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Botswana: Diamonds, Drought, Development, and Democracy

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When Bechuanaland became the independent Republic of Botswana on September 30, 1966, it was generally regarded as one of Africa's more unlikely pacesetters. The sparsely-populated territory had become a British protectorate in 1885 at the request of three local chiefs concerned about Afrikaner expansionism from the Transvaal. Later, when the shape of the Union of South Africa was being negotiated, it was assumed that Bechuanaland and two smaller territories, Basutoland (now Lesotho) and Swaziland, would become integral parts of the new state. But local tribal authorities in the three entities, citing the letter of the treaties with Britain, asked and were allowed to remain under British colonial administration, and thus the so-called High Commission Territories came into being in 1909. This was not regarded as a permanent solution, and it was tacitly assumed in both London and Pretoria that the territories would eventually be merged into the Union. Resistance to incorporation hardened, however, after the National Party came to power in Pretoria in 1948 and made apartheid the law of the land. Britain began in the 1950s to allow a degree of self-government. Even so, Botswana emerged as an independent state seemingly destined to be little more than an appendage of South Africa.

Two decades later, Botswana is cited as a model challenging a number of stereotypes about economic and institutional decline in post-independence Africa. It has experienced extraordinary—and reasonably balanced—economic growth. Despite four years of devastating drought, it has managed to avert famine. It obtains foreign aid from a wide diversity of sources. Its multiparty electoral system of government is one of the few in Africa that have endured. While it continues to have crucial economic links with neighboring South Africa, it is no puppet; it has a separate currency, is a leader within a regional effort to develop greater economic independence from the regional superpower, and has resisted signing an Nkomati-type treaty with Pretoria.

An Expanding Economy

The easiest thing to gauge is the performance of the economy, which has been nothing short of extraordinary. The overall growth rate since 1965 has been around 11 to 12 percent per year in real terms. This growth has been led largely by a succession of mining projects beginning in the late 1960s and running through the early 1980s—diamond mines at Orapa and Letlhakane, a doubling of the Orapa output, the super-mine at Jwaneng (evaluated by Harry Oppenheimer of De Beers as "perhaps the most significant discovery since the original Kimberley mines"), and a star-crossed copper-nickel mine at Selebi-Phikwe in which the original capital investment in 1972 was one-and-a-half times Botswana's national income at that time. In addition, Botswana's access to European Economic Community markets for its beef exports, with 90 percent of the Community's variable levy abated, resulted in a rapid growth rate for the value and volume of beef exports from the late 1960s through the mid-1970s.

Unlike many African countries with a leading mining sector, Botswana has managed to spread its development more broadly. In the immediate post-independence period, decisions were made to invest in services and infrastructure for rural areas. Although much of the development budget through 1974 was linked to the copper-nickel project and was urban in nature, a major additional channel of government revenues was sought and achieved with the renegotiation of the 1910 customs agreement linking South Africa and the three High Commission Territories. The 1969 agreement gave Botswana, Lesótho, and Swaziland shares in the common customs pool that depended (broadly speaking) on their level of imports. As mining projects developed and Bo-

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tswana's economic base broadened, imports expanded and so, too, did government revenues. Mining revenues, customs revenues, and the increasing flow of bilateral and multilateral assistance fed an expanding government sector which built physical infrastructure, schools, roads, health posts, and related social services throughout the country.

The government has not been the only sector to expand. Employment in the modern sectors of the economy has grown at a rate that almost matches the growth rate of national income—a highly unusual phenomenon in the developing world outside the "Gang of Four" in East Asia. Manufacturing, although still small, has grown faster than national income. Minor exports have increased faster than beef and copper-nickel, though not as fast as diamonds. The smaller service sectors (transportation, communications, finance, commerce) have also expanded rapidly, and often have replaced services that were previously imported.

Agriculture: Still A Problem Sector

The key economic problem in the past two decades has been the failure to develop crop agriculture. In part this is due to the endemic drought conditions; total crop losses can be expected at least once every three or four years, and partial losses more often. But lagging crop output can also be blamed on the relatively favorable terms provided (both through the EEC prices and government investment programs) for the cattle sector and on the inability of the agricultural research and extension effort to come up with economically and financially viable cropping systems for small farmers.

While the last four drought years distort the figures, it appears that both total and per capita crop output are decreasing. Fewer people are planting, and less acreage is under the plow. Since a large fraction of the 80 percent of the population that lives in rural areas depends on crops for at least a fraction of income, the output decline has serious implications for national economic development.

With population growing at over 3 percent per year, and with new modern sector jobs available for only half of each year's entrants to the labor force, the employment problem is a serious one, even if the extremely rapid rate of job creation of the past could be maintained. The problem is exacerbated by the decreasing numbers of citizens who find work in South Africa—once over 50,000, now around 30,000. Without a moderately productive agricultural sector that can expand and absorb the labor force at reasonably attractive income levels, the prospect is rising of growing numbers of unemployed young people drifting to the urban areas where the jobs will nowhere match the job seekers.

Emphasis on Social Services

Botswana has very successfully distributed the benefits of growth through social services. The provision of water supplies to villages, universal primary education, rapid growth in access to health facilities (and maintenance of adequate staff and medical supplies in the facilities after they are built), greatly improved road communications, and funding and staffing for local government agencies have all helped to ensure that the rural areas share the benefits of growth, even though rural cash income opportunities have not expanded commensurately. According to the World Bank, Botswana now has the second highest life expectancy at birth among sub-Saharan African countries, the third lowest crude death rate, the third lowest infant and child mortality rates, and the third fastest decrease in the death rate. Despite the current drought, it has a better record than most African countries in providing its population with access to potable water.

Botswana's attention to sharing the dividends of growth is also manifested in its drought relief program. Despite four years of severe crop losses (less than 1 percent of households raised enough food for self-sufficiency in 1984, and less than 15 percent of households harvested any crop at all in 1985), Botswana has not had a single drought-related death. Programs provide at least supplementary feeding for over 60 percent of the population, and are targeted on the most vulnerable groups: pregnant women, nursing mothers, and young children. Food is available through local communities for destitutes unable to earn income themselves. Labor-based relief projects are providing 30,000 to 40,000 jobs, mostly for males, to replace cash income lost from crop failures. Over 5,000 women have part-time employment hand-stamping sorghum for the school feeding program.

Management is the Key

The image of Botswana that has emerged since independence owes much to the careful attention given to the management of the economy. The hallmarks of the approach have been a clear sense of priorities and of limits, readiness to choose objectives that have some chance of being realized, financial prudence, and attention to details of implementation.

The government's economic objectives and priorities have evolved with the times. Essential services and infrastructure were given first priority, because without them there could be no private sector or productive development. Since these required financing, a great deal of effort in the early years went into the renegotiation of the customs agreement with South Africa, cultivation of donor relationships, and negotiations with mining companies. Then, just as progress was being made on essential services and infrastructure, the escalating civil war in Rhodesia threatened landlocked Botswana's transport links to the sea. In the middle to late 1970s, therefore, the government urgently sought funding to undertake a series of transportation, communications, and oil and grain storage projects that would reduce the country's vulnerability to any interruption in the flow of rail, road, or air traffic through Rhodesia/Zimbabwe.

At about the same time, it became clear that attention should and could be given to the productive sectors of the economy and programs to promote increased diversification. This realization has led to the introduction of an arable lands development program, the Financial Assistance Program for manufacturing and non-cattle agriculture, the formulation of initiatives to promote opportunities for citizens while also defining more clearly the role of both foreign investment and expatriates, the adoption of a white paper on industrial policy, and increased attention by the state-owned Botswana Development Corporation to the employment-generating and production-diversifying sectors.

The theme of prudence has been evident from the beginning. As soon as budgetary independence from Britain was achieved in 1973, a revenue stabilization reserve was created to reduce the likelihood that fluctuations in revenue would destabilize the growth of public expenditures. Simultaneously a public debt service fund was established, with monies to be invested in domestic projects (principally lending to local authorities and state-owned enterprises providing public utilities and housing) in order to ensure a flow of revenue back to the government budget to service the external debt incurred by the government. For over a decade, the government has followed a practice of running up cash balances in good revenue years and running them down in bad years in order to keep the growth of public expenditure (and thus the domestic economy) on a stable course.

In 1976, only three years after financial independence, Botswana launched its own currency (the pula) and its own central bank. This was a calculated risk, since it was unclear what the health of foreign reserves would be, and whether the country could afford the extra skilled staff that would be required to run a central bank. The press in South Africa asserted with some glee in early 1977 that the experiment was proving to be a failure, a pronouncement which produced some red faces in Pretoria when the pula was revalued in April 1977 to offset the effects of increased inflation in South Africa.

Botswana has maintained a healthy level of foreign exchange reserves since 1976, using macroeconomic policies rather than exchange or import controls to adjust import levels to export earnings. The external value of the pula has been changed several times—sometimes to offset particularly high inflation in South Africa, sometimes to restore the competitive position of Botswana's local producers. The pula was initially pegged to the U.S. dollar, but since 1980 it has been pegged to a basket of currencies that are changed from time to time. The management of the exchange rate in relation to economic policy objectives is viewed by most observers as the most active of any country in Africa.

The policy of building up reserves and government cash balances in good years probably saved the economy from a hard landing in 1981-82, when a severe slump in the diamond market resulted in a cessation of diamond exports for several months, followed by export levels far below the previous norm. The diamond slump coincided with renewed financial troubles for the copper-nickel mine at Selebi-Phikwe. Foreign exchange reserves fell rapidly, but the earlier surpluses allowed time to deal with the crisis. A stabilization program devised by the government in 1982 included a wage freeze (at a time when the public sector expected an increase of around 20 percent), credit ceilings on the commercial banks, higher interest rates, devaluation of the pula by 10 percent, and a decrease in planned public expenditures on both the recurrent and development budgets. Reserves stabilized and then increased to more comfortable levels, permitting the budget introduced in March 1983 to be more expansive, and allowing the lifting of credit controls and a reduction of interest rates.

A number of other factors, including luck, combined to alleviate the difficult times of the early 1980s. The Jwaneng mine came into production in mid-1982, providing a boost to government revenues and export earnings at a time when the percent of diamond output that could be sold was limited by the marketing arrangements with De Beers' central selling organization. Meanwhile, Botswana benefited substantially from the strength of the U.S. dollar and the weakness of the South African rand. Diamonds and copper-nickel matte are priced and paid for in dollars, while about 85 percent of Botswana's imports and perhaps 75 percent of all payments in foreign exchange are in rand. Between 1981 and 1985 the rand fell by over two-thirds against the U.S. dollar, and South African inflation has not made up the difference. This has resulted in a substantial gain in the terms of trade for Botswana, offsetting a large portion of the decline in diamond sales.

Both Jwaneng and the fall of the rand are onetime phenomena. Knowing this, the government has built up foreign exchange reserves to record highs in terms of import cover, and has planned the next four to six years of government expenditures on the basis of drawing on these reserves on a systematic basis. As in the past, the effort will be to maintain a sustainable rate of growth of expenditures.

Botswana's external debt position is still very modest relative to export earnings or GDP. Virtually all external debt has been to multilateral or bilateral aid agencies, with the largest single share going to the World Bank. Much of the official development assistance received has been in the form of grants. The government has also been exceptionally successful in obtaining relatively soft loans from the OPEC countries, usually to co-finance projects. Debt and debt service have grown faster than export earnings in recent years, and the government has been monitoring the debt situation more closely. The new development plan projects that debt service obligations will grow only to about 10 percent of exports by the early 1990s. Botswana has gone to the Eurodollar market only once (to finance its share of investment in the Jwaneng project), delayed drawdown until near the end of the commitment period, borrowed only two-thirds of what had initially been arranged, and repaid the loan ahead of schedule. Consequently no large loan servicing obligation lurks ahead to create foreign exchange cash flow problems. And, at the time of the Jwaneng loan borrowing, President Quett Masire (then vice president) outlined guidelines for commercial borrowings that the government would follow in order to avoid debt problems.

One other area of economic management in which Botswana has a good track record is its negotiations with companies, countries, and agencies over economic and financial matters. The renegotiation of the Southern African Customs Union has already been mentioned. Negotiations with mining companies, both to secure a fair share of mining revenues for Botswana and to ensure that risks are carried by those most able to bear them (foreign shareholders and governments), have absorbed a great deal of high-level government manpower, but have paid large dividends on both accounts. Donors respect (sometimes rather grudgingly) the ability of Botswana's negotiators to fashion the terms of aid agreements to meet the country's needs rather than those of the donor agencies. Substantial energy and skill have been devoted to negotiations with the EEC over both the general framework of the Lomé agreements and over the specific provisions applicable to Botswana's beef exports to the EEC.

Some New Economic Challenges

Quite aside from possible spillover effects of the various ongoing and potential conflicts in neighboring states of the southern African region (see the following issues of *CSIS Africa Notes:* "Inside South Africa: A Status Report" by Ken Owen, no. 44, June 30, 1985; "Post-Nkomati Mozambique" by Gillian Gunn, no. 38, January 8, 1985; and "Angola: A Quarter Century of War" by John A. Marcum, no 37, December 21, 1984), Botswana's economy faces several new challenges in the latter half of the 1980s and beyond.

Past growth has largely derived from mining projects that both created substantial construction activity and resulted in major increases in the level of government revenues. Diamonds now represent around 70 percent of export earnings, and close to 40 percent of both gross domestic product and government revenues. The vulnerability to changes in the fortunes of the diamond industry is obvious, and the projected reduction in concentration over the next six years is not dramatic. The only major project now on the horizon is the Sua Pan soda ash development, and it is relatively small. The extensive reserves of thermal coal cannot be mined and exported economically in the present global energy market.

For these reasons, the emphasis is shifting to promotion of the other sectors of the economy. As previously noted, the situation in agriculture is not good. Manufacturing has been very dynamic, but is still small, and faces competition from Zimbabwe and South Africa, both markets with which Botswana trades without tariffs. A hard blow in the past three years has been Zimbabwe's imposition of import controls against Botswana's exports, as well as the dumping of goods by Zimbabwean exporters. Tourism still has major potential, but it is sensitive to other trends in the region.

The sixth national development plan, covering the 1985-91 period, envisages a respectable growth rate of 4.8 percent per year, but this is a fraction of past rates. The non-mining sectors, where the jobs must be created, are projected to grow by about 5.8 percent per year. These figures leave much to be desired in terms of the prospects for employing school-leavers in the modern sectors of the economy.

The Political Outlook

The Bechuanaland Democratic Party (now the Botswana Democratic Party) was established in January 1962 under the leadership of Seretse Khama, a remarkable man who at the age of four became chieftain of the Bamangwato tribe of the Tswana. His grandfather, Khama the Great, and his uncle, Tshekedi Khama, had played their own major roles both in the formation of Bechuanaland and in upholding the independence and dignity of their people during the protectorate.

Seretse's 1948 marriage to an English woman, Ruth Williams, was initially opposed by many of the Bamangwato. Seretse dispelled much of this disapproval by a dramatic call for racial harmony at a rally the following year. But Tshekedi, then the regent, remained opposed, as did the South African government (which claimed that peace and good order would suffer). Under these dual pressures, the British government held a judicial inquiry and in 1950 deported Seretse and banned him as chief for not less than five years. In 1956, following a reconciliation with Tshekedi, Seretse was allowed to return to Botswana, which he did after renouncing all claims to the chieftainship. Seretse then decided to enter "modern" electoral politics, and became the founder-leader of the BDP.

From the beginning of this new phase, Seretse's right-hand man and party organizer was Quett Masire, a farmer from southern Botswana and a man of unusual energy, intellect, and managerial skill. The BDP organized in every district of the country, and won by wide margins in the 1965 general elections. Seretse's appeal as a man of royal blood clearly carried a great deal of weight among the Bamangwato as well as other ethnic groups.

The BDP lost some ground in the 1969 elections, the most serious glow being the victory of Bathoen Gaseitsiwe over Vice President Masire. Bathoen resigned the chieftainship of the Ngwaketse to run in the elections, and he has been a major figure in opposition politics ever since. By 1974 the electorate appeared to be bored with the process, and the turnout at the polls was embarrassingly low. The BDP won handily, and Vice President Masire won a seat again. Sir Seretse pulled out all the stops in the 1979 elections and delivered a landslide victory for the BDP, toppling two long-standing opposition politicians, Philip Matante of the Botswana People's Party in the northeast and Motsamai Mpho of the Botswana Independence Party in the northwest. Throughout this period, the BDP was the only party to enter candidates in all parliamentary districts, and its organizational capacity grew in both rural and urban areas.

The death of Sir Seretse from cancer in July 1980 was a political watershed. The National Assembly, which is accorded responsibility for electing the president under the Botswana constitution, chose Vice President Masire as successor. This was an obvious choice inasmuch as he had been the second in command since the beginning of the BDP. Although President Masire's first years in office were marked by a number of incidents in which crowds expressed their dislike of having a president who was not a chief, the years of careful work in organizing at the local level gave the BDP a clear hold on most constituencies.

In 1981 and 1982, a number of cracks appeared in the polity. Several senior cabinet ministers were unhappy with their roles in government, and there was considerable gossip about the possible formation of a breakaway party. Royalists generally, and the Bamangwato in particular, resented what they perceived as governmental antagonism toward the chiefs and the Bamangwato. These concerns were reinforced by the appearance of new currency notes bearing President Masire's portrait instead of Sir Seretse's. (It is required by law that the currency bear a portrait of the current president, but that did not settle the matter.) Brigadier Ian Khama, Sir Seretse's eldest son, was becoming visibly interested in a position of political leadership. A number of individuals, both from opposition parties and the BDP, began encouraging the brigadier. Ironically, many of those politicians had been held in contempt by Sir Seretse, who was also totally opposed to playing on tribal feelings.

The leadership of the BDP realized the dangers in the situation, and took steps to reduce ethnic bickering and to back President Masire. Brigadier Khama now appears more comfortable in his role as the second in command of the Defense Force and seems to have put political ambitions aside for the time being. At the January 1983 funeral of Vice President Lenyeletse Seretse (a member of the Bamangwato royal family and a cousin of Sir Seretse), a number of orators reminded the country that they were a nation, not a collection of tribes. It is also noteworthy that some of the politicians stirring the pot in 1982 have been effectively cut off from positions of responsibility and have not been able to gain office at either the national or the local level.

The 1984 general elections produced another BDP sweep, with the party taking 29 of the 34 elected National Assembly seats. The BDP did well in its traditional rural constituencies, though it failed to capture the Ngwaketse seats held by and loyal to Bathoen Gaseitsiwe. The urban areas were almost swept by the opposition, and the Botswana National Front gained control of the town councils as well as securing a new National Assembly seat in the capital, Gaborone, where Minister of External Affairs Archie Mogwe lost to a BNF candidate. In a closely fought race, Vice President Peter S. Mmusi edged out the head of the BNF, Dr. Kenneth Koma, only to have the election declared void by the courts after an unopened ballot box appeared some weeks later.

The cabinet appointed after the 1984 elections had few new faces. This was a major source of comment and concern among many party faithful, and cost President Masire some goodwill. In the by-election, Dr. Koma defeated Vice President Mmusi in another close vote, an outcome ascribed by many observers to a lack of enthusiasm on the part of BDP party workers disappointed by the "status quo" cabinet appointments. President Masire named Mmusi to one of the four nominated seats in the National Assembly, making it possible for him to continue to serve as vice president and minister of finance and development planning.

In a January 1985 cabinet reshuffle, several new faces were brought in, some portfolios moved, and Ponatshego Kedikilwe, a recently retired civil servant and man to watch for the future, was promoted to full ministerial status. The reorganization was only partially successful in reducing discontent with the president's first post-election cabinet.

The elections at the July 1985 BDP congress were clearly under the control of BDP Secretary-General Daniel Kwelagobe and his subordinates, and the shift of power to a younger group in the party is continuing. This has raised questions in some quarters, since many stalwarts of the BDP are older politicians. Given the respect for age and wisdom, especially in the rural areas where the BDP is strongest, it is risky to try to do without those who have been the mainstays of the party and the government. Dr. Gaositwe Chiepe and Moutlakgola Nwako (the only member of the cabinet other than Dr. Masire to have served throughout the post-independence period) were not elected to the Central Committee but are too important to be omitted from the councils of the BDP.

The BNF, with its leader in parliament for the first time, and controlling some key local governments, has a new lease on life. It has been a loose coalition for many years, with a combination of traditionalists and radical socialists both in leadership positions and among party workers, and a shakeout seems inevitable in the next few years. The BNF is developing a better grasp of organization and is strongest where the BDP has always been weakest—among urban workers and civil servants. Thus, political competition may become more keen.

The economic problems cited earlier have political implications. High expectations have been generated by two decades of phenomenal growth. Only once since independence has it been necessary to increase taxes; never has employment failed to increase from one year to the next; real wages, especially those at the lowest levels, have increased substantially since independence; and virtually everyone with some education or training has enjoyed exceptionally rapid advancement and wage or salary increases.

Even without a slowdown in the growth of the economy, the changed supply/demand situation in the market for educated people would create problems in light of past expectations. An opposition party can promise the stars without having to face reality. Moreover, the policy of general wage restraint (undertaken to insure that revenues from mining are used to benefit the majority through development programs rather than the minority in wage employment) has never been accepted by the BNF, and has received only grudging acceptance from the principal trade unions and staff associations.

Given the prospect of large governmental cash resources in the next few years (before the growth of real expenditures catches up), it would be very tempting to buy off the opposition with wage increases. In reality, such a step would be unlikely to satisfy expectations in the short run, and a general increase in real wages would damage the competitive position of the new industries on which the longer-term expansion of employment depends. This nexus of political and economic problems will be one of the most difficult policy issues confronting the leadership in the next several years.

The South Africa Reality

As a small and vulnerable country, Botswana has relied heavily on diplomatic skill and on achieving good working relations with foreigners since the establishment of the protectorate in the nineteenth century. The game has become increasingly complex, however. The largest single concern in the area of international relations has been and remains South Africa, whose racial policies and drive for effective political, economic, and military ascendancy in the southern region of the continent present Botswana and its neighbors with their most fundamental challenge (see "Eight New Realities in Southern Africa" by Heribert Adam and Stanley Uys in *CSIS Africa Notes* no. 39, February 28, 1985).

Some 85 percent of Botswana's imports come from or enter through South Africa. Most exports transit South Africa en route to Europe or other markets. Some 30,000 Batswana still work in South Africa (perhaps a quarter of all citizens employed in the modern sector). Oil products are supplied through the South African distribution system. Most of the wholesale trading houses in Botswana are subsidiaries of South African companies. A substantial share of government revenues comes from the Customs Union. Militarily there is no contest; South African security forces (including militia) are larger than Botswana's total population. As for politics, Botswana has challenged South Africa by accepting political refugees who Pretoria insists are ANC guerrillas bent on "terrorist activity" within South Africa. The refugee/guerrilla controversy has led to repeated violations of Botswana's borders, the most dramatic of which was the bloody June 14, 1985 raid on Gaborone by the South African Defense Force.

Botswana has walked a carefully calculated line in its dealings with South Africa. It has been consistently and publicly critical of apartheid in its various manifestations, but the reality of South Africa's regional dominance is a recognized fact of life. On the refugee/guerrilla issue, these two strands of policy come into clear conflict, but relationships have generally been correct and businesslike with respect to commercial matters. Botswana has consistently refused offers of economic assistance from South Africa, and has declined to have anything to do with such South African regional initiatives as the so-called "constellation of states" and the Southern African Development Bank.

Following the signing of the Nkomati Accord between Mozambique and South Africa on March 16, 1984, Pretoria put substantial pressure on Botswana to enter into a similar nonaggression agreement. Botswana resisted, arguing that it had never been at war with South Africa and that its clear policies and record on noninterference (including a ban on military action by resident refugees against their country of origin) had been well established for two decades. After a year of difficult negotiations, Minister of External Affairs Gaositwe Chiepe succeeded in convincing her South African counterpart, Minister of Foreign Affairs Roelof ("Pik") Botha, that a treaty was not necessary, and a statement to this effect was issued by South Africa in February 1985. The subsequent SADF raid on Gaborone (allegedly undertaken to destroy a "nerve center" of ANC activity, but more probably to satisfy domestic South African political needs) has made a resumption of discussions on all sensitive issues much more difficult.

The possible implications of South Africa's growing domestic problems are of major concern to Botswana. If violence increases in South Africa, the flow of refugees will grow, heightening the risk of more cross-border preemptive military action by the SADF. Comprehensive U.S. and European economic sanctions against South Africa would have a major and adverse impact on Botswana, even if Pretoria failed to carry out its public threats of such punitive actions as sending back to neighboring states all of their nationals employed in South Africa and cutting off transportation links. And, in spite of South Africa's clear regional military superiority, Botswana and other neighboring countries will come under increasing pressure from the liberation movements and their supporters for greater physical access and material support.

Relations with Other Neighbors

At independence, Botswana was regarded with a good deal of suspicion by African countries to the north, in view of the historically close relationship of the High Commission Territories with South Africa, symbolized by the fact that the administrative capital of Bechuanaland was in the South African town of Mafeking. It was several years before Botswana began to be perceived by the rest of Africa as a principled and sovereign country—a development for which Zambia's President Kenneth Kaunda deserves a good deal of the credit. Selected state visits to key countries and frequent meetings of the

Front Line states exposed some of Africa's major leaders to Sir Seretse, Dr. Masire, and their ministers and civil servants. These sessions increased respect for Botswana as well as understanding among key opinion-makers of the special problems it faces by reason of its geographical location.

Shortly before his death, Sir Seretse took the lead in forming the Southern African Development Coordination Conference (see "SADCC: A Progress Report" by Bryan Silbermann in *CSIS Africa Notes* no. 11, April 5, 1983), a regional grouping whose aims are economic cooperation and a gradual reduction of dependence on South Africa. Botswana has played a key role in SADCC, taking on the main coordinating function until (and indeed for some time after) an independent secretariat was established in Gaborone. Dr. Masire was initially elected chairman for a one-year term, with Vice President Mmusi as chairman of the council of ministers, and both were subsequently reelected five successive times. The role, and costs, thrust upon Botswana signal respect for Botswana's administrative efficiency, recognition that Botswana has by far the best relationships with the broad range of donor countries of any member of SADCC, and acceptance of the fact that Botswana is uniquely capable of performing as honest broker among the disparate SADCC members.

Botswana has been willing to invest heavily in leading SADCC not because of immediate gains but because of the possible strategic importance of links to the north as the situation in South Africa deteriorates and normal relations with that country become more difficult. At present, trade and transport connections with Botswana's black-ruled neighbors are impeded by the transport and logistical problems faced by a number of these countries, notably Zimbabwe and Mozambique, as a result of prolonged internal wars.

The World Beyond Africa

Botswana began with a single key international relationship, that with the United Kingdom. In the first few years of independence, additional diplomatic ties and economic links were sought, principally but not exclusively involving aid programs. Gaborone now hosts resident diplomatic missions from countries as diverse as Britain, the United States, West Germany, Sweden, Norway, Zambia, Nigeria, Zimbabwe, China, and the Soviet Union. Although the French and Japanese aid programs are in their infancy, every other major nation with a bilateral aid program has a commitment, with the Scandinavian countries, Britain, Canada, and the United States the largest players. Botswana was also one of the first African countries to tap into the various Arab funds and the OPEC Fund. The result of these efforts has been the largest per capita flow of official development assistance of any African country.

All donor relationships are managed by the Botswana government itself; there are no donor conferences, no consortia led by some outside agency. This is true both of the regular development program and of such special efforts as drought relief. External funds and technical assistance have been welcomed, but the arrangements negotiated fit into plans and programs designed by Botswana.

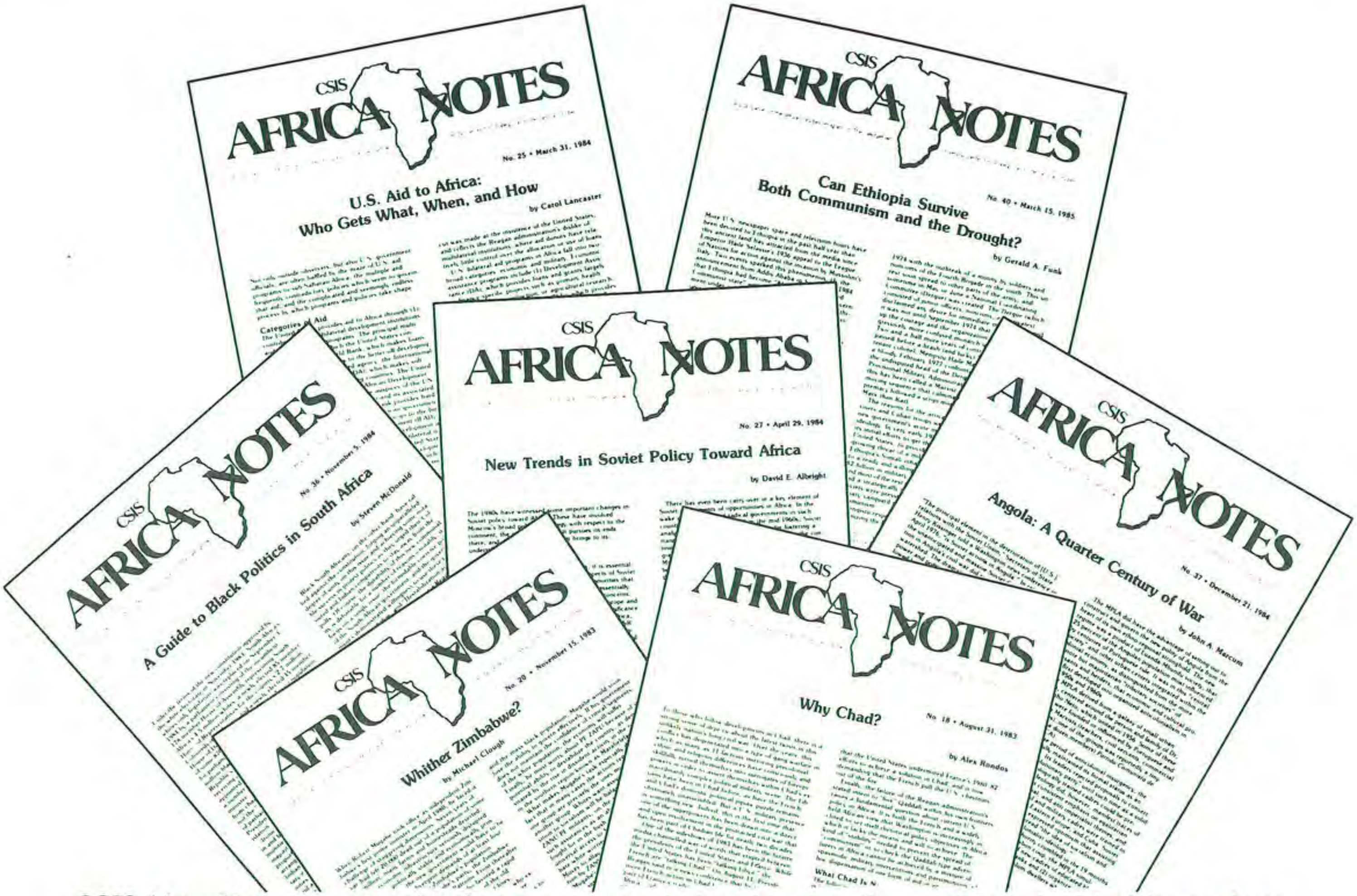
It is noteworthy that the Chinese have a number of assistance programs in Botswana, but the Soviets do not. There have been a few Soviet bloc scholarships, but that is about the extent of the relationship. Although a number of Botswana officials have made visits to China, focused largely on observing development projects and seeking ideas for ways of promoting development, no comparable flow of visitors has headed for Moscow.

These relations with the major powers are of critical importance to Botswana, given its limited elbow room. Lacking economic and military muscle, Botswana must look to the leverage of more powerful friends, as well as its own diplomatic skills, in dealing with its domineering neighbor. While appeals to assist a genuinely open, democratic, and nonracial country might ordinarily fall on relatively deaf ears among the strategic thinkers in Washington and Europe, Botswana's strategic position may get it some extra attention.

A Look Ahead

In many respects the prospects for the future in Botswana seem fraught with problems—spillover from South Africa's internal racial conflict, the likely deceleration of economic growth, the prospect of growing overt unemployment among school-leavers who drift to the urban areas, and the heavy reliance on diamonds as a main source of foreign exchange earnings and government revenues, to name the most prominent items. The prospects at independence looked at least as daunting, however, and in objective terms were probably a great deal more so. One can rather easily imagine sequences of events that would overwhelm Botswana's ability to cope. But a consistent characteristic of the Botswana government since before independence has been an ability to intervene in events and participate in shaping them, rather than wait to be overtaken by them. Provided the leadership in both the political sphere and the civil service can maintain present managerial skills, foresight, and prudence, Botswana may well continue to refute stereotypes about Africa during its next 20 years.

Stephen R. Lewis, Jr. served as research advisor for two years in Pakistan in the 1960s, and later wrote Pakistan case studies on foreign trade policy and industrialization for the OECD and the World Bank. Since 1970 he has spent about six years in Africa, principally as a resident advisor/consultant in Kenya and in Botswana, but also on short-term assignments in other countries. Dr. Lewis has taught economics at Stanford, Harvard, and, since 1966, Williams College. He served for six years as Provost of Williams College, and is currently chairman of its Economics Department. His latest book, *Taxation for Development?*, was published in 1984 by Oxford University Press.



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