiquitous and transparent and that need conscious State intervention to resolve. The African countries have been implementing economic reform measures with the government's hands folded, if not shackled, in the belief that, somehow, specialisation in primary commodity production and the inflow of foreign investment will transform agriculture, enhance the articulation of agriculture and industry, develop efficient import substitution, backward and forward linkages and technological capacity all through the magic wand of the market.

It is our contention that given the structural disarticulations and rigidities underpinning underdevelopment and poverty in Africa, especially as regards economic welfare and economic marginalisation of about 80 per cent of the population which is in the urban and rural non-formal sectors, the stagflationary consequences of present economic reform measures are to be expected. The fundamental problem in Africa is that current economic reform measures are not adequate to resolve the legacy of enclave development and its tendency to reproduce underdevelopment by simultaneously disrupting and marginalising the rural sector. This legacy has meant that African countries, given their openness, insertion and status in the international division of labour cannot automatically, through market forces, initiate a process that makes an articulated development possible. African countries, in their present status, do not have an internal imperative for articulated and coherent economic transformation. Not only do the current economic measures reinforce the present status and legacy of African countries, but they also help reproduce it and reinforced this legacy as indicated by the relationship between Africa's current account deficit and

its debt-servicing burden: the developed countries cannot lose in this global pattern of specialisation, while the African countries seem to be moving backwards.

The contention being made here is that the structural economic legacy in Africa acts as a constraint on the effectiveness of laissez-faire economic reform measures. Further, the resulting structural distortions coupled with the impact of the standard economic reform measures leads to various microeconomic poverty traps that continue to undergird the vulnerability and worsening welfare of the majority. It is contended that the consequences of present economic trends are that the human capital of the majority is deteriorating and the physical resources are being degraded and inefficiently exploited particularly in the rural sector.

The nature of macroeconomic problem is easily gleaned from the structure of production, employment and trade on southern African countries. South Africa and Zimbabwe in that order, are the most industrialised countries in the sub-region; that Malawi, Lesotho, Mozambique and Tanzania are the most dependent on agriculture; and that Zambia, Botswana, Angola and Namibia are the most dependent on a single primary (mineral) resource commanding generally high prices on the international market, and by the same token, the most distorted economies in that they may be afflicted with the 'Dutch Disease'. While a number of countries have experienced high economic growth in either agriculture or manufacturing, none of them has experienced high growth in both, an indication of the relative enclave nature of the two sectors in that the sectors are more or less detached and growth in one does not imperatively stimulate growth in other. Second, the countries have experienced the 'hypertrophy' or 'obesity' of the service sector in that, while in articulated economies experiencing growth, the growth of the service sector is a consequence of the increased efficiency and productivity of the material sector, in countries of the sub-region it is symptomatic of the inability to actually transform and develop these sectors efficiently. The 'hypertrophy' of the service sectors is a symptom of a malady in the economies of these countries.

The nature of the problem of enclave development is further illustrated by at least four other considerations. First, it may be noted that a country such as Botswana has a per capita income roughly equivalent to that of South Africa, without the degree of diversification, backward and forward linkages and technological capacity of the latter; and has a per capita GDP that is higher than that of Zimbabwe which in fact is also relatively more diversified and articulated than Botswana. Second, in almost all of the countries, the majority of the population is in the agricultural sector in spite of the fact that agriculture contributes the least to gross domestic product. Third, even the spectacular growth of Botswana over the past two decades has been unable to transform the economic status of the majority of its

population from being predominantly subsistence. And fourth, the most relatively articulated and diversified countries have acquired this status not so much because they were settler dominated (since Mozambique, Namibia and Zambia were similarly settled as well) but because throughout their colonial history they demonstrated an uncanny hegemony of domestic capital that influenced the State to intervene on its behalf, through both outward- and inward-oriented development strategies.

Charting a Dirigist Development Path

In a previous essay (*SAPEM*, 1993, March) we argued for a dirigist development and interventionist State within the context of a market-driven economy. In this essay, at the risk of writing a recipe for cookbooks of the future we go out on a limb again to outline some further considerations related to planning for a market-driven development path. We will understand development planning to refer to a government's conscious and continuing attempt to increase the rate of economic and social progress and to alter institutional arrangements which are considered to be obstacles on economic development. Obstacles or bottlenecks that constrain the market from playing its development role.

In the presence of structural obstacles and bottlenecks, that part of the market which exists or may exist under laissez-faire (SAP-type) conditions, may be technically efficient in a static sense whereby individual economic units may be performing well, but such static microeconomic efficiency may not translate into macroeconomic or allocative efficiency for the economy as a whole; except, perhaps, over an unusually lengthy period, and may not lead to the structural transformation of the economy in a dynamic sense. It is our contention that in much of sub-Sahara Africa, the structural bottlenecks and obstacles are, in the context of the present global economic environment, too constraining for the market on its own to actualise the process of economic development.

Some of the major constraints to a solely market-driven development momentum being initiated are the following: first, the presence of large sections of the labour force and the population that have been marginalized by the market in rural areas and the urban informal sector, second, the general underdevelopment of human resources in regard to both the general and specific needs of industry; third, the difficulty of indigenous firms in meeting the minimum critical requirements of the most dynamic economic activities which entail costly and advanced forms of technology, physical capital, and technical manpower; fourth, the absence of minimum technological clusters that generate spillovers and virtuous circles of growth; and fifth, the fact that inherited or natural factor endowments as the basis of comparative advantage have, in the modern world economy, been overtaken by technology and efficiency determined footloose factors that are

acquirable, even if fleeting at times, through the exploitation of technology, segmented markets, product differentiation, and economies of scale.

In spite of our favouring a dirigist-planned approach to economic development by the market mechanism, it would be foolhardy to pretend that there are no lessons to be learned from the ascendancy of monetarism as encapsulated by stabilization and structural adjustment programmes. In sub-Sahara Africa the critique of past interventionist or 'planned' strategies that characterised the post-independence in ward-looking and import-substitution phase was popularly presented in the World Bank report *Accelerated Development in sub-Saharan Africa 1981*, presaging, in the process, the advent of SAPs. The incontestable message from that and other subsequent reports and similar writings was the need to ensure that economic policy was aimed at promoting stability, neutrality, sustainability and competition (both domestic and international).

The foregoing policy goals cannot be treated trivially. Their economic rationale is incontestable and they may be taken as criteria and guide post for informing the freedom and limits of State intervention in the economy. The stability criterion requires that the nation and the government respectively, not live beyond their means by sustaining persistent external balance of payments and domestic government budget deficits, respectively, because of their destabilising consequences for market indicators and entrepreneurial behaviour and expectations. The neutrality requirement addresses the need to ensure that fiscal (revenue and expenditure) and monetary policies and economic regulations do not create biases or distortions that in the balance prejudice any one type of production orientation particularly in relation to export promotion, import substitution and non-tradeables. The stress on competition is made as the best way of ensuring a built-in sustainability refers to the need to embark on economic policies that are not too costly in terms of their economic social, political, and environmental co·' the domestic and external debt burden; and the ability of the government to execute them on a self-reliant basis in the long term.

The violation of these requirements leads to a self-defeating eventuality in the long term, such that the very economic goals aimed for are not achieved. The issue, nevertheless, is not that straight-forward, since neither each of the requirements, nor any combination of them has to necessarily hold all the time. In practice, as the experience of late industrializers has shown, there has been room for relaxing some of them in the short term with the requirement that they nonetheless hold or be aimed for in the long term. However, there are other lessons to be learned from the late industrializers (the newly industrialising countries — NICs) as well that need to be harmonised with them the SAP requirements discussed previously. These lessons relate to the dirigist role of the State.

Among some of these lessons from the NICs are the need for a developmentalist State obsessed with 'catching up'; the need for a supra-agency to direct the development of the market-driven economy; the need for State dominance over the financial sector to influence resource flows; the need for *quid pro quos* in form of rewards (i.e. incentives) and punishments (penalties) to elicit compliance from the private sector; the need for agrarian reform as an initial basis for enhancing the entitlements of the majority; the need for an obsession with technology adaptation and innovation; and the need to progressively increase marginal rates of savings and investment.

The resulting dirigism entails a reciprocal relationship between the State and entrepreneurs, while simultaneously altering the behaviour of the firm. Further, the dirigism does not so much entail a violation of the monetarist SAP requirements, but a skilful manoeuvring around them, by the State, to enhance dynamic efficiency and to promote structural change over time.

Conclusion

The aim of charting a dirigist strategy and path along the foregoing lines would be to eventually get an African country to achieve, economically, what a similarly sized and naturally endowed developed country has achieved over a period of time. The strategy entails temporarily pampering and disciplining capital to move towards particular economic ends, that together sum up the meaning of being developed. It is our contention that such a strategy can be undertaken in an unabortive manner if attention is given to the long term requirements of neutrality, sustainability and competitiveness. The industrializing economies have demonstrated the feasibility of harmonizing the foregoing requirements with an informed dirigism. It remains for African countries to emulate and adopt such a strategy, and so far no African country has given it a serious attempt, except perhaps for South Africa and Rhodesia (during the unilateral declaration of Independence), in their own bastardized ways.

Finally, it should be conceded that the questions for which there are no easy answers or recipes relate to how to bring about a developmentalist dirigist State that is accountable and transparent, and how to discipline a State that abrogates its mandate while claiming to be undertaking a dirigist strategy. These are questions that perhaps need to be resolved through a search for innovative forms of democracy and governance that reinforce consensus, accountability and participation.

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* Southern Africa Political and Economic Science (SAPES) Trust, Harare.
This foregoing paper is intended to be an interpretation and synthesis of developments in the four countries discussed and in the sub-region based on various previous papers written in the *Southern Africa Political Economy Monthly* (SAPEM) by the author on the output of projects of the Southern Africa Regional Institute for Policy Studies (SARIPS) of SAPES Trust, and on country up-dates of socio-economic trends of the four countries discussed prepared by Richard Kamidza, a Research Assistant at SARIPS.