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New Governing Class

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Mineral-based Growth and Development-generated Socioeconomic Problems in Botswana:

Rural Inequality, Water Scarcity, Food Insecurity, and Foreign Dependence Challenge New Governing Class

By ROBERT L. CURRY, JR.*

ABSTRACT. *Botswana's record of economic growth and political stability stands in sharp contrast to the economic stagnation and political turmoil endemic to Africa. Its progress was based on its fortuitous endowment of mineral wealth, and sound macroeconomic management. In effect, diamond, copper, nickel and coal mining has transformed Botswana from a least-developed, rural, agriculture-based economy into one of Africa's fastest growing, non-fuel mineral exporting countries. The Government has forged fiscal linkages between the companies operating in the mining sector and its public revenue collections. However, no such strong linkages have been established to the agricultural sector—particularly, to remote, rural, traditional farming areas where most of the country's people live. The growth strategy has produced underdevelopment and economic stagnation in rural agriculture, as well as increasing economic dependency on the Republic of South Africa.*

I

Introduction

THE ECONOMIC PLIGHT of Botswana's poor has worsened *as a direct consequence* of the mining sector's success. Their worsening economic condition has resulted from the process by which economic expansion and modernization has taken place. The process has created an economic elite composed of a government, bureaucratic and an emerging military "salariat", and a small group of corporation officials and managers.

The elite have joined white farming families as the country's larger-scale land and cattle owners.¹ They have purchased land and cattle from savings of relatively high salaries in the mining and public sectors. They have drilled boreholes for irrigation water and mechanized their farms and ranches. In effect, the elite have enjoyed access to the revenue from mining and accumulated wealth as a product of that sector's growth, and the consequence

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is the emergence of a dual Botswana. One is rich, the other poor, and the emerging clash between rich and poor could destabilize and threaten an African success story. Fundamental to a solution is an analysis of the role of land and cattle ownership in the emergence of Botswana's socioeconomic problems.

II

Inequality Rooted in Agriculture

AN ANALYSIS OF THE ROOTS of inequality must begin with an understanding of the pattern of land ownership in Botswana. Land ownership has traditionally been something to which every household head has had a right. While this has not changed in customary law, it appears that there is insufficient land for each farming household to graze and plow as much land as each would prefer. When the proximity of land to a household's residence, the land's

Table 1
Distribution of Cattle Holdings
1974-75

<u>Cumulative Percent of Households</u>	<u>Cumulative Percent of Cattle Owned</u>
50	0.5
75	15.0
90	35.0
95	50.0
99	73.0
99.6	83.0
100.0	100.0

Source: Ian Livingstone and R. K. Srivastava, "Poverty in the Midst of Plenty," *op. cit.*, p. 7.

fertility, and the availability of water are taken into account, a recent study found that only 45 percent of sampled rural households felt that they had sufficient land.²

The distribution of land holdership is highly skewed in favor of larger holders. Half of the sampled households planted only 20 percent of the total hectareage surveyed, while 20 percent of the holders planted 50 percent. One-third of the holders planted only 8 percent of all hectareage, while approximately one-tenth of the holders planted one-third of the total surveyed hectareage.³

Cattle is the other traditional asset and, not surprisingly, a 1971/72 Agricultural Survey found that there is a positive correlation between the distribution of holders of farming land and the area they planted and with the number of cattle these households held. In short, wealthier farmers plant larger areas than their poorer counterparts. This trend was supported by a 1977 Rural Income Distribution Survey, data from which showed a clear positive relationship between the acreage planted by a household and the number of cattle it

held. Also, female-headed households, which tend to be poorer than male-headed ones, have 33 percent less land and 50 percent less cattle than do male-headed households.⁴

Land, then, is a scarce and unevenly distributed resource in Botswana, a large and underpopulated country where tribal lands cover 71 percent of the country, State-owned land covers 23 percent, and 6 percent of the land is in private hands via freeholding rights. Of the 23 percent controlled by the State, 70 percent is set aside for wildlife preservation (or 16 percent of the nation's land area). The remaining 30 percent (or 7 percent of national land) includes all the country's towns, industrial development sites, and mining complexes such as Jwaneng, Orapa and Selebi-Phikwe. The vast bulk of non-wildlife State lands is in the populated eastern area where many large cattle ranches are owned both by Botswana and non-citizens.⁵

Rural incomes and economic well-being are highly correlated with land and cattle ownership. The rural economy in Botswana is predominantly pastoral. According to an extensive 1974 survey, about 5 percent of rural households (based from urban settings) owned about 50 percent of the national herd. Half of all rural (non-urban based) households owned virtually no cattle at all (see Table 1). The table's data show that 90 percent of households owned 20 percent of the cattle and the top 1 percent of households 27 percent of the cattle, the commercial sector included.⁶

One factor slightly moderating the skewed distribution of livestock is the prevalent system of *mafisa*, in which owners place some of their livestock in the care of others who lack or have lost their animals. The holder is normally permitted to keep the first calf born. He has the right to milk produced, meat from the carcasses and the right to use livestock for draught purposes (for which ox teams may also be specifically borrowed or hired). The system is directed toward offering marginal households a subsistence level of existence rather than toward correcting inequalities in wealth. Since such an arrangement would hardly permit recipients to build up their own cattle herds; it would tend to safeguard that of the donor.⁷

Three factors are responsible for generating inequalities in livestock ownership. First, entrepreneurs may enter the industry at the top as large-scale commercial ranchers or use income savings or credit obtained elsewhere to initiate relatively large herds. These are Botswana's "salarariat" whose income is derived directly or indirectly from mining. The growth of commercial livestock production in Botswana occurred particularly on a number of large modern ranches owned by freehold farmers. They owned only 3 percent of all grazing land and 14 percent of the national herd in 1975, but supplied half of the cattle slaughtered by the Botswana Meat Commission.

Their farms are located in the Tuli Block in the northeast, the Mologo Farms near the southern border and the Ghanzi Block in the far west. They are owned by white farmers—some who are Batswana citizens—and wealthy indigenous Batswana. This aspect of “entry at the top” is not merely recent: Cattle ownership was traditionally tied to representatives and close associates of the tribal chieftaincy along with, somewhat later, a minority of entrepreneurs, such as school teachers and government employees, who invested their wages in cattle holdings.⁸

Second, it is likely that in a pastoral society, in which land is in communal ownership and with no institutional limit to an individual’s access to grazing, there is a tendency to generate inequality of holding. This is because a large herd—especially if its owner can divide a herd geographically—has a better chance of surviving droughts and other hazards. Also, larger herd owners are in a better position to replenish their herds by natural process or by recourse

Table II

	<u>1981</u>	<u>Percent</u>	<u>1991</u>	<u>Percent</u>
	<u>Total</u>		<u>Total</u>	
Population	941,000	1.00	1,302,000	1.00
Urban	226,000	.24	420,000	.30
Rural	715,000	.76	882,000	.70
Labor Force (15-64 years)	451,000	1.00	677,000	1.00
Employed	253,000	.55	377,000	.56
Unemployed	198,000	.45	300,000	.44

Source: Ministry of Finance and Development Planning, *The Midterm Review of NDP V, op. cit.*, pp. 5 and 92 (data based on Census of Population 1981).

to the market, particularly for Batswana farmers who have access to urban-based incomes. There is evidence that the drought of the 1960s increased the skewed distribution of livestock holdings among the Batswana. That is, those with small herds lost proportionately more of their livestock than owners of larger herds. It is highly probable that this process was at work in the devastating drought of the 1930s, thereby partly explaining the dramatic increase in the number of migrant laborers—mainly to South Africa—during that time.

Periodic drought hits the small herder hardest and keeps him small, rather than periodically reducing the larger herds in cyclical fashion. Livestock accumulation is a “ladder,” with smaller owners at the bottom and large herd owners at the top.

The third factor is that, to an important extent, the expansion of cattle raising in Botswana has been associated with access to land and investment in water supplies, particularly from boreholes. Because of its high capital

requirement, this has been the privilege of large owners. In addition, the number of private boreholes and cattle posts increased considerably over time, thereby creating a situation where relatively larger herds had access to fairly permanent water supplies, while the smaller herds of poor stockholders were left to communal water sources that were traditionally highly susceptible to drought stress and attendant overgrazing.⁹

The urbanization and rural and urban unemployment rates will reflect the fact that as long as families have neither land nor access to it, nor cattle, draught power and agricultural implements, they will neither raise cattle and smaller livestock, nor will they crop. The result is that many rural poor in remote villages now seek to maintain themselves and their children through wage labor arrangements with larger farm operations. Others who have some land but not draught power for cropping, hire themselves out in traditional arrangements which exchange labor for help in ploughing. For others, the answer is urban migration in search of employment in the mines, both in Botswana and South Africa.

Adult men and women who seek urban wage employment are likely to be frustrated in large numbers because, despite Botswana's achievements, unemployed or underemployed workers remain a cause of serious and spreading poverty and waste. A government consultant's report showed that in 1978 the economy provided work for some 208,000 people. However, about 376,000 people were available for work. To expand employment by 168,000, Botswana would have to add 16,800 sufficiently attractive working opportunities—either as jobs or as self-employment—every year for the period 1979–1989, the span of the current planning period. In addition, population increase adds 13,000 workers to the labor force every year. Returning migrants could add another 4,500 a year, and cattle-related employment could decline by 1,000 a year.¹⁰ As a result, the 1978 report showed that 35,300 extra work opportunities per year would be needed to attain reasonably “full employment” by 1989. To aim for much less during the next planning period would be to incur serious risks. Rising literacy and urbanization, persistent mass unemployment, and “islands of affluence” in Jwaneng, Orapa and elsewhere could make Botswana politically unstable.

An independent scholar predicted that without alteration in its basic design by 1990, Botswana society could consist of 10,000 wealthy people, another 190,000 supported by reasonably well-paid employment, and 600,000 living from the returns on self-employment or jobs which yield wages so low that 300,000 people will live close to the poverty-data line. Urban migration patterns, if they continue, will mean that 120,000 of the people supported by

lower incomes will be in cities and towns. They will be young, male, idle, literate, angry—and unemployed.¹¹

Government data, based upon the 1981 census and extrapolated to 1991, confirmed that the consultant's findings were accurate, and that the independent scholar's scenario is plausible. Table 2 shows that, without substantial structural changes, Botswana will continue to urbanize, and large-scale urban and rural unemployment (and underemployment) will continue to exist.

In summary, then, Botswana's pronounced and increasingly serious inequality is rooted in agricultural underdevelopment which, in turn, is leading to rapid urbanization, dramatic increases in the demand for water and an emerging food dependency, one exacerbated by the drought—and a drift toward further economic dependency on the Republic of South Africa.

Table III
Estimated Annual River Discharges
(order of magnitude)

	Millions of Cubic Meters
East	100
Central	400
South	200
Kwando	5,500
Okavango	11,900
Total	18,100

Source: Ministry of Finance and Development Planning, *National Development Plan: 1979-1985* (Gaborone, 1979), pp. 171-76.

III

The Expanding Demand for Scarce Water

A PROBLEM STEMMING from government's growth strategy has to do with the country's increasing demand for water. The pattern of land and cattle ownership has been a feature of Botswana's growing demand for water. From 1976 through 1983, the amount of cattle grazing in Botswana grew by nearly 20 percent on an annual average, even in the face of the drought. This increased the demand for water. As a consequence, additional boreholes were drilled at outlying cattle-posts throughout rural Botswana, but mostly in the country's south and west. As a result, water use for grazing doubled during the period.¹²

Both rural and urban consumer demand increased, and so did industrial and commercial demand. Water demanded from—and supplied by—the Botswana Water Company (BWC) rose from 2 to 9 billion liters from 1972 to 1976, to 18 billion during 1982, and then to a level of 24 billion in 1983.¹³ The BWC is finding it increasingly difficult to meet the demand.

On the supply side, the matter clearly begins with rainfall. This is where

the problem begins: because four-fifths of Botswana is made up of the Kalahari Desert, the average annual rainfall in the southern and western parts of Botswana is less than 250 mm. on an annual average. The coefficient of variation in such rainfall is 80 percent. These are the areas rich in diamond and other mineral deposits. Higher levels of extraction will require more water. The south and west are also areas on which progressively more cattle graze. Three and a half million cattle graze the Kalahari, and many do so on large, privately-owned ranches whose owners control a large portion of the most productive lands and gain access to underground water via borehole drilling. In the north, rainfall averages 650 mm. annually and the coefficient of variation is 30 percent.¹⁴ This part of the country receives the heaviest and most reliable rains and it is also a natural watershed which collects the rains which fall in countries to the north.

While figures on surface water resources are fragmentary, orders of magnitude can be estimated; these are presented in Table 3. The total surface water

Table IV
Annual Rainfall in Millimeters: 1981/82-1982/83

	1981/82	1982/83	Normal
Francistown (Central)	295	423	473
Gaborone (South)	427	327	538
Lobatse (South)	475	317	564
Maun (Okavango)	477	209	399
Serowe (Central)	335	317	464

Source: Central Statistics Office, *Statistical Bulletin*, Vol. 8 No. 4 (December 1983), p. 29.

resources of Botswana, including the inflow into the Okavango Delta, the Makgadikgadi system, and runoff from the eastern water sheds are of the order of 18,000 million cubic meters, 95 percent being the Okavango and Kwando natural watershed areas.

This indicates a striking imbalance in surface water resources between the southern and western regions of the country and the Okavango watershed. The Okavango and Kwando regions have major volumes of surface water, but these regions are relatively under-developed, have sparse population, are remote, and lack adequate communications. Surface water resources are dominated by the enormous potential of the Okavango Delta in Ngamiland. Covering an area of over 16,000 kilometers, the annual inflow into the Delta is estimated to be in excess of 12,000 million cubic meters, while discharge is about 1,400 million cubic meters per year. However, studies have suggested that water transfer from the Delta to the main area of demand is unlikely to be economic in the foreseeable future.

Table 4 shows the marked drop in rainfall during the past drought years, 1981/82 and 1982/83, in the major population areas.

The degree of severity of the drought has caused the Ministry of Finance and Development Planning to note that the major issue that has been brought to the forefront of national thinking in the last year is that of water supply. The susceptibility of Botswana's agriculture to drought is, of course, not new. What the second year of drought in a row has underlined, however, is that extremely rapid growth of Gaborone and other urban areas—as well as mining operations in Botswana—is outrunning its longer term water supply.

For the capital city, raising of the Gaborone Dam will provide only a relatively short-term respite, and that only if the next few rainy seasons are sufficient to fill the dam. Thereafter, Gaborone will have to turn to sources of water that are likely to be farther and farther afield and more and more costly to develop.

Table V
Crop Production: 1974 to 1982
(000 metric tons)

Crop	1974	1975	1976	1977	1978 ^a	1979	1980	1981	1982 ^b
Sorghum	72.3	33.8	55.5	33.9	15.5	4.3	29.1	28.3	3.9
Maize	33.8	28.7	62.6	35.4	14.0	2.3	11.6	21.4	12.4
Millet and Beans	5.0	8.5	5.0	4.1	9.0	1.9	4.1	4.6	1.0
	111.1	71.0	123.1	73.4	38.5	8.5	44.8	54.3	17.3

Source: United States Agency for International Development, Country Development Strategy Statement: FY 1985 (Washington, D.C.: September 1983), p. 39; as based on data from two publications of the Central Statistics Office: National Accounts of Botswana and Annual Livestock and Crop Survey.

Note: The variation in annual yield is primarily a function of the variability in rainfall.

- a. Serious drought year.
b. Significant drought year.

Moreover, it has become increasingly clear that availability of water is a national problem, and not just a regional one. There is scarcely a development project in any sector which can be implemented without the most careful attention to water supply questions. In the preparation of its next development plan, the government will need to develop both a National Settlement Policy and a National Water Management Plan to guide the locational pattern of its development program. In certain areas of Botswana, water, rather than either finance or skilled manpower, may turn out to be the effective constraint to further development. Whether it be for human consumption, livestock, arable agriculture, or commercial or industrial development, provision of water must become one of the highest priority activities of the government.¹⁵

IV

Declining Food Production

THE RECENT DROUGHT has highlighted another problem—the country produces far less food now than it did a decade ago. This trend would have continued during the drought years, even if the rains had come. The decline in food production is related to the emerging and systematic concentration of land ownership and other assets. This process has relegated 80 percent of Botswana's rural farm households to less productive lands. Coupled with the recent drought, this has had an exceptionally serious impact on food production. While food security is uncertain, it is certain that Botswana is becoming dependent upon South Africa for food imports.

The production of basic food crops—sorghum, maize and millet—is declining and causing food hardships for most Batswana. The decline is related to the linkage pattern between mining and agriculture, and to shifts within agriculture. Mining operations generate income and employment opportunities for Batswana via direct mining employment and indirectly through public revenue collections used to compensate government workers. The result is that a high-income-earning elite is gaining preferred access to the country's more productive lands, cattle and water. This permits the elite to translate their incomes into wealth via the ownership of land and real capital (such as boreholes), thereby allowing them to accumulate large privately-held herds of cattle.

Data for 1979 are instructive in terms of the above scenario. The year 1979 is a good one to use as an illustration because it preceded the onset of the current drought and its impact. In that year, there were 320 freehold cattle farms, over 250 of which were owned by Batswana. These farms hosted 444,000 cattle, for an average holding of almost 1,400 head per farm. On the other hand, 60,000 traditional farms operating on tribal lands supported 2.4 million head, for an average of 40 cattle per farm. The freehold farms were larger in size, better facilitated with boreholes, and had trucks to take cattle to be sold to the Botswana Meat Commission. From such proceeds, owners of the larger freeheld farms were able to purchase more cattle, and the gap between the two groups of farmers continued to grow.¹⁶

Not only do freeholders claim more grazing lands, but they also gain preferred access to land for commercial, export crops such as groundnuts. This is an important shift within the country's agricultural sector. The elite's commercial success with groundnuts encouraged some traditional farmers to try such ventures. As a result, in 1979 fifteen freehold farms produced 49

metric tons of groundnuts on 800 hectares at a yield of 245 kilograms per hectare. That year, 2,600 traditional farms produced 171 tons on 3,700 hectares for an average yield of 71 kilograms per hectare. Freehold farm size averaged 53.3 hectares allocated to groundnut production, while traditional farms allocated less than 1.5 hectares. Freehold farm owners not only had access to more and better land, but also to real capital in the form of mechanized equipment. The land newly allocated to groundnut farming was occasionally withdrawn from land that formerly grew maize, sorghum and millet.

As farms become marginal, some men leave traditional farm settings for urban life or for work in mines in Botswana and South Africa. Previously they had been leaving for South Africa in decreasing numbers, *e.g.*, 40,000 in 1976, 20,000 in 1979 and 10,000 in 1982. However, the recent drought contributed to about 30,000 leaving in 1983. Those who return do not go to their previous rural settings, but rather they seek employment in the country's cities and

Table VI
Prices Paid to Crop Producers by
Botswana Agricultural Marketing Board
(Pula per Ton)

	Year ended 31st March						
	1978	1979	1980	1981	1982	1983	1984
Sorghum	80	83	118	135	149	175	201
Maize	74	77	105	130	143	163	186
Beans & Peas	196	218	218	233	256	293	322
Sunflower	137	147	152	162	198	205	205
Groundnuts	NA	365	380	390	429	564	591

Source: Bank of Botswana, *Annual Report for 1984*, *op. cit.*, p. 59

along the lines of rail. Young men are also leaving for the mines at Jwaneng, Orapa and Selebi-Phikwe. In 1976, 4,500 miners worked the nation's mines, in 1979 6,300 did so, and in 1983 nearly 10,000 Batswana were so employed.¹⁷

Despite the exodus, most traditional farm people continue to be reluctant to leave rural settings—either for urban life or for alternate rural settings. While they remain in familiar settings, traditional people see their better lands disappear, their young men leave, their decreasing hectarage sandy and void of nutrients, and their wait for uncertain rains often disappointing. It is understandable that under these conditions they choose not to spend the energy necessary to plant, knowing the risk of crop failure. As a result, while arable and intermittently arable land in the country measures about 1,500,000 hectares, no more than 500,000 hectares per year are planted. The impact is a set of staggering figures showing crop production declines from 1979 to 1982 (see Table 5).

It has been pointed out that the national annual per capita cereals requirement, as established by the Food and Agriculture Organization (FAO), is 250 kilograms. Based upon this figure, Botswana's current national requirement is in the range of 250,000 tons composed of 50 percent sorghum, 30 percent maize and 20 millet and beans.¹⁸ The data in Table 6 reveal just how far below this standard Botswana's foodstuff agricultural subsector has been performing. It is increasing its reliance on two external sources: food imports generally from the Republic of South Africa and official assistance from international food donors in the specific case of significant or serious drought years. Food imports from South Africa have grown from 21,000 tons in 1974 to 122,000 in 1982. During 1982 and 1983, a substantial inflow of emergency food aid came to Botswana. The two consecutive years of drought have inflicted serious damage to crop production. Total output of food crops fell from 17,320 metric tons in 1982 to 14,425 tons in 1983. This met only 10 percent of the total national food grain requirement. The total crop area harvested in 1983 represented only about 28 percent of total planted area. The sharp decline in agricultural output severely squeezed rural incomes and resulted in a depletion of local food resources.

The response of the international community to Botswana's circumstances has mitigated the worst effects of the drought. Measures taken have included provision of stock feed and vaccines, free seed and subsidy of draught power hire charges, borehole drilling, supplementary feeding and labor-based relief projects. Altogether, some P13 million (Pulas), almost all of which was domestic funds, was allocated to drought relief activities in 1983/84. The international donations were received mainly in the form of food aid, with contributions amounting to some 26,000 tons of foodstuffs in 1983, and 37,000 tons were pledged for 1984.

By January, 1984, beneficiaries from the feeding programs numbered about 200,000 primary school children and 302,000 people in vulnerable group categories fed through the clinics. Although the total number is very high, it must be realized that the amounts of food given are strictly supplementary, about 30 percent of the individual's food needs on average, and therefore do not obviate the need for households to procure for themselves the bulk of their food supplies. In addition to this, the vulnerable group categories cover only those who are unable to work on labor-based relief projects, and those most subject to nutritional stress like school-age children not attending school, pre-school infants, expectant and nursing mothers, and those considered handicapped or destitute.¹⁹

Commercially imported foodstuff is available only to those Batswana who have access to sufficiently remunerative salaries and wages. As local food production declines, and as imports replace local production, a distortion in access to supply channels emerges. Once based upon a traditional allocating mechanism—tied closely to producing and sharing for subsistence—access shifts to reflect the impersonalization of the marketplace. Traditional assurances of reasonable equity in distribution—based upon need—are replaced by uncertainties regarding an individual's access to food *either* because supply is insufficient *or* because prices are prohibitive. Table VI shows the rapid wholesale price increase for basic foodstuffs locally produced, over the period 1978-mid-1984.²⁰

Effective demand for food is based upon income-earning capacities derived from cash-cropping for export and local markets. Groundnut cropping is a good example. The per-ton price for groundnuts increased by 60 percent from 1979 to 1984. The price increases, which began that year, acted as an incentive to the large and the smaller-scale producer. Sales to the Botswana Agricultural Marketing Board reflected this phenomenon. They grew from 43 tons in 1980 to 368 tons in 1982. The drought's impact began to be felt in 1983, when such sales declined to 218 tons.²¹ As land-use was shifted to groundnut production, an opportunity to produce staple food was lost. The owners, having access to income from the cash cropping, however, were able to purchase local and imported foodstuffs—but only at higher prices. Based upon a set of August, 1980, import prices and cost-of-living indices, the cost of living rose from 100 to 140 in August 1983, and the import price index rose to 135.²² For urban and semi-urban areas, the food cost index rose from 100 in August 1980 to 159 in December 1983.²³

V

Dependence on South Africa

EVEN WHEN FOODSTUFF is available and affordable, Batswana find themselves in difficult straits. Their dependence on South Africa makes them vulnerable to events in the Republic. The current drought, for example, is hampering food production in the Transvaal, Natal and Orange Free State provinces. Production of cereals, as well as fruits, vegetables and dairy products, are declining in each province due to the magnitude and persistence of the drought. South Africa will be hard pressed to maintain supplies sufficient to match domestic food needs, much less produce foodstuff for export. In addition, the potential for substantial and disruptive unrest will continue to be present in South

Africa due to the struggle of the Black majority against the apartheid system. Long-term reliance on the Republic, then, could be a mistake.

It should be pointed out, however, that dependence upon South Africa is endemic to the region. Virtually every member-State within the Southern African Development Coordinating Council (SADCC) relies on the Republic for export markets, imports, employment opportunities, physical and financial capital, technology and—in some cases—skilled expatriate workers.²⁴ Botswana's dependence on South Africa has been acute historically, and the emergency of mineral-led growth in Botswana has intensified their pattern of economic inter-relationships.

Botswana has been and remains inextricably linked to economic and political systems beyond her boundaries, mainly to South Africa. The early export of animal products to the Cape in 1844, and Botswana's membership in a customs union with her neighbors in 1893 were early manifestations of present trade relationships between Botswana, South Africa and larger European markets and the contemporary Southern Africa Customs Union. The initial flow of labor to the diamond fields in Kimberley in 1877 was a precursor to the increased and continuous supply of Botswana workers to South African mines, a trend which peaked in 1976. The first mineral concessions given to an Englishman and an American in 1877 foreshadowed the contemporary mining companies, Anglo-American, DeBeers Botswana (Debswana), and American Metal Climax (AMAX), and Botswana's present mineral-led economy.²⁵

The British Protectorate of Bechuanaland became the independent nation of Botswana in September 1966 without need of a "national liberation movement." This was a rather distinctive feature in that the Protectorate was surrounded by neighbors who eventually became involved in armed struggle. Today, southern Africa has become one of the most politically and militarily turbulent regions of the continent, if not the world. Botswana, however, has shown maturity in the balance she maintains between the apartheid regime in South Africa and the demands of Black nationalists in neighboring countries. Botswana is pragmatic about her economic dependence on South Africa and, while formal diplomatic relations are not maintained, commerce is vigorous. Botswana is landlocked and depends on South Africa ports for the importation and exportation of goods. South Africa remains the major source of Botswana's imports, primary of which are food and petroleum products. The latter are used for transport and to drive the borehole pumps upon which Botswana's livestock industry depends.

Even with her dependency on South Africa, Botswana plays a major role in the SADCC which, motivated by political and economic reasons, is encouraging increased transportation and economic links among member States. The permanent secretariat of SADCC is located in Botswana's capital, Gaborone, and the 1982 and 1984 annual meetings of the Conference were held there.²⁶

Government is well aware of the pattern of dependency. The previous development plan noted that national independence was one of the country's four main principles. The plan, however, pointed out that Botswana is economically a small country; it is landlocked; and it is linked to a much larger and more developed country ruled by a minority racialist regime. At Independence the pattern of investment, the lack of physical and social infrastructure and the orientation of the infrastructure that there was, all emphasized the country's economic dependence on its neighbor. The lack of manpower, the shortage of other domestic resources and the lack of any major exports other than beef contributed to Botswana's vulnerability. Economic independence therefore became, for economic as well as political reasons, a major objective and one that has to temper the quest for rapid economic growth.

This objective had both internal and external dimensions. Internally it led to emphasis on training and localization, on diversification of the economy, and on the mobilization of internal resources for development. Internationally, Botswana seeks to diversify its communication routes, its trade and investment partners and its sources of aid. Naturally, economic development tends to lead to greater economic interdependence with other countries as international linkages increase. The objective of economic independence does not preclude such inevitable linkages—rather, it implies increasing Botswana's relative economic strength by avoiding too great a dependence on any one trade route, source of investment, export product or export market, or source of imports.

Virtually all Botswana's trade has to be routed through the Republic of South Africa. Under the "lifeline project," a road link to Botswana's common border with Zambia was completed during 1976. As well as opening up an undeveloped part of Botswana, this road provided a safeguard against an interruption of traffic through South Africa. Telecommunications links are being similarly diversified. In addition, the government has announced its ultimate intention of taking over the running of the country's railway line, which is presently operated by Zimbabwe Railways. Radical changes will occur in Namibia, and may offer new opportunities for diversifying communications.

Rapid growth to break out of the rut of continuing poverty necessitated the importation of large numbers of skilled expatriates in order to staff the expanding sectors of the economy, including the government itself. Expatriate numbers are expected to increase, but more slowly, until the end of the present Plan period. The government's strategy here is to use the increased revenues derived from economic growth (and themselves dependent on the expatriate skills imported) to finance the training of citizens to facilitate the substantial localization of all sectors by 1990. Education plans are based on tailoring the expansion of all post-primary education facilities to the manpower requirements of the economy.²⁷

The country has exercised initiatives to lessen the degree of dependence upon the Republic. Monetary reform has been the clearest example. Until 1976, Botswana used the South African Rand as its currency. In the 1973–78 Plan it was stated that Botswana would conduct negotiations with other members of the Rand Monetary Area (Lesotho, South Africa and Swaziland) in an attempt to secure an acceptable measure of domestic control over monetary policy and an equitable share in the profits accruing to the South African Reserve Bank from the circulation of Rand currency in Botswana. The arrangement could not be achieved to the satisfaction of the Botswana government, and the government concluded that Botswana's best long-term interests lay in the issue of an independent national currency by a full-fledged central bank. Government Paper No. 1 of 1975, "A Monetary System for Botswana", outlined the proposed new arrangements.

VI

Botswana's Economy and Policy Options

THE NEW NATIONAL CURRENCY, the Pula, was introduced on August 23, 1976, and Botswana left the Rand Monetary Area on the same day. This meant that some new policy instruments for the management of the economy became available for the first time. These include opportunities for the development of domestic financial institutions and of internal sources of development finance, interest rate management, control over bank liquidity and bank lending, exchange control, the choice of an external value for the currency, and the choice of foreign currencies in which to invest Botswana's foreign exchange reserves.

The scope for using these policy instruments is limited in all small "open" economies such as Botswana's. However, the recent growth of the economy has increased the scope for domestic economic management, and the creation

of a central bank and a national currency enabled this to be exploited to a much greater extent than before.

The new policy choices have been exercised with caution. For example, care has been taken to avoid placing any unnecessary strains on domestic financial institutions during the transitional period and to ensure that there are no sudden changes in the liquidity of the banking system. The Pula itself was valued one to one with the Rand during the period of intensive currency conversion ending on November 30, 1976. It was then pegged to the United States dollar. Botswana's continued membership in the Southern African Customs Union and its trading links with the Rand Monetary Area countries were taken fully into account in determining the external value of the Pula after November 30, 1976. It was in Botswana's interest to reduce the inflationary impact of future Rand devaluation by deciding not to change the external value of the Pula to the same extent, if at all.²⁸

Botswana's links with and dependence upon the South Africa area, however, still are multi-fold and, in the main, expanding. For example, while the number of Botswana employed in South African mines has decreased from 24,500 in 1974 to 17,887 in 1983, remittances of Rand grew from .640 million in 1974 to 7.66 million in 1983.²⁹ As the Jwaneng mine began to expand its operations, the Botswana Power Corporation was unable to meet its needs. As a consequence, 10.00 million kilowatts of power were imported from South African sources in 1981. This grew to 81.84 million in 1982. It was estimated at over 200.00 million in 1983.³⁰ External trade with South Africa has similarly increased. In 1974, for example, the value of imports of South African origin was 94.40 million Rand. By 1983, they were estimated to have reached the 650.00 million mark. While in 1974 imports originating from South Africa accounted for 75 percent of Botswana's total import bill, by 1983 this proportion grew to 86 percent.³¹ And, finally, the central government's receipts of revenues from customs and excise sources grew from 16 million Pula in the fiscal year 1976-1977 to an estimated 180 million in 1984-85.³² Neither the government statistical office nor the Bank of Botswana will reveal the amount of such revenues which come from the Common Pool of the Southern African Customs Union (SACU). However, the growth likely has been considerable.³³

Botswana's growth, development and stability are challenged by four socioeconomic problems, *e.g.*, inequality rooted in agricultural underdevelopment, a rapid expansion in water demand—the country's perennially scarce resource—drought-heightened food insecurity and food import dependence, and increasingly strong linkages to, and dependence upon, South Africa. However, there are historical features to the country's political economy which reflect the governing class's capacity to respond to the challenge.

Notes

1. Ian Livingstone and R. K. Srivastava, "Poverty in the Midst of Plenty: Problems of Creating Incomes and Employment in Botswana," *IDM Occasional Paper No. 8* (Institute of Development Management: Gaborone, July 1980), p. 1-33.
2. Marcia Odell, "Planning for Agriculture in Botswana: A Report on the Arable Lands Survey." *IDM Occasional Paper No. 7* (Institute of Development Management: Gaborone, May 1980), pp. 53.
3. *Ibid.*, p. 54.
4. *Ibid.*, p. 55.
5. Government of Botswana, *Botswana Review of Commerce and Industry* (Ministry of Commerce and Industry, Gaborone, 1984), pp. 14 and 51.
6. Livingstone and Srivastava, "Poverty in the Midst of Plenty," *op. cit.*, p. 6.
7. *Ibid.*, p. 7.
8. *Ibid.*, pp. 7-9; Also see Edward Roe, "Development of Livestock, Agriculture and Water Supplies in Botswana Before Independence," *RDC Occasional Paper No. 10* (Rural Development Committee, Cornell University, Ithaca, 1980), Chs. 1-3.
9. *Ibid.*, pp. 9-10. Also see Neil Parsons, "The Economic History of Khama's Country in Botswana, 1844-1930," in Robin Palmer and Neil Parsons, eds. *The Roots of Rural Poverty in Central and Southern Africa* (London; Heineman, 1977).
10. Michael Lipton, *Employment and Labour Use in Botswana* (Ministry of Finance and Development Planning: Gaborone, December 1978), pp. 70-84; Also see Charles Kerven, *Rural-Urban Migration and Agricultural Productivity in Botswana* (Central Statistics Office, Gaborone, November 1980), pp. 1-21; and R. P. Werbner, *Land Reform in the Making: Tradition, Public Policy and Ideology in Botswana* (London: Rex Collins, 1982), Chs. I-V. Also see the 1981 Census Preliminary Results reported in the *Statistical Bulletin*, September 1981, Vol. 6, No. 3, (Gaborone: The Government Printer), pp. I-V. Also see National Migration Study, Final Report, *Migration in Botswana, Patterns, Causes and Consequences*, (Government Printer, Gaborone, 1982); Alistar Sutherland, "Report on Land Tenure in Western Botswana," (Ministry of Lands and Local Government: Gaborone, March 1981), pp. 21-22; and his "Rural Competition and Social Change in North Western Botswana," *Botswana Notes and Records*, Vol. 8, No. 2 (1976), pp. 300-301.
11. Lionel Cliffe, "Underdevelopment and Dependency in Botswana," a paper presented to the Botswana Society's semi-annual meeting, Gaborone, July 1983, pp. 11-17. Also see Michael Lipton, *op. cit.*, pp. 1-111; David Massey, *Labor Migration and Rural Development in Botswana*, (Ph.D. dissertation, Boston University, 1980); and Carol Kerven, *Underdevelopment, Migration and Class Formation: North East District, Botswana*, (Ph.D. dissertation, University of Toronto, 1977).
12. Ministry of Finance and Development Planning, *National Development Plan: 1976-1981* (Government Printers: Gaborone, July 1977), p. 167.
13. *Ibid.*, p. 171.
14. *Ibid.*, p. 172. Water shortages and periodic droughts are endemic to Botswana. For an analysis of the effects of the previous serious and prolonged drought, see Alec C. Campbell, "The 1960s Drought in Botswana," in M. Hinchley, ed., *Symposium on Drought in Botswana* (Botswana Society: Gaborone, 1979) pp. 98-109.
15. Ministry of Finance and Development Planning, *Midterm Review of NDP V* (Government Printers: Gaborone, August 1983), pp. 1-2.
16. Central Statistics Office, *Livestock and Crop Production Survey* (Government Printers: Gaborone, 1979), pp. 18-19.

17. *Ibid.*, p. 144.
18. Hoyt Alverson, "Agricultural Development in Botswana: Targets and Constraints," *IDM Public Lecture* (Institute for Development Management: Gaborone, November 23, 1978), pp. 6-7. Also see Hoyt Alverson and K. Oland, *Targets for Agricultural Development* (Ministry of Agriculture: Gaborone, 1978), mimeographed, pp. 1-12.
19. Hon. P. S. Mmusi, *Budget Speech, 1984* (Government Printers: Gaborone, March 1984), p. 4.
20. Not only are South African import prices increasing, but local consumer prices are on the rise as well. The Bank of Botswana recently noted that there were further producer price increases in the 1983-84 crop year. The prices for sorghum and maize were increased by 15 and 14 percent. These were passed on to consumers in the form of 17 and 16 percent increases. In addition, South African consumer prices were 11 percent below those pertaining to locally produced foodstuff. This disparity is likely to grow as the rate of exchange of Pula for South African Rand is improving. See Bank of Botswana, *Annual Report for 1984*, *op. cit.*, p. 6.
21. Bank of Botswana, *Annual Report for 1983* (Gaborone: March 29, 1984), p. 59.
22. *Ibid.*, p. 72.
23. Republic of Botswana, *Statistical Bulletin*, Vol. 8 No. 4 (Government Printers: Gaborone, December, 1983), pp. 11-12; No current and fully adequate food price indices exist for rural Botswana.
24. On these points, an instructive analysis is contained in Percy Selwyn, *Industries in the Southern African Periphery* (London: Croom Helm, 1975), Chs. 1-8.
25. The Customs Union involves Swaziland and Lesotho, as well as Botswana and South Africa.
26. See, for example, U.S. Agency for International Development, *Country Development Strategy Statement: Fiscal Year 1985* (USAID: Washington, September 1983), pp. ii-iii.
27. Ministry of Finance and Development Planning, *National Development Plan: 1976-1981*, *op. cit.*, p. 20.
28. *Ibid.*, p. 21. Also see Jack Parsons, "The Trajectory of Class and State in Dependent Development: The Consequences of New Wealth for Botswana," *Journal of Commonwealth and Comparative Politics*, Vol. 21, No. 3 (November, 1983), pp. 265-86.
29. *Statistical Bulletin*, Vol. 8 No. 4 (December, 1983), *op. cit.*, p. 10.
30. *Ibid.*, p. 18.
31. *Ibid.*, p. 25.
32. Bank of Botswana, *Annual Report for 1983*, *op. cit.*, p. 10.
33. The main features of the SACU agreement have been summarized by Percy Selwyn, *op. cit.*, pp. 114-15.

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