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Annex A
ZIMBABWE

A Report to the Congress on

**DEVELOPMENT NEEDS
and OPPORTUNITIES for
COOPERATION in
SOUTHERN AFRICA**



United States Agency for International Development/March 1979

ZIMBABWE

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PREFACE

The purpose of this paper is to suggest, (1) the development problems likely to arise as Rhodesia* undergoes transition to majority-rule and 2) the types of international development assistance appropriate to the country's future needs. Although general categories of donor assistance can be indicated, a comprehensive donor assistance strategy cannot be articulated at this time due to the constraints noted below. Therefore, this paper is designed to establish a base of knowledge from which such a strategy can be approached in concert with an independent majority rule government. This paper is not intended to be prescriptive of choices which must be made by an independent, majority-rule government.

Among the limitations affecting this paper, the most significant is that the government to be assisted has not yet been determined. This obviously precludes the collaborative style necessary for designing a more substantive and thorough strategy. Moreover, the paper is based on secondary materials drawn from sources both inside and outside Rhodesia (see bibliography).

Recognizing these drawbacks, the paper nevertheless attempts to answer, in the broadest context, what development problems will likely arise and what categories of development assistance will be required. Exactly how, when, where, how much, and how long external assistance will be required will be the task of the government to be assisted, working

*To avoid confusion, the territory in question will be referred to as Rhodesia for periods prior to independence and as Zimbabwe for transition and post-independence periods. References to the areas as a country or to governing bodies or groups in no way implies legitimacy or recognition of those entities.

in close collaboration with the donor community.

In addition to the purpose and aims stated above, the paper will further seek to accomplish the following objectives:

1. Gain a better understanding of the country's present economic structure, how it evolved, its strengths and weaknesses, and the role of the economy in the region.
2. Outline the important development constraints that will confront any majority-rule government.
3. Identify and describe the rural and urban poor and particularly examine their access to employment and basic services.
4. Review current planning efforts concerned with the future development of the economy.

In short, the paper is more exploratory and broad than it is defined and sharply focused. Nevertheless, this is believed to be the most practical approach under present circumstances. Later, it is expected that the study will serve as a valuable step from which a more comprehensive strategy can be derived.

I. Overview

A. Background

Man has long inhabited the Rhodesian area. Successive waves of Bantu migrations are believed to have begun as early as the fourth century A.D. In the nineteenth century, European explorers, missionaries, and traders began settling in the area. However, it was not until towards the end of that century that the lure of gold and other minerals attracted Europeans in significant numbers.

Subsequent inflows of foreign labor and capital coupled with the exploitation of cheap African labor fueled economic expansion. While mining was the initial focus for investment, the agricultural and manufacturing sectors have since surpassed mining as principle contributors to GNP. As a result of efforts to date, Rhodesia has one of the most diversified and modernized economies on the African continent today.

While the economy is sectorally well-balanced, a gross imbalance exists with respect to the incomes and living standards between the European and African populations. This imbalance is most apparent in terms of:

- the land allocation whereby less than 1% of the farmers, the Europeans, own almost half of the rural land. As a result, 80% of the rural population, mostly African, are effectively limited to 53% of the total rural land area, whereas the remaining 47% of the rural land owned by the Europeans supports only 20% of the population;
- the contribution of the traditional sector's output to

GNP, which is only about 10% compared to 90% generated by the white-dominated modern sector;

- the structure of the labor force whereby Africans hold mainly low-level positions at the bottom portion of the workforce "pyramid";
- the income disparity as reflected by yearly wage earnings averaging R\$5,076* for Europeans in 1975 compared to annual earnings of about R\$468 for Africans; and
- the limited access of Africans to socio-economic services, such as education, health, and agricultural support.

These disparities have directly or indirectly been the basis for the white regime's unilateral declaration of Rhodesia as an independent state in 1965; the consequent imposition of UN economic sanctions in 1966 to force Rhodesia to accept majority rule government; and more recently, armed conflict as a last resort in the continuing struggle to bring about more equitable economic growth and development.

The stricter enforcement of sanctions coupled with rising internal strife have led the Smith government to alter its earlier stand regarding majority rule and to accept, in principle, a transition in that direction. At this writing, it is still uncertain as to how and to what extent transition will occur.

Because of the imbalanced development of the economy, Rhodesia's African population constitutes the country's poor majority. These poor include about 4.4 million people pursuing traditional agricultural

*R\$1.00 equals US\$1.44.

activities in the tribal trust lands (TTLs), and about 462,000 workers residing on the periphery of the urban areas and on commercial farms providing low wage labor to the modern agricultural, mining, and manufacturing sectors. In addition, other groups include the Rhodesian refugees in Botswana, Mozambique, and Zambia (120,000); persons displaced by the war in "protected villages" (750,000), and the cities (50,000); and African migrant workers (215,000). These individuals represent the likely target groups for development assistance.

B. Basic Assumptions

Any attempt to project the nation's socio-economic and political climate would be speculative given the uncertainty of future events in Zimbabwe. Therefore, any conclusions regarding future development needs or approaches will be effected by such considerations as:

- The establishment of majority rule government and with it a much broader participation of all Zimbabweans in the process and benefits of development.
- The continuing presence or departure of whites depending upon the policies of the new government with respect to their interests. Though a "hard" assumption cannot be made that significant numbers will leave, this possibility must still be considered in contemplating future development needs.
- The lifting of UN economic sanctions.
- Adjustments in the country's economic structure to changing patterns of demand in local and foreign markets.

- Reorientation of development towards a growth-with-equity strategy.
- Political orientation toward or away from the South Africa dominated Southern Africa Customs Union (SACU).

C. Development Needs

On the basis of the assumptions just noted, a number of development problems and needs are suggested. First, major population movements and resettlements can be expected as programs and policies are implemented to bring about a more equitable distribution of wealth, land and income. Practically every segment of the population will be affected including the Europeans, Africans in the overcrowded tribal trust lands (TTLs), refugees, displaced persons, and migrant workers presently residing in Rhodesia.

Rehabilitation of economic and social services will be among the most pressing development priorities. As is indicated in Section IV, the war has taken its heaviest toll in the African rural areas, and this is where initial rehabilitation efforts must be concentrated.

Accompanying a redistribution of land, will be a shift in agricultural sector emphasis from large estate production to that of the smallholder. However, it is unlikely that land reform will mean land uniformity. At present, 5% of the farms in the European areas average over 15,000 acres and produce about 48% of the total European agricultural output. European farms produce 92% of total marketed agricultural output. It is therefore probable that many of these large farm estates will continue to operate so that food production and export

earnings can be maintained while efforts are being made to raise small farm productivity and output. Nevertheless, the focus of agricultural institutions and services can be expected to move towards supporting the small farmer and raising his/her production and income.

Significant structural changes may also occur in the manufacturing sector. Should whites leave in significant numbers, the domestic demand for consumer goods will shift from goods identified with the wealthier strata of society to those more atune to the needs of the country's poor majority. This shift may occur irrespective of white emigration to the extent manufacturing is adjusted to be more responsive to the needs of the poorer elements of society.

External demand may also affect the composition of output with the lifting of worldwide trade sanctions and the reopening of regional markets in particular. At the same time, the competitiveness of the country's heretofore highly protected industries will be put to the stringent test of world market forces.

As with manufacturing, maintenance of efficiency and growth in the mining sector will be essential. These two sectors are the dynamic growth sectors of the economy and should be relied upon in the future, as in the past, to generate foreign exchange and budgetary resources for supporting a more equitable growth strategy during and after transition.

The possible departure of Europeans as well as existing needs dictate that accelerated human resources development be a cornerstone of the new nation's development efforts. Such education and training should range from universal primary education to vocational and university-level training. The return of Zimbabweans now working in

neighboring countries and abroad may help meet the most immediate needs for highly trained personnel. However, the complexity and modernity of the economy is such that expatriate technical assistance may be needed in the event of a large exodus of whites.

In addition to human resources development, the construction of physical infrastructure will also be required to support the expansion of production and the improvement of living conditions in the heretofore largely neglected areas of the country. This will entail the construction and upgrading of roads and marketing facilities, and the provision of other basic requirements--power, water, etc.--to integrate these areas into the modern economy. In addition, a spatial development policy may be adopted whereby industrial growth poles are strategically established to encourage regional growth and discourage heavy urban concentrations. Such a program may provide the "blueprint" for physical infrastructure supporting labor-intensive rural industries.

Fundamental to the philosophy of majority ruled government will be the provision of the basic goods, services, and employment opportunities necessary to improve the well being of the poor majority. Government expenditure programs will need to be redirected toward providing these minimum needs while at the same time funding and/or encouraging employment and revenue-generating activities to support the long-term, equitable development.

A more equitable growth and development strategy will require prudent, long-term planning and financial management of the economy. At present, the economy is in a financially precarious position. The

national budget and balance-of-payments position have weakened considerably in the past two to three years. Moreover, debt servicing requirements and new borrowings of the present regime continue to rise in order to finance past and present expenditures. Transition will have mixed effects on the balance of payments and budgetary performance but the net impact more likely than not will be negative as the economy makes major adjustments to meet new long-term objectives. As for the present regime's accumulation of debt, it remains an open question as to how these obligations will be disposed of with the establishment of a new government.

D. Implications for Donor Assistance

The development needs identified above indicate the following likely categories of assistance:

- Resettlement and rehabilitation assistance will initially be required to help relocate individuals displaced by the war and restore socio-economic services to rural areas where such services have been curtailed for security-related reasons.
- Technical assistance oriented towards the transfer of technology and provision of services to those heretofore largely neglected.
- Education and training assistance to develop the badly needed technical and managerial skills necessary for long-term development.

- Capital assistance to construct and maintain the physical infrastructure needed to integrate the poor into the mainstream of modern economic development.
- Food aid in the event of temporary disruptions in agricultural production during transition.
- Balance of payments and budgetary support should there be temporary declines in export earnings, reduced capital inflows, and a shrinkage in the tax base.

E. Current Planning Efforts

Several surveys and studies have been published in recent years (see bibliography) regarding the economic implications of transition to majority rule. However, only two such efforts have significant relevance with respect to actually planning and preparing for transition. These are: 1) the "Proposals for a Five-Year Program of Development in the Public Sector" prepared by the present interim government, and 2) an "Economic and Social Survey of Zimbabwe" being undertaken by UNCTAD and UNDP under terms of reference approved by ZANU and ZAPU.

In expectation of an "internal settlement", the present regime has prepared a five-year development program totalling R\$3.5 billion. The program is a tentative one and may require modification depending upon policy decisions the new government makes with regard to development priorities. This pertains in particular to the land reallocation and rural development proposals. It is proposed that the program will

commence with Zimbabwe's fiscal year 1979 (July 1979-June 1980).

A description of the program--its strategy, objectives, priorities and proposed project activities, and an appraisal of the extent to which it responds to the suggested development needs identified--is presented as Appendix A. This appraisal concludes that the program is likely to fall short of attaining the equitable growth necessary to correct the inequities of the past and maintain such growth in the future. The proposals seem to maintain the status quo in terms of developing the modern sector and perpetuate the privileges of elite elements of society. The program also lacks an adequate resettlement scheme and a sufficient long-range commitment of development assistance to the existing TTLs.

The terms of reference outlining the objectives, outputs, and inputs of the "Economic and Social Survey of Zimbabwe" are included as Appendix B. This survey is likely to outline economic and social development strategies for consideration by Patriotic Front leadership in the event this group assumes political power. The study is scheduled for completion in the next few months, and is likely to be the focus of world donors' attention.

II. Background

A. History

1. Pre-Colonial Period

The Rhodesian area has long been inhabited by man. It is believed that successive waves of Bantus migrated into the region as early as the fourth century A.D. Between the sixth and thirteenth centuries, Bantu people, known as the Monomatapa, settled in the area. Evidence of this civilization is found in the ancient stone buildings of the Zimbabwe ruins. These ruins are the only pre-European remnants of stone architecture found in sub-Saharan Africa. Later migrations brought the Mashona and the Ndebele. The Mashona have lived in the area the longest and are the largest of the two groups representing about 77% of the total African population. The Ndebele arrived within the last 150 years and although accounting for only about 17% of the African population, they have at times been the dominant African group in the region.

European explorers, missionaries, and traders began settling the area in the nineteenth century. However, it wasn't until towards the end of the century when the lure of gold and other minerals brought Europeans in significant numbers. Cecil Rhodes, a prominent businessman, obtained mineral concessions from local chiefs in 1888, and in 1889, the British South Africa Company was commissioned to administer the area. Under Rhode's leadership, the city of Salisbury was founded in 1890, and the territory (which included Zambia) was formally named Rhodesia after Cecil Rhodes in 1895. During this period, settlement was slow because

contrary to original expectations, the most valuable mineral resources were found mainly in South Africa. By the beginning of the century, resources were being diverted into agriculture, and over the next two decades, economic development was dominated by mining operations and settler-based agriculture.

2. Colonial Period

In 1922, European settlers were given the choice of either incorporation into the Union of South Africa or status as a separate entity within the British Empire. Incorporation was rejected and the self-governing colony of Southern Rhodesia was established. At the same time, Northern Rhodesia (Zambia) was recognized as a distinct colonial area and was granted some internal autonomy.

Rhodesia's rich mineral deposits and agricultural potential attracted increased numbers of European immigrants. As the settler population grew, so did the demand for land. This led to passage of a series of Land Apportionment Acts beginning in 1930 which allocated the choicest land to the Europeans and left the residual for the Africans. Except for their labor, the Africans were largely ignored as white Rhodesians developed into a conservative industrious society.

To promote trade, Southern Rhodesia was joined in 1953 with Northern Rhodesia (Zambia) and Nyasaland (Malawi) into the Federation of Rhodesia and Nyasaland. Although the Federation flourished economically, it was opposed by some Africans who feared they would not be able to achieve self-government under the white Southern Rhodesian dominated structure. The nationalist movements in Northern Rhodesia and Nyasaland convinced the British that the Federation should be dissolved and that

both should receive independence under African majority rule. This was achieved in 1963 for Zambia and a year later in Malawi.

A similar nationalist movement arose in Southern Rhodesia, but it was successfully suppressed by the white minority. Because the Rhodesians were unwilling to demonstrate their intention to move toward eventual majority rule, negotiations for Rhodesian independence broke down between the British and the white-settler dominated Salisbury government. In 1965, Ian Smith, the Rhodesian Prime Minister, issued a unilateral declaration of independence (UDI) from the United Kingdom.

3. Post-UDI Period

The British Government considered UDI illegal and imposed unilateral economic sanctions on Rhodesia and requested other nations to do the same. The UN also determined UDI to be unlawful and called on member states to refrain from assisting or recognizing the Smith regime. In December 1966, the UN Security Council imposed mandatory economic sanctions on Rhodesia, the first time such action was taken in UN history. As is discussed in section II.A., sanctions have not been as effective as expected, and in some respects have actually strengthened the Rhodesian economy.

On several occasions after UDI, the Rhodesian regime and the British have made attempts to negotiate a settlement but none have been successful. In 1970, buoyed by an upswing in the economy and hoping for a weakening in sanctions enforcement, the Rhodesians put a new constitution in force designed to perpetuate minority rule and break the last formal ties with the U.K. However, the regime was not

recognized by any country including South Africa. Although managing to sustain itself initially, events regionally and internationally, in recent years, increasingly turned against the regime. Guerrilla actions of opposition parties have been effectively stepped up against the regime and economic sanctions have been tightened.

Armed resistance against the regime has gathered into two main groups: the Zimbabwe African People's Union (ZAPU) lead by Joshua Nkomo and based in Zambia; and the Zimbabwe African National Union (ZANU) lead by Robert Mugabe based in Mozambique. These groups formed the Patriotic Front at the end of 1976. However, both are vying for power and it is uncertain to what extent the two would be willing to share the reigns of government in a future coalition.

In addition to the increase in insurgents' activities, international sanctions have also become more effective. Most significant among these has been the 1977 reinstatement of the U.S. embargo against imports of Rhodesian chrome ore and strategic minerals. The stricter enforcement of sanctions coupled with rising internal strife have led the Smith government to alter its earlier stand regarding majority rule and to accept, in principle, a transition in that direction.

At this writing, two concepts for Rhodesia's transition exist. One is based on the Salisbury Agreement signed in March 1978 between Ian Smith and three Black African parties. These parties are the United African National Council (UNANC) led by Bishop Abel Muzorewa; the African National Council Wing (now called ZANU/Sithole) under Reverend Ndabaningi Sithole; and Chief Jeremiah Chirau's Zimbabwe United

People's Organization (ZUPO). This internal arrangement provides for a multi-racial government but has not been accepted by either ZANU or ZAPU.

Another proposal is the Anglo-American Plan. Under this proposal, the Smith government would resign and a transitional government would be established for a period of six months. During this time, the government would be presided over by a British administrator tasked with organizing impartial elections in which all parties, including ZANU and ZAPU, could participate.

B. Geography and Land Allocation

1. General

Rhodesia, a landlocked area, is located in south-central Africa. Neighboring countries are Zambia (north); South-West Africa (Namibia)(west); Botswana (southwest); South Africa (south); and Mozambique (east). With an area of 150,820 square miles, Rhodesia is slightly larger than the American state of Montana.

Four-fifths of the country is high plateau with elevations of 3,000 to 4,000 feet above sea level. A higher plateau crosses the area from southwest to northeast at a height of 4,000 to 5,000 feet. From this central plateau, the land slopes north to the Zambezi River which forms the boundary with Zambia, and south to the Limpopo River which forms the border with South Africa. In the east along the Mozambique border, a mountain range rises to 6,000 to 8,000 feet.

Although Rhodesia lies within the tropics, its climate is sub-tropical. Temperatures fall to 37F to 47F in the winter season (May-August) and rise to 80F to 100F in the summer (September-March).

Rainfall varies from average of 29 inches a year in the highlands to 16 inches in the central plateau region, to a very little or none at all in certain low-lying regions in the south. The rainy season lasts from October to April.

2. Land Allocation

In addition to geographical and climatic factors, legal restrictions have played a major role in determining land-use and land allocation in Rhodesia. This is evidenced by the fact that European farmers represent less than 1% of the total farming population but they own nearly half of the farm land. These white-owned farms are generally of better quality and more easily accessible to markets than lands reserved for Africans.

Land partitioning between the races began as early as 1896 and was institutionalized under the 1930 Land Apportionment Act. This legislation was updated in 1969 with passage of the Land Tenure Act. However, the rural and urban parts of the Act were repealed in March 1977 and in 1978, respectively, to permit the purchase of land in European and African Purchase Areas by all races.

Prior to the 1978 amendment to the Act, the country's 96.4 million acres was divided such that about 45 million acres was allocated to Africans and an equal area to Europeans, the remainder being designated as "National Land". This division still largely exists because few Africans are wealthy enough to purchase land in either the European or African Purchase regions. Thus, while in theory, repeal of the Land Tenure Act is a positive move, in practice it is largely ineffectual given the present income distribution in Rhodesia.

Of the total land area, 82.1 million acres was rural land with 38.5 million acres designated for Europeans and 43.6 million acres for Africans. These lands are characterized by three distinct forms of land tenure: 1) Tribal Trust Lands (TTLs) where a traditional system of communal tenure operates; 2) African Purchase Lands which can be purchased by Africans provided they qualify as experienced farmers; and 3) European Lands where land is privately owned.

Table I further illustrates significant features of rural land allocation. Most notable is the fact that the African farming land (including TTLs and APAs) constitutes 53% of the rural land areas but is expected to support 80% of the rural population. In contrast, the rural land, until recently, reserved for Europeans constituted 47% of the total but is occupied by only 20% of the rural population.

Other data indicate that at the end of 1976, there were approximately 680,000 African and 6,682 European farmers. Thus, on average, every European had access to 100 times as much land as every African.

Table I also highlights the inequities of rural land ownership in terms of population densities. In 1976, the number of acres per person was only 9.9 in the African areas, compared to 34.4 on the European lands. More startling, however, is the rate at which land availability per capita is dropping on the African lands. From 1969 to 1976, acreage per person fell from 14.3 to 9.9, a drop of over 30% in just seven years. Considering the above figures, it is obvious that the land issue will be a central concern for whichever group assumes power in Zimbabwe.

TABLE 1

Distribution of Rural Land and Population in Rhodesia
1976

<u>Land Category</u>	<u>Acres Millions</u>	<u>Per Cent Rural Land</u>	<u>Population</u>				<u>Densities Acres per Person</u>	
			<u>African</u>	<u>European</u>	<u>Total</u>	<u>Per Cent</u>	<u>1969</u>	<u>1976</u>
African Farming Land (TTL and APA land)	43.6	53	4,440,600	2,300	4,442,900	80	14.3	9.9
European Farming Land	38.5	47	1,089,200	31,900	1,121,000	20	40.2	34.4
TOTALS	82.1*	100	5,529,800	33,200	5,563,900	100	20.4	14.7

*This figure compares with 96.4 million acres stated for total land area including "National Land."

Sources: Census of Population (1969 Tables 4 and 5), Rhodesia Monthly Digest of Statistics.

C. Population and Social Structure

1. Population

Rhodesia's last population census was taken in 1969. Estimates for 1978 based on this data, show the country's population at 6.9 million. Table 2 indicates that Africans represent the major component (95.6%) of the population followed by Europeans (3.6%), and Asians/Coloureds (0.8%). Mashona-speaking people comprise about 77% of the African population followed by the Ndebele (17%), and other groups (6%). Migrating to Rhodesia from neighboring countries also represent an important but declining element of the African population. These workers numbered 400,050, or 11.3%, of the total African population in 1962, but by 1975, had declined to 214,621. Most migrant workers are from Zambia, Malawi, and Mozambique.

Africans constitute the largest element of the population and have one the highest natural growth rates in Africa - between 3.2% and 3.6% per year. Based on this rate of increase, the population can be expected to double in less than 20 years and reach 15 million by 2000.

In contrast to the Africans' high growth rates, the European population has grown at a natural rate of only 1.0%. However, migrations are a major factor determining the size of this group. For example, 1969 data indicate that only 41% of the Europeans living in Rhodesia were actually born in Rhodesia. Most were immigrants from the United Kingdom (22%), South Africa (23%), and other other countries (14%). Since UDI in 1965, it is reported that 140,000 Europeans have entered the country or about 55% of the current European population.

Table 2
POPULATION OF RHODESIA
1978

	<u>Total Population</u>	<u>Percent of Total</u>	<u>Growth Rate</u>	<u>Average Family Size</u>	<u>Percent Urban</u>
Africans	6,600,000	95.6	3.6	5.5	17
Europeans	254,000	3.6	1.0	3.3	85
Asians and Coloureds	34,100	0.8	1.6/4	4.6	90

Source: Leistner, G.M.E. Rhodesia, Economic Structure and Change; population projections based on 1969 census data included therein.

The rate of European migration has fluctuated depending upon economic and political events. In the past two years, the steady escalation of hostilities has been accompanied by net outflows of emigrants. Statistics show these net losses at 13,709 in 1978 and 10,908 in 1977. According to official statistics, the European population stood at about 254,000 at the end of 1978 compared to 275,000 in 1975. However, many observers believe it is lower since many emigrants state officially that they leave on vacation, rather than permanently, in order to take out more assets.

The Asian and Coloured populations are very small and migration plays much less a role in determining population size. For example, during the period 1965-1974, immigrants averaged only 137 and 125 a year for Asians and Coloureds, respectively. In 1969, 82% of these groups were born in Rhodesia. Estimates for 1978 place the Asian and Coloureds population at 34,100 of which 10,500 are Asian and 23,600 Coloureds.

2. Social Structure

The socio-economic structure of Rhodesian society lies at the heart of the country's present difficulties. The evolution of this structure began with the settlement of the Europeans at the turn of the century, and the adoption of a two-strata society drawn along racial lines between black and white. This division, characterized by the domination of whites over blacks, not only served to preserve the separation of the two cultures, but also limited the access of the great majority of blacks to socio-economic services, and to positions responsibility and authority in the modern public and economy private sectors. The result today is a great and widening disparity in the levels of

income and standards of living between the two races (see Section III) along with a significant amount of discontent.

A better perspective of the existing social structure may be gained by examining the organization of the country's labor force and the differing cultural value systems. At the top of the workforce "pyramid", the whites direct, control, and dominate the modern sector economic activity in their positions as professionals, business owners, managers, urban employees, and commercial farmers. Comprising a thin middle level of the pyramid is the small minority of Asians and Coloureds. The Asians hold important positions as middlemen in commerce, particularly in the retail trade of the African townships. The Coloureds mainly work in urban-based manufacturing, trade, and service occupations.

At the bottom portion of the pyramid is the African workforce. African workers are engaged in low-skilled, low-wage labor in support of the economic activities managed and controlled by those above them. In the modern sector, commercial agriculture and domestic services industries are the principal employers of Africans, followed by manufacturing, construction, and mining. Official estimates indicate that about 35% of the African workforce is employed in the modern sector, and another 3% find work in the quasi-commercial African purchase lands. The majority, however, continue to derive a livelihood from the subsistence sector.

With the exception of commercial agriculture, the degree of urbanization also indirectly reflects the extent to which the various racial groups participate in and benefit from the modern economy. Table I indicates these levels of urbanization to be 36%, 90%, and 85% for the

Africans, Asians/Coloureds, and Europeans, respectively. With respect to the modern agriculture sector, Europeans comprise less than 1% of the nation's farmers, but own 47% of the rural land and accounted for 92% of total marketed agricultural output in 1976.

It would be a mistake to leave the impression that the pyramid described above is totally rigid. In recent years, the gradual emergence of a small African elite class has slowly begun to gain access to the non-African upper echelons of society and assume white-collar jobs in transport, communication, banking, insurance, education, and health. Similarly, in the commercial agriculture sector, African farmers now own and farm tracts of land in African Purchase Areas. Employing modern farming technology, some African farmers out-produce some white farmers.

This trend of limited upward mobility for blacks has been accelerated by the net emigration of whites. Facing increasing shortages of European workers, modern sector industries have had little alternative, despite discrimination practices, but to turn to African labor. But the opportunities for pyramid climbing in business and government remain limited and are highly protected by the whites. In the agricultural sector, barriers also exist for the few Africans wealthy enough to establish commercial farming operations. Many of those not finding opportunities to satisfy their aspirations have sought employment in neighboring countries or have joined opposition forces to help plan and prepare for the establishment of a majority rule government.

A further dimension of improving the relative well-being and living standards for many Africans is the socio-cultural one itself.

In Rhodesia, as in every developing country in Africa, African society is undergoing the process of cultural change from a traditional to modern technological society. The emergence of the African elite class just noted exemplifies this change process.

Recognizing the breadth of change involved is important in planning for economic development in Zimbabwe. On one end of this arc of change one finds African traditional society with emphasis on kinship, cohesion, and communal values. At the other end, lies the individualistic economic achievement-oriented values of a modern technological society represented in Rhodesia's case by the Europeans. These contrasting value systems express themselves profoundly in the principles of land ownership, technology, social organization, religious belief, family life, and in the use of time and leisure.

Finding ways to bridge this arc is in essence the challenge of long-term development. In the past, this process has been restricted by discriminatory practices that maintained the status quo. However, access to education and job opportunities for more Africans should hasten the pace at which the socio-economic arc can be spanned in the future.

D. Economy

Compared to most African economies, the Rhodesian economy is highly industrialized and diversified. Its well developed and sophisticated institutional capacity has managed, at least until recently, to sustain economic growth in the face of international sanctions. The economy, however, is a grossly imbalanced one as evidenced by the large and widening gap in living standards between Africans and Europeans.

1. Structural Development and Growth

Rhodesia's economy has, as illustrated in Tables 3 and 4, passed through three major phases in its sectoral structural development. Mining initially dominated the economy in the early years, but shortly after World War II, agriculture replaced it as the most significant contributor to GNP. After UDI, manufacturing became the leading growth sector. While today the economy is sectorially well-balanced, income distribution is extremely imbalanced. Illustrating this imbalance is the fact that whites who constitutes 3.6% of the total population earn 47% of total wage income.

The major periods of Rhodesia's economic history are briefly summarized in Table 4. Before World War II, the economy was geared to the export of mineral and agricultural goods, principally gold and tobacco. After the war years, the early development of the manufacturing sector was spurred by (1) heavy inflows of foreign capital, (2) rapid growth in exports in response to increased British demand and the establishment of the Federation of Rhodesia and Nyasaland, and (3) a substantial influx of immigrants that created a fast-growing domestic market and provided needed skills.

The dissolution of the Federation in 1963, UDI in 1965, and the international sanctions that ensued threatened economic collapse in the mid-sixties. However, the economy recovered from the turmoil of this period and from 1968 to 1974, grew at the impressive rate of 8.3% per annum in real terms. Several factors explain why trade sanctions failed to accomplish their intended purpose:

TABLE 3

GROSS DOMESTIC PRODUCT BY INDUSTRY OF ORIGIN
Percentage distribution

	<u>Agriculture*</u>	<u>Manufacturing</u>	<u>Mining</u>	<u>Distribution</u>	<u>Construction</u>
1924	16.1	9.4	29.5	n/a	n/a
1939	13.2	15.3	26.5	n/a	n/a
1954	22.7	14.6	8.6	14.7	7.8
1964	19.3	18.5	6.0	14.3	5.2
1974	16.9	24.5	7.0	14.0	6.3

*Includes estimates for subsistence agriculture including home consumption.

Sources: Report of the Committee of Enquiry into the Protection of Secondary Industries in Southern Rhodesia (The Margolis Report) 1946.
National Accounts and Balance of Payments of Rhodesia 1965 and 1974.
Economic Survey 1975.

TABLE 4
STRUCTURAL DEVELOPMENT AND GROWTH
Rhodesian Economy
1895 - 1978

<u>Period</u>	<u>Years</u>	<u>Growth Rate</u>	<u>Notes</u>
Early Colonial	1895-1923	n/a	Early settlers attracted by region's mineral wealth, particularly gold; although mining was mainstay of economy, many prospectors found mineral wealth not as abundant as expected and began exploiting area's agricultural potential.
Inter-War Years	1924-1939	5.1%	Production geared to export of agricultural and mineral goods; by 1939, gold and tobacco dominated exports representing 59% and 16% of total earnings respectively.
War Years	1939-1945	2.4%	Period of relative economic stagnation; pattern of exports began changing. Minerals fell in significance while agricultural commodities and, to a lesser extent, manufactured goods rose. Due to unavailability of imports on world market, foreign exchange reserves rose sharply; these reserves were used in subsequent period to help fuel infrastructure development and economic expansion.
Post-War Boom	1946-1953	10.0%	GDP more than doubled; economy boomed due to 1) heavy inflows of foreign capital, 2) influx of skilled immigrants, and 3) rapid growth in exports. Agriculture replaced mining as major contributor to GDP and tobacco replaced gold as major export.
Federation	1954-1957 1958-1963	8.0% 2.5%	Continued foreign capital inflows, arrival of immigrants, and Federation demand for manufactured goods spurred growth in early years; period of heavy public investment in power facilities, transport, European education, and defense--these proved to be vital in withstanding economic sanctions of later years; political unrest and dissolution of Federation from 1958 to 1963 slowed growth substantially.
UDI	1963-1968 1968-1974	2.8% 8.3%	After adjusting to impact of sanctions, economy expanded rapidly; sanctions resulted in diversification of economy and food self-sufficiency; manufacturing based on import substitution became leading sector of growth; agricultural production diversified from tobacco to cotton, wheat, sugar, rice, and beef.
Present	1975-1978	-4.0%	GDP growth has declined in response to oil price increases, the world recession, and the war. Trade sanctions are being more strictly enforced, foreign capital flows are drying up, and immigrants are leaving country in increasing numbers.

- During the period 1954-1963, the government heavily invested in power facilities, transport, European education, and defense, all of which later proved helpful in withstanding the impact of the sanctions.
- Rhodesia was able to switch markets with South Africa, accounting for a much larger share of the country's exports.
- Trade sanctions were easy to evade because countries were not required to check the origin of imports. As a result, Rhodesian exports were simply re-exported through South Africa, Mozambique, Malawi, and Portugal.
- The government imposed severe import regulations and strict controls over the use of foreign exchange. For several years, international corporations were not permitted to repatriate profits abroad, although South African companies probably evaded this restriction. For the most part, though, these earnings were reinvested in Rhodesia.

Sanctions were not only ineffective in depressing the economy, but sanctions actually had some positive effects by promoting economic diversification and food self-sufficiency. Diversification was brought about through the rapid growth in manufacturing based on import substitution. In agriculture, both diversification and self-sufficiency in food production were achieved through the shift in production from tobacco to cotton, wheat, sugar, rice, beef, etc. These developments occurred while vital exports and imports were never really endangered.

Since 1974, Rhodesia's economic fortunes have waned as a result of oil price increases, the world recession, and the war. In addition, trade sanctions are now being more strictly enforced, immigrants are leaving the country in increasing numbers, and real GDP is falling annually.

Considering Rhodesia's economic development as outlined above, three factors in particular stand out as being instrumental to its growth and development. Two are the foreign capital inflows which served to fuel investment during the periods of rapid economic expansion and the immigration of skilled human resources which were needed to (1) develop the economy's institutional framework, and (2) provide a growing domestic market for the economy's manufactured output. The third factor has been the availability of a cheap labor supply permitting high rates of return on investments and a competitive advantage in world markets. Owing to the significance of this factor to Rhodesia's current racial problems as well as its economic growth and development, it is important to understand how this cheap labor supply evolved.

At the time European settlers arrived in Rhodesia, the African population in the area was generally self-sufficient in food production and other necessities of life. They did not seek the wage employment offered by the settlers in mining and commercial agriculture. As this labor was essential for modern sector production, the government imposed taxation measures, and in some instances, used force to obtain labor. Failing still to recruit sufficient numbers, the settlers imported labor from neighboring countries such that by the

1920's, over 30% of the total labor force was foreign.

In time, government policies, particularly policies affecting land distribution, forced Africans to accept wage employment. A settler agriculture expanded the demand for land increase, and a land allocation system evolved whereby the Europeans were allotted the more fertile tracts leaving the marginal and less-productive lands for the Africans. In the 1930's and 1940's, discriminatory marketing and pricing policies, along with other factors such as limited access to credit, also served to reduce the ability of African agriculturalist to compete with white settlers. Africans began seeking modern sector employment to make ends meet, as population pressured increased, the productivity of the land fell.

The result of these policies has been to make the traditional subsistence sector dependent upon the modern sector. In fact, the term subsistence may be a misnomer as traditional sector incomes must now be supplemented by remittances from the wage sector. These policies have also served to create a large reserve of cheap labor essential to the successful growth and development of the modern economy. As some observers have put it, the development of the modern sector has been built upon the underdevelopment of the traditional economy. These structural features of the Rhodesian economy are the basis of the country's current internal economic problems.

2. Economic Relationships to Neighbors

Rhodesia's regional economic relationships exist or have existed primarily on trade, labor exchange, and transport. Countries with which such relationships have been important in the past and/or

present include South Africa, Zambia, Malawi, Mozambique, and Botswana.

a. South Africa

The Republic of South Africa (RSA) is currently of major importance to Rhodesia's trade and transport. Before sanctions, South Africa accounted for 9% of Rhodesia's exports and 23% of its imports. However, after sanctions, the RSA was one of the few countries to continue open trade with Rhodesia and soon became the nation's major trading partner. By 1972, South Africa's share of Rhodesia's exports and imports had risen to 16% and 38%, respectively. Other estimates have put the share of imports to be as high as 51%.

Rhodesia's dependence on South Africa for its petroleum supplies is of particular significance. With the loss of Iran as the Republic's major supplier, it must now pay premium prices to procure it elsewhere. These costs are passed on to Rhodesia both in terms of higher prices for petroleum products per se and the higher costs for transport services through the Republic.

More significant than costs, though, Rhodesia remains vulnerable to a cutoff in petroleum supplies to the extent that South Africa's present suppliers continue to sell to the Republic. Should the Republic's imports be curtailed, it is questionable whether the RSA would continue supplying Rhodesia.

In addition to trade, South Africa's rail and road transport systems enable Rhodesia to traffic its foreign trade to and from the sea and markets beyond. Mozambique's decision to close its border to Rhodesian traffic in 1973 left South Africa and the transit

line through Botswana as the only alternative network for trade movement. Though more costly and timely, these routes are Rhodesia's only economic lifelines to the rest of the world.

Labor exchange also represents an important element in Rhodesia's economic relationships to South Africa. In 1958, economic recession and a large surplus of Rhodesian laborers led the government to adopt a policy to control and reduce the importation of labor. Since then, the number of foreign African laborers in Rhodesia has fallen from 309,775 recorded in 1956 to 214,621 in 1975. As a percent of the total African workforce, these figures are 51% and 23%, respectively. Rhodesia has been transformed in the last four or five years from being an importer to that of a supplier of cheap labor to South Africa. Recent estimates indicate there are 25,000 to 80,000 Rhodesian workers in the Republic.

b. Zambia

Rhodesia's close economic relationships to both Zambia and Malawi have grown out of their proximity to each other and their past union in the Federation of Rhodesia and Nyasaland. Rhodesia's relationships with Zambia are significant with respect to trade, transport, and, to a lesser extent, labor exchange.

Prior to sanctions in 1965, Zambia was Rhodesia's major trading partner accounting for 25% of Rhodesia's exports and 4% of its imports. After sanctions, Zambia sought alternative markets and by 1973, Zambia's share of Rhodesia's exports and imports had fallen to less than 2% and less than 1%, respectively. Zimbabwe would no doubt seek greater access to the Zambian market if more favorable

political conditions prevailed.

Rhodesia's transit network is almost as vital to Zambia as South Africa's transport network is vital to the Rhodesian economy. This became evident this past year when Zambia had to re-establish the use of Rhodesia's rail network to traffic Zambia's foreign trade through Rhodesia to South African ports. Zambia's alternative routes through Angola and Tanzania were unable to handle the country's trade volume due to port congestion, security problems in Angola, and inefficient management and maintenance of the rail lines. It does not appear that these problems will be overcome in the near future, and Rhodesia's network will continue to serve as a vital link for the movement of Zambia's commodities.

Prior to its independence in 1964, Zambia was a major supplier of labor to work in Rhodesia's mining sector. However, at independence, Zambia took measures to suspend such recruitment and today uses this labor for its own development. Nevertheless, labor exchange is still significant in that large numbers of Mashona-speaking Rhodesians have settled in areas just across the border with Zambia. There, they are major producers of Zambia's food supply. It is not known whether they would resettle in Zimbabwe should land be made available to these farmers in Zimbabwe. These farmers are a factor to be kept in mind in contemplating resettlement schemes and efforts to maintain agricultural productivity.

c. Malawi

Like Zambia, Malawi has had important trade and labor exchange relationships with Rhodesia in the past, and these could

probably be strengthened with a genuine return to majority rule. Reflecting Malawi's compliance with international trade sanctions against the Smith regime, the share of Rhodesia's trade in Malawi's exports and imports fell from 14% and 39% in 1964, respectively, to 1% and 2% in 1977. Over this period, South Africa has replaced Rhodesia as Malawi's major trading partner. The RSA's share of Malawi's exports and imports in 1977 were 6% and 39%, respectively.

As in the case of Zambia, the contracting of Malawian labor to work in Rhodesia is now insignificant compared to what it was in the past. In the early 1970's, up to 100,000 Malawians were employed in Rhodesia. However, labor recruitment was banned in late 1973 following the death of 71 Malawian migrant workers in the crash of a plane carrying them to South Africa. While this plan still precludes recruitment for Rhodesia, a limited recruitment of Malawians to work in South Africa began again in July 1977.

d. Mozambique

Transport has highlighted Mozambique's economic relationships to Rhodesia. Until Mozambique closed its border to Rhodesia in 1976, Mozambique provided landlocked Rhodesia with its nearest access to the sea--two rail lines terminating at the ports of Beira and Maputo. These two lines carried about 60% of Rhodesia's foreign trade. The 1976 border closure cost Rhodesia one-sixth of its rolling stock valued at R\$26 million* and forced it to depend totally on the South African rail system. As is noted in Section D.4.,

*R\$1.00 equals US\$1.44

use of the lengthier South African network has increased considerably the freight costs on Rhodesia's foreign trade.

In the colonial era, Mozambique was a major supplier of labor to Rhodesia, but such labor is no longer significant.

e. Botswana

Botswana is of critical economic importance to Rhodesia as one of Rhodesia's two rail lines to South Africa transits through Botswana. Though presently owned and operated by Rhodesia Railways, Botswana may eventually take over that portion of the line within its territory.

Trade is very limited between the two countries, South Africa being Botswana's major trading partner. It is estimated that about 5,000 Botswana live and work in Rhodesia. A significant number of Zimbabwean teachers are employed in Botswana and Swaziland, constituting up to 35% and 20% of the secondary teachers in these two countries, respectively.

3. External Trade

Foreign trade has been a vital element to the growth and development of Rhodesia's economy. In 1953, for example, exports as a percent of GNP were 36% and had risen to 44% by 1965. However, by 1972, this percentage had fallen to 25% as a result of sanctions. It has remained at about the 25% level since then. Imports as a percent of GNP were 33% in 1965 but had fallen to about 16% in 1977. This decline reflects a lesser dependence on foreign goods and the success of import substitution efforts following sanctions.

Statistics for 1950 to 1965 show that exports grew at an average annual rate of 8.5% while imports rose at about 5%. In 1965, exports totalled R\$309 million (including re-exports) compared to imports of R\$245 million. Between 1965 and 1971, both exports and imports declined but by 1972 both had surpassed pre-UDI levels (in current prices) reaching R\$328 million and R\$298 million, respectively. After 1972, the value of exports and imports has not been published, although net trade balances have. Non-official estimates based on this data place 1977 exports and imports at about R\$500 million and R\$336 million, respectively.

In response to the imposition of UN sanctions in 1966, the government launched programs to promote import substitution, diversify agriculture, produce new materials, and expand manufacturing. These efforts affected both the composition and direction of trade.

Prior to sanctions, tobacco was the major export accounting for 33% of 1965 total earnings. Following in significance were asbestos (8%), meat (5%), copper (4%), and clothing (3%). Major imports in 1965 included machinery and transport equipment (32%), manufacturing goods (26%), chemical products (11%), and fuel (5%).

After sanctions were imposed, tobacco exports declined and the switch in land use to food crops sharply reduced food imports. However, tobacco exports have since recovered and acreage controls established earlier to limit production have been removed.

Unofficial estimates for 1977 indicate that exports now consist of agricultural products (45%), minerals (40%), and manufactured products (15%). Main agricultural exports are tobacco, maize,

beef, cotton, and sugar. Minerals include gold (30%), asbestos (30%), nickel (20%), copper (15%), and chrome ore (5%). Manufacturing exports include clothing, footwear, radios, processed minerals (ferro-chrome), cigarettes, canned meat, sugar, and textiles. On the import side, consumer goods imports have declined as import substitution industries have been developed. Capital and intermediate goods have risen in importance.

Since UDI, world market forces have worked against the country as regards its terms of trade. Due to sharp increases in the cost of imports and declines in the unit value of exports, the terms of trade have dropped considerably from 100.8 (1964 = 100) in 1965 to 69.6 in 1977.

Sanctions have also had a major impact on the direction of trade. In 1965, the major export markets were Zambia (25%), Britain (22%), European countries (17%), and South Africa (9%). Principal suppliers were Britain (30%), South Africa (23%), European countries (15%), and the United States (7%). As a result of the sanctions and the change in the composition of trade, South Africa's significance as a trading partner has risen sharply while Britain's has become almost negligible. Other countries that continue to trade with Rhodesia despite sanctions include Japan, France, West Germany, and Spain.

4. Balance of Payments

Prior to sanctions, the balance of payments' current account was characterized by substantial merchandise trade surpluses offsetting large deficits on invisible transactions. The latter were

composed of the cost of services (fares, freight and insurance, and foreign travel) and investment income. Net inflows in the capital accounts generally left the overall position in surplus. In 1965, for example, a R\$77 million trade surplus offset an invisible transactions deficit of R\$51 million leaving a current account surplus of R\$26 million (see Table 5). A small net capital account inflow of R\$4 million left an overall payments surplus of R\$30 million.

During the post-UDI decade (1966-1975), the country managed to maintain a surplus in the trade account with the exception of 1968, when it recorded a deficit of R\$17.7 million. This performance reflects (1) the economy's capability to diversify production and shift to new markets on the exports side, and (2) the effectiveness of import substitution efforts and import controls on the import side.

While performance in the trade account has been impressive since UDI, the large deficits on invisible transactions have not only continued, but have risen sharply from R\$68 million in 1972 to R\$166 million in 1975. These deficits are attributed mainly to rising costs in the services accounts, net outflows of investment income, and increases in transfers abroad by immigrants. The rising service costs reflect (1) the loss of transit freight on Zambian and Zairian traffic following the closure of the Zambian/Rhodesian border in January 1973; (2) a decline in tourism; and (3) increased port and freight costs. Due primarily to these high costs, the current account has remained in deficit throughout most of the post-UDI decade. However, these deficits have been covered through capital inflows and

TABLE 5
BALANCE OF PAYMENTS: CURRENT AND CAPITAL TRANSACTIONS
1965 - 1977
R\$ million*

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Merchandise, net	77.1	27.0	15.2	-17.7	36.6	32.6	8.8	68.9	96.0	55.2	33.0	156.8	130.8
Invisible Transactions, net	-51.0	-31.3	-31.9	-32.4	-33.1	-46.6	-66.2	-68.1	-113.3	-139.9	-153.5	-149.3	-150.5
Services	-20.5	-8.0	-18.4	-16.5	-10.9	-23.0	-32.5	-30.2	-67.9	-81.3	-89.5	-77.4	-91.7
Investment Income	-26.1	-19.2	-13.4	-14.9	-17.8	-21.0	-30.4	-35.1	-38.5	-39.8	-37.5	-48.6	-43.5
Transfers	-4.4	-4.1	-0.1	-1.0	-4.3	-2.6	-3.3	-2.8	-6.9	-18.8	-26.5	-23.2	-15.3
Net Balance on Current Account	26.2	-4.3	-16.7	-50.1	3.6	-14.0	-57.4	0.7	-17.4	-84.7	-120.5	7.4	-19.7
Capital Transactions, net	4.0	-4.6	23.7	39.5	9.9	26.3	30.5	-2.3	51.6	62.6	101.7	25.7	-22.2
TOTAL CURRENT AND CAPITAL TRANSACTIONS	30.2	-8.9	7.0	-10.5	13.4	12.3	-26.9	-1.6	34.2	-20.2	-16.3	43.4	-41.9
SHORT-TERM FINANCING, CHANGES IN BANKING RESERVES, ERRORS AND OMISSIONS	30.2	-8.9	7.0	-10.5	13.4	12.3	-26.9	-1.6	34.2	-20.2	-16.3	43.4	-41.9

*R\$1 = US\$1.44

Allowance has been made for non-monetary gold, internal freight to border, timing and coverage adjustments in the computation of merchandise trade.

Source: Rhodesia Monthly Digest and Statistics and Economic Survey of Rhodesia.

foreign borrowing such that the decline in foreign reserves was only about R\$18 million over the 1966-75 period.

In 1976 and 1977, the net surplus on the merchandise account rose sharply reflecting reductions in foreign exchange allocations imposed in 1975. The closure of the Mozambique border in March 1976 initially hindered foreign trade movements but by the end of the third quarter, this problem was overcome. Despite this interruption in the traffic pattern, the volume of exports increased 6% in 1976. Obviously, though, the longer transit routes through South Africa have significantly increased freight costs as is noted below.

In 1976, the reductions in imports helped reduce the cost of freight and insurance in the services account, but by 1977, the services bill had risen above the 1975 level. Outflows in investment income accounts increased above the 1975 level due to the payment of dividends generated from the substantial inflows of capital in 1975. In the capital account, there was a net loss of R\$22.2 million in 1977 compared to net inflows of R\$25.7 million and R\$101.7 million in 1976 and 1975, respectively. Overall, the balance of payments (BOP) recorded a deficit of R\$41.9 million in 1977 compared to the R\$43.4 surplus in 1976.

In 1978, there was an overall BOP surplus with foreign borrowing more than offsetting a foreign deficit on invisible transactions. This turn-around was achieved as a result of record capital inflows totalling about R\$129 million.

The cumulative BOP surpluses and deficits for the period 1965-1973 and 1974-1977, illustrates the deterioration in

the BOP position in recent years. For the 1965-1973 period, there was a cumulative net gain of R49.2 million compared to a net loss of R\$35 million for the 1974-1977 period. (Detailed data are not yet available to include 1978's performance in the latter figure.) The most important factors contributing to this deterioration in recent years have been the intermittent declines in capital inflows and the increased costs of services. These, in turn, can be attributed to the deteriorating political situation and the difficulties of shipping traffic through South Africa instead of the closer Mozambique ports.

A particularly significant development in the past three years has been the reduction in imports. To the extent that import controls continue and restrict the availability of essential imports, productivity and output can be expected to suffer. The negative growth in GNP since 1975 can probably be attributed, in part, to this tightening of imports, and at some point, it would appear that controls will have to be relaxed.

The extent to which productivity and output are sensitive to import restrictions is of course related to the degree to which essentials as opposed to non-essentials have been affected. Due to the unavailability of data detailing the composition of imports since 1972, estimating the impact of import restrictions is difficult. However, in view of the country's import substitution efforts and strict import regulations since UDI, one could assume that the proportion of non-essentials would not be high. In view of the likelihood of pent-up demand for essential imports and the premium price that the country must now pay directly and indirectly for petroleum products,

it is probable that trade sanctions may be finally achieving their intended purpose.

Another recent development that will significantly affect the BOP is the loss of Iran as a supplier of petroleum products to South Africa. With the Republic now paying premium prices for supplies elsewhere, these higher costs will be passed on to Rhodesia with regard to both direct imports of petroleum products from South Africa and transport costs for trans-shipping Rhodesian foreign trade traffic. It is estimated that petroleum costs to the Rhodesian Government rose by 30% in February 1979. This increase was 19.6% for the consumer as retail prices were subsidized to the extent of the difference. In 1965, "mineral products" represented 5% of the country's total import bill, but this share has obviously risen in light of subsequent OPEC increases.

5. Public Finance

Rhodesia's financial performance from 1971 to 1977 is summarized in Tables 6 and 7. With the exception of the most recent years, the government's fiscal and monetary policies have generally been characterized by moderation and restraint. Deficits were held to 4% or less prior to 1974 at which time the deficit reached 12%. The budget was almost balanced in 1975 but the deficit rose to 7% and 15% in 1976 and 1977, respectively. These latter increases were due primarily to rising defense expenditures as is noted below. On the monetary side, the money supply (currency in circulation and demand deposits) rose by 106% between 1965 and 1974 compared to an 86% increase in GNP at constant prices.

TABLE 6
Budget Account of Central Government
FY 1971-1977^{1/}

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
	R\$Millions ^{2/}						
<u>Revenue</u>							
Income Tax	96.6	110.0	135.8	178.1	249.5	279.6	283.6
Customs & Excise	41.6	44.8	49.4	51.5	52.0	54.9	57.6
Sales Taxes	31.8	34.9	38.5	45.4	51.2	75.7	} 234.4
Other	<u>57.2</u>	<u>62.5</u>	<u>70.5</u>	<u>81.0</u>	<u>83.6</u>	<u>81.9</u>	
TOTAL	227.2	252.2	294.2	356.0	436.3	492.1	575.6
<u>Expenditure</u>							
General Services & Defense	68.7	73.5	96.1	123.5	150.0	206.4	285.3
Education & Health	60.4	69.4	77.9	89.7	106.1	118.8	124.5
Social Housing	10.4	10.1	12.5	15.8	17.0	16.3	19.0
Economic Services	59.9	71.0	78.3	115.5	115.1	129.2	172.8
Public Debt Charges	26.0	26.3	28.2	36.4	32.5	36.4	40.4
Other	<u>9.8</u>	<u>12.1</u>	<u>13.1</u>	<u>17.0</u>	<u>18.0</u>	<u>24.7</u>	<u>31.7</u>
TOTAL	<u>235.3</u>	<u>262.3</u>	<u>306.1</u>	<u>397.9</u>	<u>438.6</u>	<u>531.8</u>	<u>673.7</u>
Surplus Deficit	<u>8.1</u>	<u>10.2</u>	<u>-12.0</u>	<u>-41.9</u>	<u>-2.3</u>	<u>-39.7</u>	<u>-98.1</u>
<u>Percent of Total</u>							
<u>Revenue</u>							
Income Tax	43	43	46	50	57	57	49
Customs & Excise	18	18	17	14	12	11	10
Sales Taxes	14	14	13	13	12	15	} 41
Other	<u>25</u>	<u>25</u>	<u>24</u>	<u>23</u>	<u>19</u>	<u>17</u>	
TOTAL	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<u>Expenditures</u>							
General Services & Defense	29	28	31	31	34	39	42
Education & Health	26	26	25	23	24	22	18
Social Housing	4	4	4	4	4	3	3
Economic Services	26	27	26	29	26	24	26
Public Debt Charges	11	10	9	9	8	7	6
Other	<u>4</u>	<u>5</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>
TOTAL	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Surplus Deficit	<u>3</u>	<u>4</u>	<u>-4</u>	<u>-11</u>	<u>-1</u>	<u>-7</u>	<u>-15</u>

^{1/}Fiscal Year ends June 30.

^{2/}R\$1 = US\$1.44

Source: Annual Economic Survey

In recent years, the most significant development with respect to central government expenditures has been a substantial increase in "General Administration and Defense" outlays. These rose from 28% of total expenditures in 1971 to 42% in 1977.

Offsetting this increase were relative declines in expenditures for "Education and Health" from 26% to 18% and "Public Debt Charges" from 11% to 6%. Outlays for "Economic Services" and "Social Housing" remained about the same at 26% and 3% to 4% of total outlays, respectively. Included in the economic services category are expenditures for agriculture, transport, and communications. Together these sub-categories have account for about 60% to 70% of economic services outlays since 1971.

On the revenue side, taxes on personal incomes and corporate profits have accounted for about 50% of total revenues in recent years. The significance of these taxes reflects the comparatively highly developed state of economy. In developing countries, it is more common to find indirect taxes, particularly those on foreign trade, as the principal revenue source. However, in Rhodesia, customs and excise taxes have represented only 10% to 18% of total revenues over the period. Sales taxes have accounted for 12% to 15% of total collections. The country's tax structure can thus be described as a relatively progressive one, as the main tax burden falls on the wealthier strata of society.

Upon examining revenue trends over the 1971-1977 period, one finds a notable shift with respect to the relative importance of

"Income Taxes" and "Customs and Excise" receipts. Income taxes rose from 43% of total receipts to about 50%, while customs and excise revenues fell from 18% to 19%. This change reflects (1) the loss of revenue resulting from the sharp reductions in imports since 1975, (2) introduction of a 10% surcharge on income tax in 1974, and (3) an increase in the corporate tax rate from 40% to 44% of profits beginning in April 1975. In short, the tax base has become more "inward-oriented" as sanctions have reduced the relative significance of taxable imports in the economy's composition of goods and services.

Table 7 showing the "Financing Accounts of the Central Government" reveals the growth in borrowing required in recent years to maintain expenditure commitments and service past debt. "Additional borrowings" have risen from R\$60.1 million in 1973 to a peak of R\$156.7 million in 1976 and R\$117.8 million in 1977. Total public debt in 1965 stood at about R\$450 million, but has now risen to more than R\$1,200 million. This debt now amounts to about R\$140 million a year, a debt service ratio of about 28%.

TABLE 7

FINANCING ACCOUNT OF CENTRAL GOVERNMENT
 FY 1973-1977
 (R\$ mn) *

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
<u>Expenditures</u>					
Budget Account Deficits	12.0	41.9	7.3	39.7	98.1
Repayment of borrowings:					
external	1.8	2.2	0.3	0.4	0.4
internal	52.6	55.2	49.9	79.9	73.9
Long term loans	52.5	47.8	61.1	46.3	28.6
Net increase in short term loans	<u>-19.8</u>	<u>-19.9</u>	<u>-11.8</u>	<u>45.4</u>	<u>-7.2</u>
Total Expenditure (incl.others)	104.2	132.8	108.3	218.7	200.7
<u>Receipts</u>					
Loan recoveries	19.0	24.5	18.8	19.9	24.1
Refinanced short term debt	33.4	40.4	15.8	38.6	26.7
Additional borrowings	<u>60.1</u>	<u>67.4</u>	<u>45.3</u>	<u>156.7</u>	<u>117.8</u>
Total Receipts (incl.others)	104.2	132.8	108.3	218.7	200.7

*R\$1 = US\$1.44

Source: Annual Economic Survey

III. Description of the Poor

Because of the imbalanced development of the economy, Rhodesia's African population constitutes the country's poor majority. This imbalance is most apparent in terms of:

1. the land allocation whereby less than 1% of the population, the Europeans, own the country's more fertile land. This land constitutes nearly half of the total rural land area;
2. the contribution of the traditional sector's output to GNP, which is only about 10% compared to the 90% generated by the white-dominated modern sector;
3. the structure of the labor force, whereby Africans hold mainly low-level positions at the bottom portion of the workforce "pyramid;"
4. the income disparity as reflected by yearly wage earnings averaging R\$5,076 for Europeans, compared to about R\$468 (see following) for Africans;
5. the limited access of Africans to socio-economic services, such as education, health, and agricultural support services.

Although Africans comprise 95% of the total population, most live at a level bordering on the margin of subsistence. These poor include about 4.4 million people pursuing traditional agricultural activities in the tribal trust lands (TTLs), and about 462,000 workers residing on the periphery of the urban areas who provide low-wage labor to

the modern agricultural, mining, and manufacturing sectors. Categories of special concern include the Rhodesian refugees in Botswana, Mozambique, and Zambia (120,000); persons displaced by the war in "protected villages" (750,000) and the cities (50,000); and African migrant workers (215,000).

A. Rural Poor

1. The Tribal Trust Lands

The largest group of Rhodesia's poor are the 4.4 million Africans (64% of the total population) living in the 165 Tribal Trust Lands (TTLs). Employing mainly traditional technology and labor intensive methods, these people are principally engaged in subsistence crop production and livestock rearing. Major food crops grown are maize, wheat, and sorghum. The principal cash crops are cotton, groundnuts, and tobacco. Cattle play an important role in the life of these traditional farmers providing draught, manure, and food as well as serving as a store of value. To support these activities, the traditional farmer depends on the land as his/her most valuable resource. In 1977, about 10% of the TTLs was cultivated, 12% was unsuitable for agriculture, and 78% was devoted to communal grazing.

Reflecting the country's migratory labor system, 62% of the TTLs' population is comprised of women. These women play a significant role in traditional agriculture as evidenced by the fact that over one-third of the TTLs' 675,000 households are headed by women, either alone or with their husbands away most of the time. Thus, women are to a great extent, the manager and overseers of traditional agricultural activities in the TTLs.

Income - In 1975, it was estimated that the average per capita income in the TTLs could be as low as R\$26*. Of this amount, about R\$4.50 was cash income earned in the wage sector. It is estimated that 65% to 70% of all African households must depend on wage labor earnings to generate the income necessary for subsistence. These average annual incomes compare with modern sector wage earnings of R\$468 for Africans and R\$5,076 for Europeans in 1975.

Land - The most critical problem in the TTLs today is the lack of available land. Because of the relative unequal distribution of land between Africans and Europeans and the high African population growth rate (3.6% p.a.), the land reserved for Africans has been subdivided so that most plots are now considered less than minimal to support a family. Moreover, in some areas, more than 40% of the men between 16 and 20 are landless.

The inequitable distribution of land within the TTLs is another dimension of the land problem. It is estimated that six acres of the better quality arable land is required to grow enough food to support a family, while 15 acres is required on the poorer soils. While the majority of cultivators have less than these minimum size plots, a few farmers have larger acreages. For example, in some TTLs it is not uncommon to find a twenty-fold difference in plot sizes cultivated. Inequities also exist with respect to the ownership of

*Estimated on the basis of crops that are officially marketed. Estimates of traditional sector income are skeptical and vary. However, it is reasonable to assume average per capita incomes to be under R\$50 per annum.

cattle. Only about 50% of the farm families in the TTLs own at least one head of cattle. Thus, one finds both "rich" and poor peasants within the TTLs.

To illustrate the dimension of the land problem, it is estimated that the TTLs can ecologically support about 275,000 cultivators. However, in 1977, 675,000 farmers were living in the TTLs or three times the number the land can safely carry. As the number of excess cultivators has grown, more and more grazing land has been converted to marginal arable land. By 1977, it was estimated that 17 times as much land was being cultivated as is ecologically desirable.

Food - The land deterioration caused by the overpopulation of people and livestock has had a direct negative impact on agricultural productivity and food crop production. Estimates show that in the mid-1960's, modern sector agriculture supplied about 30% of the TTLs' food requirement. By the mid-1970's, this proportion had risen to 70%. With regard to maize, the main food staple, 332 pounds per person were produced in the TTLs in 1962. By 1977, production had fallen to only 231 pounds per person, an amount representing 40% less than the required minimum. As regards meat production, cattle sales failed to increase above the low 3% annual takeoff rate experienced over the same 1962-1977 period. The growing intensity of the war has led to a more restricted availability of food in the TTLs, and starvation and malnutrition have become much more acute problems in recent months.

Access to Services - In addition to the related problems of limited land, overpopulation and declining food production, the poor in the TTLs also suffer from inadequate access to economic and social services.

Agriculture - Traditional farmers face discrimination in agricultural services, most notably in pricing and marketing policies, marketing facilities, agricultural research and extension, and the availability of credit and farm inputs. All of these services will have to be strengthened and reoriented towards traditional agriculture if the majority of the country's poor are to be lifted out of poverty.

Transport - The country's transport system is generally well-developed but has been constructed mainly to serve the needs of the modern sectors. For example, in white farming areas, 26% of the land is within ten miles of a railway station. However, only 5% of the TTL lands are within ten miles and 40% are more than fifty miles away.

The road system in the TTLs is still substantially underdeveloped. Roads are all gravel, in need of maintenance, and are often impassable when it rains.

Energy - The 1969 census revealed that most white farms were on the national power grid. However, 95% of all African households had no electricity supply.

Water - In 1970, the Secretary of Health commented that "the vast majority of the African population in Tribal Trust Lands obtain their water supplies from completely unprotected surface sources

and shallow wells." In 1966, 66% of the country's dams holding less than 50 million gallons were located in European areas. A similar distribution pattern existed for boreholes.

Health Services - Health standards and access to services for the white urban population are good. However, this is not true for the rural African in the TTLs. The lack of services can be best illustrated in terms of access to the country's hospitals and physicians. Of 322,000 cases of in-patient hospital care recorded nationwide, in 1973, only 75,000 or 23%, were treated in rural hospitals. With respect to doctors, the TTLs are considerably understaffed. In some regions, there was only one doctor for approximately 100,000 inhabitants in 1973. The ratio for the country as a whole was one doctor per 7,000 inhabitants. The deteriorating security situation in the TTLs has also impacted significantly on the availability of health and other services.

Education - Africans in Rhodesia have less than half of their children in schools, and less than 10% of these children complete their secondary school education. Africans pay a relatively higher cost for what public schooling they do get, and public expenditures have been much lower per student--R\$27 per African compared to R\$322 per non-African student in 1976.

2. Modern Agricultural Sector Employed

Another category of rural poor includes those working on the European farms. In 1975, this category represented 38% of all Africans employed in the formal wage sector. Eighty-five percent of these employees received cash wages of less than R\$20 a

month, which is half the income necessary to support a family of five and remain above the poverty level.

3. African Purchase Lands

In 1973, the average value of farm output for the 8,100 farms in the 66 African Purchase Lands (APLs) was about R\$400 compared to R\$120 in the TTLs. While there are many comparatively wealthy Africans with farms of up to 1,000 acres in size, about half of the APL farms are still dependent on subsistence-type agriculture. Though these rural poor in the APLs are small compared to those in the TTLs, they are nevertheless a category of poor to be recognized.

B. Urban Poor

In 1975, Africans in wage employment totaled about 934,000. The following table indicates the distribution of the population by sectors.

Table 8

Sectoral Distribution of Labor

1975

Agriculture	38%
Mining	6%
Industry	14%
Construction	7%
Services	21%
Domestic	(14%)
Other	(7%)
Diverse	<u>14%</u>
TOTAL	100%

Table 9 suggests that the most significant sectors employing African labor--agriculture and domestic services--were also those providing the lowest wages.

Table 9

Cash Wage Distribution of Permanent African Workers
June 1976

<u>Cash Income</u>	<u>Agriculture*</u>		<u>Domestic Service</u>		<u>Total Less Agriculture (urban employees)</u>	
	<u>E'plees</u>	<u>%</u>	<u>E'plees</u>	<u>%</u>	<u>E'plees</u>	<u>%</u>
Less than \$20	216,295	85	79,605	63	112,816	20
Less than \$40	247,047	97	125,495	99	274,485	48
Less than \$70	<u>252,764</u>	<u>99</u>	<u>126,636</u>	<u>100</u>	<u>463,272</u>	<u>80</u>
TOTAL	255,077	100	126,636	100	575,349	100

*These figures exclude 112,811 Casual, Seasonal and Contract Labourers whose rates or pay are in general even lower than those paid to permanent employees. See D. G. Clarke, Contract Workers and Under-development in Rhodesia, Mambo Press, Gwelo, 1974.

Source: Wage Distribution of African Employees by Industrial Sector for the Month of June 1976, C.S.O. Salisbury. DL/1061/100, February 1977.

Excluding those working in agriculture, the 1976 urban population totaled just over 575,000, or 60%, of the total African workforce. Eighty percent of these workers received less than R\$70 per month. An income less than that--R\$76 per month--is considered necessary to remain above the poverty line.

To make ends meet, support is necessary from the Tribal Trust Lands. This support sometimes includes sending food to the urban areas but more commonly includes the separation of families in order that dependents be provided for by the subsistence economy. In 1976, about 462,000 of these workers constituted Rhodesia's urban poor.

The low wages indicated in Table 9 also suggests that the majority of the urban poor are not highly trained. Eighty percent of urban workers are unskilled and only 50,000 perform semi-skilled work. In the civil service, over 50% of the 56,000 positions are held by Africans, but 95% of these are among the lowest grades.

About 10,000 urban laborers are skilled, working as artisans and in administrative and professional positions. It is estimated that there are 4,000 to 5,000 African university graduates living abroad. These workers had to seek jobs in neighboring countries because there is no possibility of finding employment in Rhodesia commensurate with their qualifications.

The most critical need of the urban poor is employment. In Table 10 and current and future projections of African workforce growth show that job creation poses a formidable challenge to both the present and future government. As Table 10 indicates, between 1969 and 1975, the number of jobs increased from 735,000 to 934,000 or at an average rate of 33,000 per year. Jobs for males and females increased by 22,000 and 11,000, respectively.

Table 10
African Employment, Modern Sector
(000s)

	1969		1975		1969-1975 Increase
	No.	%	No.	%	
European Agriculture	300.5	41	353.7	38	53.2
Mining	50.4	7	60.4	6	10.0
Manufacturing	<u>90.8</u>	<u>12</u>	<u>136.1</u>	<u>14</u>	<u>45.3</u>
All Sectors	735.0	100	934.0	100	199.0

Source: Monthly Digest of Statistics, January 1977
(Supplement), Table 6 C.S.O. Salisbury

Over this same period, the actual net additions to the workforce per year averaged 37,000 for men and 46,000 for women. Thus about 40% of adult males and over 75% of adult females were not being employed in the modern sectors of the economy. Moreover, these shortfalls occurred over a period of economic expansion.

Given the present population growth it is expected that there will be a net addition of 55,000 adult males to the labor force annually over the period 1976-1985. However, in the past three years, the numbers of Africans in employment actually fell by 49,000 from 934,000 in 1975 to 885,000 in 1978.

New entrants as well as those already without jobs cannot find gainful employment to support themselves and their families. For years, most have returned to the traditional economy but as already noted, the TTLs already carry three times more people than

the land can support. It is obvious that the economy as presently structured cannot absorb the growing potential workforce. Land redistribution and job creation must therefore be cornerstones of any future government's development strategy.

C. Refugees and Displaced Persons

Two groups of particular concern are refugees and persons displaced by the war. The United Nations High Commission for Refugees reported that by late 1978, 120,000 refugees had arrived in Botswana, Mozambique, and Zambia. In addition, it is estimated that about three-quarters of a million Africans have been restricted to or resettled in "protected villages" established "to win the hearts and minds of the people" and secure the countryside. This program is now being dismantled but resettlement will probably continue throughout the transition period. In addition to those in protected villages, another 50,000 have moved to the outskirts of Salisbury and Bulawayo to escape the strife in the countryside. Resettlement of these populations will be one of the initial major tasks confronting a new genuine majority rule government.

D. Migrants

African migrant workers will require special attention upon the implementation of majority rule. These foreign workers--most of whom are from Malawi, Mozambique, and Zambia--totaled 214,621 in 1975 and comprised 23% of the total African workforce. In recent years, the number of migrants has fallen sharply and neighboring countries have strictly limited or forbidden future exports of labor. Many of

those presently in Rhodesia have resided there for years. Approximately 78% of these laborers are employed in European agriculture, mining, and domestic services which pay very low wages.

IV. Impact of the War

While the growing intensity of the guerrilla war has had detrimental effects throughout the economy, the country's African population has suffered the most. The costs of the war in terms of life, displaced persons, food availability, breakdown in rural administration and services, financial resources, and economic growth are briefly noted below:

A. Lives

The most serious cost of the war is the growing number of deaths directly related to the fighting. Over 15,000 people have already been killed and recently the Catholic Commission for Justice and Peace estimated that some 100 people a day were dying.

B. Refugees and Displaced Persons

As noted in section III.C., it is estimated that there are 120,000 Rhodesian refugees and roughly 800,000 persons displaced by the war to "protected villages" (750,000) and to Salisbury and Bulawayo (50,000). Though the "protected village" program is being dismantled, little assistance is offered to those willing to resettle. Increasing numbers of people are finding themselves homeless and without food, seed, cattle, and fertilizer.

C. Absence of Male Head of Households

With the advent of the civil war, the outflow of young men

to join the guerrilla armies has contributed to a high absentee rate on African farms. More than one-third of all households in the TTLs are headed by women farming alone or with their husbands away most of the time.

D. Food Availability and Production

The efforts of the Smith regime to deny food supplies to guerrilla forces has also seriously affected food availabilities to the general African populace. It has been recently estimated that at least 20% of African infants are suffering from malnutrition. The effects of malnutrition on the development of a child's mental capacity can have serious consequences for Zimbabwe's future.

Agricultural production itself has been hindered in the TTLs by forced migration, the destruction of villages, the burning and poisoning of crops, the burning of crop storage facilities, and the confiscation of cattle. As a result, increasing supplies of food must be imported into the African areas.

Cattle losses have also been high in recent months, largely as a result of guerrilla efforts urging peasants to withhold the payment of fees for cattle dipping services. In Manicaland, the region regarded as the model for community development in the 1960's, cattle dipping has been suspended. As a result, tick fever, tsetse fly and foot and mouth disease are spreading. Over one million cattle have died in recent months and the co-minister of agriculture has stated that one-third of the national herd is likely to die before May 1979.

E. Rural Administration and Education

Guerrilla policies to disrupt the settler-supported administration in the rural areas has resulted in a breakdown of services. Guerrillas have successfully urged peasants to withhold council rates and to refuse payment of fees for education.

In June 1978, it was estimated that 60 of the country's 241 African councils were inactive. By August 1978, the Ministry of African Education disclosed that 771 primary schools and 28 secondary schools had been closed affecting 200,000 children. By August 1978, the government reported that 947 schools had been abandoned affecting 231,550 black students.

F. Health Services

From 1975 to 1978, the number of resident doctors in the rural areas has fallen from 26 to 4; 22 of the country's 67 hospitals have been closed as have 12 of the 30 rural clinics.

G. Missionary Schools and Clinics

Roman Catholic authorities have reported the closure of 23 of their 107 schools, three of their 39 hospitals and one of their 16 clinics (New York Times, May 1, 1978). Eleven mission hospitals of all denominations have been closed and resident doctors at 17 mission hospitals have been deported. The upsurge of widely publicized attacks on missions in June 1978 has undoubtedly raised these figures.

H. Financial Resources

By mid-1978, it was estimated that the war was costing the government over R\$800,000 per day. Budget expenditure for "General Administration and Defense" totaled R\$285 million in FY 1977 or 42% of the total budget. In the current financial year, it is estimated that the war is costing 56% of government revenue.

I. Economic Growth

Since 1975, real GNP has progressively declined each year. After an increase of 9.1% in 1974, GNP fell by 1.3%, 3.4%, 7.0%, and between 4% and 7% in the consecutive subsequent years. The volumes of mining and industrial production are as low now as seven years ago, the value of building plans for 1977 were lower than ten years ago, Rhodesia Railways are running a deficit 18 times greater than the early 1970s and the total number of employees is currently falling at about 2 per cent a year.

V. Summary of Development Constraints

Prior to suggesting the important development problems Rhodesia will face as it makes the transition to majority rule, it would be helpful to briefly summarize the major development constraints identified or implied in the foregoing discussions. Viewed within the context of pursuing a more equitable growth strategy, these constraints include the following:

A. Structural Constraints

Imbalanced Economy - The economic imbalance of the economy drawn along racial lines severely restricts opportunities for Africans to contribute to and benefit from the country's development. This has resulted in racial tensions, conflict, and loss of life and property, all of which have further impeded the achievement of more equitable economic growth and development.

Limited Domestic Market - Having largely achieved food self-sufficiency* and maximized the development of viable import substitution industries, the potential for economic growth based on domestic market demand has been basically satisfied. Domestic market demand will continue to increase with population growth and rising incomes. However, the stimulus of expanded external market demand is required for at least the next several years to achieve recent positive growth rates.

*During transition, there may be some disruption in food production depending upon the extent of adjustment in the agricultural production system. The country's food self-sufficiency status may therefore be interrupted as well. The volume of food grain reserves and the extent to which they could act as a buffer against short-term disruptions is unknown.

Land Allocation - The country's land resources have been divided in such that the choicest land has been allocated to the Europeans leaving the residual less productive land to the Africans. Gross inequities are apparent in the rural land allocation. Fifty-three percent of the rural land that has been allocated to the Africans supports 80% of the total rural population, while the remaining 47% of the rural land supports 20% of the European population.

Land Tenure System - Population growth has already surpassed the land's capacity to support the number of viable small farm production units. For this reason, the traditional land tenure system is no longer appropriate as a means of allocating the land in the TTLs. Even with the likelihood of additional land being opened for settlement, an alternative system is also constrained by the traditional land system. That is, a chiefs and family heads parcel the land into smaller units, farmers are sometimes reluctant to put maximum effort into agriculture and improvement of the land.

Inadequate Marketing System - Collection, distribution, credit, and processing facilities are insufficient to support a significant reorganization and expansion of agricultural production in the African areas.

Inadequate Transport Network - Lack of feeder roads and all-weather roads restricts distribution of farm inputs and outputs.

B. Natural Constraints

Excessive Population Growth - The population growth rate, of about 3.6% per annum, is among the highest in the world. Under the present land distribution pattern, the land has already

been divided to the extent that most TTL farm units are subeconomic. In terms of wage employment, the growth in the labor force is far outstripping the economy's capacity to satisfy the demand for jobs.

Declining Soil Fertility - The pressure of excessive growth rates in both the human and livestock populations continues to deteriorate the land base.

Underutilized Productive Land - It is estimated that 85% of the arable land in the European Purchase Areas and 35% in the African Purchase Areas are unutilized or underutilized.

C. Institutional Constraints

Inadequate Access to Agricultural Services - Institutions responsible for agricultural research, extension, and credit, and farm inputs discriminate against the small holder, thereby forestalling development of the traditional agriculture sector.

Shortage of Schools and Teachers - The inadequate number of schools and teachers limits human resources development that is necessary to prepare Africans for more responsible positions in the public and private sectors.

Lack of Upward Mobility in the Labor Force - Discriminatory practices limit the opportunities and pace at which qualified Africans can assume more responsible positions in the public and private sectors.

Inadequate Human Resources Development - The need for developing human resources is felt throughout the economy. In the civil service, over 50% of the 56,000 positions held are held by Africans, but 95% of these are among the lowest grades. In agriculture, the Department of Conservation and Extension presently does not provide services

to the TTLs and the projected requirements for trained agricultural advisors are far beyond the nation's capacity to meet them in the immediate future. In mining, manufacturing, and industry the need for training skilled craftsmen, workers, and managerial personnel will continue as these growth sectors expand in the future.

D. Socio-Cultural Constraints

Absence of Male Head of Households in TTLs - The absence of males in TTL farms leaves management in the hands of women, children, and the elderly who are less prepared to perform the arduous tasks associated with small-scale farming.

Attitude Towards Cattle - Cattle are maintained by traditional farmers mainly as a store and display of wealth, which leads to an underutilization of their full productive capacity for animal traction, milk, manure, etc. This is a major factor accounting for the uncontrolled excessive growth in the cattle production.

Attitude Towards Family Planning - The extended family is still viewed as the unit of production in the traditional sector and large families continue to be desirable as a means of social security.

E. Financial Constraints

Insufficient Government Revenue Generation - Government revenue generations are insufficient to fund the programs for a more equitable economic growth strategy.

High Debt Servicing Requirement - Government operations continue to be funded heavily on borrowed money. To the extent this debt must be serviced--R\$139 million in 1977--financial resources are

diverted away from development efforts and the provision of services which could benefit the poor.

Foreign Exchange Shortfalls - The deteriorating balance-of-payments position in recent years has severely restricted foreign exchange availability to finance imports required to maintain and expand the economy's productivity.

VI. Transition to Majority Rule - Basic Assumptions

Given the uncertainty of future events in Zimbabwe, any attempt to project the nation's socio-economic-political climate would be highly speculative. Nevertheless, it is possible to make a few basic assumptions, regardless of whichever group eventually holds power. These include the establishment of majority rule government and with it a much broader participation of all Zimbabweans in the process and benefits of development. With the installment of a more representative government, whites may or may not continue leaving the country depending upon the policies of the new government with respect to their interests. Though a "hard" assumption cannot be made that significant numbers will leave, this possibility must still be considered in contemplating future development needs. The lifting of UN economic sanctions can be expected as well. These events, in turn, imply adjustments in the country's economic structure to changing patterns of demand in local and foreign markets, and to the reorientation of development towards a growth with equity strategy. Against this backdrop of basic assumptions, it is possible to suggest a number of likely development problems and needs that the nation will encounter through the transition to majority rule.

VII. Transition to Majority Rule - Development Needs

A. Population Resettlement

Resettlement will affect practically every element of the population to some degree, including the 120,000 Rhodesian refugees abroad and the 800,000 persons displaced by the war. Inherent in resettling these groups will be a reallocation of land, the nature of which will be guided basically by the independent government's philosophy as to how the agricultural sector should be reorganized and developed.

A more equitable reallocation of land can be expected, regardless of whether a mixed or strictly small-holder system evolves. Not only is this required to more equitably share the nation's wealth, but also to maximize long-run output on the more productive land and retard the high rate of land deterioration in the overcrowded African Tribal Trust Lands. In response to this need, comprehensive programs will be required to insure an orderly, rational, and equitable redistribution of farmland.

With the abrogation of residency and employment restrictions in urban areas, there will likely be an increase in the rate of rural-urban migration. Africans that seek wage employment opportunities and the amenities of urban living, may instead be faced with unemployment and poor living conditions. Jobs and residences vacated by Europeans in recent months will probably be available mainly for Zimbabweans with technical, professional, and administrative skills. For the less skilled majority, programs will be required to provide for an orderly settlement pattern, housing, and other basic needs.

The resettlement of the 120,000 refugees in Mozambique, Zambia, and Botswana will be among the earliest task of an independent government. The composition of the refugee population is varied, ranging from illiterate subsistence farmers to highly qualified experts. These refugees will be needed to plan and manage economic development through the transition period. Programs appropriately designed to resettle this diverse refugee population will be necessary.

The 800,000 displaced persons, of which 750,000 are now living or being returned out of "protected villages" and the 50,000 living on the outskirts of Salisbury and Bulawayo, may wish to return to their former homelands or elsewhere. The desires of these people will have to be incorporated into any overall resettlement plan.

Finally, there is the problem of the 215,000 migrant workers now residing in the country. As most of the labor supply nations surrounding Rhodesia have either restricted or prohibited labor recruitment in recent years, most migrants have lived in Rhodesia for years. Their status must be reviewed and decisions be made regarding their continued residency during the transition period.

B. Rehabilitation of Socio-Economic Services

As described in section IV, the war has had a major disruptive impact on the provision of socio-economic services to the rural areas. The rehabilitation of these services will be among the first tasks of the new government following transition to majority rule. Included in this effort will be the restoration of local public administration, the reopening of schools and health facilities, the resumption of cattle-

dipping services, and the recovery of agricultural production interrupted by the displacement of farmers and other security-related factors (see section IV). The donor community may be asked to support these efforts early in the transition period.

C. Reorientation of Agricultural Production System

With land reform and a change in development emphasis to more equitable economic growth, the orientation of agricultural production and supporting institutions can be expected to shift from large estate farming to small-holder agriculture. The largest, most efficient estates will likely be maintained because of their significance to the economy in terms of maintaining food self-sufficiency and foreign exchange earnings. Nevertheless, this should not preclude or impede the reorientation of agricultural production and its supporting services to small-holder production.

Land redistribution will only provide relative short-term relief from the land constraint problem. Therefore, major efforts must accompany land reallocation to improve small farming technology, protect the land base, and limit growth in both the human and live-stock populations. These are all necessary to address the inter-related problems of overpopulation, deteriorating land, fertility, and declining output and income.

To bring about needed changes, existing institutions providing research, extension, distribution, and credit services will have to

rechannel their programs to assist the small farmer. Complementary soil and water conservation programs and family planning activities will be necessary. Marketing and pricing policies must be examined and changed as appropriate to provide adequate production incentives.

Last, but certainly not least, the development of human resources and supporting physical infrastructure will be essential to implement this reorientation.

D. Reorientation of Manufacturing

As with agriculture, Zimbabwe manufacturing sector will be subject to major adjustments in its orientation. Two major factors that may need adjustments in the composition of manufacturing output will be the lifting of sanctions and changes in the pattern of domestic market demand.

The lifting of sanctions will have beneficial effects. Previous export markets may be regained and new ones can be established. Import markets can be broadened and the country's new status may even permit it to take advantage of preferential trade agreements, such as the Lome Convention. The re-establishment of transport links through Mozambique will also reduce freight costs thus enhancing the competitiveness of export prices and reducing the freight bill on imports.

However, the lifting of sanctions will subject the manufacturing sector to world market forces, and thereby test the competitiveness of industries heretofore protected from world competition. Because of their size and generally better management capability, the larger multi-national subsidiaries may be able to compete. Yet smaller firms that have enjoyed monopoly status since UDI, will be more

vulnerable. In order to avoid disruption, unnecessary costs, and the collapse of industries, the new government must plan carefully the domestic response to the dismantling of sanctions. Technical assistance may therefore be desired with respect to formulating plans and recommending policies to facilitate a smooth reintroduction into world markets.

The possible departure of whites and the orientation of the new government towards satisfying basic human needs will produce changes in the nature of domestic market demand. Whereas the demand for highly priced durable consumer goods may be expected to fall, demand for basic goods such as foodstuffs, beverages, clothing, etc., should grow. A detailed study is therefore necessary to determine the likely extent of such shifts and their implications in terms of industries and jobs affected.

In manufacturing as in all other sectors, human resources training and the provision of necessary supporting physical infrastructure will be necessary for the successful implementation of programs. Manpower will be particularly significant in the development of industrial growth poles in rural areas. Other special development policies, specifically those of ownership, taxation, profit repatriation, wages, and prices will need careful review and revision.

E. Maintenance of Modern Sector Productivity and Growth

The major growth sectors of the Rhodesian economy are manufacturing, agriculture, and mining. For the most part, these sectors generate the employment, foreign exchange, and budgetary resources

required for self-sustaining economic growth. Therefore, it is critical that productivity and growth in these sectors be maintained although perhaps at somewhat lower rates consistent with a more equitable growth strategy.

To encourage such growth, new government policies must give careful consideration to the ownership and organization of the commercial operations exploiting these sectors. This is particularly true with respect to foreign control of the economy, for about 70% of the capital in manufacturing and mining is foreign owned. Technical assistance may be sought to help the new government evaluate the results of experiences elsewhere and to undertake other studies that would be helpful towards formulation appropriate growth-with-equity oriented policies for modern sector development.

It is likely that the manufacturing and mining sectors will be less vulnerable to transition difficulties when compared to the civil service and commercial agriculture. This is because the multinational dominating the former sectors have placed proportionately more highly qualified Africans in supervisory and management positions than has occurred in the latter sectors. In the final analysis, though, the overriding determinant of transition adjustments in the manufacturing and mining sectors will again be government policies towards continued foreign control of these sectors.

F. Human Resources Development and Africanization

The most critical development need of transition will be human resources development and the Africanization of technical,

managerial, and administrative positions in both public and private sectors. There are reportedly up to 5,000 university trained, black Zimbabweans who are presently employed outside the country that could meet the most immediate needs during transition. However, there are no accurate figures to indicate whether these individuals will return to help guide the economy through transition. To the extent that needed skills are not available, expatriates may have to be relied upon until they can be replaced.

At the blue collar level, many if not most jobs are already filled by Africans. Nevertheless, it will be essential that vocational training programs be maintained and expanded to improve labor productivity. With transition, wage rates can be expected to rise at the expense of profits. While such an adjustment is long overdue, labor productivity must be maintained and improved in order that export industries can compete on world markets.

Primary and secondary education must be expanded to provide the necessary personnel and further training for skilled and higher level positions. The great needs are in school construction in rural areas, teacher training, and curriculum development.

G. Infrastructure Development.

Infrastructure development during transition will center mainly on providing needed facilities and services to the TTLs. Priority areas will include reconstruction of war-damaged infrastructure, the construction and upgrading of feeder roads; the extension of electricity supplies; and the development of water supplies for human consumption and irrigation schemes.

The country's railway system will also need to be expanded and better equipped. At present, Rhodesia Railways is short of rolling stock and cannot satisfy all demand. The resumption of Zambian rail shipments on the Rhodesia Railways line and the possibility that Botswana may wish to rail its foreign trade via the Zimbabwe and Mozambique routes in the future, further justifies the need to expand the system.

H. Providing for Basic Human Needs

Inherent in undertaking a more equitable development strategy in Zimbabwe is the objective to satisfy the basic human needs of all members of society. This entails 1) meeting minimum family requirements for food, housing, clothing, and household goods; 2) establishing essential services including safe drinking water, public transport, and basic health and educational facilities; 3) developing the agricultural and industrial bases to produce these goods and services; and 4) providing employment to generate the income necessary to purchase most of them. Most of these needs are addressed within the context of discussions elsewhere in this section. One exception is housing. For the majority of Africans, homes are overcrowded and housing lacks minimum services such as safe water and sanitation. Programs to assist in the development and construction of low cost housing therefore rank high on the list of basic human needs.

I. Development Planning and Financial Management of the Economy

Comprehensive development planning at the national and ministerial levels is essential to minimize the disruptions of transition and to achieve a rational, efficient allocation of resources.

Outside technical assistance may be required if Zimbabweans are not available to perform this function. Zimbabwean planning experts presently outside the country might provide valuable assistance to such a planning effort.

Another critical need is specialists to oversee the financial management of the economy and formulate appropriate economic policies. The country's present budgetary and balance of payments problems as well as the financial implications inherent in a growth with equity strategy dictate that this be accorded a high priority. Some of the financial and policy issues that will confront the new government are:

Tax Policy - If significant numbers of whites leave the country, revenue generations from the personal income tax will fall. Corporate tax receipts will also shrink due to expected increases in wages and possible declines in productivity as the productive sectors of the economy adjust to new market forces and the Africanization of industry. The country's tax structure must therefore be evaluated in terms of its capacity to generate needed revenues and appropriate policies must be set accordingly.

Wage Policy - An appropriate wage structure must be formulated which offers long overdue wage increases to workers, but does not jeopardize the competitiveness of Zimbabwean industry in world markets.

Trade policy - The lifting of trade sanctions will require a reassessment of Zimbabwe's comparative advantage in regional and

world markets. Accordingly, policies must be re-evaluated with respect to promoting or discouraging the production of the present "market basket" of exports and imports. Policies regarding the selection of trading partners would be appropriate in this context as well.

Investment Policy - Should there be a significant exodus of whites, considerable private capital may also leave the country. Moreover, capital inflows which were essential to fueling past development have practically dried up. Policymakers must, therefore, evaluate policy options with respect to creating the type of investment climate desirable for encouraging future inflows. In this regard, the question of the extent to which the state owns or controls foreign subsidiaries becomes a central issue. Again, there are a number of Zimbabweans abroad that may be available to assist in examining financial and economic policy questions. Donor agencies, particularly the IMF and IBRD, can also offer valuable assistance in this area.

VIII. Implications for Donor Assistance

The development needs suggested above indicate a broad range of responses that may be required of the international donor community. Likely categories of assistance that will be needed are:

A. Resettlement and Rehabilitation

One of the first requests for donor assistance will be to help resettle the country's population and restore socio-economic services to rural areas. Because of the diversity of the affected population groups, special settlement programs will be required for each. In addition to technical assistance, financial aid may be sought to assist Africans in establishing new settlements. Training and possibly some commodity assistance may be needed to resume local administration and the provision of services to rural areas.

B. Technical Assistance

As noted in Section VII, land reallocation in itself only begins to respond to the needs of the poor. Technical assistance will likely be sought in tackling the problems of overpopulation, land deterioration, and declining agricultural productivity. Assistance will also be needed in those areas providing for basic human needs, and in the field of national development and financial planning.

C. Training

The most significant means by which the donor community can assist Zimbabwe will be through human resources training and development. This need is pervasive throughout the economy from the training of village health workers and agricultural extension agents to the development of leaders in industry, commercial agriculture, and government. A diverse array of training programs will be needed, ranging from those designed to train trainers to those tailored for job specific technical and managerial needs.

D. Capital Assistance

Capital assistance will likely be sought to reconstruct physical infrastructure damaged during the war. Also needed will be assistance to establish basic physical infrastructure in (1) neglected areas to integrate the poor into the mainstream of modern sector development; and (2) resettled areas to induce population movements and promote the expansion of agricultural production.

E. Food Aid

Though now self-sufficient in food, temporary disruptions in agricultural production may occur during transition thereby necessitating the need for food aid.

F. Balance of Payments and Budgetary Support

Reduced capital inflows, the possibility of temporary declines in export earnings, pent-up demand for essential imports, and shrinkage in the tax base may necessitate balance of payments and budgetary support.

Considering the above possible needs, economic assistance can be expected to play a broad and vital role in responding to the development needs of transition and long-term equitable growth. As the political situation becomes more defined in the months ahead, international donors will be able to undertake a more comprehensive effort to plan and tailor donor resources to the country's needs.

IX. Current Planning Efforts

Numerous surveys and studies have been published in recent years (see bibliography) regarding the economic implications of transition to majority rule. At present, only two such efforts have significant relevance with respect to actually planning and preparing for transition. These are 1) the "Proposals for a Five-Year Program of Development in the Public Sector" prepared by the present interim government; and 2) an "Economic and Social Survey of Zimbabwe" being undertaken by UNCTAD and UNDP under terms of reference approved by ZANU and ZAPU. These two efforts are discussed below in terms of their relevance to equitable growth.

A. Salisbury Plan

The present regime has prepared a five-year development program totalling R\$3.5 billion. These proposals were drafted to give the political parties, who participated in the April 1979 election, a composite background of public sector needs of the country. The program is a tentative one and may require modification depending upon policy decisions the new government makes with regard to development proposals. The program is scheduled to commence with Zimbabwe's fiscal year 1979 (July 1979 to June 1980).

A description of the program--its strategy, objectives, priorities, and proposed project activities--is presented as Appendix A. Considering the extent to which the proposals respond to the

suggested development needs identified above, it is unlikely that the program could establish the equitable growth strategy necessary to correct the inequities of the past and guarantee such growth in the future. On one hand, the proposals seek to maintain the status quo in terms of developing the modern sector and serving the privileged elements of society. At the same time, it proposes an inadequate resettlement program and an insufficient long range commitment of development assistance to the TTLs.

The problem of these proposals is not so much the amount of development activities to assist the Africans as it is the type of commitment. That is, given the current and project absorptive capacity of Zimbabwe to implement development projects, it may be debated whether the level of proposed activities is reasonable from the standpoint of the country's implementation capability. The development needs discussed in section V will require a series of five-year periods rather than one. The proposals in fact recognize this noting that the rural development program must be envisaged as a 10-15 year effort at a minimum.

However, the major fault of the proposals lies in (1) their failure to recognize the impact that each activity will have on those in most need of assistance, and (2) a lack of commitment and planning with respect to meeting the needs of the poor over the longer run.

A more developmentally-sound program would establish that all such available land be subject to resettlement over time. Furthermore, a firmer commitment to equitable growth as the key objective of development planning over the next two to three planning

periods or until such time as established target criteria are met must be made.

Aside from this broader question of long-term commitment, specific examples illustrating shortcomings of the present plan with respect to addressing the needs of the poor are:

Resettlement - An estimated 8.7 million hectares of potential farmland is reportedly available for reallocation. However, only 4.1 million acres have been designated for resettlement under the proposed program. As noted in section III.A., the TTLs are severely overcrowded to the extent that the land must support 675,000 cultivators, though ecologically, it should accommodate no more than 275,000. Liberally, interpreting the program's figures,* the proposed program will initially resettle only about 6,300 farmers plus their families, whereas resettlement of 400,000 people, i.e. 75,000 families, is needed.

Irrigation Scheme - Two major irrigation schemes ultimately employing up to 56,000 farmers are proposed. Yet, these schemes appear to be designed along past lines without any promise of a more equitable participation of Africans in their ownership, management, and benefits.

RDA Program in TTLs - The difference between the number of agricultural extension personnel required to implement the RDA program

*The figures quoted in the program document are not clear. Some figures refer to people, others to farmers, and others to settlement units. Implied in the figures is a ratio of about 12 people per settlement unit; i.e., reference is made to 2,100 settlement units accounting for 25,000 people. Assuming that 8,000 "people" are equivalent to 666 cultivators or settlement units, this figure added to 2,100 settlement units and 3,500 farmers gives a total of 6,266 farm units.

in the TTLs and the projected number to be added over the plan period is staggering - 3,753 vs 1,400. While identifying the needs, the proposals do not suggest that these requirements will be met.

Expenditure Allocations - Those categories most directly benefitting the poor--rural development, education, health, and family planning--account for only R\$1.3 million, or 37%, of the total budget. Of this amount, R\$0.9 million, or 69%, is expected to be funded by international development agencies.

Education - The government supports the provision of school facilities only in urban centers established under the Urban Councils Act. It is therefore questionable whether rural areas will continue to be underserved.

Health Services - Of R\$76 million provided for buildings, furniture and equipment, only R\$15 million, or 20%, is in support of rural and district hospitals and nutrition centers.

Family Planning - Notwithstanding the development implications of the rapidly expanding population, only R\$5 million is allocated to the family planning program over the five-year period.

Housing - Over the plan period, it is estimated that about 150,000 additional housing units will be required in the urban areas. Of this number, government provision is made for the construction of 77,000 units. Sites and services will be provided for the remaining 73,000. As only the wealthier elements of society can afford homes, the housing units will be purchased mainly by whites or upper class blacks. This will leave the bulk of Africans to provide traditional housing for themselves.

Other examples questioning the extent to which Africans can be expected to benefit under the proposed program are cited in Appendix A.

In general, the program fails to give sufficient consideration to the impact of each activity on benefitting the Africans. As a result, the program serves largely to maintain the status quo rather than undertake the long-range reforms and development efforts that are necessary to reorient the economy to a more equitable growth track.

B. UNCTAD Plan

At the time of this writing, the United Nation's Conference on Trade and Development (UNCTAD), working under terms of reference approved by the Patriotic Front, is preparing an "Economic and Social Survey of Zimbabwe." The terms of reference which outline the objectives, outputs, and inputs of this effort are included as Appendix B. Ultimately, this project will offer alternative economic and social development strategies.

The terms of reference indicate that this effort will be more responsive to the needs identified in section VI than those contained in the internal settlement plan. The project will thus likely be the focus of world donors' attention in the months ahead as future development needs and assistance continue to be contemplated and assessed.

APPENDIX A

Review of
"PROPOSALS for a Five-Year Programme
of Development in the PUBLIC SECTOR"
Ministry of Finance
Salisbury, Rhodesia
(January 1979)

The present regime has prepared a five-year development program totalling R\$35.5 billion. As structured now, the program is a tentative one and may require modification depending upon policy decisions the new government makes with regard to development. This pertains in particular to the land allocation and rural development proposals. The program would commence with Zimbabwe's fiscal year 1979 (July 1979 to June 1980).

The proposed plan identifies the country's main problems as (1) rapid population growth, and (2) the lack of employment coupled with the low earning capacity of a high percentage of the population. In responding to these problems, the plan proposes a long-term family planning program and a strategy which further exploits the export potential of the agricultural and mining sectors. These sectors were selected as they are the most important employers of labor and the greatest earners of foreign exchange. To encourage "benefits" of this export growth, policies will be adopted so that higher export performance will mean more jobs and higher income levels for the rapidly growing population. According to the Treasury circular providing guidelines for preparing the proposals, "the main thrust will

be on development of the rural areas with the creation of growth points and urban centers. Careful attention will also be paid to decentralization."

In pursuing this strategy, the present government views itself as part of a mixed economic system. It seeks to encourage the development of free enterprise by providing the supporting physical and institutional infrastructure essential for such development while also responding to the public service needs of the population. The development philosophy under which the proposed program was designed is perhaps best expressed in the following excerpt from the document itself:

"The development of the private enterprise economy is important because it is the basis of all else. The personal and community development of the non-commercial rural sector has social, political and economic justification. This sector has a 'hump' to overcome in its progress into the cash economy--the hump of inadequate education, capital and infrastructure. Given a strong impetus in these areas, advancement should become self-sustaining and generate more development."

The major objectives and priorities of the program are excerpted as follows:

- (a) to stimulate and facilitate the growth of the economy through the continued development of all infrastructural requirements;
- (b) to improve the quality of life and the standard of living in the population generally and to boost economic output particularly of the presently non-commercial agricultural sector;
- (c) to raise the general standard of education and to increase the local output of higher skills through post-school training;

- (d) to eliminate the shortfall in urban housing and to meet the rising demand for better housing throughout the country.

The major priorities assigned to implementation are

- (a) power supply;
- (b) transport capacity and communication;
- (c) rural development and education;
- (d) housing, health and other services."

The four main factors employed in determining these priorities are the following:

- (a) the need to provide basic and essential infrastructure to keep pace with the expanding economy and population;
- (b) the need to minimize demands on the country's foreign exchange reserves;
- (c) the need to restrain development to a level which would not create excessive inflationary pressures; and
- (d) the need to maintain a reasonable balance between development in the public sector and the private sector.

These priorities as well as the present government's development strategy, philosophy, and objectives all translate into the program shown in Table 11. The main category of expenditure is for "major capital intensive projects" (34%) followed by "social services" (27%), and "rural development and agricultural support services" (20%). Of the R\$3.5 billion total, recurrent expenditures account for 9%. However, the percent of recurrent to capital expenditures ranges from as low as 0% for capital projects (which are self-financing) to 41% for social services. Foreign exchange costs represent 26% of total funding.

Table 11
FIVE-YEAR DEVELOPMENT PROGRAMME
(\$000)

Sector	SUMMARY OF CAPITAL EXPENDITURE					
	Five-year \$	Total %	Sources of Finance			Foreign exchange five-year period
			Government funds and other borrowings	Own resources	Balance to complete	
Major capital intensive projects	1,189,446	37	1,115,926	73,520	1,818,166	614,500
Social services	689,131	22	650,679	38,452	--	72,100
Rural development	467,492	15	467,492	--	207,375	40,500
Agricultural support services	196,283	6	119,530	76,753	9,297	26,915
Gen infrastructure & admin services	575,815	18	458,915	116,900	105,636	138,246
Economic undertakings	55,743	2	41,567	14,176	32,047	35,778
TOTAL CAPITAL EXPENDITURE	3,173,910	100	2,854,109	319,801	2,172,521	928,039
SUMMARY OF RECURRENT EXPENDITURE						
Social services	279,966	75	279,966	--	--	--
Rural development	33,122	9	33,122	--	60,470	--
Agricultural support services	19,478	5	19,478	--	--	--
Gen infrastructure & admin services	31,609	9	31,609	--	--	--
Economic undertakings	7,609	2	7,609	--	--	--
TOTAL RECURRENT EXPENDITURE	371,784	100	371,784	--	60,470	--
SUMMARY OF TOTAL EXPENDITURE						
Major capital intensive projects	1,189,446	34	1,115,926	73,520	1,818,166	614,500
Social services	969,097	27	930,645	38,452	--	72,100
Rural development	500,614	14	500,614	--	267,845	40,500
Agricultural support services	215,761	6	139,008	76,753	9,297	26,915
Gen infrastructure and admin services	607,424	17	490,524	116,900	105,636	138,246
Economic undertakings	63,352	2	49,176	14,176	32,047	35,778
TOTAL	3,545,694	100	3,225,893	319,801	2,232,991	928,039

The categories of expenditure are broken down further by functional category in Table 12. Table 12 and the accompanying footnotes also indicate the sources of financing and the division of expenditures between "Parastatal Corporations" (40%) and the "Government" (60%). It is noteworthy that those categories most directly benefiting the poor--rural development, education, health, and family planning--account for only R\$1.3 million or 37% of the total budget. Of this amount, R\$0.9 million or 69% is expected to be funded by the international development agencies. Even in some of these categories, though, it can be questioned whether benefits are mainly reaching the poor. A closer look at these and other major components of the development program provides better insight into the extent to which the poor can be expected to benefit.

1. Capital Intensive Projects - R\$1.2 billion

Power is the first priority of the program and this is reflected in the funding allocation. Out of the R\$3.5 billion total, R\$854 million or 24% is to be invested in power generation. This includes construction of a thermal power plant (R\$451m), plant to reinforce the existing grid and make new connections to support industrial, mining, and agricultural projects (R\$114m), and construction of four hydroelectric sites (R\$329m) to meet projected power needs over the next ten years. The poor will benefit from these investments to the extent that these power projects support employment growth in the modern sectors, including agriculture. There is no express provision for

Table 12
FUNCTIONAL DISTRIBUTION OF EXPENDITURES
INTERNAL SETTLEMENT DEVELOPMENT PROGRAM

Function	Amount of Expenditure \$ Million				Percent of Total
	Parastatal Corporations		Government		
	Operations wholly commercial	Operations partly subsidized	Self-financing	Budget based	
Power	294	.			}
Telecommunications	104				
Railways	-	192(1)			
Airways	33				}
Broadcasting	8				
Agricultural finance and marketing		183(2)			--
Forestry		23			5
Local government and housing			406(3)		--
Water supplies			49		11
Transport (Central Mechanical Equipment Department)			69(4)		--
Agricultural services				33	2
Mines				5	--
National parks				17	--
Roads				126	4
Civil aviation and meteorological services				40	--
Health				118	3
Family planning				5	--
Administration				69	2
Education				673(5)	19
Rural development				501(6)	14
	1,039	398	524	1,587	100(8)
		1,437		Recurrent... 359	
			1,961(7)	Capital... 1,228	
				1,587	

Notes:

- (1) Railway rates are sub-economic. Rates will have to be progressively increased as the traffic can bear, but over a long term it is policy to allow deficits for the State's account as a support measure in view of the inland situation.
- (2) It is policy to guarantee producer prices, and deficits are for State account. Improvements in export realizations will reduce such deficits.
- (3) It is housing policy to tariff rents and services so as to produce a balance. Incomes policy supports this and requires wages to be adequate to meet the rentals concerned.
- (4) User departments are tariffed to meet costs and contribute to increasing replacement costs.
- (5) Government revenue will account for \$236 million; the balance will be sought as grant aid.
- (6) Government revenue accounts for \$33 million. The balance will be the subject of aid applications. Some of this will be at least partially self-financing through water tariffs, lease rentals, and contributions from output product.
- (7) Servicing of the first three columns is in terms of sale of output by one means or another, and commercial pricing/subsidies/local rating will ensure that debt service is properly covered. The budget-based elements will include the main items qualifying for aid and a residue of local capital operations which have always been serviced through the budget and exchequer accounts. Attention will have to be paid to the careful scheduling of loan maturities.
- (8) "--" represents 1% or less.

widespread electrification programs in these rural areas where the majority of the poor reside.

Of the R\$192 million allocated for the railways, R\$61 million is for further electrification of existing lines, R\$50 million is for track realignment and improvement, and R\$17 million for locomotives.

While R\$104 million will be spent on posts (R\$5m) and telecommunications (R\$99m), only limited extension of telecommunication services will be extended to rural areas. This is because rural services are already subsidized and any major expansion will require expenditures on which the return would be inadequate to support the costs.

2. Social Services - R\$969 million

a. Education - R\$673 million

The government's provision of schools is based on the projected number of housing units built in urban centers established under the Urban Councils Act. In other areas, schooling is provided by non-governmental agencies with grant assistance from the government to cover the salary costs of approved teachers.

Over the plan period, it is projected that rural-urban migration will increase the number of housing units by 128,000. Assuming 1.94 pupils per unit, the government plans to provide facilities for 50,000 a year. The programs only support the urban areas, and it is feared that the more remote rural areas will continue to be underserved.

Recognizing the growing critical need for higher skilled labor, the program aims to increase the percentage of primary school graduates going on to secondary school from 10% in 1978 to 50% at the

end of five years. The output of vocational education and industrial training graduates is targeted to increase from 4,000 to 6,5000 annually. At the university level, the annual intake of students is targeted to increase in the following fields:

Agriculture	-	50 to 90
Medicine	-	45 to 80
Geography	-	60 to 100
Engineering	-	60 to 100

Though these advanced levels of training are more correlated with the wealthier elements of society, they are nevertheless critical to Zimbabwe's needs and can serve to elevate the poorer segments of society over the longer run. On the whole, investments in education are heavily biased towards the urban centers with comparatively little attention given to rural needs.

b. Health - R\$118 million

The program recognizes that the demand for health services is not being met in the rural areas. The plan states that "It is to these people that the greatest care must be given. It is this imbalance the five-year investment program hopes to redress by concentrating development in areas that have lagged behind." It is further stated that "preventive services in the rural areas will be developed to the greatest extent possible and success in this field will considerably reduce the demand for curative health services."

Despite these stated objectives, the actual budget allocations reflect continued emphasis towards supporting the more centralized institutions. Of a total R\$76 million for buildings, furniture and equipment, only R\$15 million or 20% is in support of rural and

district hospitals and nutrition centers. Provisions for the training of health personnel appear more in line with purported decentralization efforts with the number of medical assistants and health assistants targeted to increase by 40 a year and over 150 per annum, respectively. Given the limited increase in physical facilities for rural areas, it is still questionable to what extent these health workers will extend services to the remoter areas where the need for assistance is the greatest.

c. Family Planning

Although the rapidly expanding population is regarded as one of the country's most critical problem, only R\$5 million is allocated to the family planning program over the five-year period. In order to reach the long-term objectives of reducing the natural growth rate below 1%, it is necessary to increase the number of contraceptive users from 54,000 estimated in 1975/1976 to 450,000. However, by the end of the plan, only 125,000 are targeted. This may be a realistic program in view of the reluctance of most Africans to practice family planning and the need to impact on other factors contributing to reduced population growth rates--higher standards of living, less dependence on child labor, assurance of an alternative from financial security in old age, etc. Still, because of the high population growth rate problem, it would appear that additional efforts and resources should be devoted to this area.

d. Housing

Over the plan period, it is estimated that about 150,000 additional housing units will be required in the urban areas. Of this

number, government provision is made for the construction of 77,000 units and "service stands" for the remaining 73,000. As only the wealthier elements of society can afford homes, the housing units will be purchased mainly by whites leaving the Africans to build their own site and service facilities. No resources are allocated for housing in the rural areas.

3. Rural Development

As already noted, the program for rural development is tentative and subject to modification. Nevertheless, it is possible that there may not be significant changes in present proposals and they should be reviewed accordingly. The program for rural development presented in the program document is based on a background working paper, "Integrated Plan for Rural Development - July, 1978." The following program is proposed:

a. Major Irrigation Schemes - R\$147m

The construction of two major dams are planned for further developing irrigated agriculture. Accounting for R\$120m of the R\$147m allocated, these two schemes will expand irrigated land from 80,000 hectares (1976) to 162,000 over a 10-15 year period. At the end of the plan period, 25,000 additional hectares will be in production. To complete the scheme, an additional R\$62m will be required in subsequent plan periods.

Because of the high investment involved, maximum production is believed to be essential. Therefore, the program calls "for a mixture of settlement schemes backed by a strong central estate organization possessing the necessary expertise to provide advice and guidance, and major participation by commercial agricultural interests. For example, the plan envisages that one scheme encompassing 30,000 hectares will be developed by private enterprise with government participation being confined to the provision of storage works and main canals." The proposal estimates that the schemes will ultimately generate 56,000 jobs when in operation.

Commercial farming on large estates has contributed significantly to meeting Zimbabwe's food needs, providing jobs, and earning foreign exchange. It is likely that a new government will continue to exploit such enterprises. However, the schemes as outlined above, raise questions as to whether there is any change in "benefits" for Africans.

b. Settlement of Underutilized Land

Lying at the heart of Rhodesia's present difficulties is the land problem. As has been discussed in sections II.B. and III.A., the country's inequitable land distribution dictates the need for a major reallocation in concert with the adoption of improved farming and soil and water conservation practices. Toward this end, the proposals of the internal settlement parties include provision for the

settlement of underutilized land but these plans fall far short of what is required.

The working party drafting the five-year program has identified 4.1 million hectares of land for resettlement purposes. This includes 2.6 million hectares of land "producing below capacity" and 1.5 million hectares of "externally controlled units of land or land held for speculative purposes." It is projected that the 2.6 million hectares will accommodate 96,000 people, 88,000 of which already reside on these lands; and 1.5 million hectares, another 25,000. Thus, a net total of only 32,000 people would be resettled under these proposals. If the program includes tenant farming schemes, it is estimated that an additional 3,500 farmers could be resettled, thus raising the net total to 35,500. This total is separate from the 56,000 jobs to be created under the irrigation schemes.*

In view of the unutilized and underutilized land reportedly available, the question arises as to why the balance of land available is not distributed in the European areas, there are about 9 million hectares of potential arable land of which only 1.5 million hectares

*These figures should be interpreted with caution as it is not clear whether the 25,000 figure represents a net addition or includes residents already living in the area. It is also uncertain whether the 3,500 "farmers" or 56,000 "jobs" figures represent head of households or all family members.

Implied in the figures is a ratio of about 12 people per settlement unit; i.e., reference is made to 2,100 settlement units accounting for 25,000 people. Assuming that 8,000 "people" are equivalent to 666 cultivators or settlement units, this figure added to 2,100 settlement units and 3,500 farmers gives a total of 6,266 farm units.

hectares is being farmed. In the African Purchase Areas, 35% of the potential arable land, or 1.2 million hectares, is underutilized or vacant. Thus, approximately 8.7 million hectares is potentially available for resettlement, or more than double the acreage provided under the internal settlement.

In 1977, 675,000 farmers were living on land in the TTLs capable of ecologically supporting only 275,000. The proposed program would accommodate only about 6,300 of the 400,000 cultivators requiring resettlement.

One point upon which all parties tend to agree is that there should not be a "land grab" whereby the land is simply parcelled on a uniform basis among the population. This would likely spell disaster in terms of land deterioration and long-term productivity.

The intention of the internal settlement's program is to resettle good farmers from the TTLs and provide on-site training with a high quality extension service. The aim of the program is "to introduce into the agricultural sector a type of farm with an earning capacity much above that of the existing purchase land farm, but still below that of the present commercial farm which can be operated as a family unit with the addition of one or two hired workers and with a minimum of capital investment in machinery."

The program thus caters to the more well-to-do farmers than the poorer ones. While it is essential that good farmers employ proper farming and conservation practices, it is also necessary that the teaching of these technologies be extended to the poorer elements

of the rural population as well. Though there appears to be no provision for assisting poorer farmers under the resettlement program, some effort is directed to this end in the development program for the TTLs.

It should be noted in connection with the need to resettle well-trained farmers, the resettlement process may take a number of years to implement due simply to the implementation and training capacity of whichever government assumes power. Nevertheless, it would appear that the identification of land to be reallocated should be made at the time of transition. While the internal settlement's program may be realistic in terms of the pace at which resettlement can occur--1,000 farm settlements a year--it still falls far short of designating the potential hectarage that should be subject to resettlement over the long term.

c. Agricultural Development of Tribal Lands

To address the development needs of the TTLs, the program proposes the establishment of five rural development areas (RDAs) covering fifty of the 165 TTLs. Living within these RDAs are 47% of the TTLs' population and 52% of the cultivators. The program provides for the development of minor irrigation schemes, land reclamation projects, and the provision of advisory services, infrastructure, marketing facilities, and small service centers. This rural development component of the overall program most directly addresses the needs of the rural poor. However, the limited relief the inadequate resettlement programs will have on reducing population pressures in

the TTLs lends little optimism to the long-term success of the RDAs program.

d. Urban Development in Tribal Lands

Another positive component of the development program affecting the rural poor is the development of ten urban centers in the TTLs. These centers would have "all the facilities and amenities required by a rural population," and by the end of an initial four-year development period, the permanent population of each center would be about 5,000. As is noted later, only R\$26 million is allocated to this program, compared to R\$223 million for services to existing urban centers.

e. Development of Roads in Tribal Lands

A network of tarred, earth, and gravel roads is proposed that will serve as feeder roads linking into the national main road network. R\$105m is allocated for road construction in the program but insufficient information is provided to suggest the extent to which total needs will be met. R\$125m is allocated for maintenance and construction of national and secondary roads servicing the modern sector.

f. Development of Forestry in Tribal Lands

The program provides for the development of woodlot schemes, the establishment of forestry plantations near urban centers, and a sawmilling scheme to provide firewood, jobs, and income as well as develop and protect the TTLs' forestry potential. Establishment and management of these schemes will be vested in the hands of the local

populace and authorities, and this component again appears to be one which will directly benefit the poor.

g. Agricultural Support Services

Under the caption of "agriculture support services" is included conservation and extension services, research, veterinary services, and marketing and credit services. The provisions made under this section of the program apply mainly to the future needs of the agricultural sector as presently structured. The document itself stresses that these services will require review and revision to the extent they are not presently provided for in the rural development (RD) proposals and to the extent the RD program now suggested, may be modified by the new government after elections. It is specifically noted that no provision has been made to support the settlement of the irrigation schemes with marketing and credit services. With respect to the resettlement and TTLs' development programs, the following comments from this section of the document are noteworthy. Again, though, the discussion of services for these programs is largely deferred for the reasons just noted.

h. Conservation and Extension Services

At present, the Department of Conservation and Extension services commercial farmers only and does not operate in the TTLs. Priority in the proposed development program will be given to increasing the output of agricultural technicians from the agricultural colleges and agricultural training institutions. Graduates from these institutions are targeted to increase from 67 and 81, to 160 and 170 for the colleges and lower level training institutions,

respectively; a total of approximately 1,400 technicians over the five-year period.

This number will be inadequate to meet future needs as is illustrated by the projected requirement for technicians supporting the RDA program alone.

It is estimated that this program will demand the recruitment of 44 agricultural officers, 88 extension supervisors, and 700 extension assistants in year one, followed by the need for an additional 154 officers, 207 supervisors, and 2,460 assistants over the other four years. Thus, the country's institutions will be able to supply only 1,400 of the 3,753 technicians needed. Moreover, technicians required to support the ongoing program and those for the irrigated and resettlement schemes are not included. It is obvious that the availability of conservation and extension advisors will be major limiting factor with respect to the pace that an orderly, well-planned land reallocation and resettlement program can be implemented.

i. Cotton and Grain Marketing Depots

The RD proposals provide for "the settlement of cotton and grain depots in areas remote from the main lines of communication, where reasonable levels of production already exist, resulting in no farmer having to transport his products more than 60 kilometers to reach his nearest receiving depot." A total of R\$5 million or R\$1 million annually is provided in the program for establishing these depots. In contrast, the balance of allocations for the Cotton and

Grain Boards total R\$35 million for the five-year period.

j. Credit

The Agricultural Finance Corporation is restricted to long-term and development loans. According to the program document, "the proposals regarding the resettlement of underutilized land and agricultural development in tribal areas are not reflected in the programme since only short-term loans are recommended. However, this concept may have to be reviewed and provision made for loans for development purposes." As already noted, no provision has been made for supporting the major irrigation schemes.

4. General Infrastructure and Administrative Services - R\$607m

The most significant categories of expenditure under "General Infrastructure" (R\$468m) are those for "local authorities"--common services to urban areas including water, sewage, electricity, roads, bridges, and culverts and amenities such as libraries, swimming pools, parks, and gardens (R\$233m)--and national and secondary roads (R\$126m). Other categories include water development projects serving urban and industrial complexes (R\$49m), civil aviation (R\$40m), wildlife conservation and tourism projects (R\$17m), and mines (R\$5m). Administrative services (R\$139m) includes funding for a host of government agencies such as police (R\$22m), prison services (R\$16m), and state employees' housing (R\$10m).

For the most part, "general infrastructure" allocations serve the urban centers and modern sector of the conomy. Similar type expenditures for the traditional sector are included under the rural

development and social services categories of the plan. Because the traditional sector population is widely scattered and requires that assistance be tailored accordingly, comparing allocations for urban development in urban and rural areas is not a fair comparison.

Nevertheless, R\$233 million has been provided for the already established, basically white urban areas while only R\$26 million has been allocated for the development of urban centers in the TTLs. In addition, only R\$45 million is allocated for service stands and transit areas, while R\$128 million is planned for housing benefiting the more well-to-do. Thus, to the extent that urbanization might be viewed as a reflection of development progress, the program's planned allocations suggest that prospects are not bright for seriously promoting spatial development and urbanization in the TTLs.

APPENDIX B

DRAFT

UNITED NATIONS DEVELOPMENT PROGRAMME

Project of the
PATRIOTIC FRONT OF ZIMBABWE
(ZANU/ZAPU)

PROJECT DOCUMENT

Title: Economic and Social Survey of Zimbabwe
 Number: PAF/78/010/1/01/40 Duration: Eight months
 Primary Function: Direct support
 Sector: General economic and social policy and planning (20)
 Government Implementing Agency: Patriotic Front of Zimbabwe (ZANU/ZAPU)
 Executing Agency: United Nations Conference on Trade and Development (UNCTAD)
 Estimated starting date: July 1978

UNDP inputs: 381,400
 U.S. dollars

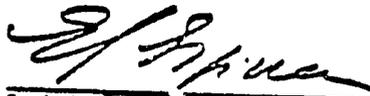
Signed: on behalf of the Patriotic Front of Zimbabwe

ZANU

Date: _____

ZAPU

Date: _____


 On behalf of the Executing Agency

Date: 26 June 1978

On behalf of UNDP

Date: _____

PART I. LEGAL CONTEXT

The present project is designed in accordance with the Resolutions 31/30 and 32/19 of the General Assembly and the relevant Decisions of the Governing Council of the United Nations Development Programme on the assistance to national liberation movements.

PART II. A. Development objective

The long-term objective of the project is to ensure vigorous economic and social development of a genuinely independent and sovereign Zimbabwe.

B. Immediate objective

The immediate objective of the project is to prepare the ground for a decisive passage of Zimbabwe from colonialism to self-sustained economic and social development.

C. Special considerations

Not applicable.

D. Background and justification

1. The independence of Zimbabwe will take place against a background of a protracted war of liberation and a network of international sanctions, in addition to the colonial heritage -all of which, inevitably, have had pervasive short-term and long-term effects. The long period of colonial rule and exploitation of the masses, and now the mobilization of economic and human resources in war conditions could not but have far-reaching consequences on the structure and functioning of the economy, in particular on the role of government and on the allocation of resources to the different sectors of the economy. Likewise, behind the sanctions wall have arisen new patterns of development and new industries -import-substitution as well as export-oriented industries. Given these circumstances, the transition to majority rule is bound to pose special problems.
2. The dominant role of the settler community in the historic setting of colonial and racial exploitation, together with the pervasive role of foreign capital in mining as well as in agriculture and manufacturing, means basically that the African community has largely been left out of the modern/money sector of the economy and in particular in investment, skilled employment and management; an historic phenomenon which has been buttressed by discriminatory education and training, and by a paraphernalia of legal and other measures, notably the Land Tenure Act, all of which have served to entrench the position of the ruling white minority.

3. The diversified nature and high degree of sophistication of the Rhodesian economy, in which already manufacturing accounts for over 25% of GDP and agriculture only 17%, is both a blessing and a problem, given the predominant role of foreign capital and control and the paucity of African participation in the financing, ownership and management of the economy.
4. While there exists many studies of the Rhodesian economy which have been or are being carried out, none of them have been carried out with a view to enabling the first genuine independent African government to grapple fully with the many problems to "Africanize" or Zimbabweanize the control of the economy and the distribution of benefits.
5. Such a study or survey of the Zimbabwe economy is urgent, and should address itself to overall as well as sectoral problems and identify key issues for priority action, national as well as international. The survey would be conducted by a combined team of Zimbabwean and international specialists with UNCTAD as the Executing Agency. Events are likely to move very rapidly in the coming months. For this reason, and in order to allow the nationalists sufficient time to plan effectively, work should be begun on the survey without delay.

E. Outputs

1. A pointed economic and social survey of the state of the country (a) at the macro-level and (b) at sectoral levels.
2. An analysis of the potential for economic and social development of Zimbabwe, in the light of the expected progressive elimination of drawbacks resulting from colonial and racial domination.
3. Proposals for alternative strategies for economic and social development.
4. An inventory of possible projects requiring international financial and technical co-operation.

F. Activities

1. The project, a pointed economic survey, would :
 - (a) pool together all the important statistical and other data, macro-economic as well as sectoral, and analyse such data in its different aspects to show the essential structural and functional features of the economy;
 - (b) evaluate existing surveys/studies on Zimbabwe and show their utility and lacunae and thus minimize the danger of the individual surveys/studies becoming instrument of external control or divisive tools;

- (c) delineate the main problems and issues and outline alternative solutions or courses of action, both short-term and long-term, to which the independent government of Zimbabwe should direct its attention on the marrow of independence on a priority basis.
 - (d) draw up an inventory of possible projects requiring international financial and technical co-operation.
2. As will be apparent from the foregoing, the survey should cover the whole economy but should be operational and action-oriented rather than academic. Specially, it will cover the following :
- (a) establishment of a detailed work plan based on a comprehensive methodology.
 - (b) collection of all relevant information, statistical data and existing surveys/studies.
 - (c) sectoral analysis:
 - (i) Agriculture and land - economic and institutional aspects; productivity; distribution, etc., credit and economic services; marketing; reforms, etc.. A special emphasis will be put on the land question in its wider socio-economic dimensions and in particular land reform and utilization.
 - (ii) Mining - production processing and export, trends, investment and control; training, etc.
 - (iii) Manufacturing - growth and pattern; investment and control; markets, potential, etc..
 - (iv) Transport and communications - special problems related to a land-locked country; white population areas versus black population areas.
 - (v) Foreign trade - in particular composition and direction of trade before and after UDI; special arrangements under UDI; prospects; sanctions lifting and its consequences; economic and trade relations with neighbouring countries;
 - (vi) Money and finance - national currency; reserves; foreign investment; banking system; insurance; public debt and other liabilities; foreign exchange regime.

- (vii) Employment - general and skilled; supply and demand; manpower planning, given the present virtual monopoly and control of the economy by an ethnic minority.
 - (viii) The services, both economic and social - in particular: education and training (primary, secondary and university); health - rural and urban; civil service and administration; security - police and defence.
 - (ix) Public finance - fiscal and expenditure policies and patterns.
- (d) Macro-economic analysis of the present situation :
- Structure and functioning of the economy; this should include a survey of the main historical and sociological factors which have influenced or determined the present economy. In macro-economic terms, the survey should be both quantitative and analytical, providing the setting and the essential parameters : population, GDP/GNP composition and growth rates, employment, education and training, investment patterns and control, external trade and domestic consumption, policy instruments, sanctions and the war, socio-economic geography of the economy, the dualistic nature of the society and the economy. It is envisaged to build up an econometric model in which the inter-relations among these various factors could be analysed. Such a model may be used subsequently to develop possible scenarios of economic and social development.
- (e) Analysis of drawbacks related to colonial dependence and racial exploitation, and recommendations to overcome their medium and long-term consequences.
- (f) Establishment of scenarios for a sound development of the country depending on :
- (i) The lifting of sanctions - how and when, bearing in mind possible effects on industry and employment and on transfer of resources.
 - (ii) Structural changes in the domestic economy.
 - (iii) Foreseeable evolution of world economy.
 - (iv) Possible patterns of international economic relations of Zimbabwe after independence.
 - (v) Prospects for economic co-operation in the framework of the Southern African sub-region on the event of the lifting of economic sanctions.

The scenarios should be based on quantitative macro-economic and sectoral targets and should provide the main element of a first national development plan.

- (g) Establishment of a final report, summarizing the main findings, conclusions and recommendation and assessing further technical co-operation needs.

G. Inputs

1. International Personnel ^{1/}

Under the overall supervision of a Senior staff member of UNCTAD (see Section K: Institutional framework) the project will provide for the following international personnel :

- (a) A "chief economist" who will serve as team leader will be recruited for a period of eight months starting in July 1978 to establish a detailed work plan, finalize the methodology of the survey, assist in the selection of other personnel inputs, co-ordinate all project activities, ensure the timely delivery of outputs. He will be primarily responsible for the drafting of the terminal report. The "chief economist" should have an excellent academic record, and firsthand experience with development problems. This should be supplemented by a considerable experience of the specific development problems of dualistic economies. He should have also the managerial and human capacity to supervise, co-ordinate and monitor the work of a team of highly qualified experts/consultants.
- (b) The team of consultants, for a total of 42 man/months will include the following fields of competence :
- (i) Land and Agriculture
 - (ii) Mining and related investment
 - (iii) Manufacturing and related investment
 - (iv) Foreign Trade and External Debt
 - (v) Transport and Communications
 - (vi) Money, Banking System, Insurance and Reinsurance
 - (vii) Government Finance, Tax System, Domestic Debt
 - (viii) Economic and Social Services
 - (ix) Econometrics and Modelling
 - (x) Others, as might be required

The duration and starting date of each assignment will be determined on the basis of the detailed work plan, and will also depend on the qualifications of identified candidates. Some of the above fields of competence are likely to require the intervention of several specialists recruited for short periods of time. Some others could be grouped and dealt with by the same consultant, if the candidate has the required qualification. One criteria for the selection of candidates will be, in

1/ Combination of international and Zairean expertise.

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addition to technical competence and political acceptability, the accessibility to information on Zimbabwe.

(c) Administrative and clerical support (total: 36 man/months). This will include the provision of :

- (i) 1 Administrative Assistant (6 m/m)
- (ii) 3/4 Statistical assistants (12 m/m)
- (iii) 2 Shorthand typist secretaries (12 m/m)
- (iv) 1 Card Puncher (6 m/m)

2. Travel

Travel will be required in particular to Africa, including ECA (Addis Ababa), and to Headquarters of UN, IBRD, CECD, EEC, etc..

A provision of US\$ 35,000 is budgeted for this purpose (US\$ 30,000 on budget-line 15 and US\$ 5,000 on budget-line 16).

3. An additional provision of US\$ 11,400 is made under budget-line 32 to cover the cost of travel and DSA for two representatives of the Patriotic Front of Zimbabwe who will attend meetings of the advisory committee referred to in Section K, paragraphs 1 and 2.

4. Rental of equipment

A provision of US\$ 15,000 is budgeted for the rental of computers required for the establishment and processing of an econometric model of the Zimbabwean economy.

5. Reporting costs : US\$ 5,000

6. Miscellaneous costs : US\$ 3,800

H. Preparation of Work Plan

The project should be carried out on an emergency basis for the reasons stated in paragraph D.5 above. It is envisaged to produce a preliminary draft of the report in five months and completing the whole survey in eight months from the beginning.

On this basis, a detailed work plan for the implementation of the project will be prepared by the chief economist in consultation with the UNCTAD Secretariat. This will be done at the start of the project and brought forward periodically. The agreed upon Work Plan will be attached to the Project Document as Annex I and will be considered as part of that document.

I. Preparation of the Framework for Effective Participation of National and International Staff in the Project

Not applicable to the present project, where Effective Participation of National Staff is to be ensured through the direct recruitment of Zimbabweans under project personnel.

J. Development Support Communications

Not applicable.

K. Institutional Framework

1. The project will be carried out under the overall supervision of the Deputy Secretary-General of UNCTAD, who in carrying out his functions will be assisted by an advisory committee of which he will be the chairman and consisting of representatives of the Patriotic Front of Zimbabwe, the UNDP and UNCTAD - including the experts Team leader.
2. The advisory committee will meet at the initiative of its chairman to review progress of the project, to examine its findings and conclusions and to consider any problems which may arise.
3. The project will rely on the substantive guidance of the UNCTAD secretariat as appropriate, and to this end the Secretary-General of UNCTAD shall designate a substantive division to serve as the focal point. The involvement of other Agencies may be arranged as necessary.
4. The Chief Economist (team leader) will report to the head of the substantive division concerned in UNCTAD and keep informed the senior officer referred to in (1) above.
5. The project will be based in Geneva within the UNCTAD secretariat.

L. Prior obligations and Prerequisites

Nil.

M. Future UNDP Assistance

As previously indicated, one of the project activities will be to carry out an inventory of technical co-operation projects requiring external assistance. Some of these projects are likely to be of immediate interest to UNDP.

PART III - SCHEDULES OF MONITORING, EVALUATION AND REPORTS

A. Monitoring and Technical Reviews

As mentioned in Section II - K.4, these reviews will be the responsibility of an advisory committee.

B. Evaluation

Not applicable.

C. Progress and Terminal Report

(See Section H).

PART IV - BUDGET

PROJECT BUDGET COVERING UNDP CONTRIBUTION

(in US Dollars)

COUNTRY: Zimbabwe
 PROJECT NO.: RAF/78/ /A/01/40
 PROJECT TITLE: Economic and Social Survey of Zimbabwe

	<u>TOTAL</u>		<u>1978</u>		<u>1979</u>	
	m/m	\$	m/m	\$	m/m	\$
10. <u>PROJECT PERSONNEL</u>						
11. <u>Experts</u>						
11-01 Chief Economist	8	54,400	6	40,800	2	13,600
11-02 Consultants	<u>42</u>	<u>210,000</u>	<u>40</u>	<u>200,000</u>	<u>2</u>	<u>10,000</u>
11-99 Sub-total	50	264,400	46	240,800	4	23,600
13. Administrative Support	36	46,800	30	39,000	6	7,800
15. Travel		30,000		25,000		5,000
16. Mission Costs	—	<u>5,000</u>	—	<u>4,000</u>	—	<u>1,000</u>
19. Component Total		346,200		308,800		37,400
30. <u>TRAINING</u>						
32. Study Tours		11,400		7,600		3,800
50. <u>MISCELLANEOUS</u>						
51. Rental of Equipment		15,000		12,000		3,000
52. Reports		5,000		4,000		1,000
53. Sundry		<u>3,800</u>		<u>3,000</u>		<u>800</u>
59. Component Total		<u>23,800</u>		<u>19,000</u>		<u>4,800</u>
99. <u>GRAND TOTAL</u>		<u>381,400</u>		<u>335,400</u>		<u>46,000</u>

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