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SOUTHERN AFRICA: ISSUES FOR U.S. DEVELOPMENT

ASSISTANCE POLICY

by

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Author's note. The author offers his apologies for the change in topic and title, which was to have been "South Africa in Southern Africa: Implications for the United States." South African plans to draw the states in the region into closer political ties, under the "Constellation of States" concept, seem certain to meet with frustration, and the author became convinced that elucidating the nearly self-evident reasons for this would not be particularly interesting or useful.

In considering possible U.S. responses to trends and events in southern Africa, one point that is sometimes missed by analysts of the region did strike the author as a potentially more interesting topic. While the instruments of policy available to the United States in southern Africa are likely to remain circumscribed, at least over the medium term of three to five years, this country will continue to be actively involved in the region through development assistance. Many believe that development assistance can be useful to the United States in southern Africa, but using aid to advance U.S. interests raises a number of difficult questions that form the subject matter of this paper.

Summary

Despite the importance of southern Africa to the United States, the policy instruments available to this country for use in the region over the next three to five years are likely to be highly circumscribed. But development assistance is one instrument that will probably be actively employed.

Advocates of increased U.S. development assistance to southern Africa often hold great expectations of the ability of aid to further U.S. policy, arguing that it can be used to promote a peaceful settlement of the conflicts in southern Africa, to encourage the economic independence of the majority-ruled states from South Africa, and to foster regional economic development. But the limited volume of assistance that is available at the present time for southern Africa, the overall orientation of the aid program toward agricultural and rural development, and various legislative restrictions on the use of aid must raise questions about the U.S. ability to advance its interests in southern Africa through development assistance.

Introduction

The importance of southern Africa. The importance of southern Africa to the United States is by now well-established. In addition to the deep humanitarian concern felt by many Americans toward the region, southern Africa supplies the United States with several critical and strategic materials, including chromite, manganese, and the platinum-group metals. Many observers also see the region as providing new and expanding opportunities for U.S. trade and investment. Nor can military planners be indifferent to the dangers that would be posed if Soviet influence were to increase in this region,

which guards the approaches to the Indian Ocean.

The movement toward black majority rule in the former Portuguese colonies and Zimbabwe during the 1970s, together with the unresolved crisis in Namibia and continuing white rule in South Africa, have made southern Africa a focus of African opinion, and this has been another factor making the region important to the United States. U.S. policy toward southern Africa is closely watched, so that developments there can have a significant impact on the success of U.S. policy in the United Nations and the Third World generally.

Policy instruments. Despite the importance of southern Africa to the United States, a combination of domestic and international constraints suggests that the policy instruments available to this country in the region are likely to be highly circumscribed at least over medium term of three to five years and perhaps longer. The diplomatic instruments of policy, including persuasion as well as praise and condemnation, may continue to be used with some modest effect. U.S. and other Western pressure on the parties to the Namibian dispute has, after all, brought a settlement in the disputed territory within reach, and it is possible that the diplomatic arts will prove useful to the United States in other situations in the region. But the resistance encountered on all sides during the course of the Namibian negotiations, and South Africa's apparent reluctance now to take the final steps toward implementing a Namibia agreement, only highlight the limitations of diplomatic pressure.

Certainly it is unlikely that diplomatic sticks and carrots, unsupported by credible economic or military threats, will alone be sufficient to persuade South Africa to alter its internal racial policies, just as it

is unlikely that they would be useful in persuading South Africa's neighbors to moderate their opposition to those policies.

Circumstances that would overcome the U.S. reluctance to use the military instruments of power in southern Africa are not easy to imagine. It is conceivable that a further deterioration of the situation in the Persian Gulf and South Asia could lead to an intensification of interest in access to naval facilities along the southern African coast, but present indications are that U.S. interest in such facilities focuses on East Africa. Facilities there are much closer to the scene of the crisis and, even taking into account Congressional opposition to the agreement on access to facilities in Somalia, likely to be far less controversial than facilities in southern Africa.

The economic instruments of policy are likely to be more available than the military. It seems at least possible that economic sanctions -- more probably selective rather than complete -- will be applied to South Africa over the question of Namibia. This is an issue the United States may have to face if the Namibia negotiations finally collapse. Proposals for sanctions against South Africa in response to its domestic racial policies will no doubt also continue to be heard.

But most advocates of sanctions against South Africa are well aware of a number of obstacles that will work against the adoption of sanctions proposals over the medium term. These obstacles include the almost inevitable reluctance of policy makers, however much they might oppose South African racial policies, to apply pressures that could precipitate rapid, destabilizing, and potentially uncontrollable change in that country. Nor will policy makers easily be brought to favor steps that could interrupt U.S. mineral supplies from South Africa, and if they did favor such steps they would encounter

strong resistance from influential interest groups. Attempts to impose a mandatory code of conduct on U.S. businesses operating in South Africa, and to expand the categories of goods that cannot be exported to South Africa under the 1978 U.N. Security Council arms embargo, might meet with more success, but in doing so they will surely have to overcome strenuous opposition.

But another instrument of policy -- economic development assistance -- is likely to remain in use and even to be expanded over the next three to five years. Indeed, it is more than likely that aid will be the principal instrument of policy in a region where other instruments are so circumscribed.

Aid in southern Africa

While development assistance may be the principal instrument of U.S. policy toward southern Africa over the medium term, clearly it can only be used directly with respect to the black majority-ruled states. South Africa's poor have great needs, but it is unlikely in the extreme that any U.S. assistance funds will be channeled toward even the poorest of the poor in that wealthy country. Nonetheless, many believe that U.S. aid to South Africa's neighbors could be used to influence South Africa indirectly -- helping to stabilize the region, they argue, and demonstrating, that the United States has a firm commitment to the independence and prosperity of African governments in the region.

The expectations that are attached to aid in southern Africa are suggested by the rather large proportion of U.S. development funds that have already been devoted to this region in comparison to other parts of Africa.

1/ While the Bureau for Africa of the Agency for International Development does not include Tanzania as one of the southern African states, it is, as AID's own documents often note, a significant actor in the region. It is considered as part of southern Africa in this paper.

Table 1

U.S. Development Assistance to Southern Africa ^{2/}
(fiscal years, millions of dollars)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u> ^{3/}	<u>1981</u> ^{4/}
Angola	0	0	0	0	0
Botswana	0	15.4	14.0	15.0	15.0
Lesotho	.2	5.5	6.8	8.9	15.7
Malawi	.1	.1	3.5	3.6	6.7
Mozambique	0	0	0	0	9.0 ^{5/}
Swaziland	.2	12.8	6.0	6.9	7.5
Tanzania	6.7	17.2	21.4	16.2	23.4
Zambia	*	30.0	20.4	31.0	27.0
Zimbabwe	0	0	0	20.0	30.0
Southern Africa, regional	42.8	38.8	15.7	19.0	39.0
Total	50.0	119.8	87.8	120.6	173.3
As a per cent of aid to all of sub- saharan Africa	21.5	33.0	25.9	26.5	32.5

* Less than \$50,000.

2/ Includes development assistance administered by the Bureau for Africa of the Agency for International Development. P.L. 480 Food Aid and assistance through the Peace Corps not included.

3/ Projected.

4/ Proposed.

5/ Contingent upon the removal of the legislative prohibition on assistance to Mozambique.

Sources: U.S. Overseas Loans and Grants and Assistance from International Organizations. Obligations and Loan Authorizations, July 1, 1945 - September 30, 1979. Also U.S. Agency for International Development. Congressional Presentation, Fiscal Year 1981, Annex 1, Africa.

years. While the volume of U.S. development assistance might not seem particularly impressive measured against the problems the region faces, Table 1 clearly indicates that southern Africa, including Tanzania, 1/ has been a major focus of the U.S. development assistance program in Africa as a whole. In 1978, when a major obligation was undertaken through the southern Africa regional account for the completion of the southern perimeter road in Lesotho, aid to southern Africa accounted for one-third of U.S. aid to Africa, and it is expected to approach this level again in fiscal 1981. Substantial increases in the volume of bilateral assistance have benefitted all aid recipients in the region -- though not Angola and Mozambique, which are excluded by legislation from receiving aid. Projected assistance for Zimbabwe in fiscal 1980 will push that country into the third or fourth rank among of U.S. aid recipients on the continent.

The direction of U.S. development assistance in southern Africa has been overwhelmingly toward the rural sector -- towards projects aimed at increasing food production, through rangeland management, for example, and by improving rural transport. Table 2 indicates that 65 per cent of new U.S. development assistance obligations in the region will go toward the rural sector in fiscal 1981. Included in this amount is the \$20 million Zambian commodity import program, which will be used to bring in fertilizer, stockfeed, and agricultural equipment in an effort to help Zambia meet its continuing economic crisis. Also included is the \$22 million project financed from the southern Africa regional program for improvements in the transport and storage of agricultural products.

Education and human resources development projects receive the next largest proportion of AID funds in the region, but it should be noted that some of these are also benefit primarily the rural sector. Botswana,

Table 2

The Direction of U.S. Development Assistance in Southern Africa:
 Proposed Projects for Fiscal 1981 ^{1/}
 (thousands of dollars)
 (number of projects indicated in parentheses)

	<u>Agriculture, Rural Development</u>	<u>Education, Human Resources</u>	<u>Health</u>	<u>Other</u>
Botswana	8,461 (5)	5,496 (3)	443 (1)	600 (1)
Lesotho	7,250 (4)	5,000 (3)	2,600 (3)	840 (1)
Malawi	3,000 (1)	3,000 (1)	740 (1)	0
Mozambique	9,000 (1)	0	0	0
Swaziland	3,488 (2)	2,960 (3)	1,014 (1)	0
Zambia	24,000 (2)	3,000 (1)	0	0
Tanzania	14,904 (6)	1,265 (1)	6,736 (5)	500 (1)
Zimbabwe	NA	NA	NA	NA
Southern Africa Regional	23,000 (2)	4,500 (2)	0	11,500 (4) ^{2/}
Total	93,103 (23)	25,221 (14)	11,203 (11)	3,410 (7)
Per cent	65.1	17.6	7.8	9.4

1/ Projects under the Economic Support Fund for Botswana, Lesotho, Zambia, and the southern Africa regional program were classified by the author. AID classifications were used for other projects. Aid for Zimbabwe could not be included because AID projects for this country in fiscal 1981 have not yet been defined.

2/ Includes \$8 million for further work on the southern perimeter road in Lesotho.

for example, is to receive \$1.5 million for the expansion of an agricultural college. The health-related projects are generally rural in their orientation.

What may be particularly interesting about Table 2 are the sorts of projects that are not being funded. In the transport sector, a substantial amount continues to go toward the southern perimeter road in Lesotho and some funds are being spent on rural transportation in other countries, but by and large transport is a neglected area. Nor are any projects in the communications sector being financed. No money is being spent on population planning, 1/ although all of the majority-ruled states with the possible exceptions of Angola and Lesotho can expect to experience a doubling of population in the next 20 to 30 years. No funds are going toward industrial development.

The direction the U.S. aid program has taken in southern Africa has been determined by the prevailing interpretation of the New Directions or basic human needs philosophy of aid first made a part of the Foreign Assistance Act in 1973. Under New Directions, aid is to be directed toward meeting the basic needs of the world's poor majority, and these needs are generally seen as primarily rural needs. This orientation is strongly suggested by the legislation, which reads in part: 2/

United States development assistance should focus on critical problems in those functional sectors which affect the lives of the majority of the people in the developing countries: food production and nutrition; rural development and generation of gainful employment;

1/ AID is devoting \$50,000 from the Population Planning account to a health project in Lesotho, reflecting the view that African families will only begin to limit family size when improvements in health care have increased life expectancy for children.

2/ Foreign Assistance Act of 1961, as amended. P.L. 87-195, sec. 102.

population planning and health; environment and natural resources; education, development administration, and human resources development; and energy development and production.

It may be true that the New Directions language could be read to encompass a variety of projects that are not exclusively rural in their orientation, but this is not the reading usually given to it. Moreover, it is interesting that the legislation mentions one field -- population planning -- that is not a part of the U.S. aid program for southern Africa.

Infrastructure projects of the sort governments in southern Africa might well welcome, including major highway and rail construction, port development, telecommunications, and industrial development are ususally not funded under the basic human needs approach to economic development. It is argued that such projects benefit primarily the better educated, wealthier sectors of society, including commercial interests and other elites, who are best equipped to take advantage of them. Benefits, if any, reach the poor, only indirectly, by "trickle down," according to the New Directions perspective.

The existing U.S. aid program in southern Africa, in short, confronts the analyst with what is a rather puzzling image, reflecting the absence of a coherent policy for the region which relates U.S. interests to the principal instrument available for advancing those interests. Policy makers recognize the importance of the region -- this explains the large proportion of U.S. aid for Africa that it receives. Moreover, many have broad expectations of the ability of aid to promote desirable political change in southern Africa. But fiscal and political considerations sharply restrict the total volume of aid, limiting its economic and political usefulness, while the commitment to a rural development assistance orientation in the program channels funds into projects that may not be cost-effective in terms of U.S. interests.

Ends and Means in Aid Policy

Examining the expectations policy makers and others hold with respect to aid in southern Africa may help to suggest the issues that must be clarified if aid is to be placed within the context of a coherent foreign policy for the region.

Promoting peace in southern Africa. Advocates of increased development assistance to southern Africa often speak of the value of aid in promoting peace in the region. While the means by which aid will have this effect are sometimes not explained, there is usually some expectation that increased aid will demonstrate the commitment of the United States and the Western world to the viability and independence of the majority-ruled countries. It is evidently hoped that such a demonstration will discourage South African armed attacks and subversive efforts directed against its neighbors.

This is not necessarily a misplaced expectation, since a close aid-based relationship would certainly suggest to South African policy makers that such attacks would probably meet with strong disapprobation from the donors. But certain qualifications on the use of aid for this purpose are readily apparent. An aid relationship is not a military guarantee and thus would probably not deter South Africa if it came to feel that vital interests were at stake. It could also be argued that the current level of aid for the countries of the region is not great enough to demonstrate a particularly close relationship. Conceivably, South Africa could entertain some doubts about the strength of the Western commitment to the countries of the region. In any event, Angola, the country most likely to be subjected

to South African attacks in the immediate future, is excluded from receiving assistance by legislation. 1/

Another expectation of aid in southern Africa is that it will help South Africa's neighbors to prosper and thus demonstrate to the white regime that black majority rule is viable and beneficial. Certain obvious qualifications appear relevant here too. South Africa's neighbors, each of which faces serious development problems, may not prosper despite aid, and this could encourage white South Africans -- some of whom are all too ready to do so -- to draw a conclusion opposite to the one intended. Moreover, it is at least questionable whether levels of aid to the region will ever be great enough to make a major contribution to promoting regional prosperity.

Some also hope that aid will have a restraining effect on the governments of the majority-ruled states in southern African, promoting a level of prosperity that will make them reluctant to take risks in support of liberation movements. This view is subject to the caveats noted above, and it makes, in addition, an assumption about the depth of commitment to the liberation cause in the states bordering South Africa that may not be correct. Certainly Zambia and Mozambique were willing to make great sacrifices in their support of the Zimbabwe liberation movement and it is possible that they might run risks again on behalf of South African guerrillas. It need hardly be pointed out, however, that the risks of confronting South Africa would be much greater.

Promises of aid can be used in some situations to persuade

1/ Foreign Assistance and Related Programs Appropriations Act, 1979 [P.L. 95-481], sec. 114. Since there has been no subsequent foreign assistance appropriations act, this provision, which also applies to Mozambique, remains in force.

the parties to a dispute to come to terms through negotiations. This was done in the case of Zimbabwe, where a legacy of unhappiness lingers because Prime Minister Mugabe feels the Western countries pledged much more than they have proven willing to deliver. But apart from the negotiations over Namibia, it is difficult to imagine circumstances in which aid could be used in this way again.

Promoting regional economic independence. Development assistance to the countries of southern Africa is sometimes seen as a way of promoting the economic independence of South Africa's neighbors, or, in less ambitious visions, of at least reducing their dependence on Pretoria. The AID annual presentation to Congress for fiscal 1981 took the latter approach, arguing in rather roundabout language that aid could be "effectively used ... in encouraging regional cooperation toward a more balanced economic interdependence in the area." 1/ A major AID study of the development needs of southern Africa put it this way: "A rational diversification of the economic relationships of the majority-ruled states may serve to strengthen their economies by reducing excessive vulnerability to the events affecting other nations in the region." 2/ Aid for the southern perimeter road in Lesotho was specifically justified in terms of insulating that country from events in Transkei. 3/

It is perhaps unfortunate that the AID rationale for reducing the dependence of the countries of the region on South Africa has not been

1/ Op. cit., p. 444.

2/ U.S. Agency for International Development. A Report to the Congress on Development Needs and Opportunities for Cooperation in Southern Africa. Washington, March 1979. p. 7.

3/ AID, Fiscal 1981 Congressional Presentation, op.cit., p. 531.

more clearly expressed, because at some point strong political opposition to the use of aid for this purpose can be anticipated in the United States. This possibility may indeed help to explain the obscure language AID uses in discussing the issue -- but this approach may only intensify the criticism when it does come. Some are bound to ask whether the United States should be following an assistance program that could have the effect of making it easier for the states in the area to promote the violent overthrow of the South African regime. There are a number of possible answers to this question, including the argument that true economic independence from South Africa is so far in the future as not to be a relevant policy consideration today. But at present, it seems that AID is beginning to support a major change in the economic relationships of the region without providing a full explanation of its reasons for doing so.

One wonders whether the political usefulness of this sort of aid in Africa might not be a significant factor in AID's decision to provide some help in reducing regional dependence on South Africa. African governments around the continent are strongly in favor of ending all African dependence on Pretoria, and the majority-ruled states of the region, meeting at Arusha in July 1979 and in Lusaka in April 1980, have made their own commitment clear. Thus it is arguable that assisting in this area could do much to strengthen the diplomatic position of the United States in Africa generally.

In any event, whether the United States should be supporting the reduction of regional economic dependence on South Africa is an issue that many would regard as by no means settled. Those who favor implementing such a policy should be aware of certain difficulties it confronts. Foremost among these is the fact that the sort of aid the countries of southern Africa need to become independent of South Africa is the sort

generally seen as incompatible with the New Directions mandate.

The most significant dependent relationship in the region lies in the field of transport. Zambia, Zimbabwe, Malawi, Botswana, Lesotho, and Swaziland are heavily, and in some cases exclusively, dependent on South African highways, railways, and ports for bringing in vitally needed food, fertilizers, and equipment and for exporting their own minerals and agricultural products. The most important need, if these countries are to establish their independence of South Africa, is for assistance in building, repairing, and expanding modern transport facilities. Another significant need would be the strengthening of the local industrial sector to produce substitutes for South African manufactures.

It is not possible to address these needs with a program oriented toward rural and agricultural development. Existing legislation does hold out some prospects for shifting this orientation without abandoning New Directions altogether. Assistance under the Economic Support Fund, which now supports aid to Zambia, Zimbabwe, and Botswana, can be used by the President "to promote economic or political stability" without strict observance of the New Directions requirements, although these requirements are to be observed "to the maximum extent feasible." 1/ But large-scale aid for major infrastructure projects in southern Africa would certainly raise questions among supporters of New Directions.

Another legislative difficulty is the language stating that "United States bilateral development assistance should be concentrated on projects which do not involve large-scale capital transfers." 2/ Infrastructure projects

1/ Foreign Assistance Act, op. cit., sec. 531.

2/ Ibid., sec. 102.

tend to be quite expensive and could well require such transfers. Here again, however, there is some possibility of participating in regional infrastructure projects without changing the law, since, according to the same provision, "to the extent that such assistance does involve large-scale capital transfers, it should be furnished in association with contributions from other countries working together in a multilateral framework." Talks with other Western donors could possibly produce joint agreements on infrastructure projects, making possible large-scale capital transfers within existing legislation.

Cooperation with other donors could also ease the obstacle posed to regional development plans by the legislative prohibitions on assistance to Angola and Mozambique. These countries would seem essential to regional transport development schemes in particular, since railways and highways must pass through their territory and terminate at their ports. Other donors could carry out the portions of regional transport projects located in these two countries while the United States devoted its efforts to work in permitted countries.

The existence of creative possibilities for providing infrastructure assistance in southern Africa does not necessarily mean that these possibilities should be exploited. If the executive branch has determined that it is indeed in the U.S. interest to promote regional economic independence, its most effective course might be to present the case forthrightly to Congress. This would avoid Congressional resentment over what could be regarded manipulation by the executive branch -- resentment of the sort that exists today with respect to the gradual expansion of military facilities on Diego Garcia. Framing a coherent argument on promoting regional independence would also have the

advantage both of requiring policy makers to clearly define the use of development assistance in southern Africa in terms of U.S. interests, and of necessitating a definite Congressional response.

Promoting economic development. Economic development is by definition the stated goal of all U.S. development programs, reflecting both a moral conviction and the belief that a world of prospering countries would be more compatible with U.S. interests than a world in which many or most countries are in economic decline. In southern Africa, as is not the case in some other parts of the continent, real prospects for substantial economic growth do exist. As AID documents note, the resource base in southern Africa provides grounds for optimism despite the region's burgeoning population, shortages of skilled manpower, unresolved international conflicts, and other problems.

Development assistance could make a major contribution to promoting regional economic growth if it could help the countries there to deal with these problems. But it is necessary to ask in this regard whether the amounts of aid flowing to the region are adequate to the task. In 1977, the last year for which full data are available, Western and Japanese aid to the region totalled \$772.8 million. ^{1/} Of this amount, 44 per cent went to Tanzania, leaving \$432.9 million for the other countries of southern Africa. Aid to the region may well increase substantially with the independence of Zimbabwe, but whether assistance at the existing order of magnitude can make a significant contribution to regional development is at least a valid question.

^{1/} Organization for Economic Cooperation and Development. Geographical Distribution of Financial Flows to Developing Countries: Data on Disbursements, 1971 to 1977. Paris, 1978.

Executive branch officials who favor an active role for the United States in regional development often speak as if it would be impossible to convince the Congress, as well as key executive branch agencies, notably the Office of Management and Budget, to accept anything other than marginal increases in the volume of aid. But it is conceivable that a fully-developed and well-explained aid policy for the region could prove convincing. Certainly it is interesting that Congressmen of varied political opinions were deeply impressed by Prime Minister Mugabe's presentation of his case for increased aid during his visit to Washington in August 1980. Mugabe's favorable reception suggests that the Administration might have been able to persuade Congress to appropriate more than the \$30 million now being asked for Zimbabwe in fiscal 1981.

If aid is not likely to be adequate for meeting the southern Africa's development needs, then it may be, as some suggest, that ways should be found of using aid to attract private investment. Private investors, however, are likely to be attracted by infrastructure projects that promise cheap and reliable electricity, rapid transport, and trouble-free communications. These are the sorts of projects that are least likely to be funded under the New Directions mandate. Moreover, the belief that transnational corporations should not be involved in African development remains influential both in Africa -- despite the efforts of many African leaders to attract foreign investors -- and in the United States. This will tend to work against proposals to use aid to draw private capital to the region. In any event, there is as yet no clear U.S. policy on this approach, and concrete proposals for attracting investors have not yet been presented. Until this happens, any debate on the issue will remain unfocused.

Conclusion

Although development assistance is likely to be the principal policy instrument available to the United States in southern Africa, at least over the medium term, the use of this instrument is marked more by a number of unanswered questions than by any definite policy.

* * Can aid be used to promote peace in southern Africa?

* * Should aid be used to promote the economic independence of the majority-ruled countries in the region from South Africa?

* * Should the orientation of the aid program toward rural and agricultural development be altered to allow the United States to support major infrastructure projects?

* * Can a persuasive case for a dramatic increase in the volume of development assistance to southern Africa be made to the Congress?

* * Should development assistance be used to attract increased private investment to Southern Africa?

These are not easy questions, but if the United States is to make effective use of its principal foreign policy instrument in southern Africa, they should be answered.