Readings in comparative sociology of law

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CHAPTER III: THE PROBLEM:

POVERTY AND OPPRESSION IN THIRD WORLD COUNTRIES

This chapter discusses the nature of the underlying problems confronting most Third World countries. The readers will have to evaluate for themselves the extent to which China, as a developing country, also faces these problems.

The overarching problem in Africa and other third world countries might best be characterized as poverty and oppression. That was certainly the problem that China faced at Independence in 1949. The second reading in this chapter, "Institutionalized Poverty in Southern Africa: The Colonial Heritage," describes the nature of poverty and oppression as they persist in one region of the world, an area as big as the United States of America, with a population of about 100 million people.

Some economists maintain that per capita income provides a measure of the level of development in a country. Most Third World countries have per capita incomes of less than $1000 per person, compared to over $10,000 per person in industrialized countries.

Per capita income is an average, calculated by dividing the value of the total goods and services (Gross Domestic Product, GDP), which equals the total national income (NI), produced in a given country by that country's population:

\[
\text{GDP} = \text{NI}
\]

\[
\text{Per capita income} = \frac{\text{NI}}{\text{population}}
\]
China's estimated 1985 per capita income was about $300. In Southern Africa, excluding South Africa, per capita income two years earlier was about about $354. (Table 2.1, p. below, shows the per capita income of the Southern African states, excluding South Africa).

Per capita income figures, at best, however, constitute only rough estimates. For several reasons, they are not very good either for measuring real living standards or for making comparisons of living standards between countries. First, their validity assumes the availability of accurate data relating to the value of goods and services produced. In many third world countries, however, goods and services, produced and consumed in families and communities, are never counted in the national income because they are never sold, and have no market price. In China, where prices have been administered for so long, the total of money prices of produced goods and services (GDP) is undoubtedly far below their real value.

Secondly, for comparison purposes, per capita income figures must measure the same things. But in China, for example, many social services, including education, health, transport and recreational facilities, are provided by the state; in most third world countries, they are not widely available, and when they are, their relatively high cost, added together, increases the GDP much more than in China where the state deliberately keeps the cost low.
Third, the per capita figure of each country is affected by the exchange rate of that country's currency. For example, until 1978, the exchange rate of China's Yuan for a US dollar was about 1.2 to 1; that is, Y1.50 would buy about US$1.00 worth of goods on the world market. China's per capita income, measured by the 1978 rate would be almost $600. Since 1978, however, the Yuan's official rate has been devalued, so it requires Y3.71 to buy $1.00 worth of goods on the world market. Measured by the 1988 exchange rate, therefore, the apparent value of China's per capita income has been cut almost in half to $300. But the real living standards of the Chinese people have not been cut in half; instead, the exchange rate, as a measurement, has been changed.

A fourth reason why per capita income figures are not very good, either for measuring real living standards or for making comparisons between countries is because they constitute averages; they do not reveal the extent of the possible skewed, or distorted distribution of income in any given country. For example, South Africa's per capita income is $2,444, almost six times the average of the independent Southern African countries; but the reason is because three hundred years of exploitation and oppression of (black) workers have raised the (white) South African capitalists' incomes to one of the highest levels in the world. The average per capita incomes of blacks in the so-called "bantustans" (1) is less than $50 a year -- not enough to live on.

1. The 18 percent of the least fertile, most rocky land area in the nation reserved for blacks, where they have neither enough land to farm or wage employment.
without the meager earnings sent home by migrant labor working in (white-owned) mines, farms, and factories.

South Africa's income distribution is extremely skewed; but in most Third World countries, including those in southern Africa, 5 to 10% of the population, (a narrow high income group, mostly owners, supervisors, or managers of factories, mines or farms, or top government officials) gets about half to three fourths of the national cash income. (See Figure 1, p. .) About 90 percent of the wage earners receive only half of all wages and salaries, while the remaining half goes to the highest paid supervisory workers who make up only 10 percent of all wage earners. Peasant farmers, receiving per capita incomes of less than $100, make up 60 to 90 percent of the typical Third World population. An unknown proportion of the population -- typically between 20 and 30 percent -- is un- or underemployed. As a result, in most developing countries, a very large portion of the population is barely surviving on the edge of starvation. Malnutrition-related diseases and inadequate health care shorten typical life expectancy.

The 1985 World Bank Report on China commented:

"because China is a low income country...a large minority of the people have extremely low incomes. These people, however, have a much higher standard of living than their counterparts in most other developing countries....Life expectancy, whose dependence on many other economic and social variables makes it probably the best single indicator of the extent of real poverty, is on average in China outstandingly high (sixty seven years in 1980) for a low income country; even in the poorest province, life expectancy is not far below the average for middle income countries."(p. 29)
Given its assertion that life expectancy is a better indicator of development than per capita income, the World Bank concludes China's development over the last 40 years is far more successful than its low per capita income figure suggests. Table 2.6, p. below shows that, despite their higher per capita income, the average per capita income in the independent countries of Southern Africa is well below that of China.

In the 1980s, productivity levels in most Third World countries, as in China, remained low. But, in addition, they experienced serious political economic crises. Their governments had borrowed heavily to cover the costs of imported goods on which their economies depended; and, because the relative prices of their exports continued to fall, they found it increasingly difficult to repay these debts. To obtain International Monetary Fund (IMF) assistance, they had to accept conditions which included: reduced government social and administrative services; an end to subsidies and price controls; an end to government efforts to control imports and foreign currency expenditures; and devaluation of their currencies. As a result, unemployment mounted, inflationary pressures pushed prices up, and real incomes, especially for the lower income population, fell. Growing opposition, including demonstrations, strikes, and even riots, led the governments in power to resort to military repression. In short, by the 1980s, crises engulfed the political economies of most Third World countries.

The model shown in Figure 2, and described in the text of the second set of readings in this Chapter, pp. , describes the main
characteristics of the underdeveloped political economies in most Third World countries. The model aims to serve as an heuristic guide, that is, to help identify the key features of the problem of underdevelopment in Third World countries which theory must help to explain and, if necessary, change to attain development. The particular historically-shaped characteristics of that model, as they have developed in the independent countries of Southern Africa, are described in the second of readings, pp. 92.

The final reading in this Chapter, by Zhao Ziyang, General Secretary of the Communist Party, describes the principle contradiction in China as viewed by the 13th Party Congress, 1987, that is, "between the growing material and cultural needs of the people and backward production." That identifies productivity as the principal difficulty that China faces today. Do you agree?

Notes, questions and exercises:
1. Per capita income data is often used to compare levels of development between countries. Debate the validity of this measure when comparing the situation relating to the problem of poverty and oppression, typical of most Third World countries, compared to China.

2. Do you agree with the World Bank Report on China that life expectancy (67 years in China compared to about 45-50 years in
most third World countries) is a better measure of development than per capita income? Why?

3. To what extent are the difficulties pictured in Figures 1 and 2, and discussed in the text as typical for Third World countries in general, and Southern Africa in particular, similar to or different from those characteristic of China? Give the reasons for your answer, and back them up with facts.
Figure 1.2
Distribution of Income Typical of Most African Countries

- Under 10% of population receives 50-75% of income
- Wage earners: 90% receive about half of all wages and salaries, remaining half goes to less than 10%
- Un- or underemployed: an unknown percent, typically 20-30% of labour force
- Peasants, with per capita income of under $100 per year, constitute 60-90% of population

*From: Ann Seidman, Money, Banking and Public Finance (to be published in Chinese by...) > Ch. 1, The Problem of Finance
A Model of Underdevelopment
The past pattern of investment—far from helping to overcome—apparently contributed to the poverty and underdevelopment characteristic of the typical African economy. This constitutes a significant aspect of the monetary and financial problem confronting African states.

A model shown in Figure 1.3 illustrates the problem. It depicts the way investment shaped trade and financial ties between the typical African economy and the developed nations of western Europe and the United States.

The model shows how the developed nations are characterized by highly sophisticated industries and complex financial centres, almost entirely and directly integrated into the world commercial system. A relatively small (shaded) area remains underutilized, incorporated only marginally into the development process. It consists of the low-paid workers, typically members of ethnic minorities and women, and especially in the 1970s and 1980s, growing numbers of unemployed. The further impoverishment of these groups persists in the developed capitalist countries despite the exponential technological growth which has created the industrial potential for the highest living standards in history.

In contrast, the colonial era only marginally incorporated less developed Third World countries, including those in Africa, into the world commercial system. Their so-called “modern” export enclaves are typically concentrated on crude agricultural and mineral products. These are exported to the developed countries for manufacture into sophisticated goods to raise living standards there. The limited reinvestment of capital in the typical African economy has failed to fulfil the mainstream prediction that it would stimulate a multiplier effect, spreading productive employment and higher living standards. On the contrary, it fostered a pervasive dualist pattern of growth which varied only due to particular historical and geographical circumstances. For example, at independence, in West Africa, Uganda and parts of Tanzania, peasant farmers, using sharecrop labour, grew cash crops: groundnuts, rubber, cocoa, cotton, coffee. A few foreign-owned mines shipped out gold, diamonds, tin, iron ore. In most of East, Central and southern Africa, European settlers employed hundreds of thousands of low-paid African labourers to carve out extensive estates. These grew export crops like tobacco, sugar and cotton, and staple foods for the hundreds of thousands more Africans—especially in southern Africa—hired by giant foreign mining complexes to dig out and ship away the region’s mineral wealth.

Until World War II, these export enclaves imported almost all the manufactured goods they required, especially the machinery and equipment used by the raw materials-exporting sectors, and the luxury and semi-luxury items enjoyed by the rich few who could afford them. Colonial restrictions
and imported manufactures had stunted or destroyed pre-existing handicraft industries.

The colonial banks typically opened branches in the less developed countries to facilitate this profitable foreign trade. They aided the colonial firms that dominated the export enclaves to repatriate a high proportion of the locally generated investable surplus in the form of profits, interest and dividends. Little remained for investment in manufacturing and agricultural sectors to provide jobs and raise the living standards of the African population. Only where settler commercial farmers dominated the colonies did they influence local state and financial institutions to redirect at least part of the surplus to finance import-substitution industries to meet their needs.

Outside the narrow export enclaves, vast rural hinterlands became increasingly neglected and underdeveloped. There, peasants—mostly women, children and old men—used age-old tools (hoes, cutlasses, a few wooden, animal-drawn ploughs) to scrape a bare living out of eroded, infertile soils. The bankers, honouring profit-maximizing criteria, refused them credits to buy improved machinery or fertilizers. They argued that the very poverty of the African peasants rendered them incapable of repaying their debts. To earn the cash, first to pay taxes and later to buy a few essential manufactured goods (matches, paraffin, soap, cloth, maybe a bicycle or a radio), hundreds of thousands of young men migrated from the villages to work in the mines and on settler-owned estates in East, Central and southern Africa, men—as well as women and children—crowded into shanty towns straggling at the outskirts of mushrooming urban centres. There, they joined the growing numbers of unemployed or underemployed hoping against hope to get better-paid jobs in the steel-cement-glass office buildings and factories that symbolized the modern world.

The few decades of post-independence investment did little to alter this model's basic features. New black governments came into office, some explicitly calling for fundamental political-economic reconstruction. But, by the 1980s, regardless of their stated ideological perspectives, all confronted financial crises and growing impoverishment of the masses of their population.
Institutionalized Poverty in Southern Africa

THE COLONIAL HERITAGE

Decades of colonial rule have left their mark on southern Africa. Over the years, the colonial governments erected institutional structures which impoverished the people and still today render the independent states critically dependent on South Africa.

Even the boundaries of the southern African nations bear witness to the colonial legacy. In their 19-century scramble for Africa, the colonial powers initially carved out countries without regard to economic, ethnic, or geographic realities. Colonial expansion and African efforts to retain some semblance of self-rule divided the vast region into separate mini-economies: the extensive semi-deserts of Botswana and Namibia and the mountainous outcroppings of Lesotho and Swaziland, occupied by a half million to little more than a million inhabitants each; landlocked Zambia, Zimbabwe, and Malawi, each with populations of somewhat more than 5 million, situated on more fertile land and including valuable agricultural and mineral resources; and the much larger, oddly shaped coastal states of Mozambique and Angola, each with populations smaller than New York City. Even Tanzania, with a population of 20 million and a low per capita income, remains economically small. (See Table 2.1.)

The independent countries are not small in land area. Combined, they spread over a territory almost as big as the continental United States and considerably larger than Europe. Overpopulation is not a problem. None of them, even Malawi, the most densely populated, has as many inhabitants per square kilometer as a typical European nation. Nor do they lack resources. Southern Africa, as a region, is rich. It boasts some of the most valuable mineral resources in the world. Its fertile agricultural soils and varied climates allow it to grow and export practically every variety of food and agricultural raw material.

The basic problem confronting all these countries is the poverty of the majority of the population, reflected in part by the relatively low per capita incomes.

This pervasive poverty in the independent countries of southern Africa has been caused largely by inherited colonial institutions which denied the majority of the African population control over the rich resources of the region.

To provide a background for understanding these causes, this chapter summarizes:

★ The way the typical colonial state turned over the best lands in southern Africa to a handful of white settlers and companies to produce export crops and
minerals, forcing African peasant families to provide low-cost labor; and the marginal changes made by the post-independence governments in the distorted allocation of resources.

★ The legacy of social disruption, illiteracy, malnourishment, and shortened life expectancy inherited by the peoples of the region.

★ The impact of the worldwide recession of the late 1970s and early 1980s that—regardless of the widely diverse policies adopted by their respective governments—engulfed the newly independent southern African states.

### Land Distribution

Chibi in Zimbabwe typifies the pattern of poverty in the midst of great natural wealth in southern Africa. Colonial governments throughout the region encour-aged giant foreign-owned mining and farming corporations as well as white settlers to appropriate the most fertile and best-watered agricultural lands and mineral resources. The transportation network radiating out from South Africa provided these lands with easy access to South African markets and inputs. This landholding pattern has left many African peasants, like the families of Chibi, subsisting on poor land with inadequate water supplies and limited access to transportation. Table 2.2 illustrates how colonial landholding patterns favored the establishment of European-owned farms at the expense of African peasants.

### Table 2.2

Landholdings of Settler/Estate Farms as Percentage of Total Farm Area in Southern Africa Outside South Africa (1974)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Corporate and Settler Farms</th>
<th>% of Farmland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>8,000</td>
<td>n.a.</td>
</tr>
<tr>
<td>Botswana</td>
<td>n.a.</td>
<td>15%**</td>
</tr>
<tr>
<td>Malawi</td>
<td>4,500b</td>
<td>50%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>6,500</td>
<td>50%</td>
</tr>
<tr>
<td>Namibia</td>
<td>6,000-7,000a</td>
<td>98%</td>
</tr>
<tr>
<td>Swaziland</td>
<td>790</td>
<td>46%</td>
</tr>
<tr>
<td>Zambia</td>
<td>700</td>
<td>20 miles both sides of railroad*</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>6,682c</td>
<td>47%</td>
</tr>
</tbody>
</table>

**Notes**

a. Botswana's arable land constitutes only 7 percent of total national territory owing to lack of water supplies.
b. Includes 500 corporate farms, 4,000 settler farms.
c. As percentage of total land area of Mozambique.
d. About 10 percent are estimated to be company farms.
e. Railroad runs from Copper Belt to Zimbabwean border.
f. Formerly Rhodesia.
g. Includes 487 corporate farms, 6,195 settler farms.


In the late 19th century, colonial administrations began to pass laws which enforced these skewed landholding patterns by reserving special areas for the African population. These laws turned over the most fertile soils with the best climatic conditions for food production to a few large European settler-
Settlers

Over the years, the colonial governments made every effort to assist the settlers to produce valuable commercial crops, both to feed the hundreds of thousands of mine workers employed by the foreign mine companies and to provide raw materials and luxury goods for the colonial "motherlands." While the conditions of the African peasants steadily deteriorated, the colonial governments took the best lands for the foreign settlers and mining companies, thus investing heavily in an infrastructure which primarily served the European-owned commercial farms and mines. The colonial administrations built roads, railroads, and harbors primarily to facilitate the production and export of crops and minerals produced by settler farms and foreign-owned mines. Railroads invariably run through the heartland of commercial-settler farm areas. In Zambia, the colonial government allocated to settlers farmers the 20 miles of land on both sides of the railroad servicing the giant mines on the Copper Belt. In Zimbabwe, no settler-owned commercial farm is more than 50 miles from the nearest railroad, ensuring owners the availability of low-cost and often subsidized bulk transport to the coast for their export crops.

By contrast, places like Chibi in Zimbabwe, Western Province in Zambia, or Kigoma in Tanzania, are relatively inaccessible. Two-lane tarmac highways typically dwindle to single lanes of rutted dirt. Roads leading into many rural villages are little more than grass or dirt tracks, negotiable only by jeep or on foot. In the rainy season, the dirt turns into impassable mud. Unbridged streams swell into raging torrents. For weeks, even months, villages may be cut off from the rest of the nation. Even if the peasants could overcome the handicap of infertile soils and harsh climate, these added transport problems make it difficult, if not impossible, for them to compete with the more favored, larger settler estates.

Colonial administrations also built electricity-generating facilities only to serve the urban high-income populations, foreign-owned mines, and settler farms. Even today, most peasants must use candles or kerosene lamps, if they can afford them. They have no access to electricity to operate machine tools and small-scale industries, or to ease the burdens of heavy household and agricultural labor. Arguing that African peasants constituted a poor risk, colonial banks refused to provide them with credit to purchase equipment and materials to expand their output. They preferred to finance foreign-owned mines and big estates. When colonial administrators established state banks, like the Agricultural Finance Corporations found in many British colonies, they imposed terms limiting loans to big commercial farms. Moreover, under pressure from the commercial farmers seeking to prevent African competition, the colonial states created marketing boards geared to handle only settler-produced crops. They either refused to collect the produce of African peasants, or paid them discriminatory low prices.

This inequitable division of land was a key issue spurroing the Zimbabwean peasants to support the 15-year guerrilla war. In 1980, that war ended with the election of Robert Mugabe and the Zimbabwe African National Union-Patriotic Front (ZANU-PF) to form the first independent government representing the black Zimbabwean majority.

Not only did the colonial powers take the best lands for the foreign settlers and mining companies, they also invested heavily in an infrastructure which primarily served the European-owned commercial farms and mines. The colonial administrations built roads, railroads, and harbors primarily to facilitate the production and export of crops and minerals produced by settler farms and foreign-owned mines. Railroads invariably run through the heartland of commercial-settler farm areas. In Zambia, the colonial government allocated to settlers farmers the 20 miles of land on both sides of the railroad servicing the giant mines on the Copper Belt. In Zimbabwe, no settler-owned commercial farm is more than 50 miles from the nearest railroad, ensuring owners the availability of low-cost and often subsidized bulk transport to the coast for their export crops.

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Creating a Labor Reserve

British colonial administrators adopted measures which pushed more and more men and some women out of the reserves in search of paid employment. They introduced hut and poll taxes to require Africans to take low-paying jobs on foreign-owned mines or settler farms. Sir Harry Johnstone, an architect of British colonial policy in southern Africa, explained:

"All that needs to be done is for the Administration to... introduce the Native labourer to the European capitalist. A gentle insistence that the Native should contribute his fair share to the revenue of his country is all that is necessary on our part to ensure his taking a share in life's labour which no human being should avoid." 8

The lack of adequate land and the discrimination by credit and marketing institutions prevented Africans from earning cash by producing and selling their crops. They had little choice but to take jobs at low wages on settler-owned farms or mines to pay these taxes. In the Portuguese colonies of Mozambique and Angola, the colonial state forced the Africans to work for the settlers. To pay their taxes, Africans were required by legislation to work as contract laborers at least six months a year, either for private employers or the state.9

As the decades passed, population growth led to increased overcrowding and homelessness in the areas reserved for Africans.10 More and more, Africans migrated to search for wage employment, not just to pay their taxes, but to support their families. In addition, they desired manufactured goods that could be acquired only with cash.

Dualistic Development

As Table 2.3 shows, by the time the southern African states attained independence, their economies were geared toward production of crude materials for uncertain world markets. Their continued economic well-being depended on their ability to export enough of their crops and minerals for sufficiently high prices to the industrialized nations.

In short, colonial rule prevented development of local production capabilities, such as food cultivation and small-scale industries in rural areas. Over the decades, the emphasis on mining and commercial farming for export purposes caused an economic imbalance.

Modern skyscrapers etched the skylines of urban centers. Giant foreign-owned mines and sweeping estates extended into the countryside, connected by roads and rail networks reaching down to South Africa. In contrast, the vast majority of people lived in poverty in urban shanties; in brick cubicles shunted off to the side of mine or estate properties; or in thatched-roof huts in neglected hinterlands.

Table 2.3

The Main Exports of the Independent Southern African States

<table>
<thead>
<tr>
<th>Country (year)</th>
<th>Main Exports as Percent of Total Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola (1979)</td>
<td>crude oil (68%); coffee (14%); diamonds (11%)</td>
</tr>
<tr>
<td>Botswana (1982)</td>
<td>diamonds (55%); copper/nickel (13%); beef (18%)</td>
</tr>
<tr>
<td>Lesotho (1979)</td>
<td>diamonds (56%); mohair (11%); wool (9%)</td>
</tr>
<tr>
<td>Malawi (1981)</td>
<td>tobacco (41%); sugar (27%); tea (13%)</td>
</tr>
<tr>
<td>Mozambique (1981)</td>
<td>cashews (16%); shrimp (15%); sugar (12%); tea (9%); cotton (7%)</td>
</tr>
<tr>
<td>Swaziland (1981)</td>
<td>sugar (38%); wood pulp (14%); fertilizer (11%)</td>
</tr>
<tr>
<td>Tanzania (1981)</td>
<td>coffee (34%); cotton (16%); cloves (10%); diamonds (6%)</td>
</tr>
<tr>
<td>Zambia (1981)</td>
<td>copper (85%); cobalt (10%)</td>
</tr>
<tr>
<td>Zimbabwe (1981)</td>
<td>tobacco (28%); gold (9%); iron products (15%); sugar (7%); nickel (5%)</td>
</tr>
</tbody>
</table>


The disparity between the rural and the "modern" sector resulted in a growing number of men and women fleeing to urban slums, hoping to escape rural poverty. But the settler-rulled businesses could not provide enough jobs. The increasing mechanization of the commercial farm sector and mines reduced the relative numbers they employed. Seeking to enlarge markets for Europe-based industries, colonial administrations encouraged the import of low-cost manufactured goods, which—to the extent they penetrated the rural areas—tended to undermine small-scale rural industries. This further aggravated problems of rural un- and underemployment.11 Today, the southern African economies must still import machinery and equipment for the mines and commercial farms. With an increased emphasis on export-crop production, some southern African countries even must import staple foods. Decades of neglect and limited access to good farming lands have undermined the peasants' capacity to expand their output enough to feed themselves and growing urban populations.12

Only in Zimbabwe, and to a lesser extent in Mozambique and Angola, did the settler population pressure the colonial state to support local industries. Typically located in existing urban centers, these factories depended heavily on the import of capital-intensive machinery, parts, and materials primarily to produce luxury and semi-luxury items for high-income groups. Thus, they did little to alter the lopsided pattern of growth with its focus on urban centers. They provided little employment and only marginally altered the countries' external dependence.13 As Table 2.4 illustrates, manufacturing remains relatively underdeveloped in most independent southern African states.

SOCIAL DISRUPTION

This colonial pattern of poverty has shaped all aspects of life in the independent countries of southern Africa. Even after independence, hundreds of thousands of men still migrate in search of work. Their prolonged absences disrupt family life. Moreover, the neglect of education for the majority of Africans has left them ill-prepared to use modern technologies. The lack of basic health facilities results in many Africans continuing to suffer from preventable diseases.

Women's Heavy Burden

The continued migration of men for employment has left more and more women, children, and elderly to farm the barren rural lands. In some parts of the region, women are de facto heads of more than half the rural households. This has two-fold consequences for rural family life. First, it means that many fathers see their children only a few times a year. While away they often form other attachments, leaving their families without the additional support they need to survive. Second, the loss of male labor imposes a particularly heavy burden on women. They must care for their children, do the cooking, and grow most of their food. Often they walk miles to gather firewood or draw water. They receive little additional cash from their absent men. Historically, government administrators and businessmen did not consider families when allocating salaries. Assuming that women were "taking care of the families back on the farm," they provided wages only sufficient to cover the men's expenses. Large numbers of southern African wage workers still receive less than the minimum necessary to support their families even at a very low estimated poverty level.

Widespread Illiteracy

Viewing Africans primarily as a source of low-cost labor, colonial administrators introduced discriminatory educational policies that perpetuated widespread illiteracy and lack of technological skills. The few schools that were constructed were mostly in urban centers and predominantly for urban whites. Church missions built primary schools in some rural areas, but these reached only a small fraction of the peasants' children. At independence, only a few thousand students had graduated from secondary schools. When Mozambique and Angola won liberation, barely 5 percent of their African populations could read and write.

As Table 2.5 demonstrates, even in 1983 some southern African countries still suffered high rates of illiteracy. Traditional attitudes and heavy workloads left women in most countries with higher rates of illiteracy than men. (The relatively high rate of female literacy in Lesotho is an exception; primarily because most young boys herd sheep and then migrate to work on mines and farms in South Africa, girls have been the main beneficiaries of education.)

Table 2.4
Output of Domestic Manufacturing Industries as a Percent of Gross Domestic Product and Exports, and Manufacturing Employment as a Percent of Total Labor Force in Southern African States

<table>
<thead>
<tr>
<th>Country</th>
<th>Manufactured Output % of GDP</th>
<th>Number Employed</th>
<th>% of Economically Active Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>18.20</td>
<td>81,900</td>
<td>7.3</td>
</tr>
<tr>
<td>Botswana</td>
<td>2.2</td>
<td>4,150</td>
<td>1.0</td>
</tr>
<tr>
<td>Lesotho</td>
<td>12.0</td>
<td>33,379</td>
<td>1.4</td>
</tr>
<tr>
<td>Malawi</td>
<td>14.0</td>
<td>99,500</td>
<td>2.6</td>
</tr>
<tr>
<td>Mozambique</td>
<td>7.4b</td>
<td>13,000</td>
<td>4.3</td>
</tr>
<tr>
<td>Namibia</td>
<td>16.0b</td>
<td>6,500</td>
<td>3.2</td>
</tr>
<tr>
<td>Swaziland</td>
<td>9.0</td>
<td>60,226</td>
<td>0.6</td>
</tr>
<tr>
<td>Tanzania</td>
<td>19.0</td>
<td>45,510</td>
<td>2.4</td>
</tr>
<tr>
<td>Zambia</td>
<td>25.0</td>
<td>180,500</td>
<td>5.5</td>
</tr>
</tbody>
</table>

Notes

a. This percentage is greatly influenced by the definition of "economically active population," which varies somewhat for each country.

b. Mostly processing agricultural, fish, or forestry products.


Table 2.5
Literacy Rate, As a Percentage of Adult Population, 1983

<table>
<thead>
<tr>
<th>Country</th>
<th>Males</th>
<th>Females</th>
<th>Country</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>35</td>
<td>19</td>
<td>Swaziland</td>
<td>64</td>
<td>58</td>
</tr>
<tr>
<td>Botswana</td>
<td>61</td>
<td>61</td>
<td>Tanzania</td>
<td>78</td>
<td>70</td>
</tr>
<tr>
<td>Lesotho</td>
<td>58</td>
<td>81</td>
<td>Zambia</td>
<td>79</td>
<td>58</td>
</tr>
<tr>
<td>Malawi</td>
<td>48</td>
<td>25</td>
<td>Zimbabwe</td>
<td>76</td>
<td>61</td>
</tr>
<tr>
<td>Mozambique</td>
<td>44</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note

a. Literacy refers to the ability to read and write. It does not necessarily indicate acquisition of skills required to run a modern economy.

There were no universities in most southern African states before independence. Only a handful of Africans had obtained university degrees abroad. Only in Zimbabwe, as the capital of the former Central African Federation (which included Zambia and Malawi from 1953 to 1956), was a university established, in 1956. During 15 years of guerrilla warfare against the minority regime after the Unilaterally Declared Independence from Britain, the Zimbabwean liberation movement systematically sent students abroad for higher education. Even in Zimbabwe, however, the 1981 Manpower Survey showed that only 6,316 professionals, skilled, and semi-skilled workers (a little more than 1 percent of the adult population) had university degrees.19

The Neglect of Health
Along with education, colonial administrators neglected to institute basic preventive health measures and to provide facilities to maintain minimum health standards for the majority of Africans. Modern hospitals were built only in the major urban centers, mainly to serve the wealthy minority. A few understaffed and underfunded clinics—some run by governments, some by...

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Box 2.1

"A Day In The Life of a Sub-Saharan African Woman"*

Morning. Orange and gold. Philomena takes the baby from her breast and eases her onto a fiber mat between the other children. One of the older ones, Nambwere, stretches, rubs her eyes and looks up to see her mother standing in the doorway. Sunlight, rays illuminating the thatched roof, the mud-and-dung walls, sends gray-gold shadows through their home and few possessions: a narrow bed with a three-inch layer of foam brought by the father three years ago; a dresser stuffed with the family's meager belongings; a snapshot of the father in his overalls, standing outside the mine gate in the faraway city; a wedding picture; a table and two chairs; a stool; brooms and calabashes; a clay water pot and a tin can; a hen and her chicks; a small bundle of dry wood. The chickens run out the door, scratching for food. The woman follows, carrying her hoe.

Nambwere dips the tin can in the water pot, takes a drink and uses the rest of the water to wipe her face. She knows her mother will go to the hospital today because the baby is sick. The baby vomits her mother's milk, her stomach distended like a balloon, her skin hot with fever. For days, Philomena has tried the suggestions made by her husband's mother and the neighbors, but nothing seems to help. The nearest hospital is seven miles away, the nearest tarmac road is four miles away, and the few public buses cost too much. She will walk. But for now, Philomena and Nambwere go out to gather greens, firewood, and water in preparation for the day's food.

After picking a few greens, Philomena picks up an old plastic container to walk to the "stream." The stream, which trickles out of a broken-off water pipe, sometimes gets clogged with garbage or a dead animal. But she considers herself lucky because the stream is only one-third mile away from her home. When she arrives, a line has already formed, and a few women are bathing. Philomena joins the line and fills her plastic container. Noticing that a corner of her plastic has worn through she expertly plugs it with a knot of grass and calabash pulls it onto her head. Only a few drops of water trickle...
church missions—provided limited facilities for the Africans living in remote rural areas. Many African babies and mothers still die in childbirth from causes long since eliminated in developed countries and among the high-income urban groups who enjoy modern hospital care. Preventable diseases like tuberculosis, rife among families whose men return from migrant labor contracts in the mines, remain major killers. Every year, malaria and bilharzia, the incidence of which can be significantly reduced by preventive measures, and cured if diagnosed and medicine is available, deplete the energies and shorten the lifespans of thousands of southern Africans. Today the life expectancy of the average southern African is still barely two-thirds that of inhabitants of the industrialized world.

Table 2.6
Life Expectancy in Southern Africa in 1983

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Years of Life Expectancy</th>
<th>Country</th>
<th>Average Years of Life Expectancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>42</td>
<td>Swaziland</td>
<td>47</td>
</tr>
<tr>
<td>Botswana</td>
<td>50</td>
<td>Tanzania</td>
<td>52</td>
</tr>
<tr>
<td>Lesotho</td>
<td>52</td>
<td>Zambia</td>
<td>50</td>
</tr>
<tr>
<td>Malawi</td>
<td>47</td>
<td>Zimbabwe</td>
<td>53</td>
</tr>
<tr>
<td>Mozambique</td>
<td>47</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


**POST-INDEPENDENCE POLICIES**

On coming into office, the new black governments of southern Africa confronted the tasks of revamping their economies to become more self-reliant. To do this, they needed to give their people access to their countries' resources as well as the opportunity to develop the skills necessary to utilize these resources. They needed to make institutional changes to insure national control of the critical sectors of their economies, and direct investable surpluses toward more balanced industrial and agricultural development. This would enable them to reduce their dependence on uncertain world markets, increase productive employment opportunities, and raise revenues to finance improved social-welfare programs so long neglected by their colonial predecessors.

Growing Expenditures

The new governments of the region had no blueprints for the successful transformation of their nations or the regional economy—indeed, none exist. Different circumstances within each country as well as fundamental divergences in ideology led them to pursue different paths. One cannot argue they made no mistakes; they did. The literature is full of debates concerning their different policies. For example, critics argue that Malawi, adopting a conventional Western development model, steered a course too dependent on South Africa. In Tanzania, authors have argued for and against the ujamaa villagization policy—a policy of bringing peasants together in large villages to stimulate cooperative production. Likewise, there are arguments over the Zambian Mulungushi reforms, through which the state acquired 51 percent ownership of the copper mines. The Mozambicans, themselves, have criticized their initial emphasis on state farms, and have begun to try to assist small peasants to increase their productivity. These governments' mistakes adversely affected their citizens' lives. Nevertheless, pursuing different paths and ideologies, all the independent southern African states faced similar problems—problems stemming from basically similar causes. The results of the first few years of their post-independence efforts exhibited remarkably similar features. This book aims to examine the common factors which constrained the new governments' choices, and the way South African and U.S. policies have affected these factors.

As a result of colonial neglect, the new governments had to double and triple government expenditures to bring educational and health facilities in line with the peoples' needs. In addition, southern African governments had to construct new roads and provide electricity to rural areas. At the same time, as tensions mounted throughout the region, they began to budget more for defense.

**The Search for Self-Reliance**

These growing expenditures imposed heavy financial burdens on the fledgling southern African governments. In agriculture, several governments sought through a variety of schemes to encourage peasants to expand cultivation and sales of both foodstuffs and export crops. This required major reorientation of marketing, credit, and extension-education structures, as well as land reforms. Some, like Tanzania, through its ujamaa program, sought to stimulate cooperative production. Others, like Botswana, encouraged private peasant initiatives. Swaziland permitted transnational corporate investment in large-scale plantation agriculture. All the governments, however, joined in the continent-wide competition to attract major foreign investment, particularly in the construction of manufacturing industries.

The governments of southern African countries laid plans to build factories to process their agricultural and mineral raw materials, rather than sell them in crude form at low prices abroad. Increased local manufacture would both enable these countries to raise their export earnings by selling higher-value manufactured goods, and provide their people with the appropriately designed tools, equipment, and consumer goods they need to increase their productivity.
<table>
<thead>
<tr>
<th>Country</th>
<th>1972</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>(b)</td>
<td>n.a.</td>
</tr>
<tr>
<td>Botswana</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Eswatini</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Malawi</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Namibia</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>South Africa</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Notes**


Not available for 1972.

Still used South African rand as currency in 1972.

1978 data used since 1972 not available.

and even food on which decades of colonialism had rendered their limited industrial and export-oriented agricultural sectors dependent. Falling domestic incomes and lack of spare parts and materials forced factories to lay off workers, while diminished foreign markets led mines and commercial farms to reduce employment. Conventional wisdom urged new governments to create a hospitable investment climate to attract more foreign capital, but in fact, foreign investment declined throughout the region. Tax revenues failed to keep pace with mounting government expenditures. Heavy borrowing, both at home and increasingly abroad, fueled inflation and burdened the new governments with growing debt repayments.

On top of all this, prolonged drought struck the region. Peasant farms, like those in Chibi, mostly located in marginal, less well-watered regions, could not produce enough food for bare subsistence, much less the export crops needed to raise cash incomes. Several countries had to import maize simply to avoid mass starvation.

Turning to the International Monetary Fund (IMF) to help finance growing balance-of-payments deficits, several southern African states found themselves forced to impose austerity conditions. In line with developed-country orthodoxy, IMF advisers typically told them to reduce government intervention—intervention through which they had sought to restructure their economies and build more self-reliant industries and agriculture. In the vain hope of attracting more foreign investments, they kept taxes on businesses relatively low. As an alternative source of desperately needed revenue, many raised sales taxes, which tended to fall most heavily on the lower-income groups. They cut back on government spending for health, education, and social services. They laid off workers. And they devalued their currencies, which further reduced their ability to purchase imported machines and other goods on which their economies still depended. As a result, rising prices reduced the real wages of those lucky enough still to have paying jobs—in some cases, back to pre-independence levels.

**SUMMARY**

The newly independent governments of southern Africa inherited economies scarred by decades of colonialism to the export of a narrow range of crude minerals and crops, produced by settler farms and foreign-owned mines, to an uncertain world market; and to the import of high-priced manufactured goods by the minority who could afford them. Over the past century, colonial administrators had built a socioeconomic infrastructure to service these sectors, while institutionalizing land, taxes, marketing, credit, and labor policies to coerce the majority of Africans into a low-paid labor force for minority-owned
THE CHINESE SUCCESS STORY

In comparison with other third world countries China has scored major successes in reducing the poverty and powerlessness from which at Liberation most of the population suffered. The 1985 World Bank Country Report asserted, "China’s past strategy and present system have created, on the whole, an extraordinarily equal society."(11) China’s industrialization progress over the last 40 years has been substantial, outpacing that of most if not all third world countries. "China has made tremendous strides in industry since 1949. With one of the highest sustained industrial growth rates in the world (8.5 percent per year in 1957-82), a full range of production has been built up in nearly every industrial sector. This has been accomplished despite prolonged international isolation, by mastering available technology, improving it, and modifying it to suit local conditions."(12)

Although a significant minority of the people, especially in the rural areas, still had low incomes in the 1980s, China’s population enjoyed higher living standards than in most other developing countries(13). Agricultural collectivization had


2. Ibid. p. 110.

13. The World Bank’s estimate of China’s per capita income (about $300 (Ibid, pp. 1-2) -- takes as given the current exchange rate of the Yuan, which had been sharply devalued since 1978. Calculated before devaluation, China’s per capita income would have appeared much higher, around $600.
prevented emergence of an impoverished class of landless laborers; the state guaranteed minimum food supplies for everyone; primary school enrollment attained high levels; basic medical care and family services reached most people. By 1980, life expectancy, characterized by the World Bank Report as "probably the best single indicator of the extent of real poverty" (14), had reached 67 years -- far higher than that prevailing in most third world countries.

China also managed to avoid many of the economic and social ills that plagued most other Third World polities. Instead of the typical Third World income distribution pattern, in which typically no more than 5% of the population received half or more of the nation’s income, it had achieved an extremely high level of egalitarianism. Its political and economic leaders had not allied themselves with the economic ruling class -- indeed, it could be argued that China had no true economic ruling class. By all accounts, corruption hardly existed. Inflation did not exist; China had the most stable prices in the world. China had begun to break the Eastern seaboard's pre-Liberation grip on modernization; factories and poles of growth sprouted in the interior. It had one of the highest rate of reinvestment of income in the world. All this resulted in the notable improvements in living standards cited by the World Bank.

Against this remarkable record of achievement stood a more sombre face. Living standards had not yet reached levels

characteristic of those of the most advanced industrialized countries. In the view of China's leaders, compared to the most developed countries, the average productivity in China remained relatively low. Only about a fifth of the technologies employed in China in the 1980s had reached the levels that prevailed in developed countries in the 1960s and 70s. China's difficulty seemed to lie in discovering how to introduce 1980s-90s world-technology levels in priority sectors, while improving management and spreading its own "best practice" technologies throughout the rest of the economy. Without raising productivity, China's development seemed doomed to stagnate. To improve its productivity its leadership needed a new strategy.

That strategy became the Reform. China needed new technology; that it sought from the West. It needed better management skills; again, the West seemed the principal source. It needed greater effort from its workers and peasants; for that, material incentives and a some degree of inequality seemed necessary. It needed management whose decisions found their bases not in political but in economic considerations; for that, separation between political administrators and enterprise managers seemed imperative. It needed to concentrate its economic efforts to create substantial poles of growth; for that, it seemed desirable to focus effort and funds on the already better-developed Eastern seaboard. It needed to reform a price system that over the years had become arbitrary. It needed a host of changes in the way it organized its political economy.
FLIES AND MOSQUITOES

In the years following the initiation of the Reform movement in 1979, China scored notable successes. Income rose, in the case of agriculture, dramatically. Many private foreign firms invested in China. Internal changes in management seemed successful. China made some adjustments in what the leadership perceived as an irrationally egalitarian wage structure.

With these, however, came some perceived difficulties. In 1988, inflation, previously substantially unknown in China, took serious hold. Urban food prices rose at least 20% in less than a year. (1) Panic buying of hard consumer goods swept the shelves of stocks, and withdrawals to make those purchases all but amounted to a run on the banks. Corruption increased worrisomely. (2) Party legitimacy seemed eroding. Social ills were reported in the press, for example, massage parlours in Guangzhou, barely concealed brothels elsewhere. The flight from egalitarianism produced not only some wealthy peasants, but also some millionaire capitalists. (3) The prosperity of the Eastern


2 "Clean Up Government", Beijing Rev. 31, 7, p. 4 (July 4-10, 1988); see ""Democratic party Member becomes Vice-Minister--an Interview with Feng Tiyun, vice-Minister of Supervision", Beijing Review 31,37 (September 12-18, 1988), p. 20, 21 (Vice-Minister of Supervision stated that "the growth of the commodity economy and the opening to the outside world had brought with it some corruption among government officials."

seaboard, favored in the Reform's program that "some must get rich first so that others can get rich later", did not seem to percolate inland. (4) A dual price system led to speculation, sometimes by cadre and enterprise officials. In an effort to reduce inflation, for two years government had ordered localities to reduce capital projects, to no avail. The economy seemed seriously out of control.

In response, in the Fall of 1988, the Government ordered a two-year hold on the Reforms. That provided a breathing space to determine what government ought to do to prevent the perceived ills. That required that it first explain their causes.

How did these social ills come about? How to go about preventing them without stopping the reforms completely? That required a careful examination of the present China circumstance. In making that examination, the experience of other Third World countries may provide a guide. In the next section, we summarize the teachings of that experience.

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5 "Price Reform: Opportunity with Risks", Beijing Review31, 25 (June 20-26, 1988), p. 4 ("The temporary 'double-track system' adopted for goods in short supply, that is, the coexistence of state-set prices and market prices, has opened loopholes which may be exploited.")