The London School of Economics and Political Science

The Socio-Economic Spill-over Effects of Armed Conflict on Neighbouring Countries

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Declaration

I certify that the thesis I have presented for examination for the MPhil/PhD degree of the London School of Economics and Political Science is solely my own work other than where I have clearly indicated that it is the work of others (in which case the extent of any work carried out jointly by me and any other person is clearly identified in it).

I declare that my thesis consists of 99,118 words.

Abstract

This thesis explores the channels by which armed conflict may have wider regional effects through socio-economic spill-over effects. Collier (1999) has explored the economic consequences of civil war and other authors such as Murdoch and Sandler (2004) and de Groot (2010) have sought to verify the existence of neighbourhood effects through quantitative, large-N studies. These studies have only found mixed evidence of a net negative effect and have failed to identify the channels through which conflict affects neighbouring countries.

This thesis adopts a case study approach to complement the longitudinal studies that have dominated the analysis of spill-over effects, focusing its primary case study on the example of Zambia, which experienced prolonged exposure to conflicts in Rhodesia, Mozambique, Angola and the DRC. Progressing from a survey of potential spill-over effects postulated in the existing literature, this thesis finds that the actual neighbourhood effects on Zambia have been more numerous and more ambiguous than previously acknowledged.

In separate chapters on trade and investment, human capital and migration, food security, and military expenditure, this thesis assesses the range of effects by which these conflicts affected Zambia's development. The thesis argues that trade and investment, agricultural policies, food security, and the escalation of government debt were affected by the pattern of regional instability, often in unexpected ways that defy easy generalisation.

In addition to the Zambian case, the thesis offers a comparison with examples from Malawi, Belize, Jordan and Thailand. These supporting case studies demonstrate that the mechanisms identified in the study have widespread relevance in varied conflict situations, but that the net effect of individual channels of spill-over are dependent on local risk factors and policies. The thesis concludes with the provision of a framework outlining the various channels by which spill-over occurs, the risk factors involved, and possible policy responses.

Acknowledgements

This thesis was completed over a five-year period and inevitably benefited from innumerable instances of advice, support and guidance, without which this thesis could not have been completed in its present form. Although I cannot hope to fully repay the kindness with which countless individuals provided various forms of input, I gratefully acknowledge their contributions, even if not all such persons could be mentioned individually below.

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Financial support for this thesis was also provided by the Department for International Development, as well as the Newby Trust. The grant provided by the Newby Trust facilitated the field research component of this thesis in Zambia, and contributed greatly to the depth of insight this thesis has been able to provide. I am also grateful to my employer, Roskill Information Services, for helping to facilitate time off for these extended field trips. It is my fervent hope that the findings of this thesis will be deemed a fruitful result of all these forms of generosity.

The success of these field trips, moreover, also benefited notably from the selfless support of several other individuals and institutions. I am grateful to the staff of the International Organization for Migration (IOM) and Ms. Annie Lane for agreeing to provide me with an office to work from while in Lusaka, as well as several useful introductions. Anthony Lippmann, David Weight and Dr. Laura Tilling provided helpful introductions to contacts in the Zambian Copperbelt and helped ensure a smooth landing upon my arrival in Zambia. Contacting hard-to-reach individuals in Zambia was also made much easier with the assistance and connections of fellow academics, including Dr. Sishuwa Sishuwa and Dr. Hugh MacMillan at the University of Oxford, as well as Dr. Marja Hinfelaar and others at the South African Institute for Policy and Research in Lusaka (SAIPAR).

The highlight of my field work in Zambia, certainly, were the interviews and conversations with numerous individuals, whose diverse backgrounds provided unique perspectives I could not have hoped to have gleaned from any other source. It is a testimony to the open and welcoming nature of Zambia's society that, with few exceptions, contacts were glad to speak with a foreign stranger, and dealt with my questions with patience and understanding.

Appendix 1 provides an overview of the formal interviews conducted as part of this research, but the many informal conversations over the course of my stay contributed immeasurably to piecing together Zambia’s rich history.

A particular thank you goes out to Mabvuto Chibende, whose keen mind and interest in his country were a great aid to this research. Mabvuto not only helped me understand Zambia’s culture and society, but also provided valuable archival research assistance, and assisted with undertaking several supplementary interviews with contacts who I had not been able to speak with during my own stays in Zambia. Mabvuto’s mother, Ethel Chibende, also proved to be a warm-hearted host and excellent guide to Mufulira and other locations in Zambia’s Copperbelt and made the time spent away feel like a home away from home.

Naturally, this work also benefited in many subtle ways from the endless support of my family and my girlfriend, whose love and dedication helped me stay the course and maintain my sanity during the long hours that were needed to complete this work. I can hardly imagine the patience that must have been required to entertain my many loose thoughts and ideas, or the sympathy needed to appreciate the inevitably hectic periods when completion of the thesis took primacy over other aspects of life. It is because of this support that this thesis did not come to represent a hardship, but was completed as a project of passion.

Finally, I would like to conclude with a specific expression of gratitude to my father, whose limitless interest in this thesis and encyclopaedic historical knowledge helped spot many factual errors. His assistance in bringing order to a veritable heap of archival data made a radical difference in my ability to review this material and I know of few other persons who would as willingly have read through repeated iterations of the chapters in this thesis, especially when many of these were still in a barely-readable shape.

Contents

List of tables

List of figures

Part 1: Background

1 Introduction

In his book *"The Bottom Billion",* Paul Collier (2007) identifies four traps that may contribute to shackle developing countries in a state of persistent poverty. Bad governance and the curse of having been endowed with too many natural resources are two of the traps. The other two are exposure to costly and repetitive episodes of conflict, and the problem of landlocked countries being held hostage to bad neighbourhoods. In some circumstances, these two problems can coincide. Civil war, in the words of Collier, "is development in reverse" (2007, p. 27) and such conflicts not only damage the country in conflict, but carry repercussions throughout the region and the wider world, touching on the concept referred to in this thesis as the socio-economic spill-over effects of conflict:

> *"Many of the costs are borne by neighboring countries. Diseases don't respect frontiers, and the economic collapse also spreads. Since most countries are bordered by several others, the overall cost to neighbors can easily exceed the cost to the country itself. And the costs are not limited to immediate the geographic region. Nine-five percent of global production of hard drugs, for example, is from conflict countries. AIDS probably spread through an African civil war […] Consequently, wars in the bottom billion are our problem as well." (Collier P. , 2007, p. 32)*

The arguments presented by Collier invoke a powerful image that is in line with intuitive perceptions of conflict as a descent into chaos creating shockwaves throughout the region. Yet, despite the significance such a phenomenon might represent, there is a remarkable dearth of case studies that provide a comprehensive assessment of exactly how nearby countries are affected by any such conflicts. When looking at the impact of armed violence on health, trade, or investment in isolation, regional instability can exacerbate developmental challenges. But, much in the same way that conflicts are multi-faceted, complex phenomena, so too do spill-over effects on neighbouring countries rarely occur in clear-cut, predictable ways. As this thesis seeks to demonstrate, the regional effects of conflict are not only more ambiguous than might be surmised from the quote above, but depend as much on the policies adopted by neighbouring countries as on the evolution of the conflicts themselves.

1.1 Portugal: An example

While much of this thesis draws on case studies like those explored by Collier, including several chapters focusing on the landlocked countries of Zambia and Malawi, an example from Portugal demonstrates that the concept of spill-over effects is one that may be of particular relevance to developing countries, but is not confined to such a context, and may concern wars of either an internal or interstate kind. At the same time, the example of 20th-century Portugal illustrates one of the central themes of this thesis, in that spill-over effects are widespread, but defy easy generalisation.

Like the other case studies explored in this thesis, Portugal represents an example of a country in direct proximity to major armed conflict, while having avoided the incidence of large-scale violence within its own borders during and around the period of conflict. From 1936 to 1945, while under the rule of Antonio Salazar, Portugal witnessed first-hand the destruction caused by the Spanish Civil War, only to be superseded in quick succession by the outbreak of the Second World War. Portugal, in both conflicts, was spared the direct effects of war, having supported Franco's nationalist forces but with the fighting having remained contained to the Spanish side of the Iberian Peninsula. During the civil war in Spain, some Portuguese volunteers had joined the nationalist side, but Portugal's main role in the conflict would be to provide logistical support to Franco's forces, offering supplies and a transit route for shipments of arms and materials from Germany. During the World War, soon thereafter, Portugal opted for a neutral position instead, maintaining active trade links with both Britain and Germany, largely revolving around Portugal's position as a leading supplier of wolfram ore for use in the weapons industry.

The effects on Portugal's economy of its exposure to these conflicts were readily apparent, but bear little resemblance to any state of economic collapse. From 1934 to 1947, two years before and after the start and end of the Spanish civil war and the World War, Portugal's economy had successfully maintained a real growth rate of 2.1% per year. From 1930 to 1950, output in manufacturing increased at a rate of 3.1%, compared with growth of 2.3% in the agricultural sector. Overall growth, moreover, resulted from increases in human and physical capital, rather than government consumption, and would lay the basis for growth of incomes by 5.0% per year in the post-war period from 1947 to 1973 (Lains, 2003; 2007).

Portugal, during World War II, benefited directly from the strategic importance of the wolfram mines of Portugal. Access to mine output was fiercely contested by Britain and Germany, but Portugal successfully resisted British and German pressure to declare a one-sided embargo, albeit at the cost of several punitive attacks by German submarines against Portuguese merchant vessels, as well as the imposition of a British naval blockade. Yet none of this detracted from a rapid escalation in revenues earned from the exploitation of the mines. Britain, by 1945, owed Portugal some 90 million pounds sterling, reversing Portugal's debtor position with the country, while Portugal had received as much as 100 tonnes of gold from Germany - some of it likely looted as part of the Holocaust (Wheeler, 1986; Simons, 1997). From a growth perspective, Portugal's proximity to conflict had generated tens of thousands of jobs and had supported the further industrialisation of the country. Only after the threat of Allied economic sanctions in 1944 did Portugal declare an end to all exports of wolfram, safeguarding its neutrality, albeit at the expense of a major source of revenue and employment.

It would be easy to discard this example as unique to Portugal's specific context, the nature of World War II as an interstate rather than a civil war, or the country's comparatively developed status at the onset of the war. The context-specific nature of these effects is, however, precisely the point – spill-over effects described throughout this thesis rarely fit within a straightforward narrative, whether defined by of chaos and disruption, or by growth and prosperity. This thesis includes examples from developing and industrialised economies, in landlocked and coastal states, in Africa and elsewhere, and covering periods from the 1960s through to the present day. The examples highlight that for the study of spill-over effects to usefully advance and have meaningful implications for policy, the field must shy away from discussions of the average effect of particular mechanisms. Similarly, it must avoid overly simplistic estimates focused on the typical net impact of a civil war, which Collier estimates at a cost of $64 billion (Collier P. , 2007, p. 32). Instead, this thesis calls for an approach that disaggregates the various channels by which spill-over occurs, and the contextual factors that influence them.

1.2 The argument

Over the last decades, conflict studies have increasingly focused on civil rather than interstate wars, as the conflicts fought since the end of World War II have primarily been of an internal nature, fought between armed groups, vying for control of their state or resources. To date, however, work on the conclusive identification of mechanisms of spill-over effects has been sorely limited. While Ades and Chua (1997) find a negative impact of coups and revolutions on economic growth, they are only able to account for part of this effect through effects on trade and military expenditure. In two studies related more directly to armed conflict, Murdoch and Sandler (2002; 2004) find that civil wars have a negative impact on the wider region, but fail to obtain significant results when assessing labour, investment or trade effects. In subsequent work, de Groot (2010) challenges the assumption that effects must necessarily be negative and finds a positive effect on countries further removed from the conflict, but once again does not verify the significance of the specific channels through which such effects occur, despite postulating their existence.

In this thesis, I aim to delve deeper into these issues, moving beyond the longitudinal studies that have defined the literature to date to offer an in-depth analysis of actual examples of neighbouring countries' exposure to spill-over effects. Focusing on five separate case studies (in addition to the aforementioned case of Portugal), this thesis seeks to develop a more nuanced appreciation of the nature of spill-over effects, seeking out the individual channels by which such effects occur. To do so, this thesis develops the following argument:

- First, I argue that **advances in the understanding of spill-over effects have been deterred by the lack of case evidence**. Whereas longitudinal studies such as the works cited above have affirmed the existence of spill-over effects, they have failed to shed light on the specific channels by which such spill-over occurs. The mixed evidence from these studies points to the fact that the effects of conflict on neighbouring countries are not uniform, but provides no insights into the causes of such ambiguity. For academic studies to contribute to the advance of developmental policy, it must provide clearer insights not just into net effects on growth, but *how* such effects are achieved, and what other developmental aspects they may impact. Although hypotheses as to the nature of these effects may be derived from the extensive literature on war, the extent to which the effects experienced by neighbouring countries differ from those in conflict cannot be determined by theory alone. Case studies, on the other hand, may reveal previously untested dimensions and contribute to the identification of parameters that aid in the further refinement of quantitative models.

- Second, the thesis argues that **neither individual spill-over effects of conflict nor their net effect can be presumed to be positive or negative *a priori***. Even in the absence of case evidence, like de Groot (2010) I argue that for most channels by which conflict may be postulated to affect neighbouring countries, opposing effects may be postulated with similar ease. With respect to trade, conflict may disrupt transport networks, access to inputs, and reduce markets' spending power, but may also be assumed to lead trade partners to source their imports or offer their exports to neighbouring countries. As regards foreign investment, insecurity may deter risk-averse investors, but capital flight from the country in conflict must trigger capital inflows elsewhere in the world, and may be attracted by neighbouring countries. On the point of migration, the arrival of refugees may cause per capita income to fall, but may also provide cheap labour and contribute to the formation of new business networks and to the transfer of skills. As such, a one-sided argument cannot be supported even at a theoretical level.

- Third, and relatedly, I show that **the nature of spill-over effects is specific to the context of each individual conflict and neighbouring country**. In this thesis, I provide examples of spill-over effects that had distinct outcomes in different contexts. For instance, I show that even as the conflicts in southern Africa contributed to the decline of Zambia's mining industry, political instability in the DRC contributed to its resurgence. In the case study on Malawi, I show that while the wars of independence in southern Africa had little impact on the country's military expenditure, the subsequent civil war in Mozambique caused Malawi's security spending to escalate. Similarly, while I find little evidence of any effect on Belize's trade resulting from the conflict in Guatemala, I argue that the conflict in Iraq contributed to an increase in Jordan's trade with the rest of the region. These and other examples suggest that spill-over effects depend on the unique circumstances, interests, and constraints of each conflict environment, leading to widely divergent effects that do not confirm to the generalistic views that previous studies have implicitly promoted.

- Fourth, I note that **direct and indirect spill-over effects may be contradictory, and lead to a divergence of short and long-term effects**. In many of the case studies explored in this thesis, even a superficial analysis of the countries' exposure to conflict reveals obvious spill-over effects. A more in-depth review, however, reveals that these effects had more subtle consequences that often mitigated or alleviated these initial effects – or in some cases exacerbated them. For instance, while the immediate impact of conflict in Rhodesia was to sever one of Zambia's main infrastructural lifelines, I show that the threat to Zambia's trade routes also triggered large-scale investment projects in rail, road, and energy infrastructure as part of efforts to reassert the country's economic sovereignty. In a similar vein, in the case study on Malawi I highlight that the particularly sudden inflow of many hundreds of thousands of refugees overwhelmed local services even in spite of international assistance. On the other hand, I also demonstrate that following this humanitarian crisis, Malawi's receipts of foreign aid remained at elevated levels throughout subsequent decades, even well after these refugees' return. These examples highlight the danger of cursory analyses of such conflict contexts, which may result in distorted impressions and misguided conclusions.

- Fifth, this thesis argues that **spill-over effects result from the interaction between external risks and domestic policy choices**. Authors such as Murdoch and Sandler (2004) and Carmignani (2015) explicitly refer to spill-over effects as externalities, suggesting that neighbouring countries merely respond to dynamics that they have little influence over. However, even leaving aside the frequent involvement of neighbouring countries in the conflict itself, the policy choices of these countries play an important role in determining the type of spill-over effects they are exposed to. In comparing the cases of Zambia and Malawi, I show that while the aftermath of Rhodesia's Unilateral Declaration of Independence (UDI) caused severe disruption within Zambia, Malawi benefited from transit revenues of emergency supplies shipped to Zambia as well as from its involvement in busting those very same sanctions. In this instance, the divergent outcome may be explained primarily by the opposing political attitudes that the two countries adopted towards Rhodesia and other minority regimes. Similarly, in the case of Malawi, I point out that the influx of refugees in 1987 was the direct result of Malawi's expulsion of the RENAMO movement from its territory (in order to avoid the ire of other African states), resulting in a wave of violence that uprooted the local population. As such, although countries may not be able to wholly eliminate the risk of spill-over, they at least harbour some influence over the type of effects they are led to confront, even if unwittingly.

- Finally, this thesis aims to demonstrate that **spill-over effects are not limited to the realm of foreign policy, but also shape attitudes on domestic policies**. The neighbouring countries reviewed in this thesis did not themselves experience large-scale conflict within their own borders since their independence. As such, researchers of these countries have had little cause to consider security concerns and may be forgiven for not acknowledging the effect of regional conflicts on their developmental policies. I argue, however, that foreign policy considerations may shape or redirect political attitudes on matters typically regarded only as internal concerns. For instance, I argue that price controls imposed by the Zambian government on agricultural products were not merely the result of redistributive economic philosophy, but were a necessity underlying popular support for Zambia's militancy against Rhodesia and South Africa, mitigating the effects of the shortages created by this foreign policy. In another example, I argue that the nationalist-socialist doctrine of Zambian Humanism was legitimised and reinforced by the external security threats facing the country. Therefore, this thesis argues that an awareness of the nature of spill-over effects and regional security constraints are essential to appreciate the political constraints that may affect the policy space for developmental programmes.

Although this thesis emphasises the complex nature of spill-over effects and the large variance between separate cases, a number of common themes run across the various case studies. In each of the five case studies included in this thesis, for instance, the presence of refugees is a recurring factor, as are effects on trade – despite the different shape that effects on trade may take in different contexts. Such overlap between the various cases highlights the conceptual relevance of spill-over effects. Owing to such overlap, the examples in this thesis of Zambia, Malawi, Jordan, Belize and Thailand are complementary to one another, with later chapters drawing on the findings derived from earlier case studies.

In developing its argument, this thesis adopts an open-minded approach that seeks to avoid preconceptions as to the expected nature of conflict effects, basing the identification on such effects in first instance on a detailed historical analysis. In so doing, I challenge the selective focus by authors such Collier (1999), Murdoch and Sandler (2004) and Ades and Chua (1997) on the adverse consequences of war, which authors such as Cramer (2006) and Tilly (1975) have argued has no basis in history. Indeed, a central theme recurrent through this thesis is that spill-over effects of war are as varied as the nature of conflict itself. Much as war itself will have winners and losers, so too are those in proximity to the conflict confronted with a tapestry of changes to their environment that may be variously interpreted as having positive or negative impacts on communities' social and economic welfare.

The consequence of this approach is a morally-uncomfortable encounter with the fact that some aspects of armed conflict, depending on local circumstances, may be conducive to the economic growth of neighbouring countries. Examples discussed in this thesis, however, demonstrate that positive growth effects must be regarded as distinct from progress as viewed from the perspective of the broader concept of human development, as brought to the fore by Amartya Sen (1993). For this reason, where this thesis refers to positive growth effects, such statements do not imply that changes resulting from the conflict did not have offsetting effects on other developmental aspects. While this thesis makes every effort to fully identify such adverse effects, at the same time it does not aim to deny that policies that may generally be deemed damaging to human welfare may nevertheless contribute to economic gains.[1]

In *"The Bottom Billion",* Collier (2007, p. 6) estimates that close to a billion persons are living in countries exposed to one of the four developmental traps discussed in the book. Given the scale of the developmental challenges facing the world economy, and the fact that few states have the benefit of neighbourhoods fully devoid of conflict, neglect of the role of spill-over effects is a luxury that few practitioners in the field of development can afford to ignore. This thesis aims to shed light on the nature of these effects in order to contribute to a better understanding of their role in development and the formation of appropriate developmental strategies.

1.3 Methodology

As outlined above, research on spill-over effects has predominantly been in the form of longitudinal studies, which have the advantage of a broad scope, but at the cost of limited detail to the circumstances of each case. While several such studies now exist, some with contradictory findings, few case studies presently complement this work, and are thus unable to provide a link between the theoretical literature and its practical applications. In the absence of direct empirical evidence, any assumptions as to the routes through which conflict may carry regional repercussions can be derived only indirectly from the literature on countries in conflict, but such an approach is based on the tenuous assumption that the effects of conflict experienced in the conflict-afflicted country itself resemble those that neighbouring countries are exposed to. Aiming to address this gap, this thesis adopts a case study approach that employs historical and archival research to develop a comprehensive assessment of the array of spill-over effects.

To this end, the various case studies included in this thesis all follow a similar design. While the focus of the thesis and these individual country studies is on their interaction with nearby conflicts, an analysis of these dynamics depends on some understanding of the political environment in the

[1] For example, in section 2.4 I discuss examples from Colombia's history, where Maher (2014) argues that the conflict contributed to gains in trade and investment in the country's palm industry came, at the cost of widespread disregard for land rights and intolerance of local dissent. While the net effect of the conflict to Colombia's development may therefore have been decidedly negative, I argue that acknowledging the presence of economic gains in instances such as these does not detract from other social injustices, but rather contributes to a better understanding of their underlying dynamics.

neighbouring country. Each case study therefore includes a review of the historical background of each country, their path to independence, and the political trends that explain the country's political position vis-à-vis the conflicts in question. In addition, this background analysis also considers the various resources and constraints applicable to each situation that explain each country's interests and policy space. For instance, in the main case study of Zambia, the analysis highlights the historical links between Zambia and Rhodesia, Zambia's dependence on the Rhodesian railroads, and the importance of the country's copper mining industry, itself dependent on these same transport links and imported inputs. While this thesis argues that the conflicts around Zambia had a profound impact on its development, an understanding of the various parallel, domestic developments is essential to avoid the accidental misattribution of developmental effects to international, rather than internal factors.

The core of each of the case studies, however, is a rigorous survey of the various spill-over effects of neighbouring conflicts. Table 1 provides a framework highlighting the various channels by which conflict may affect a host country and its neighbours. The various mechanisms included in the table are drawn from the literature described in chapter 2, as well as from additional sources that could not be reviewed in full but contribute additional insights. The various factors identified in the table are not limited to those expected to affect economic growth (such as changes in physical or human capital), which is deemed to be too narrow a perspective, and instead cover a wider range of socioeconomic effects, including changes in prices, social capital, and institutions. As shown in Table 1, there is a more extensive literature on the assumed effects of conflict on the host country, then on the effects on neighbouring countries. Some of the sources reviewed in this chapter postulate some such effects, particularly as related to physical assets, labour and migration, trade and investment (Ades and Chua, 1997; Murdoch and Sandler, 2004; de Groot, 2010). Other effects listed in the table, have only been touched on indirectly or in a more cursory manner. Some of the effects shown, where no source is listed, represent my own hypotheses derived from the literature on conflict and development.

While these hypothesised effects are intended to provide a starting point for the various case studies, the list is not assumed to be exhaustive. Indeed, given that one of the goals of the study is to elucidate the various effects that have thus far gone unrecognised, the conclusion to this thesis provides a more extensive overview of the various channels identified based on these case studies, adding new effects that had not been anticipated at the start of this study. These include, for instance, effects on infrastructural investment, disruptions to the regional capacity to handle climatological shocks, diversion of institutional capacity, the cross-border effects of rapid demobilisation and transnational crime, impact on political ideology and domestic policy agendas, and consequences for regime legitimacy. These effects and others are elaborated on in subsequent chapters.

1.4 Selection of primary case study

Given the identification in the preceding section of a key gap in the existing literature in the form of detailed qualitative case studies able to inform larger-N longitudinal studies, the selection of suitable case studies poses an obvious methodological priority. Owing to the abundance of armed conflicts that have plagued the world over the last century, there is no shortage of potential case studies of countries having been exposed to nearby conflict. While armed conflicts have ranged from small-scale skirmishes surrounding coups and revolutions to larger-scale civil and international wars, the case selection for this thesis prioritised examples of medium to high-intensity armed conflicts, for two reasons. First, the scale of human, social and economic destruction caused by these larger-scale conflicts render them deserving of additional reflection, and increases the amount of source material available regarding these conflicts. Second, it may also reasonably be expected that neighbourhood effects increase with the scale and duration of the conflict, and may thus lend themselves more feasibly to in-depth exploration than effects resulting from smaller-scale conflicts of a short duration, where spill-over effects might be difficult to distinguish from other influences.

A second criterion concerns the exposure of neighbouring countries to any periods of *internal* conflict. Murdoch and Sandler (2004) have found that *domestic* effects of conflict are more than four times as large as the effect on neighbouring countries, so that any such domestic conflict would run the risk of obscuring subtler spill-over effects. The literature review in the next chapter also notes that economic effects of domestic conflicts are not only severe, but long-lasting. Given the primary focus of this thesis on spill-over effects rather than the internal economic consequences of armed conflict, this study explicitly excludes countries that experienced armed conflicts beyond low-intensity episodes during the period of interest, to avoid socio-economic effects from being drowned out by the effects of widespread violence.

Table 1: Identified and hypothesized socio-economic effects of conflict		
Effect	Domestic effect in conflict-affected area	Hypothesized spill-over on neighbouring regions
Physical capital and investment		
Destruction of physical capital	Lower productive output; loss of household assets and livelihoods; distributional effects (Justino & Verwimp, 2013); post-conflict phoenix effect (Organski and Kugler, 1980); uncertainty affecting investment (Collier, 1999; Blattman and Miguel, 2010)	Risk of retaliatory strikes (Gleditsch, Salehyan, & Schultz, 2008); destruction of capital in conflict zone may create demand for replacement goods
Capital flight and investment	Lower return on capital during conflict, followed by reversal of capital flows post-conflict (Collier, Hoeffler, & Pattillo, 2004; Davies, 2007); fewer social rights may attract investment (Maher, 2014); reversal of capital flows after conflict	Regional uncertainty may dissuade investors (Murdoch and Sandler, 2004); possibility of diversion of investment to neighbouring countries (de Groot, 2010).
Foreign aid	Relationship to growth rather than poverty reduction (Sahoo & Sethi, 2013); boosting investment while lowering productivity (Alvi & Senbeta, 2012); reducing investment while raising government consumption (Djankov & Montalvo, 2006); harmful effects of aid (Anderson, 1999); effect on reducing future conflict (Collier & Hoeffler, 2002)	Hub for foreign aid; generation of employment and demand; boosting growth where unproductive investments paid for by international community (de Groot, 2010); effect of humanitarian crisis on boosting a country's diplomatic capital
Life, labour and human capital		
Destruction of life and human capital	Loss of life and limb; psychological effects; long-term convergence of living standards and human capital (2011); effect on educational achievement (Shemyakina, 2006); imbalance effect related to physical/human capital destruction (Barro & Sala-i-Martin, 2003)	Cross-border incidents and insecurity; minefields; retaliatory strikes; recruitment by guerrilla groups (Salehyan & Gleditsch, 2006)
Health effects	Disruption of infrastructure and agricultural production; increased disease burden among vulnerable populations; persistent nutritional effects (Alderman, Hoddinott, & Kinsey, 2006; Bundervoet, Verwimp, & Akresh, 2009); long-term persistent transition to subsistence farming;	Risk of population movement/refugees in spread of communicable disease; burden to host country's health systems; effect of movement of refugees on epidemics (Montalvo & Reynal-Querol, 2007); effect on HIV/AIDS (Collier P. , 2007)
Diversion of labour and disruption of production	Diversion of labour into security roles; destruction of employment opportunities; collapse of domestic demand; post-conflict challenges resulting from demobilisation (Colletta, Kostner, & Widerhofer, 1996; Collier P. , 1994)	Diversion of labour into security roles (de Groot, 2010); loss of livelihoods from reduced trade; competition for employment/livelihoods by refugees; growth of informal sector (Abdih, Gamba, & Selim, 2014)

(continued) Identified and hypothesized socio-economic effects of conflict		
Trade and prices		
Trade disruption	Trade reducing propensity for inter-state war (Polachek S. W., 1980); reduction in output; higher cost of transportation; increased uncertainty; destruction of market networks and increased transaction costs (Buchanan-Smith, El Tayeb, & Fadul, 2013); overall reduction in trade (Bayer & Rupert, 2004)	Disruption of trade from political instability (Ades and Chua, 1997); possibility of increase in trade with other neighbouring countries (de Groot, 2010); opportunities for informal trade; shifts in comparative advantage; impact on tourism (Abdih, Gamba, & Selim, 2014)
Relative prices	Relative prices as a factor in conflict risk (Caruso, 2010); distributional effects	Changes in prices as affecting trade patterns; effect of conflict on productivity, factor inputs and prices (Saif & DeBartolo, 2007)
Government, institutions and society		
Social capital	Relationship between social capital and growth (Putnam, 1994); social legacies still poorly understood (Blattman and Miguel, 2010); increased propensity for violence (Miguel, Saiegh, & Satyanath, 2008); increased political activism (Blattman, 2009; Carmin & Breznitz, 1991)	Tension from inflow of refugees (Salehyan and Gleditsch, 2006); cross-border linkages increasing ethnic tensions (Buhaug and Gleditsch, 2008); opportunities for corruption; proliferations of small arms and persons trained in violence; exposure to transnational crime and the drug trade (Collier P. , 2007)
Diversion of government expenditure	Increase in military expenditure and cost of contract enforcement with delayed reversal owing to demobilisation (Collier P. , 1999); peace dividends (Knight, Loayza, & Villanueva, 1996); accumulation of debt (Deger, 1986; Smyth & Narayan, 2009)	Military expenditure correlated with regional political instability (Ades and Chua, 1997); military expenditure as having positive growth effects (De Groot, 2010)
Institutions	No consensus on effect on institutions (Blattman and Miguel, 2010); loss of monopoly on violence and legitimacy; state-building effect of effects (Tilly, 1975; Weber, 1965; Weinstein, 2005); institutions as factor in post-conflict recovery (Blattman and Miguel, 2010); effect on growth dependent on democracy rating and poverty (Polachek, 2012)	External threats may lead to stronger institutions (Doner, Ritchie, & Slater, 2005); role of institutions and democracy in avoidance of contagion effects; cost of involvement in mediations and negotiations
Source: Author's compilation based on references cited in table		

Albeit necessary, this selection criterion has an important implication for the application of the findings of this thesis to other cases. By excluding neighbouring countries that have themselves been exposed to conflict, the case selection naturally excludes any contexts where contagion effects occurred, involving the cross-border spill-over of the actual conflict itself. In such situations, spill-over effects may have had severe consequences for neighbouring countries, which have been explored in the separate literature on contagion, as described in section 2.2 in the literature review. By focusing on the transnational dimensions of violence and civil war, however, studies within this literature typically devote comparatively little attention to more nuanced socio-economic spill-over effects that are the focus of this thesis, and can only be studied in contexts where neighbouring countries avoided internal conflict. Although the cases covered in this thesis thus represent a sub-selection of the total universe of examples of countries exposed to spill-over effects, the effects identified are not limited to this selection, and thus contribute to a better understanding of spill-over effects generally, including in cases where conflict contagion may occur.

As a single case study could not hope to capture the full-range of potential spill-over effects, this thesis adopts a design based around one primary, in-depth case study, alongside more concise supporting case studies to provide a rounded, comprehensive understanding of neighbourhood effects. For the primary case study, two additional considerations were considered during the selection process. First, it was deemed preferable that the primary case study focuses on a neighbouring country directly adjacent to a country in conflict. Murdoch and Sandler (2004) and de Groot (2010) both suggest spill-over effects may include effects on nearby but non-contiguous states, with positive effects becoming more noticeable with increasing distance. To explore these different dynamics, this thesis considers examples both from contexts where the neighbouring country was directly adjacent to the country in conflict, and where it was further removed geographically. De Groot argues that adverse effects will be most severe on “primary” neighbours that directly border the host country, for which reason it was deemed appropriate that the main case study of this thesis fall in this category, with the effects on “secondary” neighbours explored in one of the supporting case studies.

Second, it was deemed preferable that the primary case study involve a developing country, and one that has achieved independence. Given the finding by Braithwaite (2010) that the scale of conflict effects is highly dependent on the quality of institutions, findings from the context of an advanced, industrialised country may not translate well to that of developing economies. While both cases are of interest (as illustrated by the case of Portugal in the introduction), given the positioning of this thesis within the literature on development studies, for the purpose of the selection of the primary case study preference was given to developing countries. Moreover, to avoid a major political transition from clouding the results, only countries that had achieved independence by the time of the conflict were considered for the main case study, while examples of a more developed country and a country with a late transition to independence were included for comparison in the supporting case studies.

Using the UCDP/PRIO armed conflict dataset by Gleditsch et al. (2002), these criteria were used to create a shortlist of potential case studies. Aside from the criteria above, a number of pairings were also removed to exclude island conflicts, such as those in Cuba, Indonesia and the Philippines. Additionally, conflicts in China, India, Pakistan and Russia were removed owing to the size of these countries and the distance between the location of the conflicts in these countries and "neighbouring" countries.

As shown in Table 2, the list of case studies resulting from this analysis is comparatively small.[2] This is not surprising, owing to the comment earlier in this chapter that conflict has tended to be the nor, rather than the exception in most countries' development, thereby excluding many countries with ongoing or recent conflict in their history from consideration. Moreover, in accordance with the findings from the literature on conflict contagion that countries in the immediate vicinity of conflict may face higher risk of conflict themselves, the number of countries that have avoided significant conflict while in direct proximity medium or high-intensity conflicts is particularly limited. In fact, in the list below, a number of countries have been included that have themselves been involved in conflicts on their own territory, such as Kenya (the Mau Mau rebellion, 1952-1960), Tanzania (the Uganda-Tanzania border war (1978-1979), along with various smaller scale disturbances in several of countries shown in West Africa (such as Ivory Coast and Cameroon). These countries were nevertheless included in this shortlist as the timing of these conflicts, or their duration, was not expected to have overshadowed the impact of the various neighbouring conflicts identified.

A third feature deemed preferable in the *primary* case study was a degree of political stability including not only the avoidance of internal conflict, but also the absence of coups and revolutions, thereby reducing domestic factors of uncertainty and avoiding the danger of misattribution or spill-over effects and effects resulting from domestic sources of instability. For this purpose, a supplementary measure of political stability, as adopted by Barro (1991) and employed by Ades and

[2] It should be noted that differing definitions on what constitutes a conflict the determination of the scale of such conflicts varies between datasets, so that the selection of cases resulting from this process is not presumed to include the complete universe of cases, but rather to provide an initial, intuitive selection. One of the reviewers of this thesis, for instance, commented that Ghana might also be considered eligible for inclusion. While neighbouring Ivory Coast, the civil war in this country was of a comparatively lower intensity than many of the other cases included in the table, despite the numerous casualties resulting from the conflict, and was therefore not included in this shortlist.

Chua (1997) provided a secondary basis for selection of the primary case study, with an example of a country more exposed to political instability to be included in the supporting case studies.

Table 2: Shortlist for primary case study	
Neighbouring country	Exposed to
Zambia	Angola (1961-1974, 1975-2002) Zaire/DRC (1960-1966, 1996-2003, 2004-2009) Mozambique (1964-1974, 1977-1994) Rhodesia/Zimbabwe (1965-1979)
Tanzania	Rwanda/Burundi (1993-2005) DRC (1960-1966, 1996-2003, 2004-2009) Mozambique (1964-1974, 1977-1994) Uganda (1978-1986)
Malawi	Mozambique (1964-1974, 1977-1994)
Botswana	Rhodesia/Zimbabwe (1965-1979)
Kenya	Ethiopia (1974-1991) Somalia (1991-present) Uganda (1978-1986)
Libya, Mali, Niger	Algeria (1954-1962, 1991-2002)
Ivory Coast, Guinea	Liberia (1989-1996, 1999-2003)
Cameroon, Benin, Niger	Nigeria (1967-1970, 2009-present)
Chile, Brazil, Ecuador	Peru (1980-present)
Thailand	Cambodia (1967-1975) Laos (1953-1975) Myanmar (1948-present)
Jordan	Iran-Iraq (1980-1988) Iraq (1990-1991, 2003-2011, 2014-present) Israel/Palestinian Territories (multiple) Syria (2011-present)
Saudi Arabia	Iran-Iraq (1980-1988) Iraq/Kuwait (1990-1991, 2003-2011, 2014-present) Yemen (1962-1970, 1998-2015)
Turkmenistan, Azerbaijan, Armenia	Iran-Iraq (1980-1988)
Notes: Author's selection based on UCDP/PRIO dataset by Gleditsch et al. (2002), based on the criteria discussed separately	

Of the list above, three countries – Zambia, Malawi and Kenya – are also highlighted by Ades and Chua as being among the 10 countries with the greatest relative stability compared to their neighbours. The fact that Zambia and Malawi both feature as eligible case studies in both lists is of special interest, given that the two countries are direct neighbours and were affected by the same regional conflicts in Rhodesia and Mozambique, providing an opportunity for a comparison of the experiences of the two countries. Based on these considerations, Zambia was chosen as the primary case study, with Malawi included as a supporting case study.

Zambia's exposure to multiple conflicts, spanning several decades, provides a comparatively large evidence base. While the downside of such overlapping conflicts is that it complicates the disentanglement of their individual effects, on the other hand such a context provides an opportunity to assess not only the individual effects of conflict, but also the interaction between them. Furthermore, the peak period of instability in Zambia's immediate neighbourhood occurred during the independence wars of the 1970s, in Angola, Mozambique and Rhodesia, which given the lag in the declassification of government documents renders this time period well-suited to archival research. Owing to the close involvement of British government in the conflict in Rhodesia, moreover, this conflict is comparatively well-documented, and the inheritance of British colonial institutions in Zambia has ensured that its national archives provide a reasonable track record of the country's development over these various decades. Moreover, the country offers a more hospitable environment for research than several others on the list, yet has received relatively little attention in studies of development.

An obvious critique of the selection of the Zambian case might be that the country was more than a neutral bystander in these neighbouring conflicts and, as documented extensively in this thesis, actively involved itself in these conflicts. Not only did it provide logistic, material, financial and diplomatic support to various armed groups, but its own armed forces were involved in cross-border expeditions. The country also actively supported the imposition of sanctions against Rhodesia, and played a leading (albeit only moderately successful) role in mediation efforts, while being the target of a number of damaging retaliatory strikes, particularly by the Rhodesian Air Force. It might, therefore, be argued that some of the effects experienced on account of these conflicts, particularly in the Rhodesian case, did not represent mere spill-over effects, but rather the direct results of participation in conflict. This thesis, however, argues that spill-over effects should be understood in a broad sense, and that in most conflict contexts, neighbouring states may find their vital interests at risk. Willingly or unwillingly, these states may thereby be forced to adopt a polarised foreign policy position. In this manner, a degree of contagion, albeit involving a degree of participation and involvement on the side of the neighbouring government, may be considered to be part of the spill-over of the conflict into the wider region. Indeed, exclusion of cases where neighbours chose to support a side in the conflict would eliminate the majority of the cases listed above.[3]

As this is, to the author's knowledge, the first comprehensive study of its kind, a primary purpose of the Zambian case study is to provide a complete account of the various direct and indirect channels by which the conflicts in Angola, Mozambique and Rhodesia (and to a lesser extent, the DRC) affected Zambia's development. Rather than merely seeking to affirm and detail the mechanisms that have been previously postulated to exist by authors such as Murdoch and Sandler (2004) and de Groot (2010), this thesis seeks to undertake a detailed survey of various aspects of the Zambian state, with particular focus on the years from independence to the end of the Rhodesian civil war in

[3] Interestingly, Malawi represents an exception to this point, in that it adopted an explicit policy of non-alignment. The example of Malawi has been included as a supporting case study, and shows that a policy of non-alignment may not only be untenable in the face of regional conflict, but also provides no insulation against spill-over effects. In fact, the case shows that some of the most severe spill-over effects on Malawi occurred when it chose to expel the RENAMO movement from its territory, demonstrating that either the provision of support or its denial can give equal cause to spill-over effects.

1979. Given this depth of focus, the Zambian case study takes up the majority of this thesis, including separate chapters on the human cost of the conflicts in terms of deaths, health and migration, on trade, infrastructure and investment, on agricultural production and food security, and on the diversion of resources to defence and the guerrilla war.

1.5 Selection of supporting case studies

No single case study can provide a complete account of the varied nature by which conflicts may affect cross-border development. Alternative historical examples, which fall into alternative categories based on the above criteria, are therefore included as supporting case studies. Ultimately, Murdoch and Sandler (2002; 2004) and de Groot (2010) demonstrate that conflicts are not created equal, and that context matters; as such, conflicts of a different scale, nature, and duration, or occurring in distinct regions or geopolitical circumstances may carry a unique set of consequences. For this reason, the four supporting case studies included in this thesis provide a comparison with the case of Zambia, and explore the impact of such different contextual factors. As outlined in the preceding section, a number of criteria were employed in the selection of the primary case study, resulting in the selection of the Zambian case. Several of these criteria, including the requirement for direct border contiguity, for a status as a developing country, and for long-standing independence, were adopted in an effort to arrive at a country that lends itself particularly well to a more in-depth analysis of spill-over effects, but should not be considered as essential requirements, and were therefore not considered disqualifying factors in the selection of the supporting case studies.

Firstly, the case of Malawi has been included to provide an alternative account within the same region of southern Africa. Like Zambia, Malawi has remained exceptionally stable since independence, while having been exposed to several readily delineable conflicts. The case is particularly instructive owing to Malawi's attempt to maintain a degree of neutrality in the face of regional instability, so that a comparison of the cases of Zambia and Malawi helps to address the question of the extent to which effects suffered by Zambia were, to a degree, self-imposed.

Secondly, the penultimate chapter contains three case studies purposefully representing three separate regions, and which purposefully seek to provide a contrast to the Zambian and Malawian case. The case of Thailand, first of all, was included to provide an insight into the regional effects of an international war, and the effect on "secondary" neighbours not directly bordering the country in conflict, as defined by de Groot (2010), in contrast to the focus in the main case study on a "primary" neighbour. While having been directly adjacent to conflicts Cambodia, Laos and Myanmar, the case of Thailand also features includes an analysis of the impact of the Vietnam on Thailand, with which Thailand does not share a border, with special attention also paid to its close military relationship with the USA. In addition, the example of Thailand provides a counter-example of a country that lacked the British colonial past shared by Zambia and Malawi.

Next, this chapter includes an analysis of the case of Jordan, to provide an example of a more developed country, in contrast to the selection of developing countries in the main case study on Zambia, and its sister-case of Malawi. The case of Jordan, however, is instructive not only for the more advanced economy of the country, but also for the fact that it provides an example of a more recent – and ongoing – conflict region. This example serves to explore several channels for which data could not be found for the Zambian case, including trends in real estate prices, and considers the special status of Palestinian refugees in Jordan – whose deep integration into their host society presents an extreme case of broader phenomenon.

Finally, the chapter includes an example of a country that, for part of its exposure to a neighbouring conflict, had not yet achieved its own independence. Belize, previously known as British Honduras, was exposed to the civil war in Guatemala from 1963 to 1995, and only achieved its own independence in 1981. Its case is noteworthy, not only because of its close relationship with Britain for much of this period, but also because it presents a contrast to the Zambian case with respect to its geographic position. Whereas much of Zambia's vulnerability was derived, as a landlocked country, from its dependence on transport routes through Rhodesia, Mozambique and Angola – in the case of Belize, the country in fact controlled key transport routes into Guatemala. Moreover, the case of Belize permits the exploration of another spill-over channel, in the form of its effect on the facilitation of transnational crime, and highlights the risks associated with post-conflict demobilisation on neighbouring countries and the challenges with respect to international security cooperation in a post-conflict environment.

In sum, these supporting case studies serve several purposes. First, these studies help assess the extent to which mechanisms identified in the Zambian case are unique to the Zambian context, or may be postulated to apply more widely to different conflict environments. Second, the studies contribute to a more complete picture of the various channels through which countries in conflict may affect their neighbours. Third, the comparison of different outcomes of individual spill-over effects in each of the various cases serves to identify risk factors and possible policy responses that may affect the nature and depth of particular effects. Fourth, the various case studies draw on different streams of academic, governmental, institutional and journalistic literature, and thereby serve to introduce and bring together a varied set of approaches to the analysis of conflict and its regional effects. Ultimately, while no finite set of case studies can aim to provide a complete and exhaustive assessment of the full scope of potential spill-over effects, it is hoped that the diverse nature of the case studies, covering five neighbouring countries exposed to twelve conflicts, provides the foundations for a more extensive evidence base and will help inspire further research on this topic.

1.6 Data sources

In order to provide as complete an account as possible of the experiences of the five selected cases in the face of regional conflict, this thesis draws on a wide variety of sources. Although a complete overview is provided in the list of references at the end of this study, some of the key sources are elaborated here.

Most of the field work for the Zambian case study was completed over the course of two extended visits during the 2013/2014 academic year, when much of the original data for the study was collected. As the Zambian case study focuses on the period from 1964 to 1980, many of the findings draw on archival research conducted over the course of these field visits. In Lusaka, two invaluable depositories of information include the Central Statistics Office (CSO) and the National Archives. The CSO contains records of most major governmental publications and cover most ministerial departments. Although some records are missing, most gaps could be filled on the basis of subsequent editions, which typically contain several years' worth of historical data. That said, the contents of various key reports, such as the government's Monthly Statistical Bulletin, have varied over time, so that key datasets (such as records of railway shipments), could not be completed for all historical periods. More detailed census data, living surveys, and health assessments have been published by the CSO since the 1990s and provide valuable data on a subnational level, albeit the lack of similar data for earlier periods preceding the main conflicts following Zambia's independence hampered their applicability to this study.

A notable, but predictable gap in the CSO's archives is any data on military expenditure, defence priorities and foreign policy. For this reason, quantitative data on military spending has largely been drawn from estimates provided by the Stockholm International Peace Research Institute (SIPRI). However, numerous documents concerning Zambia's foreign policy, defence arrangements and support to liberation movements have been declassified, and are available at the country's National Archives. This archive provided invaluable insights into the internal workings of President Kaunda's cabinet, as it included correspondence at the ministerial and ambassadorial level, with the British foreign office and the African Union's Liberation Committee, as well as declassified intelligence reports on Rhodesia, South Africa, and various rebel movements. Documents from these archives provide much of the source material used in this study to detail Zambia's direct and indirect involvement in the conflicts in its neighbourhood, as well as its contingency planning efforts. The

National Archives also include a near-complete archive of major newspapers, such as the Times of Zambia. With the aid of two research assistants, the author reviewed and categorised the publications of this periodical for the period from independence to the late 1970s, to construct a more detailed narrative of major conflict events, as well as construct an image of the popular and government-sponsored view of these conflicts and their effects on Zambian society.

This archival research was further supported by a series of interviews conducted during the same period in Lusaka, parts of the Zambian Copperbelt, and the Southern Province border Zimbabwe, in and around Livingstone.[4] Interviews were mostly conducted in English, with few exceptions where an interpreter was required. Interviewees included senior former military officers, cabinet members, policy advisors, border personnel, refugees, traditional and community leaders, members of the business and diplomatic community, development workers, medical staff, provincial and local administrative staff, and representatives of the mining industry. Interviews were designed in a semi-structured manner, designed to help identify new issue areas and assess commonly-held perceptions of key events. Archival research was used to back up anecdotal claims with verifiable evidence. Although only a selection of interviews has been directly cited in the final thesis, these interviews were critical in shaping the author's perception of Zambia's historical trajectory and society, and the author owes a debt of gratitude to all willing participants for contributing invaluable insights into Zambia's and their personal historical experiences in what was for some a difficult period of their lives. Appendix 1 includes an overview of the interviews conducted as part of this thesis.

Several other archives and databases provided further access to source material. The archive of government publications, located at the London School of Economics and Political Science, provided a convenient and comprehensive source for statistics, speeches and reports, and was particularly valuable in the analysis of the foreign policy of Malawi. The DAG repository, part of the Dag Hammerskjold library of the United Nations, provided access to historical UN reports, which provided insights into the effects of sanctions against Rhodesia and subsequent country responses. The H. K. Banda Archive at the University of Indiana provided a unique collection of correspondence of the late president with various domestic political figures as well as with other foreign leaders. Databases maintained by the International Monetary Fund, the World Bank, the International Finance Corporation, and the Inter-American Development Bank provided additional background statistics on economic growth, inflation, government expenditure, and trade.

[4] Some additional follow-up interviews and archival research were also carried out on behalf of the author by the author's local research assistant during the summer of 2014 and the summer of 2015.

In a more indirect manner, this thesis also draws on the author's previous field experiences in Jordan, Iraq, Myanmar and Sudan. From 2008 to 2009, the author was employed on behalf of the IOM in Egypt, Jordan and Iraq as an international refugee caseworker and team leader. Various of the observations in the Jordanian case and the various sections on migration and refugees have benefited from some of the insights gleaned over the course of this experience. From 2009 to 2011, the author was employed on behalf of a non-governmental medical organisation in Sudan and Myanmar, providing emergency and long-term health support, which helped inform the narrative of the spill-over effects of conflict in terms of health and nutrition, as well as the section on the conflict in Myanmar included as part of the case study for Thailand. Over the course of the completion of the thesis, the author has also been employed as an economist on behalf of a mining market consultancy firm, which provided access to additional contacts and information on Zambia's mining industry.

Finally, every effort has been made to include as wide a variety of secondary sources as possible. Valuable research on Zambia, southern Africa and the other selected case studies was carried out in works published in the 1970s and 1980s, covering regional developments, political trends and challenges to the local economy. Although newer publications have an unfortunate habit of basing their work primarily on studies conducted in the last two decades, many of the older works cited in this thesis have retained their relevance and provide a treasure trove of evidence, specific to the historical periods in question and their *zeitgeist*. The various case studies therefore make extensive use of such older works, in conjunction with more recent studies that enjoy the benefit of hindsight and several additional decades worth of insights into the dynamics of conflict and development.

1.7 Overview by chapter

This thesis is divided into four parts, comprised of an introductory section and literature review, followed by the main body of the thesis in five chapters covering the primary case study of Zambia, and two chapters covering supporting evidence from Malawi, Jordan, Belize and Thailand, followed by a final, concluding chapter.

In chapter 2, I provide a literature review that draws on separate strands from the literature on conflict and development – two fields which have only recently been brought together. Following on from a discussion of the literature on contagion and the transnational causes of war, the section on the economic consequences of civil war sets out some of the main channels that have been postulated to date, and which are incorporated in Table 1. In this chapter, I show that much of the work on the economic consequences of war has revolved around longitudinal studies that have also formed the foundation for much of the subsequent work on spill-over effects. While studies by

Collier have focused on the identification of the various adverse channels, the review takes note of some authors who have sought to address this imbalance. The review progresses with a more detailed analysis of the works cited earlier in this introduction, including those by Ades and Chua (1997), Murdoch and Sandler (2002; 2004) and de Groot (2010), who have provided an exploration of the topic of economic spill-over effects. I conclude the chapter with an identification of the gaps in the literature and the position of this thesis within this body of work.

In chapter 3, this thesis offers a brief introduction to the primary case study of Zambia, focusing on the period since independence. Aiming to provide the introductory context on which the subsequent four chapters build, this chapter offers a succinct political and economic account of the history of Zambia. The chapter also provides an overview of the conflicts in Angola, Mozambique, Rhodesia and the DRC, as well as Zambia's exposure and direct diplomatic and security involvement in the conflicts in these countries, which include the wars of independence in the former Portuguese colonies and Rhodesia, as well as subsequent civil wars. As the various other chapters on Zambia provide more detailed insights into particular aspects of Zambia's experience, this chapter has intentionally been kept concise.

In chapter 4, I delve into the first set of spill-over effects, focusing on effects on trade, industry and commerce. Owing to Zambia's deep dependence on Rhodesia, this chapter sets off with an analysis of the impact of UDI and the subsequent war of independence in this country, the effects of the sanctions regime imposed against it, and Zambia's policy responses. The chapter argues that, in line with Collier (2007), Zambia's nature as a landlocked country dependent on Rhodesian railways exacerbated effects on trade, albeit partially self-inflicted as a result of Zambia's voluntary participation in sanctions. However, the chapter highlights, that Zambia's economic plight helped ensure international assistance in the development of new transport links, including the TanZam railway. This, on the hand, simultaneously contributed to the diversion funds from mining and industrial development in favour of import substitution and the development of independent infrastructure. Illustrating that such trade and investment effects are not unidirectional, however, the chapter concludes by providing a counter-example from Zambia's exposure to the conflict and political instability in the DRC, and argues that the boom in investment in its mining industry in the late 1990s is directly attributable to the deterioration of the security environment within its northern neighbour.

In chapter 5, the thesis embarks on analysis of the human cost of these various conflicts. While direct losses of life or limb in Zambia resulting from any direct cross-border violence, were limited, Zambia's role as a host nation for many hundreds of thousands of refugees confronted Zambia's young, newly-independent regime with a range of policy challenges. The chapter provides a detailed look into the motivations and implementation of Zambia's refugee policy, and argues that any spill-over effects resulting from the conflicts in Angola and Mozambique can only be considered in unison with an analysis of these policy decisions. The thesis challenges commonly-cited notions associating refugees with the spread of communicable diseases, particularly with respect to HIV/AIDS. At the same time, the thesis concludes that the socio-economic role played by refugees in Zambia was strictly limited by Zambia's unusually restrictive measures against refugees' freedom of movement, education and labour, and thereby underutilised the potential skills brought in by refugees. The chapter identifies Zambia's low population density and high urbanisation rate, as well as Angolan' refugees farming background, as contextual factors that would have permitted the country to benefit from an inflow of cheap and skilled agricultural labour, if such integration had been more widely supported.

In chapter 6, I focus on the issue of food security arguing that in a low-income environment, this topic is among the most urgent from the perspective of human development. The chapter explores changes in Zambia's food balance over the course of the various conflicts, the influence of the disruption of food production in Mozambique, and the inflow of refugees. It argues that trade relationships in southern Africa followed patterns linked to regional rainfall, with drought-afflicted countries relying on imports to make up temporary shortfalls, and argues that the conflicts in southern Africa disrupted these coping mechanisms. The chapter also explores Zambia's agricultural policy, and shows that much-maligned policies, including the institution of an agricultural marketing board and the maintenance of artificially low maize prices, cannot be seen separate from the country's political and foreign policy context. The chapter makes the case that Zambia's foreign policy, which exposed the country to trade disruptions and acute shortages, would not have been sustainable without the support of the urban masses, thus necessitating the maintenance of costly price controls.

In chapter 7, the case study of Zambia concludes with a closer look at the question of the diversion of resources to military expenditure. Drawing on archival evidence, the chapter assesses the increase of Zambia's defence spending on its regular forces and the various guerrilla movements it hosted and supported, as well as the role of international financial support in financing the guerrilla movements. While confirming the presence of an inflationary effect on security spending, the chapter demonstrates that such spending was financed by an increase in the budget deficit, rather than by diversion of health or educational budgets. Moreover, the chapter argues that such increased debt levels were made possible by virtue of Zambia's proximity to conflict and the diplomatic status it derived from its role as a frontline state and host country to refugees.

In chapter 8, the thesis turns to the opposing case of Malawi, where the country's refusal to participate in sanctions led to its gradual realignment to the south. The chapter provides evidence to show that, following UDI, Malawi benefited from both sides of the political conflict, earning transit revenues on emergency supplies shipped to Zambia and facilitating the circumvention of sanctions by Rhodesia. At the same time, Malawi's support for a policy of engagement earned it favours from South Africa, in the form of access to loans, grants, favourable trade agreements, and investment. With respect to refugees, the chapter argues that the main inflow of refugees was the direct result of Malawi's decision to expel RENAMO's guerrillas from its territory, demonstrating that such spill-over effects are not a mere externality and that disengagement may carry risks as great as a country's active involvement in conflict. The chapter concludes with an analysis of food security, and argues that Malawi's exposure to conflict promoted active state intervention in the agricultural sector, but triggered a larger decline in agricultural production than in the Zambian case. The comparison between the cases of Zambia and Malawi highlights that spill-over effects are context-specific, may operate in different directions, and are influenced by neighbouring countries' foreign and internal policy decisions.

In chapter 9, I explore the spill-over effects on three other countries. In the case of Jordan, I focus on three aspects particular to the Jordanian case, including the deep integration of Palestinian refugees, indications of the diversion of trade from other Arab states to Jordan, and evidence from of capital flight into Jordan. In the case of Belize, I challenge the notion of an opportunity cost on trade, arguing that domestic factors and the limited focus on exports of manufactured products have been the main cause of limited growth in Belize's trade flows. In addition, I argue that Belize's surge in criminal violence and involvement in the international drug trade is directly attributable to the end of the conflict in Guatemala and the demobilisation of large numbers of security personnel. Finally, in the case of Thailand, I explore the benefits that the country extracted from its military alliance with the US, and consider Thailand's involvement in the illicit border economies focusing on the trade in timber, gems and drugs. In combination, these case studies demonstrate that the dynamics first observed in the Zambian case apply more broadly to other environments, but may take radically different shapes, once again challenging the usefulness of quantitative studies' attempts at estimating the "average" impact of a neighbouring conflict on economic growth.

In chapter 10, finally, I present the findings of these case studies in the form of a framework based on the identified channels, their risk factors, and potential policy responses. On the basis of these findings I summarise the results of this thesis in four main conclusions. First, I show that the evidence presented in this thesis demonstrates that individual spill-over mechanisms explored in this thesis may have both positive and adverse consequences for economic growth. Second, I argue that aside from direct effects on the economy, exposure to neighbouring conflicts can trigger subtler changes in policies and political philosophies, and legitimise nationalist, socialist and protectionist policies. Third, I emphasise the point that spill-over effects of conflict ought to be understood not as an externality but rather as the result of an interaction between external risks and domestic policy responses. Fourth, I point to the differential impact of the conflicts discussed in this thesis on separate segments within society to call for an increased focus on sub-national, micro-economic and household level analysis. I conclude the chapter by discussing the implications of these findings to conflict management, humanitarian assistance and development aid, and present a number of suggestions for further research.

2 Literature review

2.1 Introduction

The study of the economics of armed conflict, also referred to as the field of conflict economics, is among the newest areas of development research. For good reason, the topic was avoided in earlier works of development, as in circumstances of widespread violence few of the conditions often assumed in economic models apply. From a policy perspective, civil and international conflicts may hollow out the efficacy as well as the legitimacy of international stakeholders at the same time as undercutting their interest in developmental matters, as issues of state security, nationalism, and regime stability take up a primary role. War and other forms of conflict are, in other words, "messy", and far-removed from the ideal circumstances preferred in academic works, or the formulaic application of theory and best practices accumulated by international institutions such as the World Bank or the IMF.

For these reasons, armed conflicts have frequently been regarded as an exceptional case only, beyond the scope of introductory texts, and related only tangentially to the main body of work on human, social or economic development. As observed by Blattman and Miguel (2010), who themselves provide one of the most authoritative reviews of studies at the nexus of conflict and development, by the end of the 1990s two textbooks in common use made no reference to key terms related to conflict in their index. The two authors furthermore found that only 13% and 24% of undergraduate and graduate development courses, respectively, included a discussion of the causes or consequences of civil war as part of their syllabi (Blattman and Miguel, 2010, p. 5, citing Ray, 1998 and Todaro, 1999). Similarly, the fields of strategic studies, security studies, and conflict management tend to place primacy on military and political dimensions and typically limit their analysis of economic conditions to the extent to which they influence the interests and behaviour of conflict participants.

Exposure to armed conflict over the course of countries' development is, however, anything but rare. Indeed, the number of countries that have maintained relative stability from independence to the present time is comparatively small. A few such cases, including Zambia, Malawi, Jordan, Belize and (to a lesser extent) Thailand are discussed in this thesis, but appear to be the exception rather than the norm. This observation suggests that conflicts may represent a natural consequence of political, economic and societal change, and the process of state formation (Tilly, 1975). Building on this realisation, the early omission of the study of armed conflicts from development studies has started to be remedied, and over the last two decades the topic has entered the mainstream literature, with the scale and depth of impact on development having received more explicit attention (Blattman & Miguel, Civil War, 2010, p. 45; de Groot, 2013, p. 498). In 2011 the World Bank's World Development Report, subtitled "Conflict, Security and Development", demonstrated that the study of the impact of armed violence on development has graduated from a fringe academic topic and has come to occupy a more central role within policy discussions and developmental programmes (World Bank, 2011).

This review of the existing literature on development and armed conflict is focused specifically on the coverage of *spill-over* effects. Understandably, interest in neighbourhood effects of violence has generally taken a secondary role to the study of the effects of conflict on the conflict zone itself. However, perhaps owing to the larger body of work on the causes and consequences of armed conflict within the conflict zone itself, the strand of the literature dealing with regional contagion and economic effects has remained closely linked to it. In reviewing the strand of literature that has been focused on neighbourhood effects, this thesis will argue that much of the quantitative work done on this topic has been hampered by authors in this field having drawn inspiration from literature on countries in conflict, rather than from actual case studies of countries exposed to conflict spill-over. This literature review therefore concludes that to accurately understand the nature of such neighbourhood effects, case studies such as the ones provided in this thesis will be essential to improve the design of future studies and the derivation of policy advice.

2.2 The causes of war

In the aftermath of the great wars of the twentieth century and the enduring spectre of nuclear war, the question of the causes of conflict and the possible means to avoid it have been of primary interest to politicians and academic research for much of the past century. Following the re-emergence of conflict in parts of Europe and Africa in the end of the 1990s, studies of the triggers of conflict and possible prevention strategies once again came to occupy a central position in the academic study of conflict and development. Thorough reviews of this topic have been provided elsewhere (Blattman & Miguel, Civil War, 2010; Gleditsch K. S., 2007; Collier & Hoeffler, 2007), but a more succinct discussion is provided here. While this thesis does not focus on the causes of war, a brief review of the literature on this strand of research is nevertheless of relevance to the literature on the consequences and spill-over effects of war, for three main reasons.

First, while a large set of risk factors have been identified that are associated with the onset of war, problems of endogeneity mean that many of the factors identified cannot conclusively be considered a cause or a consequence of war. Second, part of the literature on the causes of war focuses on the possibility of contagion, through the physical or indirect spread of violence from one country to another. While economic spill-over may occur even in the absence of any cross-border violence, the two strands of literature bear a close resemblance. Third, methodologies used in the literature on spill-over effects has, to date, largely been borrowed from studies on the causes and transnational dimensions of war. Both bodies of research have been dominated by large-N type studies, even though in the case of studies of economic spill-over effects, such studies have not had the benefit of a large body of case studies to inform their hypotheses.

Since 1963, but increasingly since the late 1990s, a voluminous collection of studies has emerged around the Correlates of War project (Singer & Small, 1966). As part of this project and subsequent efforts, numerous risk factors have been identified that have shown robust statistical relationships with the onset of conflict, with factors such as low income, rough terrain, prior instances of instability, and weak democracies all found to have a strong statistical relationship with conflict (Hegre & Sambanis, 2006). To disentangle causes and effects of conflicts, a number of authors pioneered the use of instrumental variables, with notable examples including the use rainfall to instrument for income growth, or mortality rates to instrument for institutional capacity (Acemoglu, Johnson, & Robinson, 2001; Miguel, Satyanath, & Sergenti, 2004). However, because such instrumental variables are not readily available for all proposed risk factors, problems of endogeneity have not wholly been overcome. For this reason, many of the associated risk factors identified by the literature must also be given at least some consideration in the analysis of the potential consequences of war.

At the same time, other authors have sought to evaluate the degree to which proximity to conflict in a country's immediate neighbourhood increases the risk of conflict to that same country, but early studies on the topic resulted in contradictory findings (Sambanis, 2001; Hegre, Ellingsen, Gales, & Gleditsch, 2001). Fearon and Laitin (2003), also fail to find a significant result for their neighbourhood variable, but suggest this may be because neighbouring civil wars may be too common to usefully measure their impact, occurring in 44% the data points in these authors' sample. Conscious of their opposing results, in Hegre and Sambanis (2006) the two authors aim to tackle these discrepancies, emphasising the fact that many preceding publications on the study of conflict and civil war suffer from the use of alternative definitions of key variables, and the use of different datasets and time periods, thus limiting their robustness and replicability. In their review, Hegre and Sambanis conclude that both the presence of neighbouring wars and the total number of such wars increase the risk of conflict at home.

If such results are to be accepted, they raise the question of the actual mechanisms by which a conflict in one state in one period can trigger or contribute to conflict in a neighbouring state in a next period. This question is also of direct relevance to the issue of economic spill-over, given the likely overlap between the two phenomena. One useful distinction, in this regard, may be between pure contagion effects, involving the physical spread of war across borders, and diffusion of a conflict, which may include the spread of conflict through indirect effects, for instance through information effects affecting group mobilisation, formation and cohesion, as well as the diffusion of arms (Lake & Rothchild, 1996; Sambanis, 2001). If such information effects affect the propensity for conflict, it would seem likely that other societal changes resulting from conflict (including the breakdown of law and order, increases in exploitative practices, corruption, illegal trade and organised crime), may also play a role in socio-economic spill-over effects, even if the conflict itself does not become transnationalised.

In a slightly different approach, Metternich et al. (2017), following Simmons and Elkins (2004) categorises contagion effects into four separate mechanisms, including coercion, competition, learning, and emulation. Coercion effects refer to that set of mechanisms where the transmission of conflict is intentional and initiated by country in conflict. Gleditsch, Saleyhan and Schultz (2008), for instance, demonstrate that civil wars not only disrupt local societies, but also lead to an increase in foreign disputes, and argue that foreign interventions, sponsorship of armed groups, and other spill-over effects ,may lead to retaliatory action increasing the risk of civil war in neighbouring countries. Competition effects relate to the observation that conflicts may create economic incentives or disincentives for peaceful or warlike behaviours between states, although competition for stability may better explain the emergence of peaceful regions than of conflict zones (Metternich, Minhas, & Ward, 2017). With respect to information and emulation effects, one volume edited by Checkel (2013) provides several case studies exploring how information, learning and demonstration effects can contribute to the cross-border diffusion of conflict.

Although refugees can provide one channel for the transmission of information, several authors have highlighted that migration may play a much wider role in explaining policy diffusion and conflict contagion (Metternich, Minhas, & Ward, 2017). Identifying various causal mechanisms, Salehyan and Gleditsch (2006) argue that refugees may contribute to the extension of the social networks used by rebel groups in the mobilisation of support, may provide a pool of resources to rebel groups in their country of origin as well as to opposition groups in the host country, may foster discontent owing to changes in the host country's ethnic balance, and may be perceived as an economic threat in the competition over jobs, assistance, housing and land. Controlling for factors such as ethnic fractionalisation, democratisation, levels of income, and the presence of transnational ties, the authors find that the number of refugees has a statistically significant, positive relationship with the onset of conflict.

A number of other authors have further explored the role of diasporas and refugee communities in the transmission of conflict to elaborate (Adamson, 2013; Harpviken & Lischer, 2013). However, there are obvious risks associated with the identification of vulnerable groups, such as refugees, as a potential mechanism for the transmission of conflict. The warning is particularly important, as the construction of independent and control variables may significantly affect the outcome of the results or derived conclusions. For instance, in subsequent studies, it has been observed that in addition to the spatial clustering of conflicts, several underlying risk factors exhibit a similar degree of geographic concentration, including factors such as weak democratisation, low incomes, ethnic tensions or climatological conditions (Gleditsch K. S., 2007; Buhaug & Gleditsch, 2008). Given such a finding, a degree of caution must be exercised in determining whether contagion occurred and, if so, through what mechanisms that contagion took place. Buhaug and Gleditsch, cited above, determine that although a “bad neighbourhood” effect is indeed present, beyond that which can be explained merely by reference to shared underlying risk factors, the authors find that such a neighbourhood effect is not strongly related to the proximity or intensity of nearby conflict, nor to the presence of refugees, and suggest that the main determining factor is the presence of transnational ethnic ties between the sending and receiving state.

Braithwaite (2010), moreover, finds that the risk of onset of conflict in a country is affected by the presence of neighbouring conflict, but is modified by the capacity of the receiving state, suggesting that with the appropriate policies in place, conflict risks from neighbouring states can be mitigated. Illustrating this point, Fisk (2014) also does not find any evidence of a connection between camp-based refugees and armed conflict events, but reports a negative and statistically-significant relationship between the presence of self-settled refugees and conflict risks, suggesting that risks associated with conflict contagion may critically depend on the way refugees and other spill-over effects are managed. Therefore, supposed channels of transmission of conflict, whether in the form of refugee movements or otherwise, are not simply a “negative externality” to the risk of the onset of conflict (Salehyan & Gleditsch, 2006), but interact with domestic policies so that any perceived risks and regional circumstances must form an explicit part of any developmental or conflict prevention strategy.

2.3 The economic consequences of war

That war is a regrettable circumstance is an understatement that requires little further documentation. Yet, the history of many of today’s most advanced economies – including Germany, Japan and the rest of Europe – suggests that armed conflict from a purely economic and developmental perspective poses a more complicated phenomenon, with long-term outcomes appearing to demonstrate a “phoenix effect”, characterised by an acceleration of economic and population growth post-conflict (Organski & and Kugler, 1980; Brakman, Garretsen, & and Schramm, 2004; Davis & Weinstein, 2002). At the same time, however, a contrasting observation is provided by the many of the countries in Sub-Saharan Africa, where it would be difficult to separate the disappointing growth performance on the continent from the pervasive civil wars in this same region since decolonisation.

In an oft-cited paper, Paul Collier (1999) has argued that with respect to the likely developmental impact of armed conflicts, a distinction should be made between interstate and civil wars, which may explain some of this discrepancy. Collier goes on to identify some of the economic consequences of civil wars on their societies. First is the effect of conflict in terms of human casualties and wounded affecting the labour force and stock of human capital. Second, damage to property and infrastructure reduces the physical capital available for production and may increase the cost of output. Third, safety concerns may hamper economic activities, contribute to a breakdown in law and order, and an increase in profiteering and transaction costs. Fourth, the prioritisation of security and military expenditure may divert public funds and attention away from public goods such as health and education, reducing life expectancy and labour productivity. Fifth, insecurity and a focus on near-term survival will discourage saving and may contribute to a shift to subsistence agriculture. Sixth, risks to health and life and reduced economic incentives are likely to trigger a movement of refugees and economic migrants. Seventh, reduced returns on investment and the risk posed to physical and financial assets may lead to widespread capital flight and diversion of foreign capital, as investors and individuals alike may seek a safer haven for their possessions (Collier P. , 1999).

While Collier aims to provide a comprehensive overview of the adverse effects of civil war on economic growth, this summation draws on a rich literature that provides more detailed insights into the various individual channels identified above. On the topic of diversion of public funds, for instance, Philips provides an insightful review of various authors that have explored the extent to which increased military expenditure may adversely impact social spending (Philips, 2015, p. 427). Aside from the direct effects of a shift in the share of government budgets allocated to posts such as defence, health and education (Apostolakis, 1992), military spending may increase the money supply, trigger debilitating inflation, or raise the national debt, thus shifting the burden for such expenditure onto future generations (Deger, 1986; Smyth & Narayan, 2009). In this thesis, I expand on this latter point, arguing that in the case of neighbouring countries their greater political stability and their role in the delivery of humanitarian aid may increase their access to international finance, and thus enable governments to indebt themselves through greater spending on security.

On the topic of trade and foreign capital, most authors postulate an inverse relationship between the incidence of civil war and the ability of countries to attract partners for commerce or investment. For instance, several articles have sought to calculate the reduction of trade caused by civil war. Bayer and Rupert (2004) find that conflict may on average reduce trade by as much as a third, but others argue that the effect is contingent both on the intensity of the conflict and its duration. Martin et al. (2008) suggest that a typical high-intensity civil war will reduce international trade by 25% in the near term, increasing to 40% for long-duration conflicts, with smaller effects observed for smaller-scale violence. Maher (2015) and Mihalache-O'Keef and Vashchilko (2010) describe how conventional wisdom assumes political instability to be inherently inimical to foreign investment, owing to the risks to property as well as an increase in political risk and transaction costs.

As none of these effects operate in isolation and suffer from endogeneity problems, it is difficult to precisely quantify the effect of the individual channels by which conflict operates, although multiple longitudinal studies have attempted to measure the impact of instability on a decrease in growth, domestic savings, and investment (Barro R. , 1991; Alesina & Perotti, 1996; Svensson, 1998). Collier and Hoeffler (2007) provide estimates of the total net cost of an "average civil war", forgoing for the moment the obvious difficulties associated with such a concept. The authors find that civil wars reduce growth by 2.2% per year and thereby reduce the size of the economy by 15% over an average duration of seven years. Consistent with earlier studies on post-conflict economic recovery, the authors find growth increases of around 1% per year after the cessation of hostilities, and calculate that it takes an average of 21 years for a country's economy to be restored to its initial growth trajectory. The authors calculate that the smaller size of the economy over this period amounts to a loss with a present value of 105% of the country's GDP at the start of the conflict, along with a further 18% cost resulting from the increase in military spending at the expense of public welfare (Collier & Hoeffler, 2007, pp. 725-727). In a similar finding, (Cerra & Saxena, 2008) find that civil wars result in an average 6% decrease in GDP, and confirm the presence of a rebound effect in the years immediately following only in the case of civil wars.

Quantitative case studies generally support the finding of significant adverse effects caused by civil war. Brück, De Groot, and Bozzoli (2012) distinguish two strands of literature based on their usage of accounting or counterfactual methodologies. Studies using the accounting technique seek to consider the cost of replacing resources destroyed by the conflict. While conceptually straightforward, the approach faces the difficulty of having to estimate the value of assets such as human capital. In one study of conflict in Darfur, Ali (2013) estimates the total cost of the war at US$41.5 billion, including direct and indirect military and peacekeeping expenses, damage to infrastructure, losses in earnings resulting from death or displacement, and effects on GDP. The second approach relies on a hypothetical counterfactual, seeking to project the likely economic achievements of a region if conflict had not occurred, with the calculation of the cost of civil war by Collier and Hoeffler representing an example of a study involving counterfactual assumptions. These techniques, however, face their own challenge of having to rely on an alternative scenario that may not be considered convincing (Smith, 2014, p. 248). In particular, given the two-way linkage between conflict and economic growth, it is not readily apparent that applying the economic fundamentals of a conflict region to a conflict-free counterfactual is justifiable.

Aside from these two approaches, both of which focus on the macroeconomic cost of conflict, a third approach might be identified as including those studies highlighting other aspects of human development (de Groot, 2013, p. 498). Although both accounting and counterfactual studies may incorporate aspects such as health and education effects, they do so primarily from the perspective of economic growth. Economic growth, however, may be a poor reflection of the wider experience of human welfare and development (Sen, 1993). For instance, even in the case of a complete post-conflict economic recovery, the effect of conflict on future generations, on income volatility, and immeasurable costs of insecurity on welfare are frequently neglected (Bozzoli, Brück, & Sottsa, 2010, p. 172). That conflict may have deeper, more detrimental effects that may not be reflected in national growth statistics is illustrated by Justino and Verwimp (2006), who report an increase in poverty rates of 20% in the aftermath of the Rwandan genocide.

2.4 Recognition of mixed effects

While cross-country studies have affirmed that conflicts typically have a net adverse impact on growth, this does not suggest that *all* conflicts necessarily affect development negatively, or that *all of the effects* of conflict have a negative impact on economic growth. Although this statement is the only reasonable conclusion of longitudinal and panel studies finding a negative correlation between conflict and economic growth, the idea that armed conflict and violence may have some offsetting, positive growth effects has received only a limited amount of attention, to the extent that the topic might even appear to have been carefully avoided (Gutierrez-Sanin, 2009, pp. 6-7; Maher, 2014). The reason for this apparent omission is not readily apparent. Smith suggests that aside from the controversial nature of the argument that acts of violence may play a positive economic role, the benefits of conflict may be more difficult to estimate quantitatively than the costs (Smith, 2014, p.

247). Cramer, on the other hand, argues that the exclusive focus on negative outcomes is based on a flawed liberalist tradition in academia that “may only be sustained by a form of historical amnesia” (Cramer, 2006, p. 9).

A kinder explanation for the bias towards adverse consequences might suggest that the finding of a statistically negative correlation between conflict and growth has naturally focused attention on the identification of mechanisms that may explain such an adverse impact. Such statistical findings, however, must be interpreted with caution, as they may be dependent on the specific type and context in which a conflict takes place. Polachek, for instance, finds that while both civil and interstate conflicts carry a negative growth effect, when controlling for the intensity of conflicts, low-intensity conflicts have a slight, positive impact on growth (Polachek, 2012, p. 377). Such a finding does not necessarily imply that low-intensity conflicts do not have significant adverse impacts as well, but rather that conflicts have both positive and negative consequences for economic development, which are likely to impact different parts of the economy and the population unevenly, with the net effect dependent on the context of the conflict in question. For instance, Polachek suggests that detrimental effects are intensified in countries scoring low on democracy and income, and finds African countries to be at an elevated risk (Polachek, 2012, p. 362).

If it is accepted that even where low-intensity conflicts carry a slight positive effect we must nevertheless undertake to understand the various adverse effects, then so too must it be accepted that where studies find significant negative effects, a full analysis of the consequences of war must consider both the costs and benefits of conflict. Smith notes that, given the ambiguous nature of many conflict effects, only a full cost-benefit analysis where costs and benefits are distinguished only by the direction of their sign, can provide an accurate estimate of the net cost of a conflict (Smith, 2014, p. 247). A similar point is made by Brück et al. (2011) who argue in their analysis of the involvement of Germany in the war in Afghanistan, that an evaluation of whether the objectives of the war justified the costs cannot be complete without also considering the economic benefits of the war.

Gutierrez-Sanin has argued that many of the externalities of conflict may be counter-intuitive, and carry positive effects on growth or distributional impact (Gutierrez-Sanin, 2009). For instance, while Collier (1999) and others have identified an increase in military expenditure as one of the main channels by which conflict may delay growth, such military spending can also foster technological innovation, increase the state’s strength and monopoly on the use of force, contribute to a more inclusive political environment, and contribute to state investment in infrastructure and other public goods, thus acting as a driver of economic growth (Gutierrez-Sanin, 2009). Similarly, while violence may lead to displacement and the outflow of refugees and capital, such movements may also contribute to the formation of business networks and the transfer of remittances. Furthermore, while capital flight may reduce overall investment in the economy, the scarcity of capital may increase the returns to those investors willing to put their assets at risks.

Although positive growth effects such as the ones described above may be deemed welcome, positive growth effects do not preclude effects that would generally be deemed as harmful to a more broadly-defined development. For example, writing about the civil war in Colombia, Maher notes that the conflict allowed groups to be forcibly displaced, for opposition to be stymied by violence, and for improved protection of key infrastructure. These factors, in turn, helped to stimulate oil exploration activity and the cultivation of palm oil. Maher thus argues that the conflict increased levels of foreign investment, trade and economic growth, but at a significant social cost (Maher 2014; 2015). Maher also finds that the economic effects of violence perpetrated by different actors was not homogeneous, as public armed forces and paramilitaries generally committed acts of violence in support of these economic activities, while leftist rebels were aligned against the interest of foreign investors (idem). Therefore, to observe that such patterns of violence contributed to economic growth is not to endorse the behaviour. Rather, it serves to highlights the different costs and benefits experienced by separate stakeholders and enhances the understanding of the drivers underlying actors' participation in a conflict. In this, the analysis fits within the "greed and grievance" thesis proposed by Collier and Hoeffler (2004; 2007), who argue that the ability to exploit natural resources for economic gain may be an important risk factor to conflict.[5]

2.5 Measuring economic spill-over

Any outcome in which contagion effects engulf a wider region in violence is likely to be the worst-case scenario of exposure to a nearby armed conflict, reminiscent of the "domino" effect made famous during the Cold War. Yet, even where neighbouring countries manage to avoid such instability, conflicts abroad may present a major risk to development, as the conflict may trigger economic disruption, even if not coupled with the transmission of violence. The analysis of such wider socio-economic spill-over effects has, however, received comparatively little attention, much like the study of the economies of conflict zones themselves. The subject of spill-over effects occupies an awkward position within the fields of conflict and developmental studies. On the one hand, researchers of armed conflict have naturally focused their attention on those countries involved in war, rather than their neighbouring states. On the other hand, researchers in the field of

[5] For this reason, also, it is all the more inexplicable that Collier's analysis of the consequences of war excludes consideration of positive growth effects, given that economic benefits are identified by Collier and Hoeffler as key driver of conflict.

international development or more specific subfields such as agricultural policy are not necessarily familiar with the intricacies of the armed conflict or neighbouring countries' diplomatic relationships. This, combined with the fact that foreign policy is routinely considered a "no-go" subject in developmental assistance programmes means that effects resulting from conflict developments abroad have received little attention in most developmental studies, if they are recognised to exist at all.

Where studies have tried to address this gap, most work has been in the form of large-N, longitudinal studies, geared to measuring the impact of regional stability of the growth performance of neighbouring or nearby states. Seven such studies by five sets of authors have been identified here (Ades and Chua, 1997; Murdoch and Sandler, 2002, 2002b and 2004; Collier, 2007; de Groot, 2010; and Dunne and Tian, 2014). These studies, which are discussed in more detail below, provide a limited degree of quantitative insight and affirm the existence of economic spill-over effects. Unfortunately, while there is a rich tradition of case studies in the mainstream literature on conflict that usefully serve to inform longitudinal studies and provide some insight into the likely mechanisms at play, case studies on the effects experienced by neighbouring countries are scarce and incomplete. As such, while the authors in the works cited above propose various channels by which their expected or observed effects may operate on such neighbouring countries, such assumptions are weakly supported, and are often borrowed from the mainstream conflict literature, with little evidence that the effects in neighbouring countries are of a similar nature.

In Ades and Chua (1997), the authors consider the effect of political instability on the economic growth of neighbouring countries. Calculating regional political instability as the total number of coups and revolutions in neighbouring countries over the period from 1960 to 1985, the authors estimate the effect on economic growth while controlling for a set of standard variables, in line with Barro (1991). The authors find a robust, statistically-negative effect, amounting to a 14.4% decrease in steady-state per capita incomes, although after controlling for regional economic performance, the figure drops to a 2.9% decrease in growth per year for an increase of one revolution per decade in the region. Citing "casual evidence" from examples such as Malawi, Burundi and Slovenia, the authors suggest that disruption of trade flows may explain part of the decrease, and estimate that an average increase of one revolution or coup per decade in the region reduces the share of merchandise trade in GDP by 5.1% (Ades & Chua, 1997, p. 289). Citing further examples from Africa and the Middle East, the authors also postulate a potential negative growth effect resulting from increased spending on defence, and estimate that an increase in neighbouring coups and revolutions of one per decade increases the a country's share of defence spending in GDP by 0.3%.

While the study by Ades and Chua (1997) provides a strong indication that the net *average* effect of regional instability defined as exposure to coups and revolutions is negative with respect to average levels of income, the study finds that the tested trade and defence effects jointly account for only 25% of the growth effect, leaving most of the variation unexplained. Moreover, with respect to the question of the spill-over effects of armed conflict, the Ades and Chua study may only carry limited relevance, as it would be tenuous to assume a large degree of similarity between the effects of coups and revolutions and larger-scale violence. For this reason, while building on the findings of Ades and Chua (1997) and employing a similar methodology, a more applicable set of studies may be found in three separate papers published by Murdoch and Sandler (2002; 2002b; 2004). In these papers, the authors set out to apply Solow's traditional neoclassical growth model to assess the impact of domestic and neighbouring civil war on economic growth, as well the effect on human capital, changes in the labour stock, and physical investment.

In their analysis, Murdoch and Sandler distinguish between the long-term and short-run effects of conflict, both at home and on neighbouring states. As expected, they find domestic civil wars to have a negative growth-effect, reducing short-term growth by an average of 85%, while reducing long-term growth by around 31%. Notably, however, their neighbourhood variables that classify conflict as a dichotomous variable and by the total duration in months are not significant for contiguous neighbours, or neighbours defined as any country within a 100km distance from the country in conflict. In these authors' models, neighbourhood variables only become statistically significant when a larger number of countries is included, within a range of up to 800km. In this model, the authors estimate that the addition of one conflict leads to a fall in short-term economic growth by 20%, about a fourth of the home-country effect, and in long-term economic growth by 10%, less than a third of the home-country effect. The authors do not find any evidence, neither in the short nor the long run, of any impact on investment ratios, educational achievement, or net migration.

The studies by Murdoch and Sandler (2002; 2002b; 2004) raise a number of questions. First, their model is highly sensitive to changes in the coding of conflict, with their various conflict variables not consistently significant for both the home country and neighbouring countries. The authors, therefore, highlight that "it is possible that the effect on income per capita is not linear" (Murdoch & Sandler, 2002, p. 103). Indeed, while in their 2002 study the authors find a more significant adverse neighbourhood effect for conflicts defined as severe,[6] in their 2004 study the authors instead find the effect for home countries to be most significant for long-duration conflicts, even as for neighbouring countries short-duration conflicts appear to have the largest impact. These findings

[6] In the study, severe conflicts are defined as having total battle deaths of 25,000 or above.

suggest that there is no such thing as an average conflict and given the limited robustness of the findings, it is likely that other variables untested by the authors could have equally important effects on the results of the authors.

Second, the fact that the findings of the authors are most significant when defining neighbours as those within an 800km range is worth further reflection. The authors appear to assume that the absence of statistically-significant results for contiguous or closer states implies that the effects are merely intensified over a longer range, by capturing a larger number of conflicts. In this thesis, however, I provide an alternative explanation, in that on directly contiguous states, the effects of neighbouring conflict may simply be more ambiguous. I argue that spill-over involves a combination of positive and negative effects that result in a net effect that is context-specific and cannot be assumed to have a universally adverse impact on growth. If this is true, an alternative explanation for the findings of Murdoch and Sandler (idem) could be that while the effects on immediate neighbours may be inconclusive and thus hamper the identification of a statistically-significant result, over longer distances adverse effects may dominate.

Third, the authors find no evidence of the effects of conflict on human capital, investment or migration effects. However, this point ought to recall the observation by Blattman and Miguel (2010, p. 8) that "an absence of evidence about particular effects has often been interpreted as evidence of absence". It should be noted that although Murdoch and Sandler postulate that "civil wars may divert the inflow of foreign direct investment (FDI) owing to heightened perceived risks of investors" (2004, p. 139) the authors make no mention of the possibility for an increase in investment, for reasons as varied as the diversion of funds from the country in conflict to neighbouring countries, lower costs of labour, or easier access to natural resources. The assumption that conflicts will consistently dissuade rather than promote investment leads the authors to conclude, on the basis of their statistically insignificant finding, that there is in fact no effect – whereas a more permissive view would lead to the more nuanced view that longitudinal studies may be ill-suited to capture the contrasting outcomes of such mechanisms.[7]

In a subsequent analysis that builds on the methodology employed by Murdoch and Sandler, de Groot (2010) seeks to address some of these weaknesses. De Groot argues that there are several channels through which conflict may have positive effects on primary or contiguous neighbours and

[7] Similarly, the authors conclude that their finding that short wars have a more negative impact on neighbouring countries than long-term wars "is indicative of the erection of a firewall" by such countries. Here, too, acknowledging the possibility of positive spill-over effects allows for the alternative explanation that, while in the near term the overriding effect will be one of disruption, over the longer-term countries may not only mitigate any adverse effects (i.e. erect a "firewall"), but may be able to extract particular benefits from their proximity to the conflict, whether it be in the form of foreign aid, increased investment, or by capturing a share of the trade position lost by the country in conflict.

secondary neighbours – defined as those countries located within a specified radius of the country in conflict but not directly contiguous to it. Firstly, with respect to capital, de Groot argues that investment in defence industries may generate short-term benefits, that incentives to invest in unproductive assets diminish with increasing distance, that costs for such investments may be borne by the humanitarian community, and that neighbouring countries may benefit from investors seeking alternative opportunities within the region. Secondly, de Groot suggests that there may also be a positive labour effect on countries further removed from the conflict, which are less likely to allocate labour to security and may receive refugees with higher average levels of human or physical capital.[8] Thirdly, with respect to trade, de Groot proposes that conflict may also stimulate trade between primary and secondary neighbours, as well as between neighbours and developed economies that are seeking to replace lost trade partners.

De Groot relies on an updated data set, extending the number of observations and makes several corrections to the coding used by Murdoch and Sandler. The key innovation, however, is the introduction of separate measures for primary and secondary neighbours, with a 250km cut-off radius, with secondary neighbours expected to experience a more positive effect. De Groot finds that the introduction of secondary neighbours significantly alters the results, with primary neighbours estimated to incur a 0.1% growth *benefit* in the near term, increasing to 4% for secondary neighbours. Adjusting for conflict duration, the net impact is slightly worsened, to -0.5% for primary neighbours and 2.5% for secondary neighbours. De Groot also distinguishes between conflicts that have over 1,000 battle deaths, and finds slight differences in models using a conflict dummy and a measure for the duration of the conflict, with the effect on primary neighbours varying between -0.3% and -0.8% and on secondary neighbours between 1.8% and 6.2%.[9] Over the longer term, focusing on violent conflicts, de Groot observes a marginal adverse impact of 2.6% on levels of income over a 30-year period for primary neighbours, while calculating that secondary neighbours may gain as much as 26.2%. De Groot suggests that this latter effect may be the result of primary neighbours not experiencing the post-war phoenix effect described by Organski and Kugler (1980).

[8] De Groot (2010) suggests the possibility of a filtering effect whereby the hurdles and challenges of refugee movements are assumed to allow only those refugees with greater resources to manage to complete the journey to regions further removed from their country of origin. This thesis would argue that such a filtering effect applies even to primary neighbours. Although there is a typical assumption that the bulk of refugees are "unskilled and poor" (de Groot, 2010), it must be acknowledged that to successfully achieve refugee status, refugees will have had to overcome logistical, security, emotional and financial hurdles. Their willingness and ability to overcome these renders refugees distinct from a typical cross-section of their population of origin, some of whom may have opted to remain or seek refuge within the country rather than abroad. This may explain the entrepreneurial and survival spirit often observed among refugees.

[9] In the design of the study, secondary neighbours are defined as any countries within a 250km radius, which thereby also includes primary or contiguous neighbours. For this reason, in de Groot's study the net effect on primary neighbours is calculated as the sum of the primary and secondary effects.

De Groot's study offers a rare challenge to the mainstream view that the economic effects of conflict must necessarily be negative and suggests that neighbouring countries are indeed affected by armed conflict in more complex ways than had previously been assumed. However, while the mechanisms postulated by de Groot appear reasonable, the suggested channels are based on hypotheses rather than any case evidence, thereby offering no support to verify whether the principles outlined above indeed contribute to any net economic effect on neighbouring countries. De Groot relegates the question of the actual source of any spill-over effects to future research. As such, the study provides encouragement to delve deeper into the analysis of the specific channels through which spill-over effects operate, but does not itself address the dearth in case studies that might further inform studies of this type.

Dunne and Tian (2014) undertake a further analysis using a methodology similar to that of Murdoch and Sandler (2004) and de Groot (2010), but substitute the use of five-year periods to rely on annual data to more accurately capture differences in conflict duration, and only consider African countries as part of their research. The authors find a modest negative, short-run effect on primary neighbours between 0.32% and 0.57% depending on the type of conflict, and a similar longer-term effect, while not finding evidence of any positive impact on secondary neighbours. This result, however, may be attributed in part to the extension of the authors' dataset by 10 years, covering a period with fewer conflicts, as well as the more limited geographic scope compared to previous studies. Moreover, it is not clear whether the substitution of five-year periods in favour of annual data constitutes an improvement of the research design, particularly considering limits with respect to the reliability of coding data points related to conflict.

2.6 Limitations of existing literature

As has already been observed above, much of the work on development and civil war has, over the last two decades, revolved around large-N quantitative analyses. Such studies have served a necessary purpose, providing a base of evidence highlighting important aspects of conflict management and flagging risk factors that may previously have been underappreciated but must form a necessary part of peace processes (Collier & Hoeffler, 2007, p. 723). Longitudinal studies have, for instance, helped to establish that conflicts are not merely a political phenomenon but an economic and developmental one, the influence of which exceeds that of the conflict zone and has widespread effects throughout the region (Murdoch and Sandler, 2004; de Groot, 2010). Longitudinal studies have also flagged up new areas of research, including more detailed work on the influence of political, social and institutional factors on conflicts' impact on growth and development (Blattman & Miguel, 2010, p. 46).

That said, the limitations of such research designs must be taken into consideration. Firstly, the studies described in this review typically rely on aggregated, national-level data, which eliminates much of the detail from the studies (Collier & Hoeffler, 2007, p. 723; Maher, 2014). While such simplification is perhaps a necessary evil, it raises questions as to what policy advice may be derived from dichotomous dummy variables, intended to represent a phenomenon as varied and complex as an armed conflict. Secondly, longitudinal studies on conflict face inherent difficulties in the coding of their datasets. For instance, as of yet there remains no universally-accepted measure representing the occurrence or intensity of conflict, the typical usage of “battle deaths” as the key indicator continues to invite controversy, and disruption of data collection processes in conflict zones may introduce bias into statistical studies (Blattman & Miguel, Civil War, 2010, p. 39; Maher, 2014). Thirdly, the contrasting results produced by the various studies cited above combined with their inability to point to specific mechanisms to explain these variations limits their impact and applicability to policy.

These flaws may be deemed excusable, particularly for shorter publications with a narrowly-defined research question. This, however, points to another weakness in the state of the literature on spill-over effects, which has thus far been devoid of book-length studies. Bozzoli (2010) argues that one of the most visible flaws in the literature on conflict and civil war is the limited extent to which studies take previous research into account, which may in part be attributable to the limited number of studies with the space available to delve fully into the state of research on the topic, as this thesis aims to undertake. Bozzoli also argues that the limited attention to linkages between individual works not only makes comparisons between them more difficult, but may also result in double-counting of some conflict costs, and has contributed to policy advice derived from these studies often being impractically vague (Bozzoli, Brück, & Sottsa, 2010, p. 173).

Several of the studies cited previously have served to confirm the existence of spill-over effects, yet few have definitively identified the specific channels through which conflicts may affect neighbouring countries. In Ades and Chua (1997), the authors’ postulated trade and budget diversion effects could only account for 25% of their observed growth effect, while Murdoch and Sandler (2002, 2002b, 2004) fail to identify any capital, labour or investment effects. De Groot (2010) postulates a number of plausible mechanisms, but does not attempt to confirm their existence, and Dunne and Tian (2014) do not cover the topic at all. For this reason, the question of which mechanisms drive a conflict’s effect on regional development largely remains unanswered, despite being highlighted by the authors as an important area of research (de Groot, 2010, p. 162; Murdoch & Sandler, 2004, p. 138; de Groot, 2013). Because channels may operate in either direction, carrying either positive or negative implications with an ambiguous net effect, it is likely that the answers to these questions will come from more detailed research into particular conflict contexts, where historical political and historical economic analysis may be employed to more readily identify the particular channels at play.

It should also be noted that while longitudinal, large-N studies are designed to test hypotheses on the role of specific variables, it should be noted that the design of such research programmes depends on some *a priori* assumptions on the specific risk factors, channels and mechanisms that are to be subjected to quantitative analysis. Case studies, on the other hand, can offer a novel and necessary counterpoint to such longitudinal studies, and not only provide a wider evidence base, but can also generate new hypotheses for further quantitative testing (Blattman & Miguel, 2010, p. 29). However, while there is a vast case literature on conflicts spanning a wide range of regions and periods, such case literature typically focuses on the dynamics of conflict, its political dimensions, or human cost, rather than assessing short-term and long-term developmental consequences. While there are some exceptions, studies assessing the full economic cost of conflict are rare (Bozzoli, Brück, & Sottsa, 2010, p. 173).

2.7 Existing case studies on spill-over effects

Although the subject of spill-over effects has received little direct attention in existing case studies of conflict, some notable exceptions of studies that have considered the question head-on do, of course, exist. Few of these studies have entered the mainstream literature and identifying such studies can itself be problematic, and may only emerge through a detailed literature review of individual conflicts.

With respect to the cases of Malawi, Mozambique, Zambia, which are discussed extensively as part of this thesis, some valuable analyses have been undertaken by the United Nations and the World Bank, in connection to the imposition of sanctions against Rhodesia and the cost of the refugee crises in the area (Doxey, 1987, pp. 70-73; Gorman, 1992). While these studies do not consider wider conflict effects and cover only a short period at time, they provide additional source material incorporated discussed in more detail in chapters 4 and 8. Aside from these works, a handful of other examples stand out as studies that bear a particularly close resemblance to the topic of this thesis.

One notable example includes a study by Naya (1971) on the effects of the Vietnam war on several other Asian countries, including Japan, Korea, Taiwan, the Philippines and Thailand. Specifically, Naya explores the effects of the conflict in terms of the inflow of US military and economic aid, and the effects on the export patterns of Asian countries. Naya notes that by 1969, the US direct military expenditure in Asian countries amounted to US$2,356 million, while government grants around 1966/1967 averaged around US$615 million (Naya, 1971, p. 37). Naya also reports on rapid increases in trade, with exports from the four countries listed above to Thailand, the US and other Asian economies increasing between 30% to 300% over the span of just five years (Naya, 1971, p. 39). These exports did not merely represent an increase in the volume of traded products, but also reflected a change in their composition, with Taiwan and Korea standing out as two cases that experienced rapid growth in output of industrial products. Naya also argues that owing to the inputs required for the production of these goods, these effects had some further impact on other economic sectors and on imports (Naya, 1971, pp. 42-48). In the section on Thailand in the penultimate chapter, I revisit Naya's analysis, and extend his analysis to incorporate more recent data covering the later years of the Vietnam War.

More recently, Saif and DeBartolo (2007) have examined the effects of the 2003 Iraq war on Jordan's trade relationships, investment climate, real estate market, national budget, and the labour market. During the period from 2001 to 2006, the authors observe that the value of Jordan's exports to Iraq of exports increased by about 9%, while the country's partnership with the US triggered a closer trade relationship, including growth in exports from Jordan to the US of 448% during these same years, with the American market overtaking Iraq as a destination for Jordanian export products (Saif & DeBartolo, 2007, pp. 4-11). Saif and DeBartolo point out, however, that these and other changes to the economy contributed to increased inflation, particularly in prices of food, fuel, and housing. Most notable in the study, perhaps, is the evidence provided by the authors of a rapid increase in foreign direct investment (FDI) into Jordan, including significant inflows of capital from Iraqis migrating to Jordan. From 2001 to 2006, FDI increased from JD 96 million to JD 2,213 million and contributed to economic growth. From an average of 4.2% real GDP growth over the years from 1996 to 2002, the growth rate remained steady at the same level in 2003, but increased to an average of 7.3% over the years from 2004 to 2006 (Saif & DeBartolo, 2007, pp. 24-28). Although part of the difference may be attributed to Jordan's nature as a more advanced economy and the effect of an interstate, rather than a civil war, this example stands in stark contrast to the image of spill-over effects as portrayed by authors such as Collier (2007).

In parallel with this thesis, two further studies on Jordan have also been published by authors writing for the IMF and the World Bank. A paper by Sab (2014), considering the local and regional effects of the 1990 and 2003 Gulf Wars on Jordan and Syria, stands out for directly referencing some of the same literature cited in this chapter. Sab explicitly identifies some of the main channels by which conflict may affect economic growth in neighbouring countries, including balance of payment and inflation effects, fiscal pressures, the impact of migration and ill-defined effects of "heightened regional uncertainty" (2014, p. 13). As Sab's analysis of the actual spill-over effects is limited to only a handful of paragraphs on each of the cases, the paper does not fully assess the impact of these channels, but notes that spill-over effects have been largely positive for Jordan, but less so for Syria, attributing the difference to Syria's more isolated economic position and Jordan's greater receipts of external assistance (2014, pp. 12-15). Another paper published in the same year adopts an econometric approach to assess the impact of the war in Syria on Jordan's economy (Abdih, Gamba, & Selim, 2014, pp. 3-7). Exploring the effect on economic growth, the labour market, inflation and the current account, the authors estimate that the net result of the war was to reduce Jordan's economic growth by approximately 1% per year. Although the study makes no reference to the wider literature on spill-over effects, it provides a recent and insightful case study of the effects of conflict on a neighbouring country, and is reviewed in more detail in this thesis' penultimate chapter.

This recent surge in interest in spill-over effects adds heightened relevance to the present case study. It is not clear whether the emergence of these studies has resulted from the natural evolution of academic interest in the topic of spill-over effects, or is merely the result of the conflicts in the Middle East having affected a more affluent, economically-integrated part of the world economy. Indeed, a large gap remains with regards to case studies on the effects of armed conflict on low-income countries, particularly in regards the effects of civil, rather than interstate war. Moreover, in contrast to the shorter analyses in the examples cited above, the longer nature of this thesis permits a more detailed identification and assessment of the different channels by which conflict effects may occur. In addition, this thesis also contributes a comparative perspective to provide an insight into the risk factors and policy responses that may drive the occurrence of such spill-over effects.

2.8 Chapter conclusions

As described in this chapter, the study of the economic consequences of war is a vibrant field that has gradually developed a better understanding of the multifaceted nature of armed conflict. Authors involved in this field have demonstrated that beyond the direct death and destruction caused by conflict, armed violence may profoundly affect the trajectory of countries' economic development. Efforts by Collier (1999) and others have helped to identify the specific mechanisms by which conflicts may affect the economic structure and prospects of conflict zones, highlighting effects such as the diversion of funds to military expenditure, the loss of human and physical capital, and the disruption of productive activity. Some of these effects have profound, long-term consequences that may affect economic growth for decades after the conclusion of hostilities.

Yet, although an abundance of case studies has focused on the experience of countries in conflict, the regional impact of such wars has thus far not been exposed to the same level of scrutiny. Earlier studies into the question of spill-over effects have postulated that the effects of regional instability would most likely be negative, and some statistical evidence suggests that on average this may indeed be the case. However, a more detailed analysis of these studies reveals that their findings are more ambiguous than they at first appear. The limited robustness of the negative correlation between regional conflict and economic growth in these studies, and their inability to attribute net effects to specific channels, strongly points towards the possibility that spill-over effects of conflict on neighbouring countries are not clear-cut. As discussed in this chapter, a more balanced approach to the analysis of the mechanisms by which conflicts affect regional development must take into the consideration the possibility of positive as well as adverse growth effects over a range of time frames.

I argue, therefore, that for the study of spill-over effects to progress beyond its present level of understanding, the scarcity of direct case studies of countries having experienced conflict in nearby countries must be addressed. While longitudinal studies have great value in affirming the existence of cross-cutting effects, these quantitative approaches necessarily involve a degree of generalisation that may obscure an appreciation of the extent to which different contexts lead to different outcomes. Given the shortage of case evidence on spill-over effects, hypotheses on the possible mechanisms by which countries may be affected by regional instability have necessarily been limited by the imagination of researchers. In this thesis, I seek to demonstrate that the reality of countries' exposure to nearby conflict is more nuanced and complex than has been recognised to date, and involves effects that have thus far escaped attention. This thesis thereby seeks to challenge preconceived notions on the role of regional instability, and endeavours to provide a body of evidence to form the basis of a more informed discussion on the nature of spill-over effects.

Part 2: Main case study

3 Zambia and the conflicts in southern Africa

3.1 Introduction

In the next five chapters, this thesis delves deeply into the history of Zambia and the conflicts in its surrounding region. The case of Zambia is considered to be an exemplar case of a country having experienced the effects of neighbouring conflict, having been exposed to large-scale conflicts in not one but four of its neighbouring countries. The conflicts in Rhodesia, Angola, Mozambique and the DRC were protracted, violent affairs that defined a generation and had a formative effect on the political history of the region. Nevertheless, despite various degrees of involvement in the liberation and civil wars in its region, Zambia itself has maintained an extraordinary degree of stability, including six elections and five peaceful transitions of power since its return to multi-party rule in 1991. The case of Zambia, therefore, provides an opportunity to assess the impact of regional instability without the complication of episodes of major civil unrest affecting the ability to isolate any applicable spill-over effects.

Zambia is, moreover, an example of a country within the category of landlocked developing states located within questionable neighbourhoods, which Collier has highlighted in the book cited in the introduction to this thesis (2007) as a potential developmental trap. The cases of Zambia and of Malawi, discussed in chapter 8, may therefore be seen to be at the very heart of wider academic debates on development, and the role played by armed conflict. Although the case study of Zambia provides much supporting evidence for the idea that landlocked countries face elevated developmental challenges, this thesis aims to provide a more detailed insight into the specific mechanisms by which such challenges may come to the fore during periods of conflict. Moreover, beyond the factor of geography, this thesis demonstrates the crucial role played by the domestic strategies adopted by neighbouring countries in response to escalating violence beyond their borders.

The chapters in the part of this thesis focusing on Zambia cover the period from 1964, when Zambia first achieved independence, until the present time. However, while providing a detailed look into Zambia's developmental history, this thesis focuses on Zambia's experience not for its own sake, but rather as a starting point for an exploration of the broader concept of spill-over effects. For this reason, in this introductory chapter to the Zambian case study, I provide only a succinct account of its own political history, focusing on those aspects of relevance to its outward relationships and Zambia's circumstances prior to the region's descent into conflict. For the same reason, this case study also does not aim to tackle questions such as the origins of its various political movements, the reasons for Zambia's democratic success, questions concerning patterns of identity, or its institutional processes. While this thesis touches on these topics tangentially, a full examination of these issues is beyond the scope of this study and has been explored elsewhere.[10] Rather, the focus of this thesis is on the interaction between the events that unfolded in Zambia's region and its own developmental trajectory, and the degree to which observed spill-over effects may be deemed specific to Zambia's context or reflective of broader, cross-cutting mechanisms.

In this chapter, I briefly lay out the historical context of the case study, providing an overview of the main events that led to Zambia's independence and defined its position in southern Africa. The chapter highlights the colonial roots of Zambia's economic dependence on neighbouring countries, particularly as regards its access to rail and road networks. Next, I recount the events surrounding Rhodesia's Unilateral Declaration of Independence (UDI) in 1965 that threw Zambia's economy into disarray and describe the reactions of Kaunda's cabinet to the crisis. The developments in Rhodesia, Angola and Mozambique turned Zambia into a frontline state between white and black Africa, which transformed the Zambezi river into "a strategic and symbolic barrier of the utmost importance" that in the eyes of the minority regimes in southern Africa "formed the front line between the black North and the white South" (Arnold, 2005, p. 462). I describe how the region of southern Africa, for the first decades after Zambia's independence, would become embroiled in overlapping, interrelated conflicts, alongside a description of Zambia's involvement in these wars.

This chapter has purposefully been kept brief, given that a comprehensive account of the history of the region and Zambia's foreign policy could easily span multiple books and has been explored by other authors (Shaw, 1976; Chan, 1986; Anglin D. G., 1994). Instead, the purpose of this chapter is to provide the necessary background for the more detailed analyses of the extent to which the instability in southern Africa affected Zambia's internal developmental trajectory. In so doing, this thesis seeks to marry together inward and outward looking strands of literature that are often artificially separated, advocating a more integrated approach that takes full account of the interdependence between foreign and domestic policies.

[10] For a good introduction to the various aspects of Zambia's post-colonial history, see the volume edited by Gewald, Hinfelaar and Macola (2008), which brings together authors from a diverse range of disciplines and approaches to shed light on various aspects of Zambia's experience since its independence.

3.2 Zambia's path to independence

Prior to its independence, Zambia had been known as Northern Rhodesia, and had experienced various forms of colonial rule ever since the arrival of the British South African Company of Cecil Rhodes in 1888. Like neighbouring Nyasaland (now known as Malawi), in the early days of colonial rule mainly seen as a source of cheap labour, to support the much larger settler population in Southern Rhodesia. Interest in Northern Rhodesia intensified following the discovery of major deposits of copper in the northern Copperbelt and the arrival of new international corporations, including the Anglo American Corporation and the Rhodesian Selection Trust. However, given the small population of educated white elites, the area would continue to be ruled as a protectorate under the authority of the Colonial Office with fewer rights over its own budget and administration than the neighbouring territory of Southern Rhodesia.

With the arrival of the second World War, nationalist sentiment intensified, awakened not only by patriotic propaganda around the world, but also by the obvious injustice of black Africans being asked to lay down their lives for an empire that granted them few rights in return. Shortly after the war, the foundation of the African National Congress (ANC) gave a political voice to feelings of marginalisation and discontent, initially led by Harry Nkumbula, with Kenneth Kaunda appointed secretary-general. By 1951, however, the election of a conservative government in Britain brought to power a colonial administration that had little time or regard for the concerns of African leaders (Pettman, 1974, p. 12). The changeover paved the way for a long-pursued goal of the white settlers in Southern and Northern Rhodesia and Nyasaland to bring together their territories in the form of a federal union. To Africans in Northern Rhodesia, such a political entity threatened to extend the repressive policies that were already in place in Southern Rhodesia. The ANC, however, was still in its infancy and unable to effectively mobilise community support and could not stop the establishment of the Federation, which came into existence by 1953.

Nevertheless, the wheels of independence had already been set in motion. Following the imprisonment of Nkumbula and Kaunda, the two leaders' paths diverged as Kaunda favoured a more radical approach, causing a split within the ANC. Kaunda soon founded a separate party, which was later succeeded by the United National Independence Party (UNIP) that would come to rule Zambia for much of the following three decades. As Nigeria and Sierra Leone achieved independence, African nationalism spread quickly across the continent. With the Suez crisis in 1956 having greatly embarrassed the British government, and a new labour government having been voted into power in 1959, the call for independence could no longer be ignored (Meredith, 2011, pp. 41-43). In 1960, a visit by Harold MacMillan to South Africa was marked by his momentous "winds of change" speech, in which the prime minister openly recognised that minority rule had had its day, setting the British empire on an inevitable trajectory to recognise the independence of its colonies (Macmillan H. , 2011). By 1963, the much-maligned Federation was dissolved, with independence of the state of Zambia declared in the following year.

The breakneck pace with which independence had been achieved meant that there had been little time to ensure a transition to a new, efficient administration. At independence, Africans only held 4% of senior civil posts in Zambia. With no university yet in existence, there was a vast shortage of skilled employees educated to a tertiary degree (Gulhati, 1989). Economically, too, problems loomed on the horizon. As a junior member within the Federation, Northern Rhodesia had seen little benefit from its mineral riches, as profits were siphoned off to support the development in Southern Rhodesia, with some estimates suggesting the territory even made a net loss from its mining activities during the decade of the Federation's existence (Arnold, 2005, p. 287; Hall, 1976, p. 61). Few value-adding industries existed and around Africa manufacturing accounted for less than 5% of economic output, with infrastructure geared to provide access to ports for onwards shipment to Europe rather than intra-regional trade. As such, with its economy aligned to support the colonial system, Zambia's self-sufficiency and economic independence was still a distant dream (Meredith, 2011, p. 153).

Seeking to address the inequalities in Zambian society, Kaunda set out to promote his own version of African socialism, which he referred to as Zambian humanism. This political philosophy aimed to construct a common identity that would supersede tribal affiliations (Pettman, 1974, p. 221). Kaunda's personal vision favoured a strong central role for the state, inherited from the colonial administration, and sought to resolve exploitative practices through the pursuit of communal cooperatives, the promotion of import substitution, and economic self-reliance. Shortly after independence, Zambianisation of the workforce, the nationalisation of the country's copper mines and other leading enterprises, and the eviction of Asian shopkeepers from the retail industry put a disconcerting face on these goals. Although achieving its goals on paper, the reforms contributed to the collapse of business networks and credit lines, a major outflow of commercial and technical skills, and drastic underinvestment in the country's mines and infrastructure (Macmillan H. , 2008).

Figure 1: Map of Zambia

Source: United Nations Cartographic Section, Map No. 3731 Rev. 4 (2004); used with permission

Politically, independence had temporarily caused tribal tensions to abate, but competition for control of the ruling party would soon re-emerge, and lead to a period of instability as rival, breakaway parties vied for influence (Larmer, 2008, pp. 103-105). In neighbouring Tanzania, Kaunda's personal friend Julius Nyerere had already established single-party rule, arguing that a party that represented the nation as a whole provided more appropriate representation than a multi-party system in which each party defended its own jealous interests (Arnold, 2005, pp. 132-133). Although initially having rejected the idea, Kaunda's opposition to the idea of single-party rule gradually faded, as internal and external strife threatened the regime's stability and ability to implement its policy agenda. By 1973, the Second Republic was formed, which abolished opposition parties and put Kaunda firmly in charge of a one-party state, supported by means of an extensive patronage network. With this political transformation, the stage was set for two further decades of autocratic, but mostly benign rule.

3.3 UDI and the wars of liberation

Even before Zambia's independence, it was clear that southern Africa was headed for a period of turmoil. In contrast to the comparatively peaceful process that marked Zambia's transition, violence had already erupted in several of its neighbours. In Angola, the Movimento Popular de Libertação de Angola (MPLA) had been founded in 1956, and had begun to carry out small-scale operations, interrupted only temporarily by reprisals and arrests. By 1963, anti-Portuguese sentiment had spread to other parts of the Portuguese empire, with outbreaks of violence in Guinea-Bissau as well as Mozambique, directly to Zambia's east. To Zambia's north, a rebellion in the Katanga province closest to Zambia culminated in the execution of Patrick Lumumba, the pro-communist leader in the Congo. The death of Lumumba swept into power a more moderate leadership and was followed by a UN intervention in Katanga state in 1963, but by 1964 the political turmoil spread to involve most of the Eastern Congo, raising a death toll as high as one million (Pettman, 1974, p. 194; Meredith, 2011, pp. 103-115).

Meanwhile, to Zambia's south, Rhodesia was in political disarray as the government sought to repeat a now-familiar pattern by seeking to outlaw the growing Africanist movement. The white settlers were more numerous and better organised than in Zambia and in 1962 the Rhodesian Front of Ian Smith secured an easy victory on the promise to maintain a hard-line response to the demands of African nationalists. This perpetuation of minority rule, however, also denied Rhodesia the opportunity for independence that Britain had granted to Zambia, a status that the white elites in the territory considered of paramount importance. Backed by a strong mandate from the white settlers, this political stalemate led Rhodesia to hurtle inevitably to the more radical option of its

Unilateral Declaration of Independence (UDI), formally announced in November 1965. To Zambia, UDI presented the first major foreign policy challenge to Kaunda and, having only recently secured majority rule for his own country, Kaunda was swift to denounce UDI and call for armed intervention by Britain against the rebel regime in Salisbury (DeRoche, 2008, p. 79).[11]

Moorcraft and McLaughlin suggest that had such military action been authorised Smith's regime would quickly have buckled, UDI having been a "massive bluff" on the Rhodesian side (Moorcraft & McLaughlin, 2011, pp. 28-29). But, no such act of force was forthcoming, as Britain instead opted to support UN-sponsored sanctions. International boycotts and the partial blockage of ports used by Rhodesia would, however, have little effect on the political status quo. Amidst widespread violation of the sanctions regime with the assistance of South Africa and other sympathetic states, by the early 1970s Zambian news was reporting in dismay that Rhodesia's economy continued to blossom, with imports and exports up 18% and 16% respectively, and economic growth still at a solid 8% per year (Times of Zambia, 1971). Nevertheless, albeit ineffective in bringing about the collapse of the regime in Salisbury, voluntary participation in the sanction regime and retaliatory economic action by Smith had thrown the Zambian economy into disarray.

Unconvinced by these "farcical" sanctions (Napoma, 1968), Zambia and the other states of the Organisation of African Unity (OAU) soon resigned themselves to the idea that only protracted armed resistance would succeed in overthrowing the racist regime. Anglin states:

> *"The Zambian government had always been skeptical of the efficacy of sanctions. It was now firmly convinced that they could not be relied upon to bite quickly or deeply enough. Accordingly, the country adjusted its planning timescale and settled down to a long, costly, and wearying war of attribution, dubbed by diplomats the 'long haul'."* (Anglin D. G., 1994, p. 587)

[11] Early insights into Zambia's diplomatic stance with the outside world were first provided by authors such as Pettman (1974) and Hall (1969). In a later review article, Taylor (1997) describes these authors as largely having accepted the stated aims of Zambia's foreign policy at face value. Following this initial period and the escalation of the conflicts in southern Africa, a more critical examination of the makings of Zambia's foreign policy was first explored by Shaw and Anglin in the late 1970s, during the height of the Rhodesian conflict (Anglin & Shaw, 1979; Shaw, 1976; Shaw, 1976; Shaw, 1979). In this body of works, Shaw provides an insiders' view into the institutions, actors and processes that contributed to the formation of Zambia's foreign policy. Writing about a decade later, an extensive collection of works by Stephen Chan offers a contrasting approach that set out to challenge the mechanical nature of the structuralist school (Chan, 1986; Chan, 1987; Chan, 1992; Taylor, 1997). In his writings, Chan emphasises Zambia's desire to portray itself "as an elite nation in a troubled area" (Chan, 1986, p. 250). Writing with the benefit of hindsight and access to new archival material, DeRoche (2008) further expands on the same period, and analyses Zambia's foreign policy decisions surrounding UDI from the perspective of a broad interpretation of national security that emphasises the defense of core values, beyond that of territorial integrity. In the next chapter, I draw on the findings of these authors, and add my own analysis of the effects of UDI on Zambia's patterns of trade and commercial relationships.

At the outset, Southern Rhodesia's well-trained military forces were more than a match for the guerrilla movement, even though as early as 1967 forces of the Zimbabwe African People's Union (ZAPU) managed to launch an attack that brought them within 60 miles of Rhodesia's second largest city (Moorcraft & McLaughlin, 2011, pp. 29-36). Infighting between ZAPU and its rival, the Zimbabwe African National Union (ZANU) detracted from the war effort, however, and the occasional attacks initially did little to seriously threaten the Smith government. But, with bases in Zambia and with training and logistic support from Tanzania, the two movements slowly succeeded in building up a grassroots network. In 1972, a renewed offensive was launched that caught Rhodesian intelligence atypically off-guard, marking a new stage in the escalating conflict (idem). Zambia, during this time, provided material, logistic and material support. Moreover, although this has not been documented in previous historical accounts of the conflict, its military also directed participated in several cross-border operations in support of the guerrilla movements (Malimba Masheke, personal interview, 14 January 2014).

Meanwhile, violence in Angola and Mozambique was threatening Portuguese dominion over its territory. By necessity, Zambia had maintained commercial relationships with the Portuguese colonial administration, considering the colonial regime the lesser evil, compared with the threat from Salisbury, and initially pursuing hopes that a negotiated settlement could be achieved with Portugal (Pettman, 1974, p. 165). Reflective of the mixed priorities of Kaunda's cabinet, Zambia nevertheless permitted Angola's União Nacional para a Independência Total de Angola (UNITA) to operate from within its borders. UNITA, however, offered little in terms of reciprocity and in a series of attacks from late 1966 onwards proceeded to attack the Angolan railway system. In a setback to Zambia's interests, Portugal responded by closing the railway entirely to use by Zambia, in turn leading Zambia to expel UNITA's president (idem). While Zambia maintained a restrained response to Portugal's repeated violations by land and air of Zambia's territory, relations with Portugal continued to deteriorate. By 1971, as Frente de Libertação de Moçambique (FRELIMO) continued to threaten colonial forces in Mozambique, Portuguese authorities proceeded to block Zambian access to the port of Beira and began to support secessionist groups in Zambia (Arnold, 2005, p. 529).

In the early 1970s, even as Rhodesian guerrillas were re-thinking their strategies and gearing up for a second offensive, the conflict in Mozambique and Angola was reaching a stalemate. The Portuguese forces had, for now, halted the advance of the guerrillas with new counter-insurgency techniques, including the use of fortified villages, the construction of outlying airstrips, and new road infrastructure. But, despite limited successes, doubts had arisen whether the colonial administration could ever truly win the conflict and back in Portugal support for the colonial wars was waning. The costly war effort had gone on longer than anticipated and had wrecked Portugal's international reputation, even while economic inequality was fostering domestic resentment. In April 1974, these pressures culminated in a military coup that soon expanded into a broader popular, left-wing movement, resulting in the replacement of the Caetano government by a military junta, which moved quickly to end the conflicts in southern Africa. Guinea-Bissau was granted independence in 1974, with Mozambique and Angola just a year behind.

To Ian Smith, the withdrawal of Portuguese influence represented a major setback. With the collapse of the colonial regime, Rhodesia's eastern border had become openly exposed to infiltration by guerrillas from Mozambique, where a hostile FRELIMO government was now in power. Moreover, as the tide of the war in southern Africa changed, support for Smith's regime faded even in South Africa, which was growing less concerned with propping up the settler government than with deterring the further spread of communism and the risk of Rhodesia falling into Marxist hands (Moorcraft & McLaughlin, 2011, p. 15). Remarkably, these developments had also sparked a détente between Zambia and South Africa as the two countries reconciled over efforts to achieve a negotiated settlement to the Rhodesian conflict (Arnold, 2005, pp. 510-512).

Smith now found himself in a precarious situation, his position worsened by a further escalation in violence. Changing tact, Rhodesian forces opted to take to the offense by embarking on daring cross-border raids on guerrilla bases abroad. In 1975, Rhodesian intelligence orchestrated the assassination of Herbert Chitepo, ZANU's leader in Lusaka, while successfully casting the blame on other factions within ZANU, leading to the latter's expulsion by Kaunda and its relocation to Mozambique (Moorcraft & McLaughlin, 2011, p. 41). Following the downing by ZAPU or an airplane of Air Rhodesia, and the massacre of its passengers, Rhodesian forces began to conduct deeper raids, targeting rebel locations deep within Zambia and Mozambique. In October 1978, air attacks targeted two guerrilla camps only miles outside of Lusaka and in June 1979 Rhodesian forces successfully raided a ZAPU intelligence office in Lusaka itself. Rhodesia, rather than merely aiming to attack guerrilla forces in their bases, undertook to damage the economic infrastructure of Zambia, and Mozambique, hitting major infrastructural arteries and halting the supply of maize to Zambia (Moorcraft & McLaughlin, 2011, pp. 161-165).

Despite these efforts, the Rhodesian conflict had entered its endgame. ZANU's expulsion from Zambia had been a setback to its operations, but indirectly contributed ridding the movement of dissenting factions and the emergence of Robert Mugabe as its new, and much more effective leader (Reid-Daly, 2000, p. 173). Despite the painful losses suffered at the hands of Rhodesian forces, ZANU's numbers continued to swell, and the conflict soon deteriorated from a localised insurgency into a full-scale war. As South Africa increasingly lost patience with Smith's regime and

Zambia and Mozambique laboured to bring the conflict to an end, pressure on the two sides to achieve a negotiated settlement mounted. Mugabe, who felt that a military victory was within reach, remained reticent, but was ultimate compelled to sign an agreement for a multi-party, independent state. With Ian Smith forced to admit defeat, the state of Rhodesia was renamed Zimbabwe and achieved international recognition in 1980, effectively ending the war of liberation.

3.4 Civil war and the perpetuation of strife in southern Africa

Although independence had long been the ideal of Africanist leaders around the continent, the achievement of that goal revealed the harsh reality that majority rule did not come with a guarantee of peace and stability. The first years of independence in Zimbabwe had seen Mugabe retain surprisingly cordial relations with the white population in the country, amidst an influx of Western aid, a scaling-down of military expenditure, and ambitious investments in health, education and land reform. By 1982, however, Mugabe staged a political split with ZAPU, triggering a campaign of targeted and random violence, intimidation and state-sponsored starvation of perceived dissident regions. Mugabe, having secured his personal position through patronage, was at the top of a new ruling elite that plundered the nation's wealth, even as racial tension once again escalated and sparked mass emigration of the white population. Although Zambia had hoped that Zimbabwe's liberation would bring prosperity to the region, by the 1990s it was clear for all to see that the Zimbabwean economy was in freefall.

In Angola, meanwhile, the transition to majority rule had proven similarly disastrous. Lacking the smooth transition that Zambia and Malawi had enjoyed following the end of colonial rule, the remnants of Angola's colonial administration all but collapsed with the Portuguese withdrawal. As the newly independent state came into being, rival guerrilla forces and their political wings vied for control over a country that barely maintained its integrity. From its base in Zaire, the Frente Nacional de Libertação de Angola (FNLA) had played an active role in the colonial war, with support from Mobutu, while UNITA had been backed by Zambia and had moved into central Angola as the conflict drew to an end. Both movements, however, were nearly destroyed by the MPLA, which controlled oilfields near Luanda. In November 1975, having gained the upper hand in the military conflict, the MPLA proceeded to be the first to declare Angola's independence. Dishevelled but still intact, the FNLA and UNITA responded with a rival declaration of independence from their chosen capital in Huambo. Independence, in Angola, was off to an uneasy start.

In Mozambique, the war for independence had been led by a single movement, which might in different circumstances have secured a more stable future for the country than that of Angola or Zimbabwe. In a classic example of conflict contagion, however, the conflict in Rhodesia would have severe repercussions for Mozambique and trigger the start of its civil war. In 1977, Rhodesia's Central Intelligence Organisation (CIO), which had also been instrumental in the assassination of Chitepo in Zambia, had set about to destabilise Mozambique to avoid it providing a base and breeding ground for ZANU's guerrillas. The CIO arranged for the liberation of André Matsangaissa, a former FRELIMO fighter who had been expelled for theft, and ensured his installation as the leader of Resistência Nacional Moçambicana (RENAMO), an opposition movement that would effectively remain under Rhodesian control until Zimbabwean independence (Anderlini, Garcia, & Rupesinghe, 2001, p. 205). After the fall of Smith's regime, RENAMO would continue to receive support from South Africa, channeled through Malawi, as part of these two countries' opposition to FRELIMO's Marxist ideology.

The civil wars in Angola and Mozambique would prove to be long-lasting, hard-fought struggles for dominance, with atrocities committed on all sides, and with severe effects on the population of the two countries, as well as on communities in adjacent border areas. In the context of the Cold War, the conflicts in the two countries soon gained larger geopolitical overtones, and the two sides in both conflicts gained considerable resources from their alignment with Western and communist forces. In Angola, the war effort had been concentrated on the major urban centres in the country, but territorial control by the various movements was supported by brutal tactics aimed at the local population, as well as one of the most extensive deployments of landmines in modern history. In Mozambique, meanwhile, RENAMO would soon be known for its extreme butchery, including seemingly indiscriminate massacres and burnings of targeted villages, abduction, sexual violence, and other forms of terrorism (Hultman, 2009). The disruption and fear of violence not only triggered a mass movement of displaced persons and refugees, but also caused a widespread famine that would be a major cause of the total death count in the conflict.

Despite the internationalisation of the two civil wars, Zambia would play a more passive role in these conflicts. Compared with the perceived legitimacy of the liberation war, the lack of direct support by Zambia likely reflected Kaunda's disillusionment with the outcomes of independence, the lack of a clear moral high ground occupied by any of the sides in the conflict, as well as Zambia's internal economic difficulties. In 1976, the country ended its tolerance for UNITA's activities within its territory, forcing the movement to operate out of Zaire instead, and in 1986 Kaunda joined African efforts to force Hastings Banda in neighbouring Malawi to expel RENAMO's fighters from the country. With the collapse of the Soviet Union, international interest in the two conflicts' geopolitical significance waned, but Angola's civil war would rage on for another decade, fuelled by the diamond trade, oil riches, and international funding. Zambia, for the most part, had little choice but simply to cope with the spill-over effects of the conflicts, described in more detail in the next chapters.

To Zambia's north, too, competition over resources had contributed to political instability in Zaire. By the early 1990s, Zaire had devolved into little more than a "rotting carcass", suffering from astronomically-high rates of inflation, levels of income well below those achieved in the 1950s, and a mining industry on the edge of failure (Meredith, 2011, p. 526). In 1996, an invasion of Tutsi forces initially aimed against Hutu militias in Zaire easily routed the demoralised and ill-trained troops loyal to Mobutu, and replaced him with Laurent Kabila, who renamed the country the DRC. Kabila's rule would be as short-lived as it was bloody, as the country devolved into its second war, with the war continuing after the assassination of Laurent Kabila and his replacement by his son, Joseph Kabila. From 2003, the war continued in a more local manner in the east and selected other parts of the country. To Zambia, geographically removed from the main centre of violence and lacking the deep economic dependency with the DRC that it had shared with Rhodesia, the conflict's direct effects were more limited. But, as reviewed in the remaining chapters on Zambia, lawlessness in Katanga state, the inflow of a smaller number of refugees and disruption of the mining industry in the DRC would have noticeable effects on Zambia.

3.5 Chapter conclusions

On the surface, the outlook for Zambia in 1964 appeared bright. It was host to some of the richest copper resources in the world, which seemed sure to provide a stable and long-lasting source of revenue to fund the country's developmental ambitions. The Copperbelt was one of the few industrialised zones in inland Africa, and Zambia's agricultural potential seemed vast (Meredith, 2011, p. 152). Southern Rhodesia had demonstrated the potential for rapid agricultural expansion and the ability to support a vast range of crops at scales sufficient to produce a large surplus for export, and there seemed to be little reason why Zambia would not be able to achieve the same. In 1964, Zambia's per capita income was US$540, one of the highest rates of income in the region, albeit fraught with large inequalities. Zambia's apparent potential led it to be considered to be "Africa's second chance" (Loney, 1975, p. 161). Decades later, Zambia's failure to live up to its hopeful start has been cause for much introspection, with different accounts having been offered to explain its disappointing growth trajectory.

Whereas numerous studies have been undertaken of particular aspects of Zambia's developmental history, the focus on isolated sectors of its economy overlooks the fundamental role played by Zambia's exposure to evolving international circumstances and security conditions. Using the Zambian case study as an initial example, this thesis argues that socio-economic spill-over effects have pervasive, profound effects on neighbouring countries economic development, beyond direct effects on trade, the movement of refugees, or military expenditure. Instead, exposure to armed conflict may trigger changes in political ideologies that can have far-reaching consequences on issues ranging from industrial and agricultural development, to the role of the central government within the market and the legitimacy of the ruling regime. By setting out the history of conflict in Zambia's region, this chapter provides the backdrop for the analysis in the next four chapters that seek to explore this argument in more detail.

In chapter 4, for instance, I describe how the threat to Zambia's economic sovereignty triggered a surge in infrastructural investment and reinforced nationalist and socialist philosophies and a programme of Zambianisation and import substitution. In chapter 5, I explore how the hundreds of thousands of refugees that were hosted in Zambia affected the economy and local communities, and were affected by Zambia's approach to the refugee situation. In chapter 6, I argue that a key aspect to be considered in the context of low-income, development countries is the question of food security, arguing that the disruption of regional trade flows contributed to the imposition of price controls that would have long-lasting effects on Zambia's agricultural development. Finally, in chapter 7 I explore the oft-cited claim that conflict leads to increased military expenditure and diversion from social budgets, to demonstrate that Zambia's security expenses were financed primarily through loans, rather than by cuts elsewhere in the budget.

In sum, the case study of Zambia presented in this thesis provides an evidence-based approach to the spill-over effects of conflicts, rooted in historical experience rather than the postulation of unverified, assumed mechanisms. While not replacing the need for further quantitative, comparative analyses, the evidence presented over the course of the next chapters aims to address a gap in the literature on conflict, and makes possible a more informed discussion of the diverse, multi-faceted, and nuanced nature of the role of conflict in regional development. In later chapters on the experiences of Malawi, Jordan, Thailand and Belize, I draw on the findings of the Zambian case to discuss parallels between these cases and the context-specific nature of spill-over effects.

4 Trade, industry and commerce

4.1 Introduction

If this were a thesis focusing on any one of the conflicts in southern Africa, the analysis of the consequences of the conflict ought to begin with a discussion of the human cost of the conflict. Such an account is essential to avoid dehumanising the concept of war and to ensure that a focus on economic growth and development does not obscure acknowledgement of the severe impact of armed violence at a household level. This thesis, however, is not a study of these conflicts per se but is rather an investigation of their effects on neighbouring countries. As the case studies in this thesis have not themselves been exposed to large-scale violence within their borders, the primary effect of war on these countries is not one of loss of life or human capital. For this reason, I begin the analysis of the spill-over effects of war on Zambia by focusing on aspects related to trade, physical destruction and investment that have featured prominently in the existing literature on the topic.

In their study, Ades and Chua (1997) identify trade and increased military expenditure as two primary channels by which coups and revolutions may affect their neighbours, and find that on average, political instability has an adverse effect on trade. To explain such an effect, they suggest that instability may trigger a shortage of basic goods, a shift to production processes lower down the value chain, and increased transaction costs (Ades & Chua, 1997, pp. 290-292).[12] Murdoch and Sandler (2004, p. 139), moreover, point out that neighbouring countries may suffer damage to infrastructure from collateral damage and argue that multiplier effects may further reduce trade within the region, and contribute to capital flight. De Groot (2010, p. 152), on the other hand, postulates that positive spill-over effects on investment could occur when investors are dissuaded from investing in the country in conflict and are led to invest in neighbouring countries instead.

In this chapter, I use the example of Zambia to assess how such effects may play out in practice. In this chapter, I find evidence to confirm that several of the mechanisms postulated by the authors cited above did indeed occur. I show, for instance, that the wars in Zambia's vicinity disrupted its trade flows and affected its industrial development, as well as the availability of basic goods.[13] I also

[12] Ades and Chua in fact offer the case of Malawi, affected by the conflict in Mozambique, to illustrate their point. In chapter 8, I provide a more extensive insight into the effects of conflict on Malawi's trade and infrastructure, and demonstrate that in earlier years, Malawi was in fact an example of a country that initially benefited regional instability, particularly in terms of trade. In the conclusion in the final chapter I return to the example by Ades and Chua to illustrate the difference in approach between the interpretation by these and other authors, and this thesis.

[13] The impact of the conflicts on the availability of food and food security is also discussed more extensively in chapter 6.

discuss the role of the conflict in Rhodesia with respect to the damage to Zambia's infrastructure and explore the extent to which the conflicts diverted attention away from industrial development, including the effect of the conflicts around Zambia on the promotion of nationalist, socialist and protectionist economic policies. In line with the suggestion of the possibility of positive investment effects by de Groot (2010), I also provide an example from Zambia's mining industry, focusing on its revival in the 1990s, arguing that insecurity in the DRC contributed to multi-billion-dollar inflows of capital in the re-development of Zambia's copper deposits in the Copperbelt.

However, this chapter also shows that none of these effects are as straightforward as they appear in theory. For instance, this chapter argues that while regional insecurity threatened and disrupted Zambia's trade flows, it also contributed directly to the advancement of major investment projects aimed at diversifying Zambia's transport routes and power infrastructure, albeit at the cost of a long-term increase in Zambia's debt burden. This chapter also shows that the spill-over effects experienced by Zambia were not mere externalities, but were affected by Zambia's policies with respect to the conflicts in its surroundings. The chapter demonstrates, for instance, that the disruption of trade with Rhodesia was not merely the effect of conflict and insecurity, but was, more directly, the result of Zambia's response to the emerging political and armed conflict and its decision to participate in international sanctions. Similarly, I argue that the effects on Zambia's industrial policy were not merely due to the disruption of supply chains and a shortage of inputs, as implied by Ades and Chua (1997), but more directly reflected a realignment of domestic policy priorities in response to the conflict.

This chapter, then, shows that neighbouring conflicts generated both positive and negative spill-over effects for Zambia's development, with varied short-term and long-term consequences, but that these effects were rarely as straightforward as described in previous studies. The findings in this chapter suggest that the specific nature of the effects of the conflicts in southern Africa on trade, investment and physical capital were highly dependent on the political, geographic and economic context of the countries involved. For this reason, I emphasise that an analysis of these mechanisms must be coupled with an appreciation of the various risk factors and policy responses that co-determine the outcome of such effects, to avoid hasty and ill-founded generalisations of the nature of spill-over effects.

4.2 Contingency planning

At the time of UDI in 1965, Zambia had not had a great deal of time to adjust itself to its newfound nationhood, nor to disentangle itself from its overbearing southern neighbour, Rhodesia. As such, as the game of brinkmanship between Britain and the Smith regime led Rhodesia down the path towards the status of a rebel colony, Zambia found itself caught in the middle, and forced to put in place urgent contingency planning efforts. Wary of the likely damage that any sanctions regime might inflict not just on Zambia, but on the economic prospects of a majority-ruled, independent Rhodesia, Zambia lobbied the British government to exercise the threat of the use of force to ensure Rhodesia remained on a path towards majority rule (Ministry of Foreign Affairs, 1965).

Zambia's calls for military action, however, came to no avail. On 20 November 1965, nine days after UDI, the UN Security Council adopted resolution 217 (UNSC, 1965), which imposed a regime of voluntary sanctions against Rhodesia, calling on its members to reject requests of assistance to Smith's regime, sever economic relations, and implement an embargo against the import of petroleum products into the colony. Zambia, at this point, was faced with the reality that any intervention by Britain had become increasingly unlikely, and was ultimately ruled out by Wilson in a House of Commons statement on December 21, 1965 (Mobley, 2002). The implementation of an oil embargo, which would be ineffectually enforced by a blockade of the Mozambican port of Beira by the British Royal navy, ran the risk of being more damaging to Zambia than it was to Rhodesia. Whereas the latter had many allies in Mozambique and South Africa that ensured its continued access to oil, Zambia's dependence on the Rhodesian Railways meant it had no alternative transport routes readily available. To Zambia, still steadfast in its opposition to Smith's rebellion, the threat of retaliatory sanctions and the chokehold exercised by Rhodesia amounted to a painful economic calamity.

Zambia's response to UDI began in earnest on November 29, 1965, with the first meeting of its Contingency Planning Secretariat, more than two weeks after UDI (Contingency Planning Secretariat, 1965c). The late planning of this meeting betrays the fact that Zambia and the international community believed, up until the last moment, that Smith's game had been a bluff and that the colony would ultimately be dissuaded from its foolhardy break from Britain. While some preparatory studies and proposals had been drafted to deal with the eventuality of UDI, none of these had yet been put in motion, presenting the contingency planning team with immediate challenges arising out of Zambia's dependence on Rhodesia as the central hub for power, transport, and communications. As of 1965, for instance, Zambia's external communications consisted of a telephone link to London that was operational a mere two hours per day, with connections at all other times, as well as telex and telegraph services, routed through Salisbury. Faced with an urgent need to coordinate Zambia's own response and its strategy against the Smith regime in confidence, British help was solicited in establishing a secure phone link to London (Ministry of Foreign Affairs, 1965b). Such was the concern over Rhodesian interference into Zambia's communications that the Secretariat recommended the establishment of a Protective Security Committee, tasked with the physical security of government buildings, as well as the protection and safekeeping of classified documents and information (Contingency Planning Committee, 1965d).

These tasks notwithstanding, they paled in comparison with the larger challenge of addressing Zambia's precarious logistical situation and the insecurity facing the transport routes that acted as the lifeline to the country's copper industry, and Zambia's many import requirements. Whereas Zambia, in 1964, produced as much as 640,000 tonnes of copper for the export market, it is indicative of the scale of the disruption that would result from closure of the border with Rhodesia, that in its planning efforts the Committee only explored the amount of imports it would need to sustain production at a much lower level of 200,000 tonnes per year, running many of the mines on care and maintenance and reducing output by 69% (idem). Table 3 shows the Committee's estimates of the needed goods to achieve this more modest goal, and support the construction industry at a similarly-reduced capacity of just 50%.

Table 3: Required imports to achieve production targets (tonnes)

Goods	Quantity
Thermal power	625,000
Metallurgical	160,000
Railway	135,000
Building and construction	50,000
Other industries	15,000
Coal sub-total	**985,000**
Foodstuffs	140,000
Petrol, oil and lubricants (P.O.L.)	85,000
Other essential supplies for mines	50,000
Other essential supplies	32,000
Total	**1,302,000**

Source: Contingency Planning Secretariat (1965c)

The Committee's preparations for a drastic cutback in copper production would have had a devastating impact on Zambia's finances and would have crippled both its developmental agenda and its ability to support the nationalist movement in Rhodesia. Even more worryingly, in the event of a complete closure of the Rhodesian border, even the low figure of 200,000 tonnes of copper output would have nearly impossible to achieve. While Zambia had multiple road connection to its neighbours, it had scarce access to routes that provided ocean access, essential both for its exports of copper to the world market, and access to international supplies for its mining industry, as summarised below:

- To the northeast, the North Road to Dar-es-Salaam (with links further onward to Mombasa in Kenya) was not fully-paved, and was feared to be ill-suited to the regular traffic of up to 30 ten-tonne trucks passing the road each way, every day. Although Britain had been asked for £200,000 to cover the costs of upgrading the road (Contingency Planning Secretariat, 1965c), the poor state of the road would soon earn it its colloquial nickname, “Hell Run”. Shipments across the North Road were largely operated by Italian trucks, driven by Somali drivers, and led to the establishment of the ZamTan transport company (Banda, 2015). But, the efficacy of transport along this road was further hampered by capacity constraints at the Dar-es-Salaam port and restrictions by the Tanzanian authorities that prevented South African goods from being offloaded into Tanzanian ports, thus requiring additional documentation to provide guarantees of origin and ownership.

- The second route, via rail to Kigoma and onwards across Lake Tanganyika to Zambia’s port of Mpulungu, also required additional investment. The railway route depended on shipments managed by the East African Railways, which stated that it could only bring in 420 drums per day, whereas Zambia required 760 per day at a minimum, although Tanzanian authorities undertook to increase deliveries upon Zambia’s request (Contingency Planning Secretariat, 1965). Recognising that the port of Mpulungu was not well-equipped to deal with the increased flow of petroleum and other products, the Secretariat also recommended the expansion of storage capacity at Mpulungu, explored the viability of a pipeline from the port, and recommended the use of heavy petrol vehicles to transport the petrol further inland (Contingency Planning Secretariat, 1965b).

- To the east, Mozambique had three main ports at Maputo, Nacala and Beira, the latter two of which still had some surplus capacity (World Bank, 1977, p. 6). Rail access to the ports in Mozambique, however, was only available through the Rhodesian Railways and the only alternative consisted of road transport through Malawi, at a cost nearly double that of other options (UNDP, 1976, p. 70). The Contingency Committee also reported that additional locomotives and wagons would be required to boost railway capacity to the ports. (Contingency Planning Secretariat, 1965c). Shipments to the ports, moreover, depended on the goodwill of Mozambican authorities, still under Portuguese rule and would be subjected to the added complication of Britain’s naval blockade of oil imports into the port of Beira, as part of efforts to enforce sanctions against Rhodesia.

- To the west, the Angolan port of Lobito offered a more affordable alternative, but no direct railway link was in place and the only means of access thus ran through Zaire, which also used Lobito for its own copper exports that frequently congested the shipping route, not aided by the outdated infrastructure the port was reliant upon (UNDP, 1976, p. 70). Access to the port of Lobito was, nevertheless, considered a relevant alternative by the Committee, but it recognised it would need diplomatic support in approaching the Portuguese administration for access. Britain, in an uneasy relationship with Portugal over its colonial policy, was reluctant to approach Portugal on the matter, but the US embassy suggested it would be willing to approach Portugal, following an initial approach by the copper mining companies to the Benguela Railway company (Ministry of Foreign Affairs, 1965b).

As shown in Table 4, as of 1965, even the cumulative capacity of these routes, which were not in regular use and depended on tenuous connections through Zaire, Angola, Mozambique and Tanzania fell well short of the requirements estimated by the Committee. Even in the best-case scenario, these routes were expected to only account for 35% of the reduced-capacity requirements of Zambia's mining, construction and other industries.

Table 4: Capacity of alternative transport routes, 1965 (tonnes)

Route	Immediate	After 3-6 months	After 1 year	Max. potential
1: North Road to Dar-es-Salaam	100,000	100,000	100,000	200,000
2: Dar-es-Salaam Rail to Kigoma, ship to Mpulungu	52,000	100,000	100,000	100,000
3: East road, rail to Beira	20,000	50,000	100,000	100,000
4: Railway to Lobito (Benguela)	-	-	-	60,000
Sub-total capacity	**152,000**	**250,000**	**300,000**	**460,000**
Requirements	1,302,000	1,302,000	1,302,000	1,302,000
Shortfall	**1,150,000**	**1,052,000**	**1,002,000**	**842,000**

Source: Contingency Planning Secretariat (1965c)

4.3 New transport links

Given Zambia's logistical conundrum, it was obvious to Kaunda and his cabinet that new, independent transport routes ought to be developed as a national priority, lest Zambia be kept in a stranglehold by Rhodesia, through its control of the Rhodesian railway network. As Chan writes, "the Zambian response to UDI was to search, at times frantically, for possibilities of routes elsewhere" (Chan, Zambia's Foreign Policy, 1987b, p. 229). Financing the development of such new transport routes, however, was clearly beyond the means of the Zambian government, and would depend on the assistance of Zambia's international partners.

The call for international assistance to Zambia had been formalised in UN resolution 217, which had imposed voluntary sanctions on Rhodesia. There can, however, be little doubt that the actual commitment of such assistance was greatly aided by the fact that Zambia's economic crisis did not only threaten its own economic survival, but potentially put at risk American and British interests in its mining industry. In 1964, Zambia accounted for around 11% of world output of copper, and a reduction in copper output to the extent implied by the Contingency Planning plans would not have gone unnoticed in the international market, as Watts, referencing Templeton (1965) writes:

> *"Nevertheless, it was recognized that the fall in production would have serious repercussions for Britain, because its industry would be affected and sterling would be under pressure. It was also acknowledged that a decline in Zambian output would also impact upon the world market and, to prevent prices from rising, other measures would have to be considered, including the release of copper from the U.S. strategic stockpile."* (Watts, 2006, p. 452)

Among the first efforts undertaken in late 1965 was an approach by Zambia to Zaire, with which it had maintained a difficult, cold relationship. Tensions between the two countries were linked to Zambia's former relationships with Moise Tshombe in Katanga, the presence of Congolese refugees in Zambia, and support by Zambia's ally Tanzania to rebels along the Congo's eastern border. To Zambia, however, Zaire represented a potential source of supplies, if a suitable supply chain could be established. In December 1965, Zambia's High Commissioner in Tanzania reported that the Congo would permit the use of Congolese railways, except that the area's safety was hampered by Tanzania's support of rebel movements in the area, to which it was replied that such support had ceased (Simbule, 1965). In the same month, Zambia's Ministry of Foreign Affairs also sought to explore the viability of transport routes from Leopoldville (now Kinshasa), Albertville (Kalemie), Elisabethville (Lubumbashi) and Tenke into the Copperbelt and enquired as to capacity constraints and existing stocks of petroleum products in the country (Ministry of Foreign Affairs, 1965c). It appears that little was achieved from this approach, however, whether for political or logistical reasons.

As of late 1965, therefore, Zambia remained heavily dependent on its access to the Rhodesian railways for essential supplies. The imposition of the oil embargo necessitated the implementation of a strict rationing system, for which it was deemed necessary to establish stocks amounting to at least four weeks' consumption, or around four million gallons of fuel, whereas Zambian stocks amounted to only half that (Contingency Planning Secretariat, 1965). Given the lack of viable networks with sufficient capacity, starting in December a measure of last resort was put in place, in the form of an airlift from Zambia to Dar-es-Salaam by aircraft from the British Royal Air Force. From January to April 1966, American planes joined the mission, with the mission contracted out to civilian companies, transporting over 3.6 million gallons of fuel over this period (Watts, 2006). British flights continued a little longer, and helped establish a stockpile of petroleum, oil and lubricants, although this did not prevent Zambia from having to maintain a strict rationing system for the consumption of fuel, with much of it prioritised for mining and industrial purposes. As Good notes, the operation was extravagantly expensive, with the planes themselves consuming more fuel than they transported, at an average cost of 40p or $1 per gallon (Good, 1973).

While the airlift proved successful in meeting Zambia's short-term demand for fuel, Zambia's rationing scheme remained in place until a more sustainable solution could be found. The proposed solution, a 1,700km pipeline linking Ndola in the Copperbelt to Dar-es-Salaam had originally been dismissed by the British as being unrealistic, bearing an estimated cost of £16 million or US$45 million (Good, 1973). With support of the Italian ENI Group, however, an oil refinery had previously been opened in Dar-es-Salaam in 1966, and was operated as a partnership between ENI and the Tanzanian government, in the form of the Tanganyikan and Italian Petroleum Refining Company (TIPER). TIPER agreed to finance the pipeline, which was completed in 1968, with the assistance of a further Italian company, SAIPEM. The project represented one of Italy's first cases of technical assistance in the region and provided Zambia with secure access for its oil requirements and ended the need for rationing (Baldi, 1994).

Zambia's rugged determination to secure its own transport links, in spite of Western objections, continued in the development of the TanZam railway, linking Zambia's Eastern Province to Dar-es-Salaam. Once again, however, the project was dismissed by Western nations on economic grounds, as the World Bank estimated that the railway link would run at a financial loss at least until 1990 – while generating losses of revenue of nine million sterling per year to the Rhodesian Railways, which Zambia would be contractually bound to refund (Wolfe, 1970). While the financial evaluation of the railway may have been on point, such objections ignored the political imperative of the railway, which would liberate Zambia from the perpetual threat of economic reprisal by Rhodesia. Arnold (2005, p. 473) argues that the West's intransigence in refusing to fund the project was not merely due to a lack of appreciation and support for such a desire for greater sovereignty. Rather, Arnold suggests that the opposite was true, and that disagreement over the railway project revealed the true nature of the Western world to the independent states of Africa: "The West was more interested in maintaining the economic and political dominance of the white South over the region than in assisting two independent African countries break free of that dominance […]" (idem).

Even as Western leaders and the Soviet Union turned a cold shoulder to Kaunda's and Nyerere's calls for assistance in the development of the railway, China's leadership was eager for the opportunity to undertake the project, which would be the largest foreign aid project that the Chinese had undertaken to date. Sued argues that the offer of Chinese aid was, initially, motivated by Chairman Mao's ambition to gain support from African states against the Soviet Union at an upcoming conference of Asian and African nations in Algiers in 1965 (Sued, 2012). Although an offer of assistance had been made by China to Nyerere as early as the beginning of 1965, Kaunda was reluctant to accept Chinese aid, out of fear that Chinese involvement would provide a basis of support for a variety of subversive political and armed groups in the region, and because accepting Chinese aid put Zambia's commitment to non-alignment on shaky ground (Pettman, 1974, p. 208). However, following a visit by Kaunda to China in 1967, and the realisation that no other offers of aid would be forthcoming, Zambia and Tanzania ultimately accepted China's offer, through an agreement signed in September 1970 for a loan covering the expected $500 million cost, to be repaid interest-free over 30 years (Sued, 2012). The railway, covering some 1,870km from Dar-es-Salaam to Kapiri Mposhi in Zambia, was completed ahead of schedule in 1975 in just five years.

News of the Chinese offer of assistance for the "Freedom Railway", was greeted in the West with both derision and concern, with the project soon dubbed the "bamboo railway" (Monson, 2004). The talks between the African leaders and China did, however, finally spur the American administration into action. In the throngs of the Vietnam War, the Johnson administration's focus had been far away from Africa, and involving itself in a competition with China in favour of a pricy developmental project was not on the American agenda (Altorfer-Ong, 2003). Sympathetic elements within the African Affairs Bureau of the State Department, however, were frustrated by this apparent disregard for the region. The bureau's head, Wayne Fredericks, himself expressed scepticism over numbers that, he feared, had artificially inflated the cost of the railway and instead promoted the cheaper, alternative option of road improvement. For once, Zambia and Tanzania came out on top in these negotiations – having secured Chinese aid for the railway, the US administration now responded by committing itself to reconstruction of the "Hell Run" road, along with the necessary vehicles, with construction begun in 1968 and completed in 1973 (Altorfer-Ong, 2003).

As sanctions dragged on with little sign of success, a further proposal that had secured support from the European Community, Norway and USAID, concerned the construction of a road linking Botswana and Zambia. To Zambia, the proposed 155-mile route from Nata in Botswana to Kazungula in Zambia provided an alternative connection to South African ports, bypassing Rhodesia, while to Botswana the project offered an opportunity to spur growth in its poorly-connected Northern region. Following a feasibility study in 1970, construction of the road was completed from 1973 to 1977, at a total cost of nearly $33 million, and 120% over budget (USAID, 1977 assumed). While representing a further economic lifeline to Zambia, the project also created additional tension over its strategic intersection at the four-way point between Botswana, Rhodesia, Zambia and Namibia's Caprivi-strip. In order to secure South Africa's consent to the project, the United States requested the construction of a 40-mile spur that linked Kazungula to Ngoma in the Caprivi strip. Via a bridge across the Chobe River at Ngoma, this connection permitted the South African Defence Forces (SADF) based at Katima Mulilo in the Caprivi Strip to access Southern Rhodesia, an implication that Botswana deemed "disconcerting" – an understatement of the sentiment that presumably would have been shared by Zambia (Dale, 1995, p. 98).

4.4 Sanctions and conflict

In the years immediately following UDI, if not thereafter, sanctions had a disruptive effect on the Rhodesian economy, with farmers having felt the brunt of the impact (Doxey, 1987, p. 42). From 1965 to 1966, tobacco output fell by half, while its value fell to just a third of its pre-UDI value. Exports fell by 38% to 1966, and had fallen by half by 1968. Over the full period to 1979, the lower price of Rhodesian exports cost the country as much as R$1.1 billion and forced the Rhodesian regime to splash out on expensive subsidies to its farmers, amounting to as much as R$16 million per year (Business Reporter, 2015). As described in chapter 8, Rhodesia could rely on a number of sympathetic allies to help it to bypass sanctions, but these trade deals incurred a high cost. Moreover, the drop in Rhodesia's foreign exchange reserves owing to the fall in export volumes and prices necessitated the introduction of strict controls on foreign exchange and imports, contributing to shortages in various manufactured goods (Sutcliffe, 1967). Nevertheless, despite the gradual expansion of the sanctions' scope, by 1969 a review of the impact of the sanctions suggested that "the over-all effect on the economy has apparently been slight", owing in large part to the regime's successful counter-measures (McKinnell, 1969).

In Zambia, meanwhile, Kaunda had declared the country's voluntary participation in sanctions, despite fears of retaliation, in the form of a closure of the border by Rhodesia or a military response. Both possibilities had been seriously considered by Kaunda and the international community, as evidenced by the reports of the Contingency Planning Secretariat described in section 4.2 and by Britain's decision to station a detachment of RAF Javelin interceptors to provide Zambia with the semblance of an air defence. However, a complete closure of the border would not only have crippled Zambia's economy in 1965, but would also have starved Rhodesia from a valuable source of income in the form of the levies it received from the shipment of goods via the railways. This, combined with the harm that the closure of the border would have done to Rhodesia's diplomatic position at a time when it had barely avoided military intervention, meant that the border at Victoria Falls remained open until 1973.

Table 5: Rhodesian economic performance					
		1965	1966	1967	1968
Population and employment					
Population (000's)	African	4,070	3,190	4,330	4,480
	European	224	225	232	241
	Total	4,320	4,440	4,580	4,740
Net migration (000s)	African	- 4.5	-19.2	- 7.1	- 4.8
	Non-African	4.5	- 1.0	4.2	7.0
	Total	0.0	-20.2	- 2.9	2.2
Employment (000s)	African	626	616	607	622
	Non-African	89	89	91	95
	Total	715	705	698	717
GDP and inflation					
GDP (factor cost, current prices, £m)		352.1	342.7	369.6	389.9
GDP pc (1964 prices, £)		79.8	73.5	75.6	75.3
Price index	African	102.5	105.7	107.2	109.7
	European	101.7	104.3	106.4	108.7
Trade and investment					
Exports (£m)		164.7	103.9	100.6	97.4
Imports (£m)		119.8	84.7	93.5	103.5
Net exports (£m)		44.9	19.2	7.1	- 6.1
Fixed capital formation		47.4	38.4	47.8	65.0
Composition of GDP					
Primary sector (% of GDP)		26			21
Secondary sector (% of GDP)		32			35
Tertiary sector (% of GDP)		42			45
Source: Adapted from McKinnell (1969), originally based on Ministry of Finance (1968) and the Central Statistics Office (1968)					

The lack of an immediate border closure also meant that during the initial years following UDI, Zambia's trade with the outside world actually increased, as its economy continued to benefit from strong prices of copper. Whereas in 1965, Zambian imports amounted to K210 million (£35 million), imports increased to K246 million in 1966 and exceeded K306 million by 1967. Nevertheless, Zambia's decision to participate in sanctions meant that it sought to redirect the source of its supplies away from Rhodesia. While the international community accepted that the frontline states might not be able to fully implement a sanctions regime, diverting trade away from Rhodesia became a matter of national pride. To some extent, this policy of reducing imports from Rhodesia was successful. In 1965, Rhodesia had accounted for 34% of Zambia's imports, followed by 20% for South Africa and Britain (Franklin, 1966). By 1967, Rhodesia's share of imports had fallen to just 10.5% (Tordoff, 1974, p. 338).

The fall in trade with Rhodesia was offset by increased imports from South Africa, Britain and elsewhere outside of the region. Paradoxically, Zambia's aversion to importing goods from Rhodesia contributed to an increase in imports from South Africa from $48.2 million in 1965 to $82 million by 1969, to the tacit embarrassment of the Zambian government. Even this, however, was not sufficient to avoid cost inflation in Zambia's consumer goods and inputs required for copper mining and other industrial activities. In a report to the UN Security Council, Sir Robert Jackson estimated that the sanctions had until 1968 cost Zambia as much as $100 million, with similar costs estimated to have been incurred during the subsequent three-year period (Doxey, 1987, pp. 70-73). UN appeals for aid to Zambia were repeated in the Security Council's resolution 270 of 1970, which repeated verbatim its previous call for members and affiliated organisations "to extend assistance to Zambia as a matter of priority with a view to helping it solve such special economic problems as it may be confronted with arising from the carrying out of these decisions of the Security Council" (UNSC, 1969).

A new phase in the region's trade relations and the conflict in Rhodesia, began in 1973, as guerrilla activity across Zambia's border intensified, and Smith's patience with Zambia had grown thin (Pettman, 1974, p. 240). In January 1973, Ian Smith retaliated against Zambia's involvement by seeking to cut off its main economic artery, through the closure of the Victoria Falls crossing and the restriction of access to the Rhodesian Railways, although making an exception for the continued transport of copper products from Zambia. Within weeks, however, Smith reversed his stance, either out of satisfaction with having demonstrated Rhodesia's dominance over Zambia, in the interest of domestic business interests, or simply as an act of weakness. Kaunda, however, now took the stage and himself shut the border in an economically self-destructive act that Chan attributes to a certain "fondness for drama" (DeRoche, 2008, p. 94; Chan, 1992, pp. 67-68, 145-146). DeRoche (idem), however, argues that the closure of the border may also have satisfied a number of Kaunda's domestic goals – including the justification of the one-party state that had been introduced at the start of the year, and the ability to solicit further aid from Western, Soviet, and non-aligned allies.

With the Lisbon revolution of 1974, and Mozambique's subsequent independence in June 1975, the net around Rhodesia tightened further still. Whereas Zambia was of minor significance to Rhodesia's own economy, the friendly Portuguese authorities in Mozambique had been a major ally to Smith's regime, both in terms of its physical security, and its trade relations. In 1975, as much as 80% of Rhodesia's trade (or around 2.5 million tonnes) was routed through Mozambique (Deverell, 1986). In his autobiography, Ian Smith writes about the key role of Mozambique among Rhodesia's regional allies at the time:

> *"Our relations with Mozambique were second only to those with South Africa. Our railway system was linked to their two main ports of Lourenço Marques and Beira. Rhodesians holidayed in the east coast areas, and Mozambique supplied labour recruits for Rhodesian farms, mines and industry. Admittedly, Mozambique was under the direct control of metropolitan Portugal, but at this stage there were no signs of the Portuguese government resorting to the appeasement strategy manifesting itself so clearly in British politics, and among all the governments in the world they were one of the strongest in their condemnation of communism."* (Smith I. , 2008, pp. 5-6, ch. 17)

The Lisbon coup put a quick end to Rhodesia's military cooperation with Mozambique, as the new Portuguese regime told Salisbury to end its incursions into the country, even as the country was transitioning to rule by FRELIMO (Gleijeses, 2003). Economically, however, the interdependence between Rhodesia and Mozambique worked both ways and upon gaining power, Samora Machel's government was unable to cut off trade immediately (Deverell, 1986). Tamarkin (1990) argues that Machel "had little choice but to continue with the inherited regional trade patterns" and, instead, was initially compelled to conduct "business as usual", as Rhodesia was permitted to continue to by-pass international sanctions through the use of Mozambique's railways and ports during the first nine months of Mozambique's newfound independence (Tamarkin, 1990, p. 83). By 1976, however, Mozambique would no longer turn a blind eye to its former ally and had begun to support the establishment of new bases operated by the ZANLA guerrillas (Crawford, 1999). By March of that year, Machel's government declared economic and transport sanctions against Rhodesia, which finally transformed the sanctions regime from a symbolic measure into one that would devastate the Rhodesian economy, albeit at a great cost to Mozambique.[14]

Zambia's situation had also continued to deteriorate. In 1975, following two years of high copper prices, demand for copper fell and the LME price of copper collapsed, triggered by a recession in the Western world that followed the 1973 oil crisis and the collapse of the Bretton Woods system. As copper had accounted for as much as 95% of Zambian exports in 1973, the price collapse had an immediate impact on Zambia's trade balance, as the fall in copper prices caused the value of Zambia's exports to fall by 43% (Zambia Central Statistics Office, 1964-1990). Zambia's transport crisis, too, remained unresolved, with Angola descending into civil war and Tanzania still refusing to permit the passage of South African goods. Sir Robert Jackson, whose estimates have been quoted earlier, thus estimated that rather than diminishing, the costs incurred by Zambia owing to its participation in sanctions escalated further, amounting to a cumulative cost of a $744 million from 1972 to 1977 (Doxey, 1987, pp. 70-73).

By 1978, economic hardship in Zambia and the effects of drought forced Zambia to reopen the border with Rhodesia. Chan, however, also argues that the move was indicative of the success of Zambia's pursuit of trade routes "free from political jeopardy". Zambia's refusal to re-open the

[14] Prior to the imposition of sanctions, the cost of applying sanctions had been estimated at £15-20 million, an amount that had been expected to be offset by international aid (Tamarkin, 1990, p. 83). By 1976, however, a UN report estimated the costs of the sanctions between $139 million and $165 million in the first twelve months, with costs in subsequent years estimated between $106 million and $132 million every year. International appeals had, on the other hand, at that time generated aid commitments amounting to only $100 million (Crawford, 1999, p. 252).

border in 1973, Chan writes, “was not a disengagement from South African economic domination, but an attempt to meet it from slightly stronger ground” (Chan, 1987b, p. 229).

As shown in Table 6, shipments quickly increased along this restored route. At the same time, however, the Rhodesian air force began to target Zambian infrastructure in an attempt to disrupt guerrilla operations, and destroyed the rail and road bridges to Tanzania across the Chambeshi river, shutting down the railway for three months (Harden, 1987). Moorcraft and McLaughlin suggest that these attacks were parts of a larger plan or “final solution”, never fully implemented, to undermine Zambia’s economy and hamper its ability to support the liberation war (Moorcraft & McLaughlin, 2011, pp. 161-165). An alternative interpretation, on the other hand, is provided by a Rhodesian combat pilot, who suggests that the campaign served not simply to cut off supplies to the ZIPRA rebels, but also “to pressurise Zambia to make better use of its southern rail route through Rhodesia to the ports of South Africa” (Petter-Bowyer, 2005, p. 369). This latter interpretation would suggest that trade with Zambia was of greater importance to Rhodesia than may previously have been realised.

Table 6: Cargo (kilotonnes) and passengers (thousands) carried by Zambian Railways, 1977-1985

	1977	1978	1979	1980	1981	1982	1983	1984	1985
Zambia to North	-	81	-	306	5	3	6	8	10
North to Zambia	-	-	-	229	-	-	-	-	-
Zambia to South	-	70	470	190	178	228	231	241	236
South to Zambia	-	49	439	322	291	329	319	317	323
Zaire to South	293	281	365	204	335	316	325	324	319
South to Zaire	197	427	480	32	306	271	260	265	271
Zambia to Tazara	570	682	289	340	347	3,053	648	643	638
Tazara to Zambia	423	357	191	229	335	163	173	182	196
Coal	567	354	…	546	508	658	260	270	270
Sub-total	**2,050**	**2,301**	**2,234**	**2,398**	**2,305**	**5,021**	**2,222**	**2,250**	**2,263**
Local	3,000	3,093	3,891	3,093	2,707	2,814	2,902	913	917
Total cargo	5,050	5,394	6,125	5,491	5,012	7,835	5,124	3,163	3,180
Passengers	1,250	1,560	1,570	1,683	1,853	1,748	1,875	1,879	1,777

Source: Zambia Central Statistics Office (1964-1990)

Regardless of which explanation is given credence, the combined impact of the sanctions regime, Zambia’s self-imposed economic isolation, the disruption of trade with Rhodesia, the high cost of imports from South Africa, and the damage to Zambia’s infrastructure was severe. As is evident from this section, however, these consequences cannot be seen merely as an external factor in the same way as one might assess the impact of droughts or flood. Instead, Zambia’s exposure to these spill-over effects was as much related to Zambia’s own foreign and domestic policies, as to its geography and pre-existing infrastructure. Further expanding on this point, in chapter 8, I offer a discussion from the case of Malawi, which I argue benefited from the sanctions regime rather than being harmed by it, owing to the opposing strategies adopted by Hastings Banda.

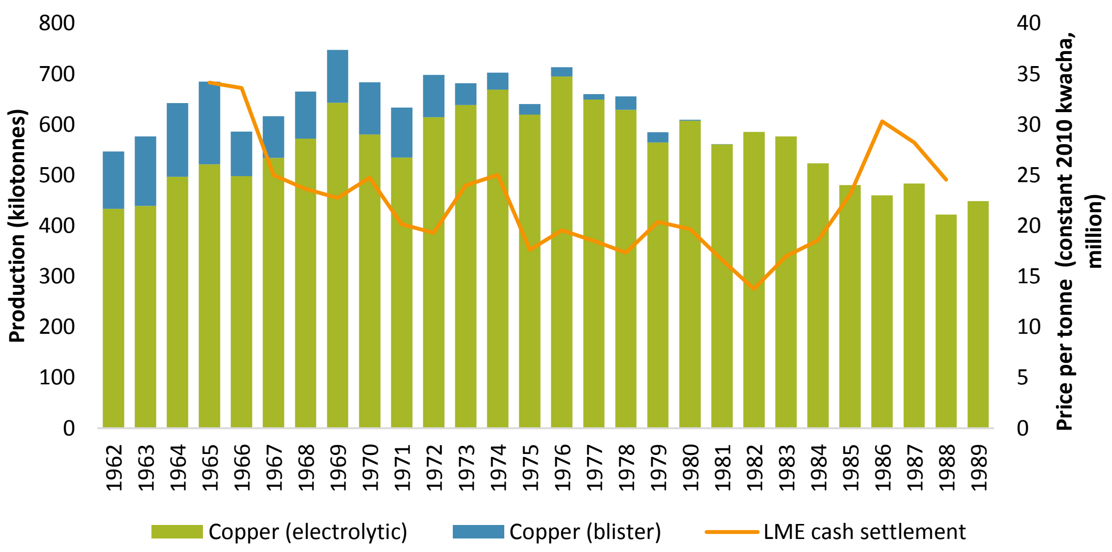
4.5 Investment and the mining industry

In the assessment of the impact of the conflicts on Zambia's economy, the country's mining sector plays an obvious key role. Copper mining in the Copperbelt had begun with the first mines that opened in 1908 and 1911, and by the time of independence accounted for 93% of Zambia's exports, 71% of government revenue, and 40% of GDP (Gulhati, 1989, p. 18). Owing to the industry's exposure to foreign markets, however, it was self-evident that the mines would be among the most vulnerable to any disruption in Zambia's trade relations. As such, when in 1965 Zambia began contingency planning for the eventuality of UDI, discussion of the fate of mines took centre stage. Acutely aware of their operations' vulnerability, the mining companies played an active role in the process of contingency planning. A joint team composed of experts from the US government and Anglo American estimated the cost of an emergency airlift at £20,000 per day, or £7.25 million per year (Contingency Planning Committee, 1965d). In Zambia's view, the British government ought "to shoulder the lion's share of the cost, as the situation in Rhodesia was their responsibility", but, in addition, "mining companies should be asked to share this heavy financial burden" – a view that reportedly had been accepted by the corporations involved (Contingency Planning Committee, 1965d, p. 430).

Even as the mining industry was still chaos from regional disruptions, domestic policy changes further altered the future of the sector. In 1968, in two sets of policy announcements known as the Mulungushi and Matero reforms, Kaunda elaborated on his humanist philosophy by propagating the virtues of group ownership as an alternative to exploitative practices (Gulhati, 1989). Under these reforms, licenses of expatriate traders were restricted, while the state reverted ownership of mineral rights to itself and assumed a majority stake in many of the country's key enterprises, including in the mining industry, with the Metal Marketing Company henceforth assigned a central role in the pricing and marketing of the mines' output (Pettman, 1974, p. 126). The holding companies established for these purposes were managed by the Zambia Industrial and Mining Corporation (ZIMCO), a parastatal entity led by political appointees (Sikamo, Mwanza, & and Mweemba, 2016).

Initially, the day-to-day management of the operations was left with private partners, but from 1973, ZIMCO became progressively more involved in the mines' operations, introducing a swathe of new policies that undermined the mines' productivity and profitability (Gulhati, 1989). The implementation of the government's Zambianisation agenda, focused on the replacement of expatriate worker by Zambian nationals, led to a rapid drop in the number of skilled workers employed by the mines. Weak management also contributed to a fall in productivity, exacerbated by falling ore grades and other technical challenges, which were largely left unaddressed owing to low re-investment in the mines. As reported by Gulhati (1989), costs increased at an average rate of 2.7% per year from 1972 to 1976 and productivity fell by 21% from 1973 to 1981, down to 9.7 tonne per worker per year. In real terms, prices of copper on the world market had followed a downward trend since 1965, so that by 1975, the mines' profit rates had fallen to a mere 9%. As changes to the government's tax regime increased the total tax burden of the mines to 75% of their taxable income, the mines offered a meagre return to their private shareholders (Gulhati, 1989, p. 19).

Figure 2: Evolution in Zambian copper output and LME copper prices, 1962-1989



Source: Zambia Central Statistics Office (1964-1990)

None of these challenges were made easier by the challenges resulting from UDI. According to a note by the Permanent Secretary of Lands and Mines, despite the contingency planning efforts, the implementation of the airlift, and the stockpiling of petroleum products, UDI had already had a dramatic impact on the mining industry. In a note, the Secretary stated that "[e]ven without comprehensive sanctions the farcical British sanctions against Rhodesia has already caused the cost of producing copper in the Zambian copper mines to rise by 50% from 1965 to 1968" (Napoma, 1968, p. 2). Indeed, even as of 1968, the Zambian mines still imported explosives, heavy mining and other equipment via the Rhodesian railways. coal, coke, acid, oxy-acetylene and other supplies were sourced directly from Rhodesia and all of Zambia's lead, zinc and manganese output as well as considerably tonnages of copper were transported through Rhodesia. As such, the same note warned that “a policy of engagement by Zambia in comprehensive sanctions against at this hour would be disastrous”, cautioning that any further rises in costs could “throw Zambia out of the market” (idem).

On the whole, it appears that the two main companies that dominated Zambia’s mining industry – Anglo American and the American Metal Climax Company (AMAX) shouldered their share of the costs with little complaint. Indeed, despite having investments in both Zambia and Rhodesia, Anglo American for the most part accepted Zambia’s foreign policy, operating under a “doctrine of domicile”, under which each of its subsidiaries acted in accordance with local policies, irrespective of any conflicting interests with units in other countries (Sklar, 1975; Vail, 1976, p. 41). Sklar, as summarised by Vail, points out that in 1967 both Anglo American and AMAX complied with government demands to reroute their copper and supplies, and in the following year agreed to invest in Zambia’s location fabrication industry, against their own interests. The companies also willingly complied with the government’s desire for majority control in 1969, and the assumption of more direct control in 1973, and after the closure of the border with Rhodesia accepted the additional cost of importing supplies from sources other than South Africa (idem).

In addition to these direct costs, however, I argue that the effects of the conflicts in Rhodesia and elsewhere in southern Africa hampered investment in the mining industry in more subtle ways that, thus far, have not been recognised. First, while underinvestment was a major cause contributing to the fall in the mines’ profitability, Zambia’s regional security context ought to be acknowledged as one of the driving factors explaining the government’s lack of allocation of capital to mine development. Sikamo et al. (2016), for instance, point out that the government diverted royalties away from investment in the mines to large-scale projects such as the Kafue and Itezhi Tezhi hydropower stations, the TAZARA rail line, road infrastructure, as well as health and education spending. This thesis, however, argues that this diversion of spending was not the result of neglect or poor planning, as these authors appear to imply. Rather, it argues that the diversion is linked directly to Zambia’s efforts described earlier in this chapter to reduce the country’s dependence on the Rhodesian railways and power supply, promoting a policy of import substitution and self-sufficiency, and the development of alternative transport routes.[15]

Second, and in a similar vein, the policies enshrined in the Mulungishi and Matero reforms and the government’s goal of Zambianisation, also did not arise in isolation. If not originating from Zambia’s

[15] It should be noted that, while the argument here explains the initial diversion of funds to the government’s agenda of economic self-reliance, the government subsequently continued to rely on revenues extracted from ZCCM to finance its development projects even after the completion of these initial projects. This policy compounded the past neglect of the mining industry and further contributed to its decline (Sikamo, Mwanza, & and Mweemba, 2016).

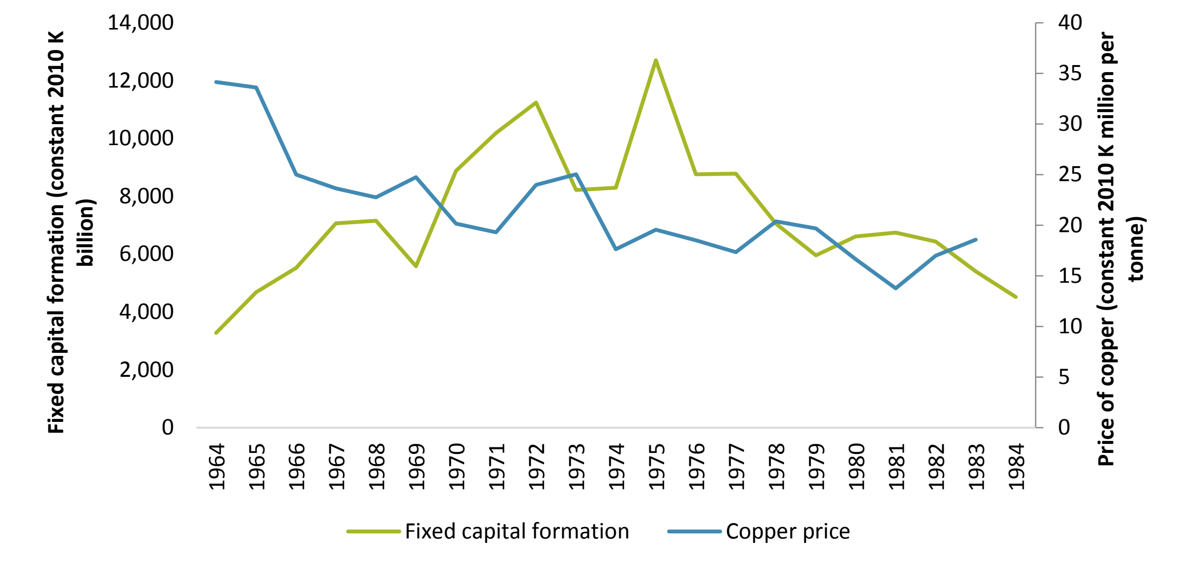
foreign policy, these policies were at least reinforced by Zambia's international circumstances. According to Shaw, Kaunda wanted "foreign investment without an outflow of resources or interference in Zambian society" and suggested that Zambianisation and disengagement from the rest of the region could "be justified on nationalist and strategic grounds, rather than as an advance towards a socialist society" (Shaw, 1976, pp. 101-102). Tensions with Rhodesia had contributed greatly to nationalist fervour, which provided the philosophical justification for Zambia's foreign policy and gave purpose to ideas of self-determination, majority rule, and black empowerment. In the mining industry, this mindset translated into the rejection of the "theft" of Africa's resources, which not only influenced foreign policy, but also carried implications for visions of the appropriate organisation of Zambia's own society. Zambia's participation in sanctions against Rhodesia and its interventions in the internal economy were therefore both rooted in a broader vision of economic nationalism. At the same time, a contributing factor may also be seen in the fact that the conflict in Rhodesia intensified Zambia's relationship with Tanzania, with Kaunda's economic reforms emboldened by the socio-economic policies propagated by Nyerere.

Third, despite the apparent cooperative attitude of the leading mining companies in supporting the government's political goals, the tension between Zambia and Rhodesia contributed to a significant level of distrust between the country's black leadership and the white business community. As alleged by Andrew Sardanis, a well-known Zambian business figure, "as far as [the whites] were concerned, business was good, they were doing very well, and their attention was more focused towards Rhodesia and Ian Smith, whom most of them admired and some of them spied for" (Sardanis, 2014, p. 48). Sardanis (idem) also reports on an espionage incident involving the arrest of five Anglo American employees, accused of installing a tape recorder near an airplane seat frequently used by Kaunda, on behalf of Rhodesian Intelligence. Regardless of the true extent of any espionage within the white business community, it would be difficult to detach such levels of suspicion from the government's subsequent decisions to nationalise many of the country's leading businesses, and its decision to reduce the expatriate workforce as part of Zambianisation. Given not only the incident referred to above, but also Anglo American's South African roots and the links of the Rhodesian Selection Trust to Salisbury, where it was registered, it seems likely that the Matero reforms that led the government to acquire majority control were likely influenced at least to some extent by ongoing fears of Rhodesian or South African manipulation.[16]

[16] In an interview with the author, Mark Chona, a senior aide to Kaunda, also implies that fear of involvement by Rhodesia and South Africa did not only have an impact on its social policies, but that concerns over the infiltration or co-opting of Zambian political parties was also one of the root motivations for the declaration of the one-party state (Mark Chona, personal interview, 16 January 2014).

Given the depth of interaction between Zambia's foreign and domestic policies, the timelines of the two often evolved in parallel, and provides an alternative explanation for changes in Zambia's stance towards the mining industry and the business community. Figure 5 shows the evolution of gross fixed capital formation from 1964 to 1984 against copper prices, adjusted for inflation. Although the decline in copper prices may explain some of the longer-term downwards trend in investment from the mid-1970s onwards, overall these trends appear only weakly correlated. Instead, developments with respect to Zambia's relationship with Rhodesia and its other neighbours form an important part of a complete explanation. Investment appears to have increased through to 1968, when Kaunda not only announced the Mulungushi reports, but also Zambia's participation in sanctions, which was followed by a decline in capital investment, and were followed a few months later by the 1969 Matero reforms. Investment strongly increased through to 1972, and these years coincide with Zambia's efforts to reduce its reliance on Rhodesia, including through the construction of the TanZam highway and railway, and the construction of the Kafue power station.

Figure 3: Gross fixed capital formation and LME copper prices, 1964-1984



Source: Zambia Central Statistics Office (1964-1990).

In 1973, a sharp drop in investment occurred, coinciding with the closure of the border with Rhodesia in January of that year. Fixed capital formation remained at a subdued level in 1974, but peaked in the following year, following on the independence of Mozambique and Angola, and the completion of the TanZam railway. From 1975 onwards, however, investment ended up in a freefall through to 1979. Copper output decreased during this period even as copper prices remained comparatively stable, even as hostilities with Rhodesia escalated, reaching their climax in 1978 and 1979. Following the independence of Rhodesia, investment made a small recovery despite copper prices reaching their lowest levels yet, but declined further in the early 1980s, as the Zambian economy buckled under the combined pressure of losses in productivity caused by persistent underinvestment, structural adjustment policies, and the lack of any peace dividend from Zimbabwe, where Mugabe's aggressive land reforms had set the stage for the country's slow descent into economic collapse.

None of this is to argue that domestic and industry factors did not play a critical role in the collapse of the copper industry. The rationing of foreign currency, the declining grades of ore, the effects of a 1970 mine disaster in Mufulira, and the industry's reluctance to close high-cost mines all played major roles (Craig, 1999). Moreover, even if social policies such as Zambianisation had their origins in a broader nationalist philosophy, this does not excuse the neglect of production rates and profitability by the parastatal companies that managed the mines, nor the disincentives to private investment resulting from the government's tax policies (Limpitlaw, 2011; O'Faircheallaig, 1986). The point of this section, however, has been to demonstrate that such factors and policies had common origins with the state's response to broader, regional developments, and that the conflicts in southern Africa thereby impacted Zambia's mining sector not only through increased costs and the disruption of trade routes, but also through more subtle channels including the diversion of funds and the reinforcement of economic nationalism.

4.6 Re-privatisation and the Congo factor

On balance, then, the conflicts in southern Africa directly after Zambia's independence had an adverse impact on the mining industry, but that is not to say that any form of regional instability would inevitably result in a decline in trade-oriented industries. The opposite case, where the mining sector experienced a strong revival that benefited from a neighbour's instability, may be found in the resurgence of Zambia's mining industry in the 1990s and 2000s when, I argue, investors that might otherwise have flocked to the Katanga province in the DRC were dissuaded from investing in this latter country owing to its extreme instability, and found safer haven with Zambia's poorer but more securely-accessible resources.

After the transition in 1991 back to multi-party politics, the new Chiluba government committed itself to the privatisation of the mining industry, as described by Sikamo et al. (2016). After the disaster of structural adjustment, the international institutions' new recipe for success was an economic cocktail that compromised privatisation, deregulation, floating exchange rates, and liberalisation of trade. The process of attracting investors to the country's mines did not begin in earnest until 1996, but by 2000 the two largest units that had been split off from the state holding companies were acquired by Anglo American and Glencore, respectively, although ownership of the former entity would later be returned to the government and passed on to Vedanta Resources of India (Sikamo, Mwanza, & and Mweemba, 2016).

Privatisation of the mines provided a much-needed boost in investment. Further aided by an increase in world copper prices and strong demand from China, Zambia's mine output of copper increased from 249,100 in 2000 to a new peak of 760,000 tonnes by 2013 (USGS, 2002; USGS, 2014). By 2012, the mining industry accounted for 86% of foreign direct investment, 80% of all exports, over 25% of government revenue, and over 12% of the Zambia's entire GDP, despite accounting for only 1.7% of direct employment (Roe, et al., 2014; Sikamo, Mwanza, & and Mweemba, 2016). As shown in Table 7, the cumulative amount of foreign investment in the mining sector has amounted to at least US$12.40 billion since the 1990s.

Table 7: Mine investments since re-privatisation (US$ billion)

Mopani	KCM	Lubambe	FQM	Lumwana	Kansanshi	Total listed
2.24	2.90	0.49	2.23	2.00	2.54	12.40

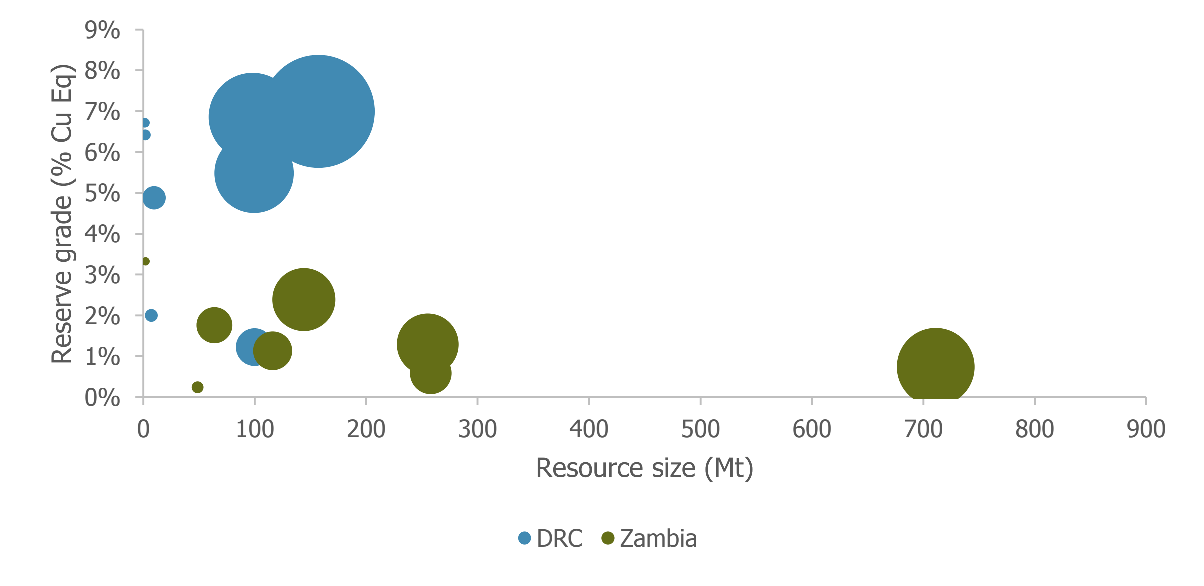
Source: Reproduced from Sikamo et al. (2016), citing Roe et al. (2014) and Sikamo (2015)

The scale of the investments received by Zambia's mining sector begs the question of what motivated such significant capital inflows. The question, perhaps, might seem to have a self-evident answer, given the country's Zambia's rich endowment in mineral resources, but Zambia's position is not unique on the African continent, and even in its immediate neighbourhood it shares the rich geology of its Copperbelt region with the DRC. Given the limited availability of capital and the highly-competitive nature of the mining industry, one might thus rephrase the question posed above as asking what motivated investors to invest their capital in Zambia *specifically*, as opposed to committing their funds to the development of mining projects in Katanga, or elsewhere.

Like Zambia, the DRC has ranked among the world's largest producers since colonial times, accounting for around 5% of mine production, compared with Zambia's 4%, as of 2016 (USGS, 2017), and its mining history has largely paralleled that of Zambia. During colonial times, the country's resources were the cause of envy, national pride and, not to mention, greed by the Belgians whose King Leopold II had declared the Congo his personal property. In the 1970s, Zaire – like many other African states – nationalised the mines and organised them under a number of different state-owned entities, the largest of which, Gécamines, became one of the world's leading producers of copper. As in Zambia, however, the enterprises were concerned more with the creation of labour opportunities and social services than the running of a profitable business. By the 1980s, amidst lower copper prices, the mining industry went into decline and production stagnated. By the end of the decade, a recovery in the price of cobalt could have provided the basis for a resurgence of the mining industry but by this time the mines had suffered decades-long neglect to the point that even the largest underground mine of Gécamines was no longer physically operable (Manley & and Wake, 2015). Nevertheless, the DRC's deposits have continued to generate appeal, owing to their rich mineralisation.

In a geological sense, the copper deposits found in Katanga are geologically related, but nevertheless distinct from those in Zambia. While the copper district that stretches across the two countries is generally referred to as the Copperbelt, the underlying geology is in fact defined by the three Kibaride, Irumide and Lufilian belts, the latter of which De Swardt and Drysdall (1964) subdivided into three distinct structural zones, although later classifications defined as many as five separate zones (GECO, 2016; De Swardt & and Drysdall, 1964). A complete review of the mineralogical origins and features of these different zones is beyond the scope of this thesis – and, likely, the appetite of its readers. The key point of this analysis is, however, illustrated in Figure 4, which shows that the reserves in Katanga are generally of a higher grade and size (in terms of metal content) than those in Zambia. Not only is the actual grade of copper higher at the Congolese mines, but the deposits typically feature a dramatically higher content of cobalt, which results in a valuable by-product that boosts the equivalent grade of copper shown in the figure.[17]

Figure 4: Proven and probable reserves of active mines in Katanga and Zambia



Source: Company information (Jinchuan Group, 2015, p. 19; Glencore, 2016, p. 5; First Quantum Minerals, 2017; African Rainbow Minerals, 2016; Lundin Mining, 2016, p. 64; Vedanta, 2017, p. 24); see also (Barrack Gold Corportation, 2015, p. 90; SRK Consulting, 2012, p. 12). Note: Cu Eq refers to copper equivalent grades. Some copper deposits produce cobalt as a by-product or co-product. Bubble sizes refer to the amount of copper-equivalent contained metal.

[17] Equivalent copper grades are calculated by adding the cobalt grade, multiplied by the relative value of cobalt over copper using 2016 prices.

Although the exact proportion of by-product credits depends on the relative price of copper and cobalt, the presence of cobalt has been described as reducing cash costs in the DRC "by 30 to 40 percent compared with 3 to 4 percent for Zambian operations" (Lydall & and Auchterlonie, 2011, p. 33).

Aside from the higher grade of ore, the copper mineralisation of the Katangan mines is generally situated much closer to the surface, which lends itself to lower-cost mining via open pit, as opposed to the deep underground mines found more commonly in Zambia. In the Konkola mine in Zambia, ore bodies are mined more than a kilometre underground in wet conditions, with the company as a whole pumping out 450,000 cubic metres of water from its operations (Konkola Copper Mines plc, 2016). In contrast, in an interview with the author, the Chairman of the Konkola Copper Mines in Zambia stated that "one can practically scrape the copper off the surface in the DRC", amidst higher grades and shallower ore bodies (Emmanuel Mutati, personal interview, 8 January 2014). Owing to these factors, as well as the availability of cheap hydroelectric power in Katanga and the cheaper cost of labour, costs of production in the DRC are among the lowest in the world, whereas Zambia's are among the highest – in 2007 cash costs for the two countries were estimated at US$0.47 per pound and US$1.26 per pound respectively (Lydall & and Auchterlonie, 2011, p. 33).

Given the limited availability of capital and the limited number of mining firms capable of taking on such large-scale projects, the mining industry exhibits characteristics of a zero-sum game, with opportunities for investment exposed to extreme competition in their attempts to attract investors. With the greater returns offered in the DRC, Zambia's resources might thus be deemed uncompetitive compared with those in its northern neighbour from a purely technical or geological perspective. However, since privatisation in the DRC began in the 1990s, investment in the mining industry has been discouraged by the conflict that embroiled the country up until 2005, following Mobutu's fall from power in 1997 (Manley & and Wake, 2015). Owing to this factor, despite its poorer resources, higher costs, power shortages and unstable tax regime, Lydall and Auchterlonie write that *"Zambia is regarded as a more favourable investment destination than the DRC due to its relatively stable political environment and proactive approach by the government to creating a business environment conducive to growth"* (Lydall & and Auchterlonie, 2011, p. 33).

I thus argue that Zambia's mining industry in the 1990s, like in the example of Portugal in the introduction to this this thesis, benefited directly from wider instability in the region. As opposed to the Rhodesian case where Zambia's industry suffered from its dependence on Rhodesian infrastructure and trade routes, insecurity in the DRC led to the diversion of investments into Zambia. As the conflict in the DRC has wound down, larger capital commitments have again flowed into the country, mostly from 2008 onwards, with investments by Xstrata (now Glencore), Anglo American, and BHP Billiton. The chairman of the Mopani Copper Mines suggests that, even as the past instability benefited Zambia to some extent, as Katanga opened back from business, some of these mining conglomerates have pursued a pivot to the richer deposits of the DRC, thus depriving Zambia ofm funds that might otherwise have been earmarked for it (Emmanuel Mutati, personal interview, 8 January 2014). Once again, this decline shows the close interconnection between regional conflict and investment. Since 2015, however, declining demand and prices in the copper market have meant a reduction in capital expenditure and production, which has rendered differences in the comparative stability of the two countries academic until such a time as market conditions once again improve sufficiently to bring in new investors – with some signs of a recovery in prices apparent at the time of writing.

4.7 Chapter conclusions

As shown in this chapter, at the time of independence and UDI, Zambia was critically dependent on Rhodesia, primarily on account of the Rhodesian Railways, but also owing to Rhodesia's role as a significant exporter to Zambia – including as a supplier to the mining industry in the Copperbelt. The impact of Zambia's eventual participation in sanctions and the closure of the border with Rhodesia was severe. Fuel rationing, increased costs of imports, and unreliable trade routes hampered Zambia's industrial production and affected access to basic goods, some of which Rhodesia had previously supplied. Exposed to sanctions, insecurity, and uncertain access to transport routes, Zambia's industry faced a challenging environment that was severely unconducive to its growth.

From the minutes and reports of the Contingency Planning Secretariat, however, it is also clear that Zambia was well-aware of the adverse economic impact that the severance of economic relations with Rhodesia would have. Awareness of the country's exposure and dependence on a hostile regime set in a motion a decade-long drive to increase the economy's self-reliance, through a combination of import substitution, infrastructural development, and the willingness to source supplies at higher cost from sources that bypassed Rhodesia. Paradoxically, the conflict in Rhodesia also promoted Zambia's trade with South Africa, considered to be the lesser of two evils, replacing Zambia's dependence on one minority regime with another state perhaps more instrumental still than the Rhodesian Front in its efforts to maintain the status quo.

At the same time, Zambia's economic woes did not go entirely unnoticed by the international community. Although it is doubtful that the aid that Zambia received over the years fully compensated it for the economic damage it incurred, there can be little question that Zambia's unenviable position provided it with the drive and access to resources to undertake large-scale development projects that Western countries and institutions had been reluctant to endorse. Zambia's exposure to conflict secured it the construction of the TanZam railway, highway and pipeline, a new road connection to Botswana, and the Kafue power dam. World Bank economists questioned the economic justification for some of these projects, but if economic sovereignty is to be deemed a legitimate political goal, these projects had merit on their own terms, albeit at the cost of exacerbating Zambia's indebtedness – a crisis that would ultimately buckle its economy.

Crucially, this chapter has argued that Zambia's international context not only impacted trade and commerce directly, through the disruption of existing trade policies, but was also a contributing factor to Zambia's nationalist-socialist ideology. Other authors have rightly attributed the decline in Zambia's economy in the 1970s to the effects of the Mulungushi and Matero reforms, Zambianisation of the workforce, and excessive government involvement in the mining industry. But, while these policies had an adverse impact, this thesis suggests that these policies did not occur in isolation, but shared common roots with Zambia's foreign policy in the country's wider movement towards independence and economic sovereignty, and were fuelled by the exposure and regional preoccupation with the ongoing liberation struggle. The mining industry, a major driver of Zambia's economy, suffered many of these effects first-hand. Neglect and underinvestment were not due to mere incompetence but resulted instead from a basic realignment of the state's priorities. This chapter suggests, however, that if the conflict in Rhodesia wrecked the mining industry, then the instability in the DRC revitalised it, as the country's turmoil drove investors reluctant to invest in Katanga's uncertain political climate to Zambia, instead.

The experience of the mining industry, and the other examples discussed in this chapter, repeat a common theme. Armed conflict creates obvious challenges to neighbouring countries, but also provides opportunities. Management of the various risks and economic turmoil caused by conflict is not merely a matter of "plugging the holes", but rather involves a political weighing up of foreign policy goals, ideological considerations, domestic political priorities, institutional capability, and financial means. An appreciation of these many factors throws into doubt the ability to translate general findings from previous quantitative work directly into policy advice. Instead, this chapter illustrates the necessity of more in-depth case studies that take the specific constraints and strategic options of individual neighbouring countries into account.

5 Life, health, labour and human capital

5.1 Introduction

Zambia's involvement in the wars of independence came at a cost. The free movement of armed groups within Zambian territory posed a security threat to the Portuguese and Rhodesian regimes, and skirmishes with their armed forces became increasingly frequent as Zambia's relationship with these regimes deteriorated into thinly-disguised hostility. From the mid-1970s and increasingly through to 1979, Rhodesian forces placed landmines along the Zambian borders with Rhodesia and Mozambique. Minefields were also located along the Angolan border, and the Caprivi strip near South West Africa (now Namibia) and put in place by Zambian forces themselves to protect infrastructure against the threat of invasion by Rhodesian or South African forces (Human Rights Watch, 1997). From 1980 to 1997, government statistics reported some 200 deaths resulting from these landmines, although the actual number may have been higher (idem).

For the most part, these fatalities remained confined to border regions, although some exceptions occurred, particularly towards the end of the Smith regime when the Rhodesian Air Force conducted air raids against rebel bases deep into Zambian territory. However, although hundreds of lives were certainly lost within Zambia owing to these conflicts, this direct human cost was of too small a scale to be deemed a major factor in Zambia's overall development. In the case of Zambia, as well as most other case studies explored in this thesis, the more significant impact of the conflicts in terms of the human dimensions of spill-over was, therefore, in the form of migration and the movement of refugees.

In much the same vein as the argument in the preceding chapter that the effects of conflict on trade and investment were not as clear-cut as theoretical arguments might imply, so too did the arrival of large numbers of refugees have a complex effect on Zambian society. Rather than regarding refugees as a single, uniform phenomenon, this chapter emphasises the various factors that contributed to varied developmental outcomes. Firstly, this chapter highlights the distinct position of refugees in camp-settled and self-settled environments, as Zambia's restrictive refugee policies led many refugees to settle in local villages instead, often blending in seamlessly with the local population. Secondly, this chapter shows that different refugee environments resulted in distinct outcomes, depending on the period of the refugee movement, its relative size, as well as factors such as the origin of refugees, their relationship with local communities, and the placement of designated camps.

This chapter also reiterates the emphasis of this thesis on the role of government policy in determining the nature of spill-over effects, challenging the perception of such spill-over as a mere externality. It points out, for instance, that reservations entered by Zambia to the UN Convention on Refugees, Zambia, served to deny refugees the right to education and employment – a stance that directly shaped the nature of refugees' socio-economic impact. This chapter shows examples demonstrating that Angolan, Rhodesian and Mozambican refugees were generally experienced in agriculture, but despite the abundance of land and high urbanisation rates, were not able to contribute to rural development. This chapter argues that refugees' economic potential was underappreciated, as Zambian developmental planning did not consider refugees as anything other than a burden, partially on account of a narrow definition of what constituted a skilled worker.

In this chapter, I first set out the historical trends of refugee movements within Zambia, followed by a discussion of Zambia's policy with respect to refugees. I then discuss how the Zambian government implemented this policy in practice, and its implications for the integration of refugees into the local economy. Next, I explore the various socio-economic consequences of the presence of the refugee population, including refugees' ability to achieve self-sufficiency and their competition with local communities for opportunities for employment and exploitation of natural resources. In this section, I cite evidence from a recent study on the involvement of refugees in trading networks and small and medium enterprises, and the role of the background of refugees on their economic status. In the final section of the chapter, I focus on the effect of refugees in terms of health indicators, and qualify oft-cited claims with respect to the role of refugees in the spread of epidemics, focusing specifically on the case of HIV/AIDS.

The findings presented in the forthcoming sections show that refugee populations unquestionably pose serious challenges to host governments. However, I argue that the impact of refugees on local economies is ambiguous, and dependent as much on the strategies adopted to support their settlement or integration, as the cultural background, skills and level of education of these refugees. In later chapters on Malawi, Jordan, Belize and Thailand, I provide additional insight into these complexities, and further develop this argument, including suggestions of how to incorporate the findings of this thesis into future research.

5.2 Patterns of migration

Zambia's role as a host nation to refugees was the natural result not only of its relative stability and political climate, but also of pre-colonial patterns of migration, and its highly-permeable borders, which stretch to some 5,664km. In pre-colonial times, population movements had been the result of pastoral lifestyles, and later of attempts to escape the Atlantic slave trade. After the establishment of the British and Portuguese colonies, further migration resulted from individuals seeking to escape the most oppressive of colonial yokes, with Northern Rhodesia becoming a natural refuge, having been ruled with a lighter colonial touch. From the 1930s onwards, labour migration also came to play a key role, particularly owing to the expansion of the copper mines in the Copperbelt, as well as the establishment of new commercial farms (Bakewell, 1999). Zambia's labour economy up until independence, in other words, was a relatively open one. As much as 23.5% of its labour force was classified as an alien in 1949, a percentage that had fallen only slightly to 20% by 1962, three years before Zambia's independence (Pettman, 1974, p. 97).

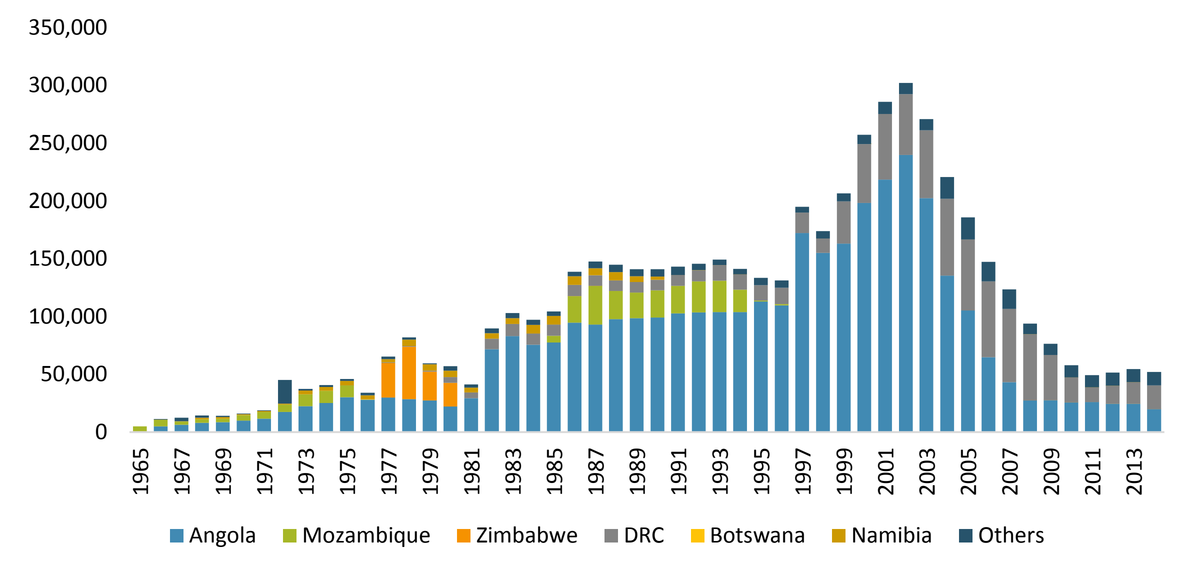
Migration routes, familial and ethnic ties were, therefore, well-established by the time of Zambia's independence, with subsequent refugee movements reinforcing these historical patterns. In fact, with the first arrival of Angolans and Mozambicans shortly after independence, the main change that had occurred was not so much the origin of these migrants or their political and economic motivations, but rather their political reclassification. Whereas cross-border migration had traditionally taken place largely unregulated, these new arrivals were, for the first time, labelled refugees. This classification, in turn, invoked the need for monitoring, protection, repatriation and, in the view of the Zambian government, the need for the isolation of refugees from the host community, out of fear for disruption of Zambia's economy and its political stability.

As Zambia achieved self-rule well before its immediate neighbours, refugees seeking to escape the harsh colonial rule in Mozambique and Angola were among the first arrivals. In 1965, the first 5,000 refugees arrived from Mozambique, and over the following decade, their number would increase to over 10,000. Refugees from Angola soon followed, and would eventually come to represent the largest refugee population in Zambia. As a new eastern front opened up between the MPLA and the Portuguese authorities, in part as a result of Zambia's independence, the conflict became increasingly disruptive to the lives of the population in the eastern parts of the country. By 1966, just under 5,000 had come to seek refuge, but a decade of guerrilla and violent counterinsurgency campaigns would cause the Angolan refugee population to swell to over 30,000 by 1975 (UNHCR, 2017).

Up until 1977, refugees from the Portuguese colonies had accounted for the vast majority of foreign persons of concern in Zambia. In 1977, however, the escalation of the Rhodesian conflict into full-scale war would drive a new wave of migrants. Tactics by Rhodesian security forces to deny the guerrillas access to local support led to indiscriminate harassment, beatings and killings of villagers, and burnings of homes. By 1978 the estimated number of displacements had increased to 300 per day (Sibanda, 2005, p. 200). Many of those forced from their homes sought refuge in Botswana and

Zambia, where Rhodesian persons of concern increased to 28,000 and over 45,000 respectively. The strategy of the Rhodesian military largely backfired as the resulting refugees, most of whom were loyal to ZAPU, represented a pool of potential, angry new recruits that were not within easy reach of Rhodesian forces (idem).

Figure 5: Refugees and other persons of concern in Zambia



Source: UNHCR (2017)
Notes: Figures include refugees, persons in refugee-like situations, asylum seekers, returnees, and other persons of concern

The inflow of refugees from Rhodesia posed an additional security concern to Kaunda's regime, which was acutely aware of the fact that Rhodesian spies were certain to have infiltrated the refugee population in Zambia, to suss out information on guerrilla forces and capabilities (Pettman, 1974, p. 99). Moreover, the threat that refugees posed to Rhodesia as a potential source of recruits contributed to the decision of Rhodesia to launch daring cross-border raids aimed at disrupting guerrillas' support infrastructure and training programmes. In October 1978, for instance, a daring raid by the Rhodesian Air Force struck the Chikumbi and Mkushi camps, located in the immediate vicinity of Lusaka. The raid embarrassed the Zambian military by demonstrating the dramatic ease with which Rhodesian forces could violate its territory at will and killed hundreds of camp residents, but ultimately proved unsuccessful in deterring the further offensives of the guerrillas (Moorcraft & McLaughlin, 2011, pp. 153-155). Considering these attacks, the opinion held by some Zambian officials that able-bodied refugees ought to be encouraged to join the fight against the oppressor, as described in the next section, was likely inspired as much by a desire to hasten the fall of the racist governments as by the concern that the refugees exposed Zambia to further military reprisals.

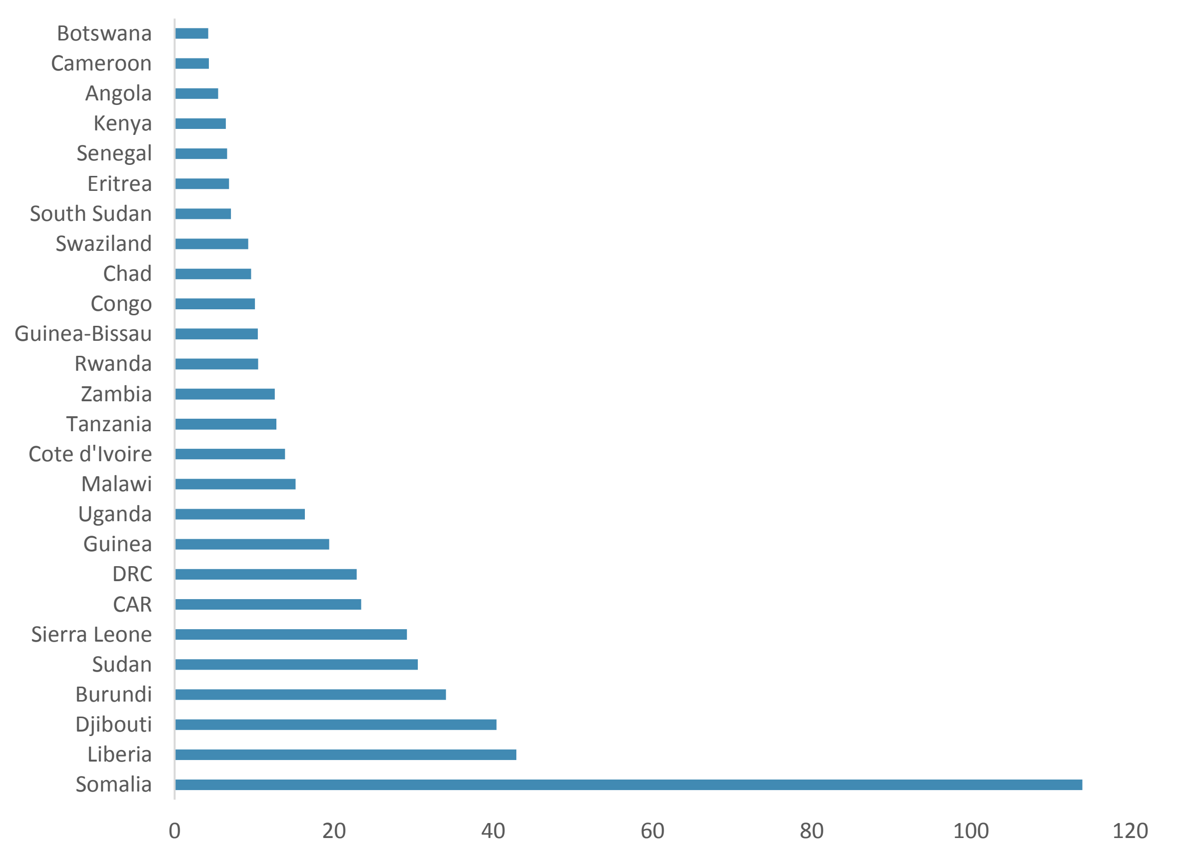
From a developmental point of view, however, the impact of Rhodesian refugees was short-lived, as following the fall of the Smith regime and the independence of Zimbabwe, all formally-registered refugees had returned by 1981. Rather than ending the refugee crisis, however, by this time large numbers of refugees from Mozambique and Angola had begun to arrive to take the place of the Rhodesian refugees. Up to 1981, UNHCR estimates had never put the figure of Angolan refugees in Zambia at much more than 30,000, but revised estimates of the number of refugees that had settled spontaneously outside of formal government channels led to a revision of that number in 1982 to more than 71,000 (Hansen, 2001). As the Angolan civil war continued to generate new refugees and obstruct repatriation efforts, the Angolan refugee population continued to swell at a rate of 2,000-3,000 per year up to 1996, the year of the next major escalation in fighting in Angola. Meanwhile, refugees escaping violence and starvation in Mozambique also arrived in Zambia in the thousands, peaking at over 24,000 in 1988, bringing Zambia's total refugee population in that year to over 144,000. As Zambia's population amounted to less than four million at the time of independence, increasing to seven-and-a-half by 1988, Zambia's refugee population thus amounted to around 2% of its total population – one of the highest relative shares in Sub-Saharan Africa at the time.

In the case of Mozambique, the end of the civil war and the success of repatriation programmes meant that by 1995, most Mozambican refugees had returned, but the situation was vastly different where Angolan refugees were concerned. Their number would continue to increase and average more than 142,000 over the period from 1982 to 1996, the year preceding the next major escalation in the conflict. As the Angolan war became internationalised, with large-scale involvement of the USA, the USSR, South Africa, Cuba and African nations, the conflict spread beyond the country's southeast and victimised large swathes of the population, caught between opposing forces fiercely bent on destroying one another's geographic and popular bases of support.

By 2002, the number of registered refugees in Zambia peaked at over 300,000, or just under 3% of Zambia's own population (see Figure 5). Following peace accords and fewer new arrivals, efforts by the government and UNHCR began to focus on the three "durable solutions" recognised by UNHCR – voluntary repatriation, local integration, and resettlement (UNHCR, 2011, p. 28). During initial repatriation programmes over the years from 2003 to 2007, around 74,000 Angolan refugees returned to Angola, with lower numbers of returnees in subsequent years. Bakewell, however, has argued that repatriation in the context of Angolan refugees may be based on a number of flawed assumptions, including the idea that the concept of "home" is identical with that of the country of origin, that the resolution of the political and security crisis is the most important or even a sufficient condition to motivate the return of refugees, and that the presence of refugees in Zambia constituted a problem for which relocation was the most appropriate solution (Bakewell, 1999; Bakewell, 2000; Bakewell, 2004).

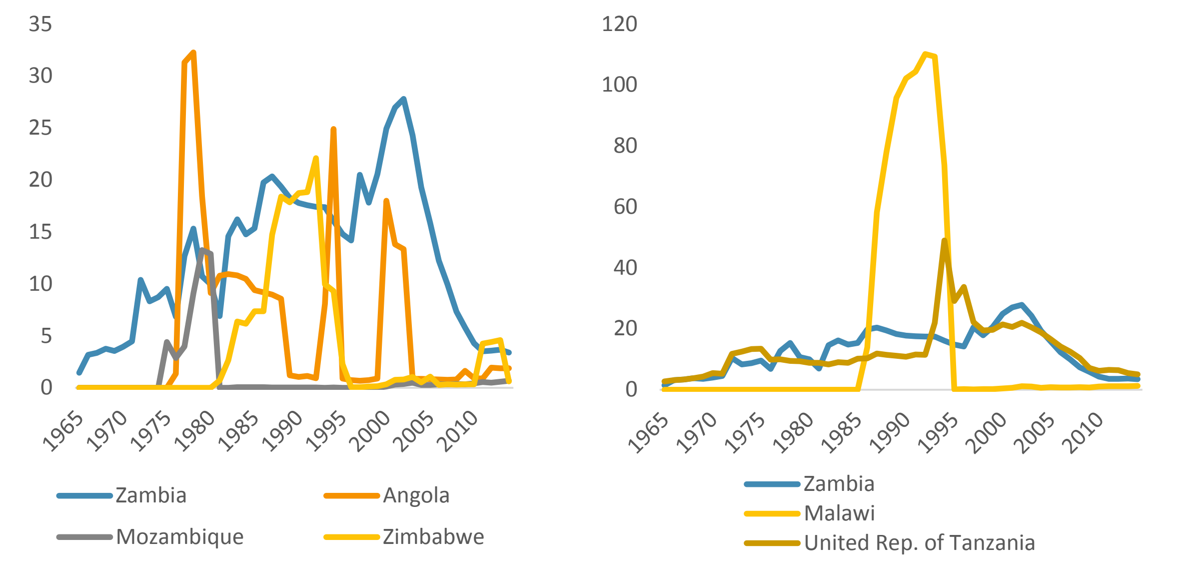
By 2011, the number of refugees in Zambia registered by UNHCR had fallen below 50,000 for the first time. Figure 6 compares the average number of refugees and other vulnerable populations, over the period from 1965 to 2014. On average, Zambia hosted over 107,000 refugees during these years, or an average of 12.6 refugees per thousand persons. This is dramatically lower than the number of vulnerable persons accounted for by some other African states. But, including only those countries that were not themselves deemed to have been affected by conflict, only Malawi and Tanzania hosted a larger population relative to their own size, at 15.8 and 12.8 per 1,000 persons, respectively. As shown in Figure 7, trends and the progression of the number of refugees has been roughly comparable in Zambia and Tanzania, while Malawi was mainly affected by brief, but intense influx of refugees from Mozambique, from 1985 through the early 1990s, when refugees accounted for over 10% of its total population.

Figure 6: Average vulnerable persons per 1,000 population (1965-2014)



Source: UNHCR (2017)
Notes: Figures include refugees, persons in refugee-like situations, asylum seekers, returnees, and other persons of concern

Figure 7: Comparison in trends in refugees per 1,000 population (1965-2000)



Source: UNHCR (2017)
Notes: Figures include refugees, persons in refugee-like situations, asylum seekers, returnees, and other persons of concern

5.3 Government policy

As the number of refugees increased into the tens of thousands, from the perspective of the government and at least some elements of the population, camp-hosted and self-settled refugees presented a host of policy concerns. The cost of the refugee camps was seen to divert financial and administrative resources away from other strategic developmental priorities, while tensions with local communities emerged over the perception that refugees received preferential access to healthcare and other services not otherwise accessible to host communities. The refugees also posed the risk of conflict contagion, representing a pool of recruits to rebel groups, and thereby a potential target or source of information for hostile intelligence services, such as those of Portugal and Rhodesia. These realities sat ill at ease with Kaunda's adoption of Zambian humanism as the country's political philosophy. The refugee problem – which is how government documents typically refer to the refugee situation – was thus considered largely as a complication rather than a potential component of the Zambia's developmental strategy.[18]

The challenges that the government encountered in the management of the refugee situation created a tension between the objectives of Zambian humanism that was being propagated by Kaunda, and the administrative difficulties these inspired. Humanism, with its Africanist and socialist roots, demanded an approach to refugees founded in a sense of solidarity with those that were

[18] See, for instance Chibanda (The Problem of Refugees, 1972), Ngonda (Letter to the Permanent Secretary on Foreign Affairs, 1973) and Kaniye (Letter to K.B.T. Kbozi, Permanent Secretary of Foreign Affairs, 1970)

victimised by the minority white regimes, or the conflicts they inspired, and required that refugees be treated humanely with all appropriate humanitarian assistance. To Kaunda, Zambia's acceptance of refugees therefore represented a source of great pride, while Zambian officials put considerable emphasis on the fact that Zambia had accepted more than its fair share of African refugees, who would come to include citizens of not only its immediate neighbours, but also of African states as far away as Rwanda and Burundi, Cameroon, Sudan and Somalia.

An alternative interpretation, however, might observe that Zambia had little choice but to accept the refugees that crossed its borders, given the permeability of its territory. Whereas Zambia deserves credit for the humanitarian assistance it provided to refugees, a balanced account of its policies must also acknowledge the fact that its stance provided Zambia's government with much-needed political credit in international diplomatic circles, at a time when Zambia's support to foreign freedom fighters on its own territory was an open secret and an ongoing source of tension with the British government and others. In this manner, Zambia's continued acceptance of refugees acted as a welcome bargaining chip, given that the loss of Zambia as a host nation would have posed an immediate humanitarian crisis. Such a crisis, moreover, would have greatly embarrassed Western nations that were involved in these conflicts either as a party to the region's proxy wars, or their ongoing relationship with the oppressive white minority regimes.

A review of internal policy documents, speeches and communiques by government officials reveals the widespread unease, and reluctance, with which the presence of refugees, and their potential multiplication, was regarded. As reported by Hansen (1979), a speech by one district governor in the Western Province, addressed to an assembly of local villagers in an area that may have hosted as many as 6,000 self-settled refugees, illustrates some of the common narratives propagated by Zambian officials and public media at the time, arguing that (1) refugee movements ought to be closely controlled; (2) refugees ought to be encouraged to return to their countries and fight their oppressors rather than rely on Zambian aid for their livelihoods; and (3) these refugees posed security threats both as potential targets, or as spies:

> *"You have allowed a situation in which the border is open to anybody. You people of the border have allowed others to come and share your houses that are built in Zambia. Zambia sympathises with the freedom fighters and refugees, but they should be controlled and taken care of. They are not indigenous inhabitants."*
>
> *[…]*
>
> *"They have forgotten their own country. Some people have used refugees for cheap labor and exploited them and used them to set themselves up as separate headmen…You are encouraging them to delay their independence and to become parasites. Freedom fighters*

have been given a place to fight. They should not leave there and settle in other villages. They should not settle here but fight there."

[…]

"If the Portuguese discover you harbor them in houses, the Portuguese will come and bomb you. We do not want to endanger the lives of Zambians. Some of the people you hide then go and inform the Portuguese of the activities of freedom fighters. These people are really Portuguese spies." (Hansen, 1979, p. 377)

Further demonstrating the tensions that the arrival of refugees caused, news publications from this period repeatedly ran stories linking "the menace of refugees" to local crime, or as somehow shirking their responsibility to carry on the independence war in their home country, as self-settled refugees were round up for repatriation (Times of Zambia, 1971c; 1972; 1972b). It is likely that attitudes towards refugees differed between government officials, but similar views appear to have been held across different levels of government. As written in a memorandum by one senior official dealing with these issues:

"Statistics show that some of the refugees, are not even refugees, in the genuine sense of the word. They are globe trotters, materialist seekers and die-hard criminals. More than this, they are deserters of the Liberation struggle now going in Africa South of the Sahara."

[…]

"Some refugees are now professionals in this career. No mercy should be allotted to them…Those who are capable of helping in the Liberation struggle should I am afraid be handed over to the Nationalist movements to co-opt them in their armies and fight the enemy at home. Harbouring them, is a betrayal of the Liberation struggle." (Chibanda, 1972, pp. 1-2)

Although concerns over the classification of refugees from other forms of migrants are widespread, and within the jurisdiction of states to determine, the suggestion that refugees be required to join the very armed struggle they were seeking to evade would have been in obvious disregard of international conventions. How widely such views were held and whether such pressure was exerted on refugees is impossible to establish. But, as nationalist movements enjoyed free reign within Zambia, it is likely that some forced recruitment of refugees would have occurred with or without officials' knowledge.

Whereas these arguments were employed against the acceptance of refugees from minority-ruled regimes, similar scepticism was evident in the consideration of asylum requests from other African states, as in the excerpt below, from a communique by Zambia's Ambassador to Ethiopia, who opined:

"While every effort should be made to assist in the resettlement and employment of refugees in Africa, I am inclined to think that we should adopt a cautious attitude in respect of

> *refugees from other independent African States. More often than not, their presence in one country tends to complicate relations between that host country and their country or countries of origin. This is particularly true of situations where you have an influx of refugees from one neighbouring country to another."* (Ngonda, 1973, p. 1)

Refugees, in other words, were not typically considered a potentially productive component of the overall economy, but were instead deemed to be a burden on the country's finances and management capacity, as reflected by the following citation addressing the matter:

> *"Zambia is by far one of the leading contributors to the alleviation of this problem. For the OAU to ask more than what Zambia is already contributing, is unacceptable. Zambia like all other African or developing countries, needs careful utilization of every ngwee, and also in terms of security, national reconstruction, prestige and full employment for our people, Zambianisation in all activities and offices in the Nation is very imperative and most reliable."* (Chibanda, 1972, p. 1)

As one might expect, negative stereotypes played a noticeable role in informing attitudes toward refugees. The document cited above, refers to refugees as "die-hard criminals", "comfort seekers", "exploiters" and "professional" career refugees. Views of refugees as being mere labour migrants responsible for stealing jobs, housing shortages, and price inflation, were widespread (Pettman, 1974, p. 98). Surprisingly, however, *positive* stereotypes of refugees also played a role in motivating their marginalisation from Zambian society and economic life as illustrated by the following citation:

> *"The acceptance and employment of unlimited numbers of refugees and expatriate Africans who are likely to stay in this country on permanent basis has many side effects. As they usually are more shrewd, businesslike, enterprising and more sophisticated than the average Zambian, they (refugee expatriates) are likely to occupy not only some of the influential positions in Government and the private sector, but their children may also excel in obtaining places in our Educational Institutions especially at secondary and University level. You will appreciate that when such a situation prevails our posterity will place the blame on our heads for helping with the creation of a refugee expatriate elite in our midst to the detriment of the interests of the Zambians who should be given the time, chances and opportunities to catch up at their own pace with the rest of the world…in comparison, therefore, the costs incurred in importing temporary expatriate labour force is of a lesser even than the creation of a preponderant expatriate elite on a permanent basis."* (Kaniye, 1970, p. 2)

These views may explain why, despite Zambia's seemingly compassionate, welcoming approach to refugees, it nevertheless adopted strict regulations that significantly limited refugees' freedom of movement and participation in the Zambian economy. The distinct nature of Zambia's approach is well-illustrated by the various number of reservations registered by Zambia to the 1951 Refugee Convention, which it ratified in 1969, in which Zambia rejects obligations to provide opportunity for employment and education, in addition to reserving rights with respect to the free movement of refugees:

Subject to the following reservations made pursuant to article 42 (1) of the Convention:

Article 17 (2) - The Government of the Republic of Zambia wishes to state with regard to article 17, paragraph 2, that Zambia does not consider itself bound to grant to a refugee who fulfils any one of the conditions set out in sub-paragraphs (a) to (c) automatic exemption from the obligation to obtain a work permit. Further, with regard to article 17 as a whole, Zambia does not wish to undertake to grant to refugees rights of wage-earning employment more favourable than those granted to aliens generally.

Article 22 (1) - The Government of the Republic of Zambia wishes to state that it considers article 22 (1) to be a recommendation only and not a binding obligation to accord to refugees the same treatment as is accorded to nationals with respect to elementary education.

Article 26 - The Government of the Republic of Zambia wishes to state with regard to article 26 that it reserves the right to designate a place or places of residence for refugees.

Article 28 - The Government of the Republic of Zambia wishes to state with regard to article 28 that Zambia considers itself not bound to issue a travel document with a return clause in cases where a country of second asylum has accepted or indicated its willingness to accept a refugee from Zambia.

(United Nations, 2011, pp. 13-14)

From these statements, then, it is apparent that Zambia's outward refugee policy, which emphasised its humanitarian commitment to assisting those that had sought safe haven in Zambia, cannot merely be taken at face value. Instead, a more critical analysis is required of Zambia's policies which shaped the experience of refugees and determined the extent of their role within the Zambian society and economy.

5.4 Policy implementation

Soon after independence, as refugees began to arrive in greater numbers, Zambia proceeded to formalise the rights of refugees and the restrictions imposed on them in the form of the 1971 Refugee Control Act. A key component of this act was the government's designation of specific settlements for refugees to live in, in contrast to refugees self-settling in border villages, as had been the practice up until that time. The Act, the very name of which expressed the government's desire to shore up its control over the new arrivals, has been suggested to have been the result of concerns over the safety of refugees, the capacity of villages to support refugees in such large numbers, and the fear that the reliance of refugees on natural resources was risking their rapid depletion (Development and Training Services, 2014). The Act, however, simultaneously served to restrict the freedom of movement of refugees, and their ability to accept formal labour opportunities, and appears to be a direct reflection of the reluctant attitudes identified in the previous section.

The first settlements created were Mayukwayukwa and Lwatembo in North-Western province. Both camps were referred to as settlements, as refugees were provided with the opportunity to farm agricultural land, grow their own food, and engage in some limited forms of other economic activity. Lwatembo was not a success as, with no prior soil survey having been conducted, the site proved unsuitable for cultivation and its residents were relocated to the newer Meheba camp in 1971. Mayukwayukwa, too, faced difficulties. Despite growing to a size of around 11,000 refugees, the camp site faced harsh climatological conditions, poor soils and dry spells that resulted in low crop yields (UNHCR, 2016). The camp was, moreover, not well-supplied with agricultural equipment, fertilisers, and seeds, and had poor access to markets. Consequently, the camp's residents were largely confined to subsistence farming, unable to achieve self-sufficiency in food production, and were dependent on aid provided by the Zambian government and donor organisations (Hansen, 1979).

Following ethnic tensions in Mayukwayukwa, Angolan refugees at this camp – who represented the majority of its residents were eventually moved to the newer Meheba camp as well (Hansen, 2001, p. 36). As recounted by Bakewell, Meheba had been established in 1971 near the border with the Zaire and would eventually host 26,000 Angolans and 4,000 refugees from other nationalities. The settlement was spread over a total of 720km^2, virtually entirely unpopulated, despite being under the control of the Kaonde tribe. Newly-arrived refugees were initially given five hectares to cultivate or construct a house on, although this was halved after 1987 as the camp continued to be extended (Bakewell, 1999, p. 16). Meheba was repeatedly expanded to offer more space for new refugees following successive rounds of escalation in the Angolan conflict, and later in response to an influx of refugees from the Katanga province in the DRC, and Rwanda (Veroff, 2009).

As no end to the conflict in Angola was in sight, the UNHCR envisioned that local integration of refugees would be the most viable long-term solution and handed control of Meheba camp to Zambia in 1982. Zambia, however, still pursued a policy that took little account of any scenarios other than a speedy end to the conflict in Angola, both to ensure the return of refugees, as well as to restore access to the Benguela railway. With a resulting emphasis on repatriation rather than a long-term solution in the form of local integration, Meheba and Mayukwayukwa suffered from underinvestment in the settlements' basic services and agricultural infrastructure (Hansen, 2001). The short-lived Bicesse Accord in 1991 in Angola further reinforced the government's attitude that refugees would soon be repatriated and thus rendered the development of the camps an even lower priority.

In the Eastern Province, the model of organised settlements was repeated with the establishment of Ukwimi in 1987, founded to host Mozambican refugees many of whom had self-settled in the border area, although some Angolans were later also hosted in the same camp until its closure in 2004. By 1993, the camp had grown to 25,600 refugees, organised into 73 satellite villages spread over an area of 310km^2. As opposed to Meheba and Mayukwayukwa camps, Ukwimi camp also included a number of Zambian villages, with a population of around 1,000, who were given demarcated lands but did not receive access to the same provision of agricultural inputs and food rations as made available to refugees, contributing to some feelings of resentment (Lassailly-Jacob, 1993, p. 24).

Three other temporary camps were opened in 1999 and 2000 to accommodate the additional refugees that arrived during the final stages of the conflict in Angola, as well as refugees from the DRC. Kala and Mwange camps, in the Luapula and Northern Provinces respectively, were not settlements in the sense of the older camps, and were not designed to support self-sufficient agriculture, as both had a size of only about 3km^2 despite hosting around 20,000 refugees each. Both camps were wholly-dependent on food aid and were closed down in 2010. The third camp, Nangweshi, was established in 2000 in western Zambia and was designed to host around 14,000 Angolan refugees and similarly did not offer refugees land for cultivation. This camp, despite being 100km from the Angolan border, was known to host numerous UNITA officials so that following threats by the Angolan government that the camp would be treated as a UNITA base, the Zambian government removed several of the UNITA officials to Ukwimi, instead (Bakewell, 2002, p. 14).

While these camps enjoyed varying degrees of success, restrictions on movement were routinely ignored. In practice, the complications of having to request permission meant that many camp inhabitants went about their business illegally, risking the threat of arrest and administrative detention for periods of up to three months, although such incidents were rare (Nkula, 2004; Jacobsen, 2005). For many refugees, however, these restrictions made life in settlements undesirable, despite the access to humanitarian aid and other services that residence in the camps provided, so that many thousands chose to self-settle instead.

As of 1972, as many as two-thirds of Angolan refugees had opted for self-settlement in villages, towns and cities, representing a hidden refugee population outside of government control (Hansen, 1979). Research conducted in 1983 suggested that as many as 85% of refugees had self-settled, as well as a smaller minority of around 2% who had moved to urban areas, despite stricter government checks in such areas (Hansen, 2001). One estimate suggests that in 1988 the number of self-settled Angolan refugees amounted to 72,000, compared to a total registered population of just under 98,000 (Development and Training Services, 2014). Similar figures are not available for refugees from Mozambique and the DRC, but were likely of a similar order of magnitude, with self-settlement common in both areas (Lassailly-Jacob, 1993, p. 24). In 2004, the Zambian government estimated that in addition to the 207,925 formally-registered refugees only 75,000 self-settled refugees were living in the border areas, but this may have understated the true numbers of such persons owing to the difficulties in their identification and classification as refugees (Nkula, 2004).

Self-settled refugees were technically in violation of the Refugee Control Act, with authorities organising occasional drives to round up such refugees and move them to designated camps and settlements (Times of Zambia, 1971b; Times of Zambia, 1972). However, historical patterns of migration, discussed in earlier in this chapter, meant that many Angolan refugees shared bonds of kinship with their Zambian counterparts and integrated easily into local villages, whose chiefs did not regard such new arrivals as aliens but rather as members of one and the same community (Hansen, 1979). Some, moreover, managed to obtain identity cards, and as Bakewell writes, and no longer considered themselves refugees, nor could they be easily distinguished from the local Zambian population, unless reported by fellow villagers (Bakewell, 2004). A study of similar, self-settled refugees from Mozambique in border areas in the east of the country affirms that similar patterns of identity and belonging affected these groups (Mijere, 1988).

Aside from the refugees formally-registered to live in the camps and the self-settled population, a further, smaller group of refugees opted to settle in urban areas, mainly in Lusaka. A transit centre was located in Makeni, near Lusaka, to assist in processing of refugees – the centre was bombed by the Rhodesian Air Force in 1986 and eventually closed in 1995. In 1988, some 2,660 refugees were estimated to be living in Zambian cities, but by 1996, the UNHCR reported a higher estimate of 16,000 – mostly from Zaire, as few Congolese refugees had any previous farming background and felt little affinity for settlement in rural villages or camps (Frischkorn, 2015, pp. 212-213). As described by Frischkorn, refugees in these settings largely pursued activities ranging from street vending to petty trading, although some opened businesses, with some professionals granted legal employment.

5.5 Socio-economic effects

Zambia's policy to promote the settlement of refugees in purpose-built refugee camps may have provided some protection from exposure to exploitation by guerrilla movements, but also limited refugees' opportunities to develop independent livelihoods and achieve self-sufficiency. As described in the previous section, poor choice of location marred the economic viability of the first settlement camps established by the government. Moreover, top-down attempts at promoting refugees' involvement in agriculture was not supported by sufficient aid. Costs for the provision of tools, equipment, and the establishment of village cooperatives responsible for handling the marketing of their crops was provided through tripartite agreements between the Zambian government, UNHCR and several church-based NGOs (UNECA, 1973). Despite such aid, however, many of the camps faced shortages in the form of seeds, fertilisers and other inputs, and did not take account of the fact that a significant section of the refugee population was not of a working age, or otherwise able to support themselves through farming (Wilson, 1994, p. 30).

That self-sufficiency was an attainable goal was, however, demonstrated in Meheba camp. Meheba benefited from a location had had been chosen more carefully and did not only offer better prospects for agricultural development, but had also been purposefully situated in an underdeveloped region of Zambia to contribute to its rural development (Frischkorn, 2015, p. 212). Following the relocation of Angolan refugees from Mayukwayukwa camp, Meheba not only achieved self-sufficiency, but managed to achieve a level of food production in excess of its own requirements, with the surplus aiding in offsetting food shortages elsewhere in the country (Frischkorn, 2015; Stein, 1990).

Much of this initial success must also be attributed to the agricultural skills of the refugees themselves, many of whom had come from rural backgrounds and brought with them specific knowledge of crops, planting techniques and terrain. The presence of refugees has been associated with the development of new crops, including a new variety of cassava that became common in Zambia's eastern province in the areas hosting many Mozambican refugees, as well as the differentiation of farming methods, although other authors have disputed such claims, suggesting that such changes pre-dated the movement of refugees or represented modest adaptations to local conditions (Wilson, 1994, pp. 22-23). What is certain is that any opportunities for the transfer of skills by refugees was constrained by Zambia's refusal to permit refugees seeking employment outside of the camps, except for a small number of "skilled" refugees (Ministry of Home Affairs, 1966). Had it not been for the narrow definition employed by Zambian officials as to what constituted such a skilled worker, the inflow of many thousands of agriculturally-skilled farmers could have provided an impetus to rural growth given Zambia's low population density, high urbanisation rate, and underdeveloped agricultural sector. Instead, while some few refugees were provided opportunities for training at agricultural centres or provided secondary education, such efforts were too small-scale to significantly affect the labour situation in Zambia or its agricultural sector outside of the camps (Ministry of Foreign Affairs, 1986).

Even the limited successes achieved in camps such as Meheba would prove fragile. Besides agriculture, refugees had few other economic opportunities available to them. Not only did the

Refugee Control Act restrict their movements, but in addition, the government's insistence that refugees would ultimately be repatriated acted as a disincentive against efforts to establish deeper roots or develop more stable livelihoods (Hansen, 1979). Moreover, uneven provision of aid, the gradual neglect of the camps, and low rainfall undermined the agricultural output of the camps. By the time the 1991 Bicesse ceasefire in Angola broke down, the camps had ceased to be self-sufficient and had once again come to depend on food aid (Hansen, 2001).

Self-settled refugees, meanwhile, had not faced the same constraints as their camp-settled counterparts, but at the cost of their reduced access to aid provided by international agencies. While local communities were generally welcoming of refugees, owing to prior ties of kinship, many of the refugees depended on the exploitation of local wildlife, fish and timber. Their activities threatened to deplete local natural resources and put the incomes of some of the poorest households at risk, inciting political strife with local inhabitants (Development by Training Services, 2014; Chambers, 1986). Moreover, while some refugees sought to take earn income from daily labour at low wages, this too increased competition for cash jobs. These problems moreover had a disproportionate impact on women, given their reduced access to cash jobs in local villages or within the aid industry (Wilson, 1994, p. 12). Nevertheless, owing to the restrictions that camp-settled refugees had to endure, self-settlement remained an attractive option to many refugees, offering the prospect of the semblance of a normal life and the chance to rebuild their former livelihoods free of government constraints.

Following the arrival of a new wave of refugees from Angola, attitudes towards refugees noticeably hardened, with more stringent enforcement on restrictions on movement, employment, and the mandatory settlement in camps. Indicative of the new environment, a revised bill drafted by UNHCR and Zambia's Commissioner for Refugees, which would have specified criteria under which refugees might be granted residency status, right to employment and an eventual path to citizenship, was withdrawn after opposition from parliament (UNHCR, 2004, p. 152). The following quote, taken from a debate before the National Assembly of Zambia, is just one of many and reflects the hardened tone of the debate at this time:

> *"One day, I was listening to the radio and this was in the Northern Province where the UN Representative was asking for 1,000 hectares of land to settle the refugees on. This is unfortunate. We are aware that there is war in their countries but when the war ceases, they need to be sent back, otherwise, they are just too many. I am worried, Mr Speaker, because these people are not only causing security problems but where they come from, their customs and systems are such that they are not afraid to take away life and hence the crime which is increasing in the country. There is no doubt about that. We need to look at it the other way round. We need to protect the interests of the people where these refugees are*

settling. We need to protect them. Much as we have done well as a Government, in that area alone, we need to improve." (Matubulani, 2001)

In the face of this apparent mood change, leaders of refugee communities, as well as church leaders warned of the increasingly xenophobic attitudes directed against refugees, along with the emergence of an "institutionalized antipathy" among immigration officials, amidst reports of corruption, the targeting refugees, and bribery (Frischkorn, 2015, p. 219). The state of affairs was recognised in a statement of church leaders:

"One does not have to look far for evidence of the fact that refugees are increasingly unwelcome in Zambia. We have seen a disturbing rise in the verbal abuse, harassment, arbitrary detention, and physical violence that refugees suffer in Zambia. The church regrets the fact that people with genuine protection concerns have been forcibly returned from Zambia to countries where their lives or freedom are in jeopardy. Needless to say, this practice violates the human rights of refugees and does not reflect well on Zambia's international image." (Darwin, 2005, p. 6)

From 2000, changes in government policy resulted in a crackdown on what the government deemed to be an illegal presence of refugees, largely disregarding the extent of their integration. As Frischkorn suggests, this harsh new approach may have reflected an increase in xenophobic attitudes among the general population, as well as the fact that rapid urbanisation had stretched the capacity of urban services (Frischkorn, 2015, p. 219). Despite mediation by the UNHCR, the enforcement of identification procedures and the forced resettlement in Meheba, many refugees have thus been forced to go underground, with an estimated 10,000 refugees still estimated to be living in Lusaka illegally, in addition to 5,000 that have received valid residence permits (idem, pp. 212-221).

Seeking to alleviate community tensions, in 2002, the government adopted a new approach in the form of the Zambian Initiative, aimed at supporting development projects targeted at refugees and their host communities, and geared towards the facilitation of local integration. The initiative initially targeted 456,000 beneficiaries in the Western Province, including 100,000 refugees in the Nangweshi and Mayukwayukwa refugee camps, and other self-settled refugees (Zambia's Commissioner for Refugees, 2004). The project, which was later extended to the North-Western province, has been promoted by UNHCR as an example of a policy linking poverty and development assistance, but also has a security dimension, in helping to avoid conflict with the local population over unequal access to humanitarian aid, healthcare, as well as competition over resources (Brosché & Nilsson, 2004, p. 7). However, although the policy pays lip service to the concept of refugees as representing an economic asset rather than a liability, Dick (2003) has noted that in parallel with the introduction of the Zambian Initiative, government policy at the same time renewed restrictions on refugees' freedom of movement and employment. Dick therefore accuses the policy of being "a shrewd compromise that will allow Zambia to utilize the refugees' presence for its own development while keeping refugees confined to restricted areas and limiting the degree of integration possible" (Dick, 2003, p. 28).

Nevertheless, with the passage of time and the easing of the number of refugees in, opportunities for integration and economic advancement have improved, although constraints on refugees' rights and freedoms remain in place. In 2017, a new study published by a joint team of researchers from the University of Zambia and Oxford University has provided a detailed insight into the economic conditions of present-day refugees (Nyamazana, Koyi, Funjika, & Chibwili, 2017). The study by Nyamazana et al. is based on household surveys, interviews, focus group discussions and participant observation, and explores refugees' economic activities, their involvement in the supply chain of micro, small and medium enterprises, as well as refugees' consumption patterns. The study provides an intricate snapshot of the economic living conditions of refugees from Angola, the DRC, Rwanda and other countries of origin and, although necessarily focused on current rather than historical conditions, is the most detailed study of its kind undertaken within Zambia.

In this study, Nyamazana et al. (2017) find that the majority of economic activity undertaken by camp-settlements refugees remains restricted to the confines of the settlements, with many residents rarely if ever leaving the camp to trade goods or services. Even so, the authors report that the camps maintain active commercial relationships with other markets, both through the assistance of Zambian traders as well as refugees' own visits to nearby towns, despite the requirements for a pass that would technically be required to permit such travel. The report finds that refugee demand for products indirectly contributes to job creation among the producers of such goods. Because of restrictions on refugees right to employment, direct employment with Zambian companies is limited, but this has in turn motivated some refugees – particularly in urban zones – to set up their own businesses, many of which also provide employment to other refugees, and to a lesser extent to local Zambians. Owing to a decline in donor contributions, however, the authors report that aid to refugees has been scaled down, so that refugees must attain self-sufficiency shortly after arrival – a goal that may be beyond the reach of many, in the face of persistent economic and regulatory challenges.

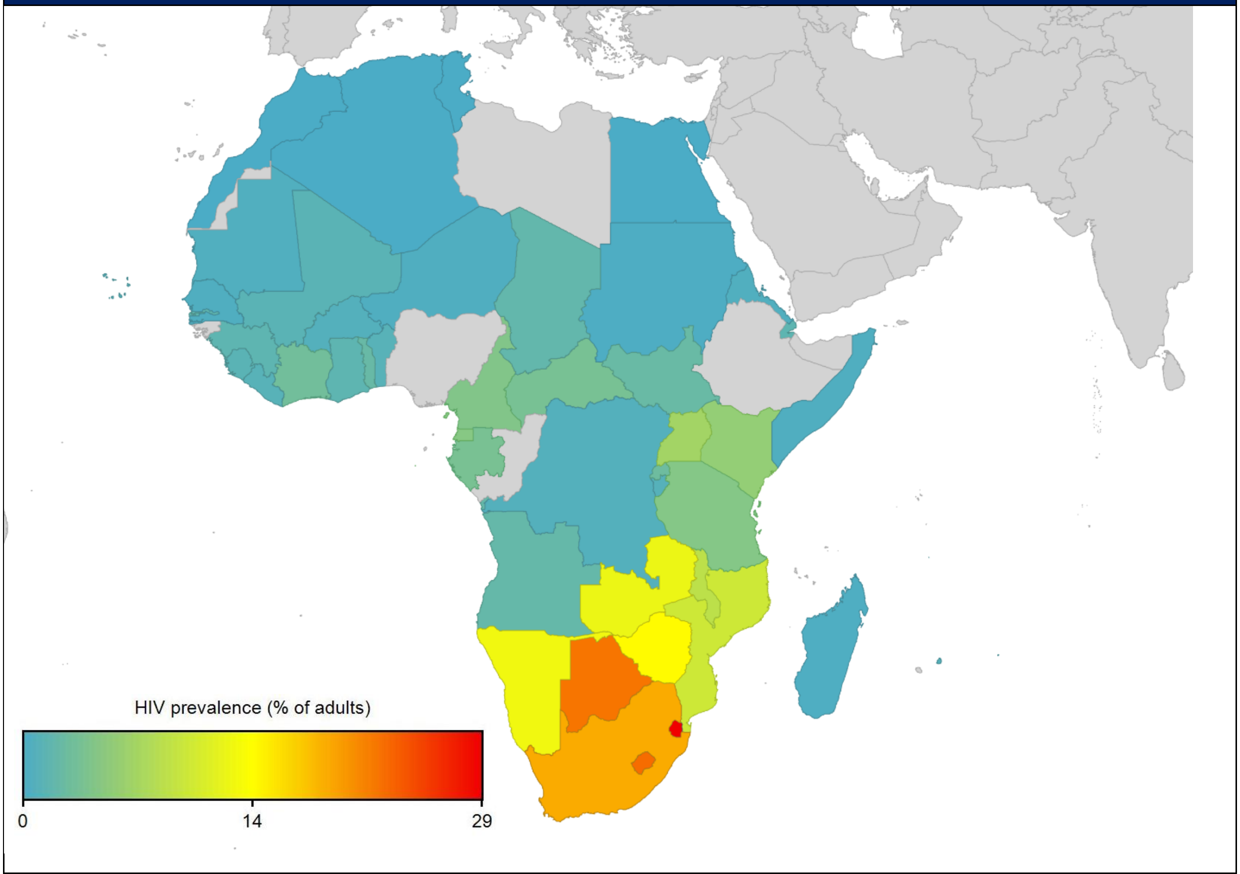
Whereas these findings are largely in line with expectations, the report also finds that refugees' economic activities are highly dependent not only on their location, but also on the country of origin of the refugees. For instance, the authors find that in rural settlements, over 32% of refugees from Burundi and nearly 39% of refugees from Angola are involved in farming and the sale of agricultural products, compared with only 9% of Congolese refugees. Among refugees in Lusaka, involvement in hawking and trading, too, varies by nationality, with Somali, Rwandese and Burundian refugees particularly likely to own shops, restaurants, or butcheries, compared with a smaller amount of Congolese refugees. The study furthermore notes that several of these population groups have developed a reputation for particular professions, illustrating the point made earlier in this section that Zambia's developmental policies may have failed to appreciate the skills brought in by refugees from different countries (Nyamazana, Koyi, Funjika, & Chibwili, 2017, pp. 22-23).

5.6 Health effects

Inevitably, the movement of hundreds of thousands of persons is accompanied by considerable health challenges. In southern Africa in particular, one of the most serious health risks and developmental risk factors has been the calamitous spread of HIV/AIDS. As summarised by AVERT, as many as 25.5 million infected persons of a worldwide total of 36.7 million are living in Sub-Saharan Africa. Prevalence rates range as high as 28.8% in Swaziland, with South Africa alone hosting an estimated seven million persons living with HIV, as of 2015. In Zambia, HIV prevalence was estimated at 11.9% in 2016, with around 1.2 million persons infected, of whom only an estimated 42% are aware of their HIV status. Monitoring, education, awareness and access to antiretroviral treatment is improving and are contributing to a decline in new infections, which have decreased from 73,000 per year in 2010 to 60,000 in 2015, with concurrent increases in life expectancy, but the disease remains one of the primary health challenges facing the country (AVERT, 2017).

A study by ICAD (2006) points out that HIV/AIDS represents not only a health concern but a risk to social and economic development. At the microeconomic level, burdens on families increase both owing to the an inability to work and the resultant loss of income, as well as the increased costs of health care and – ultimately, funeral costs (as well as more difficult-to-measure costs of social stigmatisation). As households struggle to make ends meet, children's education may be put at risk, initiating a poverty spiral, while absenteeism from work decreases productivity. Social services, including health and education, suffer not only from the burden of addressing the epidemic, but may also experience a shrinking pool of skilled workers, themselves affected by infection (ICAD, 2006). A study covering data from 41 African countries from 1997 to 2005 and using an augmented Solow model concluded that average prevalence rates of 5% had reduced growth by 2% per year (Lovász & Schipp, June 2009).

Figure 8: HIV prevalence rates among adults aged 15-49 (2015, %)



Source: UNAIDS (2017); visualisation by the author

With prevalence rates in Zambia higher than elsewhere in the world, the factors underlying the severity of the epidemic demand urgent analysis. In a report by Zambia's Core Study Team on HIV/AIDS, several key drivers were identified, including behavioural and cultural factors, the role of mother-to-child transmissions and the risks caused by mobility and labour migration, finding that time spent away from home by men, women or their partners is positively correlated with HIV prevalence (Zambia Core Study Team, 2009). Global and regional studies have similarly shown that such mobility is a contributing factor to the transmission of HIV (Wolffers & Fernandez, 1995; Lurie, et al., 2003). Interestingly, a model developed by Coffee et al., suggests that the increased risk results primarily from an increase in high-risk behaviour, rather than the role of migration in connecting areas with lower rates of prevalence to those at higher risk (Coffee, Lurie, & and Garnett, 2007). This emphasis on behavioural risks appears consistent with the Zambian case, as a baseline assessment among seasonal workers in the mining and agriculture sectors found that commercial, transactional and forced sexual relationships were reported by 17%, 20% and 19% of mine workers, respectively, while agricultural workers reported only slightly lower rates (IOM, 2009).

While the total number of employees engaged in the mining sector was reported at 62,236 in an estimate published in 2014 (Zambia Chamber of Mines, 2014), the number of refugees peaked at over 300,000 in the early 2000s, and continues to number in the tens of thousands, so that in terms of overall mobility, the movement of refugees may be deemed a major factor. In a study of the effect of civil wars on the spread of malaria, Montalvo and Reynal-Querol (2007) found that the movement of refugees was a significant, contributing factor to the incidence of the disease in host countries. Similarly, the idea that refugees, through their movement and vulnerability, have contributed to the HIV/AIDS pandemic has been widespread, with the UN Security Council having stated that the "HIV/AIDS pandemic is also exacerbated by conditions of violence and instability, which increase the risk of exposure to the disease through large movements of people, widespread uncertainty over conditions, and reduced access to medical care" (UNSC, 2000). This seemingly self-evident point of view is, however, not strongly supported by data, amidst contradictory studies and findings such as those by Montalvo and Reynal-Querol (2007) have not been easily replicable across diseases. One study of 36 countries in Sub-Saharan Africa over the period from 1990 to 2012, for instance, illustrates the more nuanced nature of these effects. In this study, Bennett et al. found that incidence rates increased by 2.1 per 1,000 infections per year during the five years *prior* to conflict, but *decreased* by 0.7 per 1,000 people per year for conflicts with battle deaths up to 1,000, and by 1.5 per 1,000 people for larger-scale conflicts (Bennett, Marshall, Gjelsvik, McGarvey, & Lurie, 2015).

Spiegel has argued that notwithstanding the various well-documented risk factors, conflicts may in some circumstances retard the progression of HIV through the effect of the destruction of infrastructure on mobility, relocations to lower-prevalence rural areas, and, in the case of refugees, their frequent, prolonged isolation and improved access to health care in refugee camps (Spiegel, 2004). In further case studies of Sierra Leone, Angola, Rwanda and the DRC, infection rates did not markedly increase, despite their exposure to prolonged, decades-long conflict (McInnes, 2011). McInnes proposes that an analysis of the role of a conflict in the spread of HIV must not only look at the conflict itself and behavioural changes affecting the vulnerability of a population. Instead, it must also take account a region's susceptibility to the virus, including factors such as initial prevalence rates, population density and factors related to human mobility (McInnes, 2011).

In Table 8, I extend the framework proposed by McInnes to assess the likely impact of these conflicts on *neighbouring countries*, and argue that the results suggest that it is unlikely that refugees fleeing conflicts around Zambia impacted the prevalence of HIV/AIDS to a material extent. In the conflicts shown in the table, prevalence rates at the start of the wars were comparatively low, in part owing to the period when these conflicts took place. In Angola, sexual violence was not widespread, and by the 1980s, when the HIV epidemic emerged, Cuban and South African forces had already withdrawn, eliminating foreign involvement as a potential risk factor. In the DRC, risk factors included the ethnic nature of the conflict, the involvement of armed forces from other countries, and frequent reports of sexual violence, but the conflict also limited mobility, the ability to exercise a normal social life and the purchasing power of professionals frequenting commercial sex workers (McInnes, 2011).

In the case of Mozambique, sexual violence was also common, with RENAMO widely associated with terror campaigns that included organised rape and the abduction of women and children for use as child soldiers and sex slaves (Gersony, 1988, pp. 20-32). This, combined with targeted attacks against health and education facilities, would have contributed to the vulnerability of the population. But, owing to a low initial exposure to the virus, low population density, and the government's control over most urban centres, prevalence rates remained below 1% throughout the duration of the conflict (Bennett, Marshall, Gjelsvik, McGarvey, & Lurie, 2015).

In the case of Zambia, the movement of refugees was not only limited by insecurity and the destruction of infrastructure in their home countries, but also by Zambia's Refugee Control Act, which restricted opportunities for refugees to leave the camps or maintain regular contact with host communities. Humanitarian aid delivered by UNHCR, the Zambian Red Cross and a variety of NGOs, has, moreover generally ensured that refugees receive access to health care as well as to HIV/AIDS prevention and treatment options. Prevalence rates in these camps have thus remained well below those recorded among nearby host populations. In 2006, the prevalence rate in Meheba camp, dominated by Angolan refugees, was estimated at 3.6%, while in Kala and Mwange camps, dedicated mostly to Congolese refugees, the prevalence rate was estimated at only 3.3% and 2.4% respectively, compared with 14.3% in the Zambian host population in 2007 (Zambia Core Study Team, 2009, pp. 11, 26).

These findings are consistent with the finding by Spiegel that, in the case of Africa, countries of asylum have in fact had higher rates of HIV prevalence than countries of origin (Spiegel, 2004). This observation also suggests that from a regional health perspective, it is in fact the post-conflict period and the return of refugees that may pose the greater challenge. In the case of Mozambique, for instance, it has been noted that the return of around two million refugees after the 1992 accords, many from areas with elevated rates of HIV prevalence, coincided with a calamitous rise in infection rates (World Bank, 2008, p. 216). Aside from the risk posed by the return of refugees from countries with high risk of infection, additional risks in a post-conflict environment may result from health capacity having been severely undermined – if not destroyed altogether (Bennett, Marshall, Gjelsvik, McGarvey, & Lurie, 2015).

Table 8: Assessment of Zambia’s exposure to the HIV epidemics in conflict-affected countries					
Country	Risk factors	Changes in HIV prevalence	Susceptibility	Vulnerability	Assessed by
Regional conflicts					
Angola 1975-2002	Medium (limited foreign involvement by 1980s, sexual violence not widespread)	Conflict preceded HIV pandemic; prevalence increased steadily through 1990s but at significantly lower rates than regional norm	Low (low prevalence, low population density, conflict limited rather than promoted mobility, conflict largely confined to rural areas)	Difficult to assess, but indications suggest low (limited data available on disassortive mixing, changes in high-risk behaviour)	McInnes (2011, p. 508)
DRC 1996-2003	High (ethnic nature of conflict, foreign involvement, sexual violence)	Generalised epidemic which levelled off before conflict at infections levels below the regional norm; no significant change during conflict	Difficult to assess but appears low (limited geographic focus of conflict, low population density and limited transport infrastructure)	Marginal (increase in sexual violence, but overall limited effect on risky behaviour, much of which was pre-existent and may have been disrupted by conflict)	McInnes (2011, p. 508)
Mozambique 1977-1992	High (systematic war crimes and rape, not typically seen as ethnic conflict, limited foreign involvement)	Prevalence rates remained below 1% during the conflict, but increased steeply immediately thereafter	Low (low prevalence, low population density, conflict concentrated outside urban centres, large displacements)	High (active engagement by RENAMO in rape, use of sex slaves, health and school facilities directly targeted)	Author
Zambia’s exposure					
Angola 1975-2002	High (the number of registered refugees peaked at around 240,000 in 2002, at the peak of Zambia’s HIV crisis, with self-settled refugees lacking the access to health care available to camp-settled refugees)	Low prevalence reported in Meheba camp; prevalence rates in Western province below country average	Low (low prevalence, low population density, limited transportation, refugees self-sufficient in agriculture)	Low (access to care in camps, limited disassorted mixing, no widespread rape, some presence of armed groups)	Author
DRC 1996-2003	Medium (the number of registered refugees peaked at over 66,000 in 2004, with the Copperbelt, bordering the Congo, a high-risk area owing to migratory labour)	Low prevalence reported in both Kala and Mwange camps; prevalence in Copperbelt increased over period	Low (many self-settled in urban areas, but low prevalence, no armed movements)	Medium (high-risk sexual behaviour in Copperbelt pre-existent and linked to labour migration)	Author
Mozambique 1977-1992	Low (the number of registered refugees peaked at 33,000 in 1986, when prevalence rates in the region were increasing, albeit from a low base)	No data available on prevalence in camps such as Ukwimi; steep increase across Zambia over conflict period	Low (low prevalence, higher population density)	Difficult to assess, but indications suggest low (limited disassorted mixing, few movements by armed forces)	Author

This section, then, demonstrates that the impact of conflicts on regional health is not merely a factor of the intensity or nature of the conflict. To usefully assess the effect of refugees on economic development, future quantitative studies must take a broader view, ideally incorporating parameters controlling for the respective health status in both the country of origin and the neighbouring country, policy measures, and period-fixed effects. Case studies such as the ones undertaken in this chapter show that context matters, and act as a word of caution against unfounded generalisations. Such generalisations may not only be misleading from an academic perspective, but can cause severe harm to the perception and prospects for integration of refugees, reinforcing the negative stereotypes previously described.

5.7 Chapter conclusions

Zambia's self-professed solidarity with other African nations was, according to Kaunda, an imperative of the nation's doctrine of Zambian Humanism. Zambia's support to the many hundreds of thousands of refugees from the conflicts in its immediate neighbourhood as well as from other African countries fits neatly within this political philosophy. At the same time, the welcoming attitude proclaimed in Zambia's public statements with respect to refugees supported Zambia's desire to profile itself as an enlightened nation and as a necessary, influential partner in the resolution of the conflicts in southern Africa, as described by Chain (1986). That said, although a degree of appreciation must be expressed for Zambia's support to these refugees, such sentiments must be qualified with a level acknowledgement of the shortcomings of its policies. As shown in this chapter, even within senior government circles, attitudes towards refugees were mixed and bordered on xenophobia. Although these sentiments became more openly expressed in the early 2000s, this chapter has shown that the roots of these feelings were present even in the 1970s.

Government restrictions on the freedom of movement of refugees, and the right to employment and education, sat ill at ease with Zambia's humanist philosophy, but might partially be explained by the country's concern over fears that refugees posed a potential security risk. Zambian officials harboured realistic fears over the presence of combatants or foreign intelligence operatives among the refugees, and over risks associated with the potential exploitation of refugee settlements by guerrilla movements for recruitment and supplies. However, restrictions remained in place even following the end of the various conflicts, and are therefore difficult to explain on the basis of security considerations alone. Rather, fears over competition between refugees and local villagers over jobs, resources and land, as well as the perception of refugees as being predominantly unskilled and vulnerable, both played major roles. This, combined with the political insistence that the presence of refugees would be temporary, hampered the implementation of more sustainable solutions, including support for local integration and refugees' independent livelihoods.

The findings in this chapter suggest that refugees, whether through formal channels or by their own means, have played an active role within Zambia's economy. Despite constraints with respect to inadequate access to agricultural inputs, training, or permits for formal employment, many refugees have become economically active. In rural environments, refugees are actively involved in farming, with many having had previous experience in agriculture, although these skills have not typically been appreciated or acknowledged by Zambian authorities, thus depriving the country from a potentially valuable resource in the pursuit of agricultural development. In urban environments, refugees remain involved in trading and other small businesses, while some higher-educated refugees are active as teachers and doctors, or in other specialist roles. The presence of refugees also had an indirect effect in terms of attracting international aid. While some costs of refugee assistance were covered by Zambia, the presence of aid agencies ensured support to the health status of refugees, and this chapter has argued that there is little evidence to suggest that refugees contributed significantly to the HIV/AIDS epidemic in Zambia – although their movement may have had a later adverse effect in Mozambique following their return.

This chapter has shown that even within Zambia, refugee experiences were varied and diverse, with notable differences between refugees that have opted for self-settlement versus those in camp environments. A similar distinction is apparent in other cases explored in this thesis, including in Malawi, Jordan and Thailand, with the two models resulting in distinct challenges and socio-economic outcomes. Other differences, as related to the origin and skillset of refugees, also played a role. While in the case of Zambia, it may be true that the refugees had a net negative growth effect, at least in terms of per capita incomes, it is clear from this chapter that any such effect must be partially attributed to the specific, restrictive policies adopted by Zambia. This point is crucial – as it suggests that quantitative studies that fail to consider local policy environments may falsely attribute excessive negative growth effects to the *presence* of refugees, rather than their government-determined economic position within society. Such analyses may thereby, reinforce restrictive government policies, rather than informing policies aimed at providing refugees with the means and resources to support their own and their communities' economic advancement.

6 Food security

6.1 Introduction

Following the analysis of the effects on trade, investment and industrial development in chapter 4, and a first look at some of the human dimensions of the conflict in chapter 5, this chapter turns its attention to the question of agricultural development and food security. The progression is a natural one, as the topic builds on the findings of the previous two chapters. As discussed previously, Ades and Chua (1997, p. 290) have proposed that one of the effects of trade is to disrupt the supply of basic goods, although they do not further develop this argument. In this chapter, I argue that the potential impact of regional instability on the supply and availability of food is among the most critical issues to consider, particularly in developing countries where a large portion of the population may be classified as food insecure.

Highlighting the urgency of the issue of food security within development, Ivanic and Martin note that the poorest population segment of low-income countries may spend as much as three-quarters of their earnings on staple foods alone (Ivanic & Martin, 2008; Cranfield, Preckel, & Hertel, 2007). As a result, disruptions to the food supply chain can have rapid and severe effects. During the global food price spike of 2008, for instance, when the World Bank's food price index increased to 334 by June 2008 from 180 one year previously, the shock was estimated to have increased global undernourishment by 6.8%, representing an additional 63 million people (Tiwari & Zaman, 2010). Such shocks cannot easily be absorbed either at a state, household or individual level, and have a direct impact not only on human development, but on political stability, as illustrated by the riots and protests over food that broke out in 48 countries following the 2008 price spike (Brinkman & Hendrix, 2011).

Illustrating the effects of conflict, the FAO estimates that disruptions caused by conflicts in Sub-Saharan Africa resulted in losses in agricultural output of as much as US$52 billion (Food and Agricultural Organization, 2002). Bora et al. point out that this figure is equivalent to around 75% of all official development assistance given to countries in conflict over this time, and that the total loss to developing countries would have been sufficient to raise nutrition levels of 330 million undernourished individuals to minimum prescribed levels (Bora, Ceccacci, Delgado, & and Townsend, 2011). These estimates, however, do not take into account the effects on neighbouring countries, which have largely escaped attention.

This chapter seeks to expand on the existing literature by exploring the international dimensions of Zambia's food balance, and the degree to which these have been affected by regional conflict. First, the chapter sets out to explore the history of agricultural production in Zambia to identify the preconditions that determined both the extent of its vulnerabilities as well as its coping capacity with respect to disruptions in agricultural output. Second, it provides an overview of the structure of Zambia's food balance, to assess the extent of its self-sufficiency and reliance on foreign partners. Third, the chapter delves deeper into these external relations by reviewing the structure of trade relationships, and their contribution to the mitigation of shocks in the food supply chain. Fourth, the chapter explores how the conflicts in Mozambique, Angola and Rhodesia affected these countries' food supply and, by extension, the regional food balance. Finally, I explore how these factors impacted Zambia, distinguishing between rural and urban development, and drawing linkages between foreign and domestic policies.

The chapter argues that international conflicts and relationships have played a larger role in Zambia's food security than has thus far been recognised. I show that the armed conflicts around Zambia affected the availability, demand and price of agricultural products. However, I also suggest that the conflicts had the indirect effect of providing an additional motivation to the imposition of price controls and other market interventions, which ultimately hampered Zambia's long-term agricultural development.

6.2 History of agriculture in Zambia

In a purely geographic sense, Zambia's agricultural potential ranks among the top in Africa. As described by the New Agriculturist, the country's climate is generally favourable to a variety of crops, its soils are fertile, and it has access to as much as 40% of all the water resources in southern Africa (New Agriculturist, 2016). Nevertheless, its agricultural performance has lagged behind that of its peers, with output of its staple product – maize – increasing merely 12% from the 1960s through to the mid-2000s, compared with increases of 400-500% in countries such as Ghana, Nigeria, Tanzania and Uganda (Djurfeldt, Holmén, Jirström, & Larsson, 2006, pp. 34-36).

Zambia's agricultural policies have received much of the blame for this underperformance. After independence, a system of direct state control was put in place, including marketing boards that controlled storage facilities and producer cooperatives that purchased maize at marketing points throughout the country. By 1969, provincial marketing boards had been replaced by the National Agricultural Marketing Board (Namboard). Rather than boosting production, overhead costs of marketing increased as the central collection system was wastefully inefficient, particularly in the transport of harvested crops, while erratic payments to farmers and the failure of the country's credit agency hampered cash-flows and access to finance (Sardanis, 2014, p. 34). Pan-territorial pricing also created distortions in the producer price of maize, owing to the higher price now paid to farmers in more remote regions. Zambia's treasury footed much of the bill, to keep prices low for the urban population and boost the country's underdeveloped manufacturing industry, implicitly subsidising the sector, but thereby devoting much of the agricultural budget to non-productive investments (del Ninno, Dorosh, & Subbarao, 2005).

By the 1970s, growth in agricultural output had stagnated, with shortfalls in domestic food production offset by imports at heavily subsidised prices. The value of food imports increased to $50 million per year, representing 40% of all marketed crops, with food subsidies accounting for 50% of the agricultural budget. While these imports only accounted for 6-10% of total imports, cheap imports helped the government maintain low prices of food, but left little incentive to Zambian farmers to increase their output (Bomsel, 1992; Díaz-Bonilla, 2015). Lack of prospects in agriculture sparked an exodus from the countryside to the cities. From 1969 to 1979, the total number of migrants that relocated themselves over this ten-year period amounted to 19% of Zambia's population, and contributed to making Zambia's one of the most urbanised countries in Sub-Saharan Africa, and the country with one of the lowest rates of cultivated land. As of 2005, only 53,000 out of an estimated 1.2 million hectares of land was cultivated, with only 5% of this area receiving irrigation (del Ninno, Dorosh, & Subbarao, 2005).

In the 1980s, an increase in the provision of seeds and fertiliser helped stabilise production, but failed to result in sustained growth. Zambia's yield per hectare of farmed land was relatively high, owing to the comparatively intensive use of hybrid and high-yield crop varieties and fertilisers, but there were few increases in land usage, so that Zambia's agricultural output continued to lag behind that of its peers (Djurfeldt, Holmén, Jirström, & Larsson, 2006, pp. 34-36). Programmes directed by the IMF and World Bank called for an end to government intervention in the food markets, but could not be fully implemented as their inevitable result was an increase in food prices, threatening political stability in the cities. By this time, grievances against Kaunda's regime had multiplied over the country's faltering economy, with food prices acting as a highly emotive, politically-charged subject and in 1986, riots in the Copperbelt led to 86 fatalities that led the government to back-track on reforms, while bilateral donors suspended their commitments (del Ninno, Dorosh, & Subbarao, 2005; Fagernäs & and Roberts, 2004, p. 9).

In 1989, the country's sweltering debt burden and unsustainable finances motivated the resumption of talks with aid partners. This time, however, attempts at abandoning price controls led to more widespread unrest and calls for change, and ultimately formed a major factor behind Kaunda's acceptance of the reinstatement of multi-party democracy (idem), in what amounted to an admission of the economic defeat of the government's policies, following nearly three decades of policymaking that had little to show for themselves.

6.3 Zambian food balance

Whereas local food production comprises a major component of the food balance, the supply and utilisation of food further depend on the import, export and stocks of food products. Together, trends in these factors determine the local availability of food, as well as the degree of exposure of a population to local and external food shocks. When food imbalances occur at household, regional, national or global levels, access to traded products and pre-established food reserves can mitigate adverse effects on nutritional status and consumption levels. As such, well-functioning and unimpeded market systems play an important role in ensuring food security at both microeconomic and macroeconomic scales.

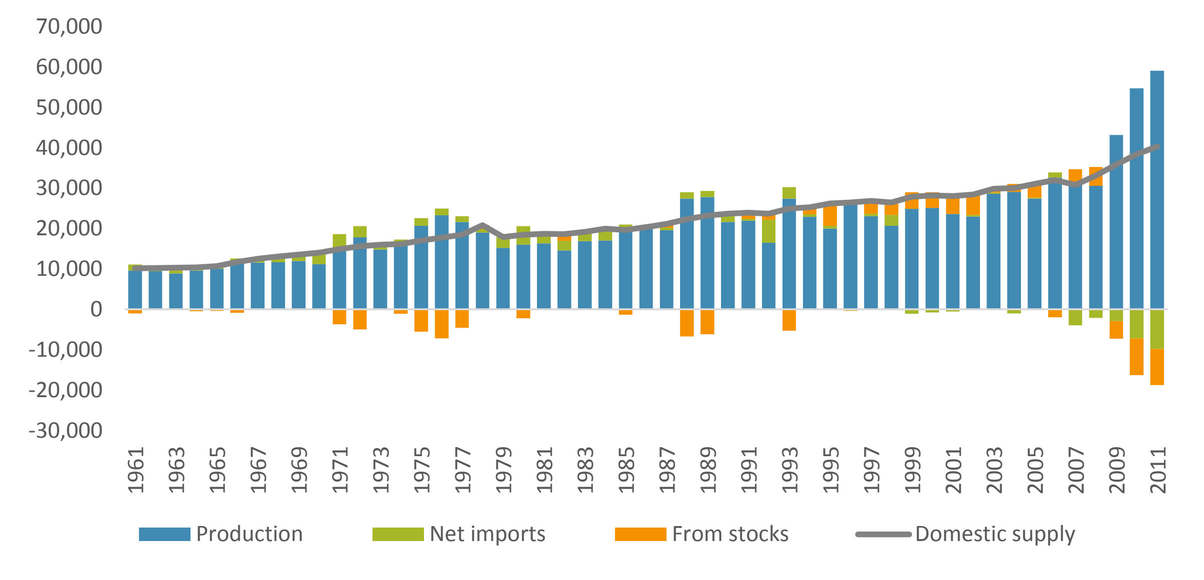
Agriculturally, Zambia may be divided roughly into three separate zones, distinguished on the basis of their relative exposure to rainfall, as well as soil and climatological characteristics (Chikowo). Owing to these regional differences, per capita food production varies considerably between Zambia's provinces, resulting in areas having a net surplus or deficit in terms of their production and consumption of food. According to Haggblade et al. (Haggblade, Longabaugh, & and Tschirley, 2009, p. 49), the so-called three-country region straddling the borders of Malawi, Mozambique and Zambia is among the areas most frequently exposed to food shortages, and generally has a food trade deficit, with interregional purchases of maize accounting for 5-10% of the total maize consumption in typical years. While such a percentage may not seem high, dependence on external food supplies can be much higher during years of drought or political disruption, when access to food products imported from other sources becomes a critical factor in staving off starvation, particularly among low-income, subsistence households.

Haggblade et al. (2009) also point out that food balances at provincial or regional levels may disguise deeper levels of reliance on external food supplies encountered at the household level. Whereas on an aggregated basis an area may be roughly self-sufficient or only marginally food-deficient, such a food balance would incorporate a wide variety of households, with households that produce a surplus and may sell their excess production offsetting deficits faced by food-buying households. Tschirley, as quoted by the authors above, also suggests that in an average harvest year, as many as 50% of households in Zambia's southern province depended on purchased maize, with an average of 10% of household income spent on the staple food, and the figure increases to a staggering 40% for the 20% poorest net-buying households (Haggblade, Longabaugh, & and Tschirley, 2009, p. 49; Tschirley, 2007).

With these figures in mind, it follows that any significant disruption in food production, whether at a local or regional level, can create significant food insecurity and severely disrupt economic activities. Whereas local food disruptions would increase the demand for purchased products and increase the financial burden on local households, disruptions in regional food production, trade or marketing can cut off households and villages from critical supplies of food needed to offset local deficits and thus serves to propagate shocks throughout the region, when disruptions cannot be speedily offset by imports from other sources.

Figure 9 and Figure 10 show the trends in Zambian food production, imports, stock movements, and net domestic supply (equalling implied consumption levels). Caloric values have been estimated based on FAO data for individual food products, with the resulting estimates applied to reported production, trade and stock movements.

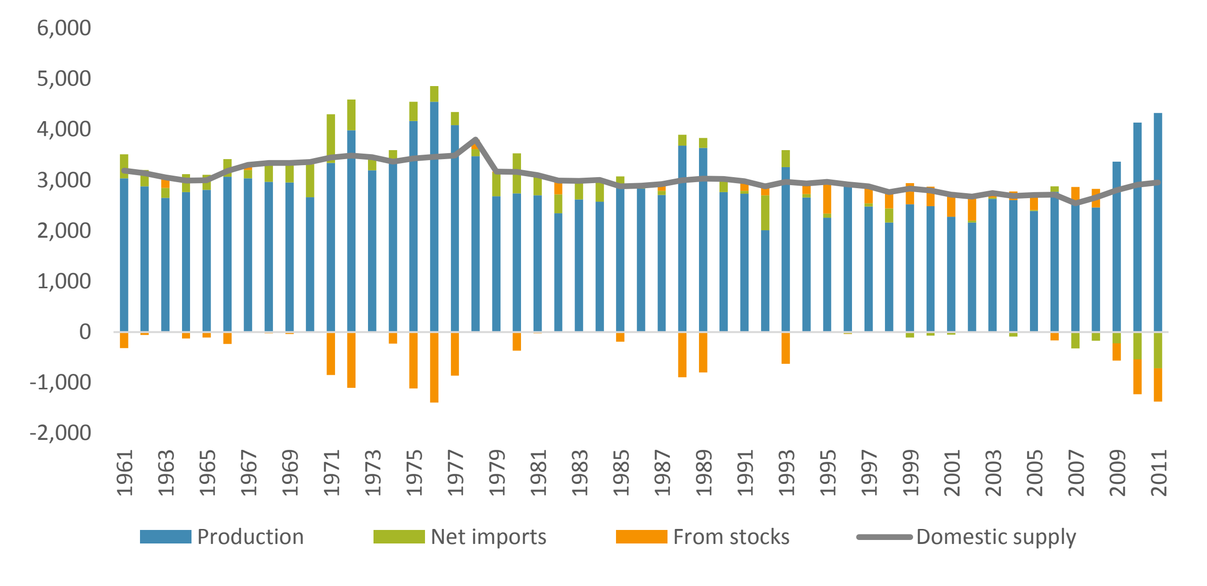
Figure 9: Zambian food supply (million kcal/day)



Source: Food and Agricultural Organization (2017); author's calculations

The first figure shows an overall upwards trend in production of net supply, but this growth has largely been accounted for by an increase in population size, rather than any gains in productivity, as shown in the second figure, at least up until the very end of the period shown. While indicative of overall trends, the precise figures of production, trade and stocks must be interpreted with some caution. This is also apparent from the fact that the second figure suggests a long-term average caloric intake in the range of 3,000 calories per person per day, which is likely to be a considerable over-estimate, as academic sources suggest that caloric consumption fell from around 2,200 in 1980s, to 1,900 in 2001 (del Ninno, Dorosh, & Subbarao, 2005).

Figure 10: Zambian food supply (kcal/capita/day)



Source: Food and Agricultural Organization (2017); author's calculations

Another point to note are the sizeable stock movements reported in FAO's official statistics. Negative figures nominally represent a build-up of stocks, compared with a drawdown in years where the figures are positive and contribute positively to the country's overall food supply. In reality, however, rather than reflecting actual stock movements, the stocking factor appears to have been used by the FAO as a balancing item, with the persistent drawdown of stocks in the 90s and 2000s more likely to have resulted from an underestimation of production or informal imports (Haggblade, Longabaugh, & and Tschirley, 2010). Similarly, the apparent build-up of stocks in the 70s and 80s may have been accounted for by informal exports, at a time when such exports were strictly controlled by the country's marketing board. Indeed, data from NAMBOARD and the World Bank suggests that despite steady procurement and imports of maize, stocks of maize did not increase during many of these years, falling by nearly 93% over the period from 1976 to 1985, to merely 288,000 bags (Lufumpa, 1989, p. 22).

In addition, both figures highlight the considerable importance of net imports, which remained significant throughout much of the period from 1960 through to 2000, with Zambia only having emerged as a net exporter of food (on an aggregate, caloric content basis) since the mid- to late 2000s.

6.4 Regionalism and trade

The same factors that drive trade at a household, village and regional level also apply to the national food balance and to the deficits and surpluses that form the basis for international trade. During periods of surplus, cross-border sales of food may create demand for farmers' products when their local markets are already saturated, and may simultaneously act as a source of foreign exchange, which is typically in short supply yet of immediate developmental significance in countries dependent on imported inputs. Vice versa, during deficit years imported supplies of food may act as an alternative to a country's food reserves, which may be difficult accumulate and distribute, with imports offering a more flexible source of supply with lower maintenance costs.

Regional trade patterns, however, also affect countries' vulnerability to shocks. The exposure of individual countries to global price changes has, for instance, been suggested as being determined largely by whether they are a net importer or net exporter of agricultural products (Bora, Ceccacci, Delgado, & and Townsend, 2011; Ivanic & Martin, 2008; Zaman, Delgado, Mitchell, & Revenga, 2008). Owing to the lower traded volumes of goods such as cassava, sorghum and millet, the markets for these products also have a lower exposure to foreign shocks than those of staple goods such as a maize, which are actively traded between Sub-Saharan countries (Delgado, Minot, & Tiongco, 2005). Risks may, furthermore, be asymmetric between countries owing to their geographical location. Landlocked countries such as Zambia may be exposed more to domestic than foreign shocks owing to the high transaction costs of international shipments reducing these countries' overall capacity to trade, although the analysis below suggests that the effect of foreign shocks remains significant (Bora, Ceccacci, Delgado, & and Townsend, 2011).

The direction and structure of trade relationships within a region is partially determined by geographical and climatological factors. Key among these, owing to its volatility and immediate impact on agricultural production, is rainfall. Drought years can quickly put local food security at risk, but as such droughts rarely affect entire regions simultaneously, varying exposure to meteorological conditions gives rise to international trade, with net flows from surplus countries to those in deficit. These patterns also hold true in southern Africa. In Table 9, similarities in climates zones have been illustrated and loosely delineated by comparing fluctuations in annual rainfall. In the figure, each country's rainfall, after exclusion of outliers, was correlated to every other country, with pairs demonstrating the strongest correlation highlighted in green, and the weakest correlations highlighted in red. The resulting correlations have been re-grouped, and reveal several groups bearing a degree of similarity in terms of their exposure to trends in rainfall.

The identified zones correspond closely to geographical groupings, some of which overlap. First, there are the southernmost states of South Africa, Namibia, Botswana and South Africa. Second, a group of countries that may be dubbed the Zambezi basin includes Zambia, Malawi, Mozambique and Zimbabwe. Trends in Zambia also share some correlation with its western neighbour, Angola, which in turn experiences trends weakly similar to those in the neighbouring DRC. Rainfall in Tanzania, most notably, bears little relation to that of any other country in southern Africa, which would thus be expected to create increased opportunities for trade.

Table 9: Correlation of annual rainfall in southern Africa

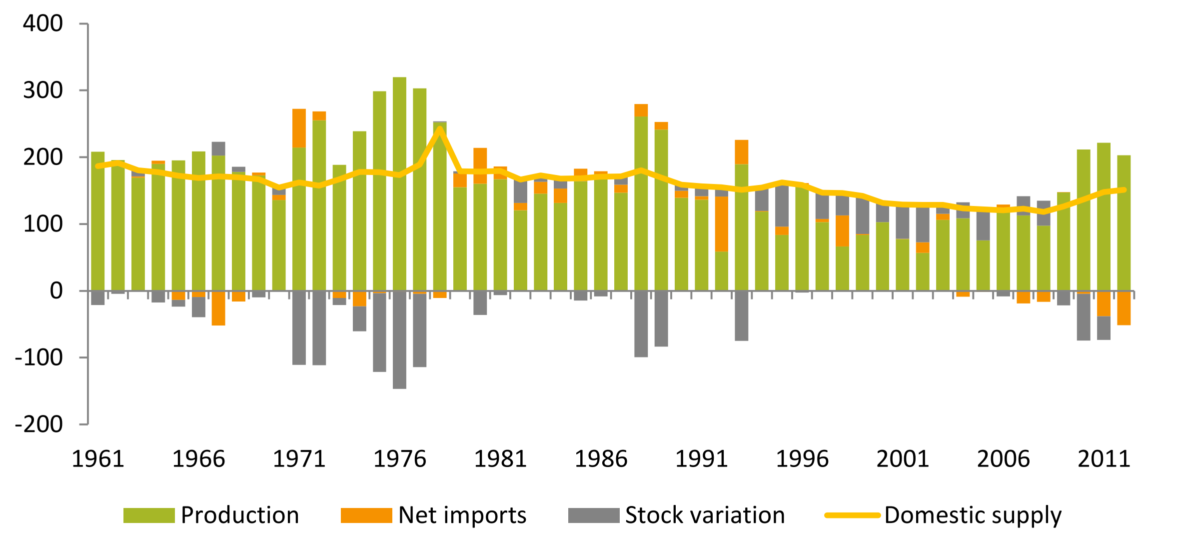
	Tanzania	DRC	Angola	Zambia	Malawi	Mozamb.	Zimbabwe	Namibia	South Africa	Botswana
Tanzania	1.00	0.28	0.23	0.29	0.37	0.22	-0.04	0.13	-0.08	0.06
DRC	0.28	1.00	0.52	0.46	0.21	0.11	0.09	0.10	-0.05	0.05
Angola	0.23	0.52	1.00	0.57	0.26	0.34	0.29	0.41	0.21	0.37
Zambia	0.29	0.46	0.57	1.00	0.69	0.79	0.55	0.43	0.32	0.41
Malawi	0.37	0.21	0.26	0.69	1.00	0.64	0.36	0.37	0.12	0.16
Mozamb.	0.22	0.11	0.34	0.79	0.64	1.00	0.67	0.47	0.47	0.47
Zimbabwe	-0.04	0.09	0.29	0.55	0.36	0.67	1.00	0.36	0.62	0.59
Namibia	0.13	0.10	0.41	0.43	0.37	0.47	0.36	1.00	0.57	0.67
S. Africa	-0.08	-0.05	0.21	0.32	0.12	0.47	0.62	0.57	1.00	0.71
Botswana	0.06	0.05	0.37	0.41	0.16	0.47	0.59	0.67	0.71	1.00

Source: Author's calculations based on rainfall data from the World Bank (2017)*; correlation was calculated by comparing the average (squared) deviation from each country's mean rainfall, after removing outliers in excess of two standard deviations*

Trade in maize represents the obvious case study to assess the applicability of these regional, climatological factors to historical trade patterns of Zambia and the region of southern Africa as a whole. While other agricultural products, such as wheat and cassava, have also been traded, volumes have not been able to match the trade in maize. In the case of wheat, harvests in Zambia have approximated domestic demand leaving little opportunity for cross-border exchanges, whereas in the case of cassava, little cross-border trade has developed, despite the crop having been produced in surplus (del Ninno, Dorosh, & Subbarao, 2005). Owing to the high content of water in fresh cassava, long-distance transport of cassava is usually impractical or uneconomic, while processing cassava into a transportable flour product can increase the cost, giving an advantage to maize as a product that can be traded more readily (Ye, 2012).

Given the dominant role of maize in Zambia's food balance, patterns in the country's domestic supply and trade in maize products, shown in Figure 11, resemble those of its overall food balance discussed in section 6.3, but reiterate the volatile nature of Zambia's net trading position. As maize production in Zambia has evolved roughly in line with domestic demand, changes in rainfall have been sufficient to tip the balance in the country from surplus into deficit, with maize products exported during years of good rainfall, and imported during years of drought to satisfy demand for the staple.

Figure 11: Zambia's domestic supply of maize and maize products, 1961-2012 (kg/capita)



Source: Food and Agricultural Organization (2017); author's calculations

In the case of Zambia, historical patterns of imports, exports and rainfall, have been explored by Haggblade et al. (2009), and confirm the significance of geographical and climatological factors postulated above. During deficit years, Malawi and Zambia's southern cities have typically imported food supplies from other countries in southern Africa, including imports from Mozambique's northern and central provinces of Zambezia, Tete and Nampula. While patterns of rainfall in Mozambique correlate with those in Zambia and Malawi, the fertile soils of these specific provinces created a structural basis for trade, although these have been disrupted by regional droughts and conflict.

Rhodesia, South Africa, Tanzania and Zimbabwe have also accounted for a significant share of Zambia's trade in food products. These countries have historically been reliable surplus producers, with the exception of Mugabe-led Zimbabwe. As per Table 9, these countries may also be deemed to form part of distinct climatological zones. Because of this, years of drought and poor harvests in Zambia or Malawi have not generally had the same effect on these latter trading partners as they have had on Mozambique, fomenting the importance of trade relationships, which have at times taken precedence over political factors, such as Zambia's support for international sanctions (Haggblade, Longabaugh, & and Tschirley, 2009).

Conversely, in the years when Zambia has run a surplus, its exports have mostly been oriented to the north. With much of the Katanga province oriented to mining, food supply to markets in Lubumbashi and other mining towns in the southern Congo generally fall short of local demand and have created reliable markets for exports by Zambian and Tanzanian farmers. After independence, Mozambique and Angola also became markets for Zambia. These various examples demonstrate that trade in agricultural products is rarely a one-way affair and rather one of mutual dependence (idem). As such, the volume and direction of trade flows reflect changes not only in climatological factors and fundamental economics, but also of political stability and diplomatic attitudes between trading partners.

6.5 Effects of conflict and insecurity

In post-independence southern Africa, the full brunt of the dynamics between conflict and food security as identified in the previous section came into play, and in no place more fully so than in Angola and Mozambique. In these two countries, the destruction, disruption and displacement caused by decades-long conflict wreaked havoc upon the agricultural sector and led to severe food deficits. Compounded by drought and the breakdown of infrastructure, shortages escalated into full-blown famines that would claim more lives than effects linked directly to the conflict's violence. In the words of Brinkman and Hendrix "[t]he mixture of hunger – which creates grievances – and the availability of valuable commodities – which can provide opportunities for rebel funding – is a volatile combination", which worsened and in some ways prolonged the conflicts that were the root cause of the food crisis (Brinkman & Hendrix, 2011, pp. 5-6).

In the case of Mozambique, the country's colonial heritage put it in a vulnerable position regarding the challenges its agricultural sector would face. By 1975, Mozambique had one of the least-developed economies, with the Portuguese having invested little in building up a local, self-sustainable administration. After independence, the socialist government moved quickly to nationalise key sectors of the economy, and established large farms and supporting infrastructure. However, the few years before the onset of civil war in 1977 were insufficient to more than scratch the surface of the country's vast developmental needs, and the post-independence efforts were quickly undone as violence erupted (Selvester & Castro, 2003, p. 8). The war economy shifted the focus of food security from food *production* to simple access to food, whether imported or locally-produced. Agricultural policy-making during this time was dominated by the Ministry of Commerce rather than by specialists from the departments of health or agriculture, with policy consequently informed as much by security concerns as by rural development needs (Selvester & Castro, 2003, p. 10).

Soon, the country's domestic food status teetered on the edge of catastrophe, as conflict affected all dimensions of food security. The availability of food severely decreased, as life in the fields became unworkable for many farmers. Conflict activities and the proliferation of minefields turned agricultural work into a hazardous occupation. Irrigation facilities were damaged in bombing raids, while crops and lands were destroyed either during the looting by RENAMO and FRELIMO, or by those fleeing the violence and recruitment drives of these groups (Dava, Chigora, Chibanda, & and Sillah, 2013). As Simmons (2013) writes, farmers sustained themselves by using the limited land to which they had access more intensively, including through a diversification of crop varieties. However, the destruction of infrastructure, the risk of raids and looting, and the sheer difficulty of moving goods meant that farmers no longer had incentives to produce a surplus, and many therefore reverted to subsistence farming. Still, even this coping strategy could not insulate rural households from the onslaught of conflict, as evidenced by the 80% reduction in the national cattle stock by the end of the civil war (Collier, et al., 2003; Simmons, 2013, p. 14), while an increase in hunting and fishing led to the depletion of these natural resources.

Physical insecurity and food shortages contributed to the uprooting of vast swaths of the Mozambican population, with the number of internally-displaced persons and refugees peaking at four and a half million, out of a total population of just 16 million (Selvester & Castro, 2003, p. 8). Demands for greater protection from armed groups and other forms of insecurity led to migration of the rural population to urban areas, leaving behind most of their productive assets and further reducing the domestic supply of food, creating a shortage of food in the cities which could not keep up with the flow of new arrivals, fostering an increase in petty activities, prostitution and crime among the urban population as it struggled to sustain itself (Timberlake, 1996). Ongoing violence and acts of terror against the local population kept displaced populations on the move, and increased the burden on the country’s food reserves, composed of foreign aid and imported food supplies – but the scale of the food deficit left large gaps, with production shortages in Angola and Mozambique amounting to as much as one and a half million tonnes of grain per year (Green, 1989).

Whatever basis of production remained suffered further disruption during severe droughts in 1983/1984 and 1991/1992 which triggered a widespread famine. In 1984, the capital Maputo was described as “a city of many tired, listless people and silent, patient food lines” (Kamm, 1984). Rationing systems limited the city’s residents to 15.4 pounds of cornmeal and rice per month, with occasional supplies of bread; in rural communities outside Maputo the situation was already much worse, particularly in hard-hit provinces such as Tete, Sofana, Gaza and Manica, where hunger had ravaged the population and the government could not keep up with the increased demand for emergency food supplies. In November 1984, UN estimates suggested that as many as 100,000 had died in the famine in the preceding year (idem). Things did not improve thereafter. Despite improved rainfall, by 1987 as many as four million persons were estimated to be at risk of severe malnutrition or starvation, which increased to five million in the following year as the result of yet another spell of unfavourable weather (Green, 1989).

From 1991 to 1993, an extended period of drought hit southern and eastern Africa, during which as much as 63% of the population was estimated to have faced starvation (Dava, Chigora, Chibanda, & and Sillah, 2013, p. 68). This same drought that was so ruinous in Mozambique did not, however, cause any similar famine in Botswana or Zimbabwe, which remained politically stable and absolved from conflict. As such, Teodosijević points out that while weather conditions were a catalytic factor, they were not the root cause of the famine, which was more closely related to the war-torn nature of the Mozambican state (Teodosijević, 2003).

The effects of famine in Mozambique had a long-lasting effect. Even when the conflict was drawing to a close, the prospect of returning to a life a hunger and poverty led soldiers to undertake raids to secure supplies of foods, which prolonged the conflict (Keen and Wilson, 1994). In the decades after the conflict, Mozambique nevertheless achieved high economic growth rates, with GDP growth often exceeding 10% per year, and, within ten years had reduced its reliance on imported cereals to just 20% (Selvester & Castro, 2003, p. 8). However, most food processing and industrial plants were no longer operational after the conflict, and the legacy of the extensive minefields put in place during the war hampered the return to productive agricultural activities. In 2002, ten years after the end of the conflict, poverty and food insecurity rates remained at 67% and 64% respectively (idem), suggesting that whatever growth was achieved over that time was not necessarily spread evenly among the different segments of the population, particularly among the rural poor whose means of production were largely destroyed during the war.

Elsewhere, in Angola, a similar story had taken place. As discussed by Martin (2011, pp. 19-20), around the time of independence some 85% of the population was living in rural areas, with agriculture, fishery and forestry as the primary forms of occupation. In the 1960s, these sectors had accounted for as much as 60% of Angolan exports, although this figure plummeted to around 34% in the 1970s, following the expansion of Angola's oil and mineral industries. At independence, Angola featured sizeable, modern farms, operated with mechanised equipment, with coffee representing the most valuable crop accounting for 27% of total exports in 1973. The country, at this time, was largely self-sufficient in terms of food production. Independence, however, gutted commercial farming and fishery, through the withdrawal or destruction of most fishing boats and machinery, a lack of trained managers, and reluctance by farmers to abandon their lands, hampering the re-opening of the larger-scale, export-oriented Western-style farms (Martin J. W., 2011, pp. 19-20).

Despite the different evolution of the Angolan civil war (in particular owing to the greater internationalisation of the conflict), the effect on the rural population was much the same as in Mozambique, with widespread hunger contributing greatly to the civil war's overall death toll. Early in the conflict, the destruction of transport, communication and electricity networks by UNITA guerrillas restricted movement between communities, and limited access to imported goods to those shipped by air (Mohammed, 1999 and Sogge, 1994). Movement was further restricted by the creation of "security perimeters", which local populations could not cross without fear of running into mine fields or enemy forces (Grünewald, 2013). Even where farmers maintained access to their lands, their livestock, tools and seeds had mostly been destroyed. As a result, Angolan farmers' productivity losses were estimated to have been as high as 44 percent (Messer et al., 2000).

The official MPLA government could or would do little to help. Much of the government budget had been diverted to the war effort, rather than the provision of essential inputs, and this trend only become more prominent as the conflict evolved into a conventional war through the participation of international forces. As a result, Sogge estimates that in the 1980s no more than half of the necessary hoes and ploughs were provided, and only 10-15% of the required maize seed, leaving domestic farmers hamstrung for resources (Sogge, 1994).

As the conflict dragged on, the burden on the population escalated. After 27 years of conflict, the FAO estimated that as many as four million persons were displaced, only half of which had been allocated land, and that some 1.4 million people were in need of food assistance (Lambrechts & Barry, 2003). Meanwhile, the populations encircled by the security perimeters were cut off from their agricultural land and were dependent on humanitarian assistance, which could not stave off the starvation of thousands, particularly in the latter phase of the war when access to humanitarian corridors was refused despite repeated international appeals (Lambrechts & Barry, 2003). With UNITA's guerrillas dependent on rural support for food and supplies, government forces increasingly shifted to a "scorched earth" tactic that involved the burning of villages and fields that were suspected of supporting enemy forces. This food war led to mass shortages, and mortality rates variously estimated to be ten times as high as those in other emergency situations (idem).

6.6 Impact on Zambia

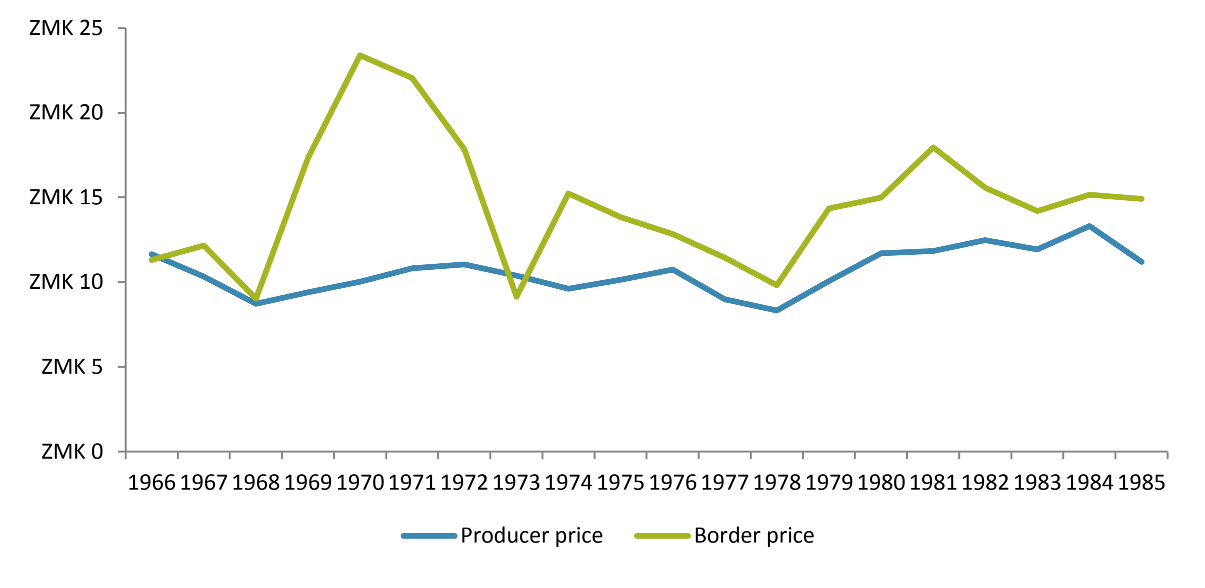
Zambia's agricultural sector at the time of its independence was deemed to be a potential growth sector for the economy by international development institutions and the government's development plans, but faced a plethora of domestic challenges, which were exacerbated by the unrest in Angola, Mozambique, Rhodesia, and the region of southern Africa as a whole. Internally, it has already been described that the agricultural sector suffered from poorly-developed markets, low levels of capital investment, and high rates of subsistence-level of farming, which generated few exports or foreign exchange earnings needed to purchase fertilisers and agricultural equipment from abroad. Externally, Zambia's agricultural production was dependent on imported inputs ranging from fertilisers, to tractors and agricultural machinery, as well as fuel. Before independence, Zambia had relied on imports from Southern Rhodesia for maize germplasm and advanced, high-yield seeds (Smale & and Jayne, 2003, p. 16). Moreover, given the patterns of regional trade outlined in section 0, Zambia was dependent on the stability of its regional partners to provide it with export markets in years of surplus, with a source of imports during years of deficits, and with transport routes for trade.

While trade flows can act to balance surplus and deficit markets, they can do so only "when unencumbered by infrastructural or policy constraints" (Haggblade, Longabaugh, & and Tschirley, 2009). Following the announcement of UDI and the subsequent escalation of the conflicts in southern Africa, these constraints multiplied in the form of disruption and increased cost of transport, government efforts to boycott goods from the white regimes, and a shortage of foreign exchange. Determined to reduce its exposure on foreign partners, Zambia's government sought to improve the country's self-sufficiency, prescribing for itself a cocktail of tariff protection, price and import controls that provided a boost to the country's manufacturing industry. At the same time, however, these investments limited the funds available for investment in the agricultural sector (Fagernäs & and Roberts, 2004, p. 7).

Zambia's price control department was established in 1966, charged to implement the Control of Goods Regulations and to set price levels of specified commodities, based on its determination of the "acceptable business costs" to produce these goods (Kyambalesa, 2015). According to Jansen, price controls were "a response to the shortages caused by trade sanctions and transport disruptions resulting from the Rhodesian Unilateral Declaration of Independence" (Jansen, 1988, p. 76). Kyambalesa argues that the price controls also had distributive overtones, aimed at ensuring the egalitarian distribution of commodities in times of shortages. Such distributive intent was not made explicit in Zambia's Control of Goods act, but those adopted in Tanzania in the 1970s referred to goals such as insulating rural and urban populations from "unjustified price increases", facilitating "the development of trade and commerce" and the maintenance of "fair relationships" between the different sectors of the economy (Kyambalesa, 2015).

The trends between the real producer and border prices of maize are illustrated in Figure 12 for the period from 1966 to 1985 and highlights the growing discrepancy between these trends. In the 1960s, through independence and up to the imposition of sanctions against Rhodesia, producer prices had been approximately in line with border prices. After 1968 and throughout the 1970s and 1980s, however, producer and border prices sharply diverged, as price controls served to keep prices at an artificial low.

Figure 12: Producer prices versus border prices of maize (real 1980 prices, K/90kg)

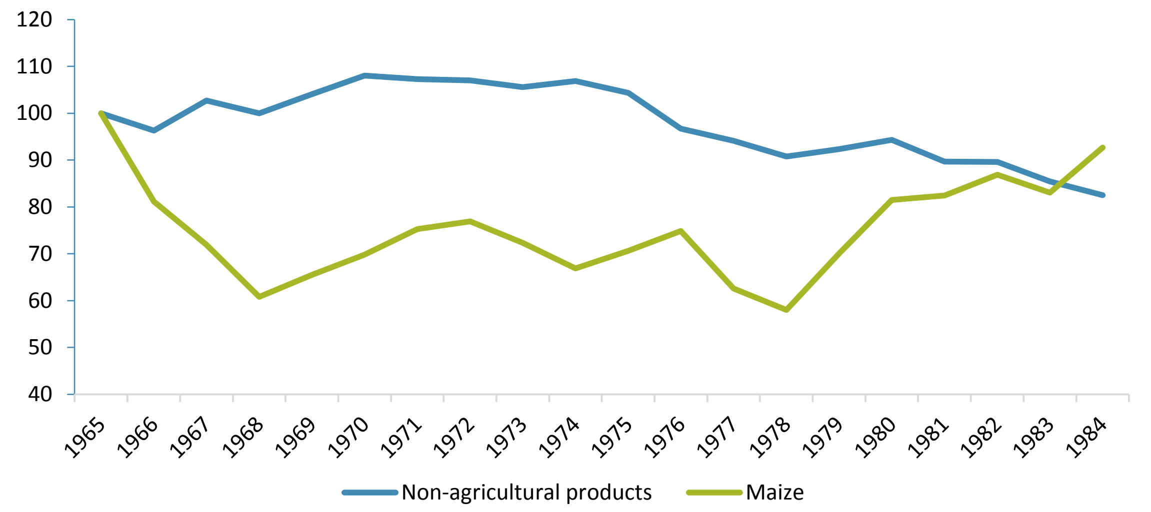


Source: Jansen (1988)

If Kaunda's government had similar distributive goals in mind as Tanzania, the actual effect of the price controls was to act as a tax on farmers, benefiting urban households, while harming rural incomes by depriving them of the full market value of their products, offset only partially by government subsidies on the cost of fertilisers (Fagernäs & and Roberts, 2004, p. 7). That the low producer prices earned by farmers represented a real cost is also illustrated in Figure 13, showing that the price of maize deviated dramatically from that of other, non-agricultural products, so that farmers dependent on maize or other controlled agricultural commodities found themselves progressively worse-off, causing agricultural production to stagnate.

Owing to the discrepancy in official producer prices and the true value of agricultural products, the implementation of price controls led to rampant growth in the parallel or black market. As argued by Kyambalesa (2015), price controls tend to work poorly when the difference between official prices, disposable incomes and the real value of a controlled commodity is large. Sizeable discrepancies provide an incentive for producers of such commodities to seek alternative outlets, while wealthier segments of population may be willing to pay the higher price on the black market rather than face shortages via official markets. The same author also quotes Murray Sanderson as pointing out that the use of terms such as "black marketeers" associates the blame for any illicit trade with those engaging in the trade – rather than with the government that ought to be held accountable for creating a system with distorted economic incentives (Kyambalesa, 2015).

Figure 13: Real maize prices compared to non-agricultural products (1965 = 100)



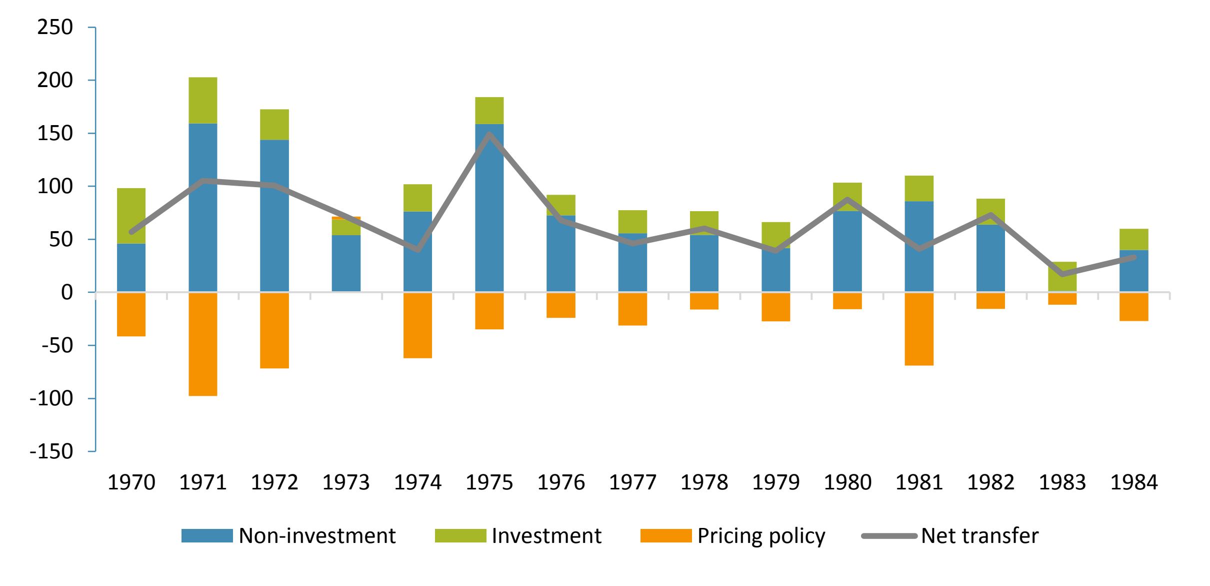
Source: Jansen (1988); notes, GDP deflator excluding agriculture and mining used for non-agricultural products

While the scale of black market trading is difficult to quantify, the use of such parallel channels was undoubtedly common. Jayne et al. (2005, p. 4) argue that farmers turning to the black market to sell their goods contributed to the declining volumes of trade marketed through official state channels, and increased the losses incurred by the marketing boards. Discrepancies in prices gave rise to an informal, cross-border trade, with goods passing easily across Zambia's largely unguarded borders, with the Congo having presented a reliable market for such products. Interviews and direct observation of the border trade suggest that such trade has been and remains common, and is frequently undertaken in plain view of the authorities, including border officials, with intense border traffic along informal border crossings that are located mere dozens of yards behind guarded checkpoints. Further evidence of such black market trade is also apparent from more recent periods when, as opposed to the 1970s and 1980s, official prices set by the Food Reserve Agency have been higher than market prices, and resulted in "unusually large volumes of maize" reported to have been procured from border areas near Mozambique and southern Tanzania, presumably consisting of purchases of material that had been imported informally through parallel markets before being sold to marketing boards (Haggblade, Longabaugh, & and Tschirley, 2009).

Owing to the reduced incentives for farmers to increase their output and the outflow of products through parallel markets, the availability of homegrown food products in the Zambian market decreased, and led to government imports of vast quantities of supplementary food products. Between 1964 to 1974, imports of foodstuffs doubled, with as much as 40% of food requirements imported by the end of the period according to one estimate (Fagernäs & and Roberts, 2004, p. 8). This estimate is deemed by the author to be more probable than the lower estimates suggested in official statistics such as those shown in Figure 9, Figure 10 and Figure 11, which often depend on a catch-all “stock variation” adjustment to reconcile figures for supply and demand.

The resulting cost of the government’s agricultural policy is shown in Figure 14. The figure shows that investment in the sector, such as capital goods aimed at increasing production, accounted for a small share of overall agricultural spending during the 1970s and early 1980s. The lion’s share of spending during many of these years is accounted for by “non-investment” spending, representing in large part the high cost of subsidised imports. The chart, based on data compiled by Jansen (1988), also provides a quantitative overview of the impact of the government’s price controls, which is represented as a negative transfer owing to the policy’s effect on reducing revenue through the enforcement of prices below market value.

Figure 14: Net transfer into agricultural sector (real, million kwachas, 1980 prices)



Source: Jansen (1988); Note: GDP deflator excluding agriculture and mining used for non-agricultural products

The government’s agricultural policy has, by various authors, been described as amounting to an indirect tax that supported the government’s focus on import substitution. According to Fagernäs & and Roberts (ESAU Working Paper 10: The Effects of Fiscal Aid in Zambia, 2004, p. 8), by 1975 effective rates of protection had increased to 67% for food products and 470% for durables. The same authors argue that such protectionism provided for an initial spur of rapid growth in manufacturing, although the industries that were created under these protective policies ultimately proved inefficient and uneconomic, and failed to diversify the country’s exports, which remains critically dependent on copper mining.

As shown in Figure 14, however, the policy ultimately increased rather than decreased the government's spending on agriculture, given the vast sums spent on imported foods, so that the policy had its roots not so much in a diversion of funds as in a shift in developmental priorities. I argue that rather than merely supporting the manufacturing industry through the provision of subsidised food to urban workers, the maintenance of such stable, artificially-deflated food prices was also an important objective in its own right. As has been pointed out previously, food prices in Zambia have been the source of major political discontent, as evidenced by the riots in 1986 over price increases following attempts at liberalisation, ultimately contributing to the end of Kaunda's Second Republic (del Ninno, Dorosh, & Subbarao, 2005). Dissatisfaction over the perceived economic cost of Kaunda's policy of isolation of the minority regimes of the south, through his support of a boycott against Rhodesia, and his advocacy against the use of South African products, also lay at the heart of the popular grievances that the plotters of the 1980 coup attempt had hoped to exploit (Simon Zukas, personal interview, 23 December 2013).

As such, control over food prices was a political imperative and was a necessary foundation for Kaunda's regime. Pricing controls and subsidised food imports allowed the government to maintain its legitimacy as a provider of the basic needs for the wider population, and provided politically-important urban masses with partial protection from the disruption and volatility of food markets. This thesis suggests, therefore, that the agricultural policy adopted by Zambia cannot be seen as merely an internal, domestic issue, but had a direct link to the country's foreign policy and, thereby, the conflicts in Zambia's immediate vicinity.

6.7 Chapter conclusions

Despite Zambia's seemingly rich endowment with fertile soils, arable land, moderate temperatures and generous rainfall, in the decades after the country's independence farming failed to develop into the export-oriented, income-generating sector that colonial administrators, international development institute and national politicians had expected it to become. After decades of stagnation in its agricultural sector, Zambia's food security continues to be considered "alarming", according to the Global Hunger Index maintained by the International Food Policy Research Institute (IFPRI, 2016). Since independence, agricultural output has barely kept pace with population growth, and only since 2009 has some progress been made, with the country finally returning to an agricultural surplus and achieving growth in net exports.

Reasons for Zambia's precarious food balance have generally been found within its domestic agricultural policies. In particular, the country's interventionist policies have been the target of critical scrutiny. These include the maintenance of artificially low prices of maize, mismanagement and efficiencies within Namboard, the diversion of expenditure to food aid rather than more productive investments, and more broadly the prioritisation of industrial rather than agricultural reform.

This chapter, however, has sought to explore the international dimensions of Zambia's food balance, and its population's intermittent exposure to hunger. I have shown that trade in agricultural products has played an important role in alleviating local shortages. Regional trade patterns in the region represent a vital coping mechanism to deal with shocks caused by climatological factors, as imports from countries with different rainfall patterns represent a means of mitigating the effects of poor harvests in years of drought. Vice versa, I have argued that in years of surplus – although such years became increasingly rare after independence – Zambia's neighbours represented important markets and contributed much-needed earnings of foreign exchange.

Having established the significance of these international dimensions, this chapter has explored how the conflicts in the region affected production in some of Zambia's neighbours, with significant disruptions in Angola and Mozambique having triggered humanitarian disasters and famine. I argue that such disruptions, combined with restrictions on the use of railways and Zambia's self-imposed support of sanctions, disrupted traditional trade flows, and reduced the coping capacity of Zambia and Malawi in years of drought. In the context of these regional disruptions, I argue that price controls introduced by Zambia were rooted not merely in socialist, redistributive philosophies but were also an essential ingredient in the maintenance of the political legitimacy of Kaunda's activist regime. Price controls, I suggest, represented an implicit tax on farmers and helped finance Zambia's appeasement of the urban masses through cheap agricultural products, indirectly sustaining its foreign policy, while contributing to a rampant parallel market, and cross-border smuggling.

In sum, although food security has received extensive attention in the studies on economic development and on the role of hunger in armed conflict, this chapter concludes that it is also a key mechanism by which conflicts may affect human development at a regional level. Moreover, I argue that the significance of this channel cannot be overemphasised, as no other effect discussed in this thesis poses as severe a threat to vulnerable, low-income populations as the threat of food deprivation. Although spill-over effects on food security have received limited attention in existing studies on the topic, the topic should justly take centre stage within any case study focusing on low-income countries, as well as in quantitative studies with a geographic focus on regions prone to food insecurity.

7 Military expenditure, budgets and debt

7.1 Introduction

Armed conflicts are typically associated with a radical increase in military expenditure and capability. This is true for interstate wars, as well as for civil wars, as there are few conflicts in which government forces have not represented at least one of the sides in the conflict. Although the relationship may not be linear, spending on military forces thereby maintains a direct relationship to the scale of violence, either for its containment, or its perpetuation. Such spending on security does not merely affect the further trajectory of the conflict, but also has an impact on economic development. Collier (1999), for instance, has argued that such spending serves to deter economic growth, owing to the necessary diversion of funds from more productive budget priorities, such as health and education. Others have shown that investments in security may reduce private investment, with long-lasting effects as the expansion of the size of the armed forces may not be quickly reversed, while the accumulation of debt may reduce national income (Knight, Loayza, & Villanueva, 1996). In an analysis of the effects of the 2003 Iraq War on the U.S. economy, Baker shows that increased military spending initially boosted demand, but over the medium term contributed to higher inflation and interest rates, reducing demand and growth (Baker, 2007).

Other authors argue that similar effects may affect neighbouring countries, as their military expenditure may increase over the course of the conflict in an attempt to secure borders and avoid effects of contagion (Ades and Chua, 1997; Murdoch and Sandler, 2004; de Groot, 2010). Ades and Chua (1997, p. 295) find that coups and revolutions increase defence spending in neighbouring countries by an average of 0.3% of GDP. These various studies imply that, much as in countries in conflict, such increased defence spending deters economic growth in neighbouring countries by diverting resources from more productive activities, or investments in health, education or other developmental priorities.

In this last chapter on Zambia, I explore the question of defence spending and its impact on other parts of the budget in more detail. Faced with repeated incursions from Angola and Rhodesia, Zambia's military faced heightened security risks soon after its independence. However, Kaunda's cabinet resisted excessive investments in its regular armed forces owing to the acute awareness that no matter the level of spending, its military could not hope to rival that of Rhodesia or South Africa. Instead, much of the increase in Zambia's military expenditure is accounted for by its support for guerrilla movements. The next chapter on Malawi also highlights that the independence war in

Mozambique initially led Banda to rely on Portuguese forces for the survival of the regime and deterred increases in military investments, at least until the installation of the new FRELIMO regime. The examples from Zambia and Malawi thereby show that increases in defence spending are not linked to the simple onset of conflict in a straightforward manner.

This chapter therefore examines the nature of Zambia's military expenditure, and provides insights into its financial and material support for the liberation movements that operated within its territory, a topic that has thus far received little detailed examination. In addition, this chapter seeks to assess the claim that increases in military expenditure are necessarily linked to decreased spending on health, education and other social needs. I show that in Africa in the 1970s, defence spending showed a stronger correlation with increases in the budget deficit, than decreases in expenditure on health and education. Moreover, I argue that in the case of countries neighbouring conflicts, regional insecurity can also improve their access to loans and grants, owing to their improved diplomatic leverage and importance to the international community. The chapter shows, therefore, that diversion of resources did not occur in the form of reduced social spending, but rather in the form of increases in the debt burden of neighbouring countries as well as the countries in conflict.

This chapter, thereby, does not seek to wholly refute the findings of the existing literature on the effects of military expenditure on economic growth, but does seek to qualify these. Once again, the example of Zambia shows that context matters – and that increases in military expenditure and their financing may take different forms, and are not an automatic result but rather result from the policy decisions and priorities pursued by individual governments.

7.2 Security spending in southern Africa

In the decades after the post-war wave of African independence, military expenditure in Sub-Saharan Africa escalated. The minority regimes in southern Africa and elsewhere on the continent dug in for a prolonged battle, and diverted large shares of their budget to their security apparatuses, including the regular armed forces, police, and paramilitary units. In turn, the frontline states bordering the wars of liberation were threatened by the instability at their borders and, accordingly, sought to ensure that their own armed forces could at the very least dissuade casual violations of their territorial sovereignty. Several, however, also became deeply invested in the support of groups of freedom fighters, at significant additional expense.

In South Africa, the white regime found itself facing a combination of black nationalism and international isolation. Despite its exclusion from the world military market through a UN arms embargo, South Africa's defence budget soared, as it sought to meet these threats by increased spending. The country's expenditure on defence rose from 7% of spending in 1959/1960 to 17% by the time of the 1966/1967 budget (Warwick, 2009, p. 64). The arms embargo also motivated the development of a domestic arms industry, which had become well-established by the mid-1970s and produced equipment ranging from handheld weapons to jet aircraft. Following the collapse of the Smith regime in Rhodesia, expenditure rose further still, increasing from 14% of the budget in 1979 to almost 20% by 1982/1983 (Stott, 2002). By 1979, South Africa's military personnel included 20,000 army regulars and 35,000 conscripts, supported by 150,000 active reservists. The air force and navy accounted for an additional 9,000 and 5,000 servicemen and reservists, respectively. A further 35,000 policemen and 4,000 active police reservists also formed part of the security apparatus (Rotberg, 1980, p. 42). In terms of military personnel, South Africa's forces exceeded the forces of all of its neighbours combined.

In Rhodesia, the armed forces had become autonomous following the dissolution of the Federation in 1963, despite attempts by African nationalists for command to be retained by Britain. The Rhodesian forces had also inherited much of the Federation's air force and military equipment and thus gained a significant head-start over the military forces in Northern Rhodesia and Nyasaland (Moorcraft & McLaughlin, 2011, p. 27). Nevertheless, the break-up left the Rhodesian military weakened as many of its soldiers and officers had opted to leave the service in exchange for "golden handshakes", in some cases leaving divisions such as the Rhodesian Light Infantry with just a third of their former strength (McLaughlin, 1978, p. 178). Ramping up Rhodesia's military capacity came at a significant cost to its treasury. By 1977, approximately 20% of the government budget was spent on the Ministry of Defence, but McLaughlin writes that actual defence-related expenditures were around twice that amount, "as the bulk of the votes for the [British South African Police], the Ministry of Internal Affairs and even the Ministry of Roads and Water Development have gone to pay for personnel and equipment involved in the multi-faceted counter-insurgency operations." (McLaughlin, 1978, p. 183).

The exact size of the Rhodesian security apparatus remains subject to debate. Officially, the International Institute for Strategic Studies (IISS) placed the size of the military at around 31,100, excluding the police force (IISS, 1961-2016). An alternative estimate places the figure at 97,800, which including the police force would bring the total to over 140,000 troops (Lectuer, 1995). The latter figure likely represents the highest potential strength the Rhodesian military could have raised, which it demonstrated during the April 1979 elections when an estimated 120,000 personnel were called on duty, although this may have included private armies (i.e. mercenaries), not included in the figures above (Anti-Apartheid Movement, 1979). The details of the two estimates are shown in Table 10.

Table 10: Supposed composition of Rhodesian security forces, 1979

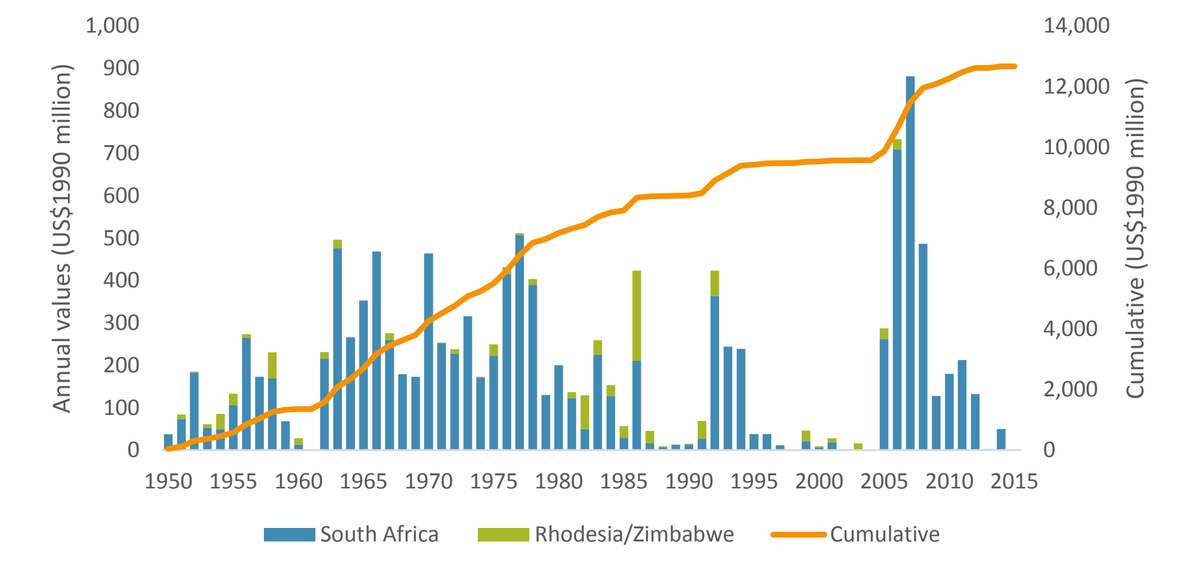
	Lectuer (1995) and Anti-Apartheid Movement (1979)			IISS
	White, Asian and Other	Africans	Total	
Rhodesian Light Infantry	1,000	-	1,000	...
Rhodesian African Rifles	100	4,000	4,100	...
Special Air Services	750	-	750	...
Grey's Scouts	300	150	450	...
Selous Scouts	300	1,500	1,800	...
Other	2,700	...	2,700	...
Regular army	**5,150**	**5,650**	**10,800**	**6,000**
Regulars	2,500	5,500	8,000	8,000
Reservists	32,000	3,000	35,000	35,000
British South Africa Police	**34,500**	**8,500**	**43,000**	**43,000**
Conscripts	3,250	1,750	5,000	14,000
Territorial Force	58,000	-	58,000	
Air Force	1,500	...	1,500	1,600
Guard Force	500	3,500	4,000	3,500
Security Force Auxiliaries	-	20,000	20,000	6,000
Total	**102,900**	**39,400**	**142,300**	**74,100**

Sources: Anti-Apartheid Movement (1979); Lectuer (1995), International Institute for Strategic Studies (1961-2016)

Of the colonial powers in Africa, however, no power clung on to its territories with more determination and brutality than Portugal. Determined to resist the growing calls for independence in Angola, Guinea Bissau and Mozambique, Portugal vastly increased its troop commitments to these countries. Portugal’s defence expenditure tripled over the period from 1960 to 1974, and increased spending from 25% of the government budget to over half (Whynes, 1979, p. 31). From around 60,000 in 1960, the ranks of the Portuguese army had swelled to around 180,000 by 1972. By 1971, Portugal had deployed 100,000 troops in Angola and Mozambique, and 30,000 in Guinea Bissau (Whynes, 1979, p. 31; Jones, 2006; Bowman, 1971). Portugal in the early 1970s had the highest rate of defence expenditure in Europe and worldwide its per capita defence expenditure was second only to that of Israel (Whynes, 1979, p. 31; Global Security, n.d.).

The military imbalance in southern Africa in the early 60s and 70s, was exacerbated by continued arms transfers by Western and other states, often in blatant contradiction with the stated foreign policy objectives of these countries. In 1961, the UN declared a voluntary arms embargo against Portugal, followed by similar sanctions in 1963 against South Africa. In 1965, the first mandatory embargo was declared, this time against Rhodesia, while sanctions against South Africa were made mandatory by 1977. While disrupting some flows, these efforts were nevertheless wildly unsuccessful in excluding the targeted countries from international arms sales. Some sales occurred through loopholes, including through the sale of “civilian” aircraft, the sale of aircraft components for further assembly in South Africa, through third countries (including European states) that would locally produce embargoed models, or via arms sales to civilians and businessmen. In other cases, the shipments occurred through clandestine routes, including via Mozambique, Greece, Austria and the Canary Islands (Klare, 1979). Figure 15 illustrates some of the known weapon transfers, and shows little suggestion of any reduction in shipments as a result of these sanctions.

Figure 15: Known weapon transfers to South Africa and Rhodesia/Zimbabwe, 1950-2015



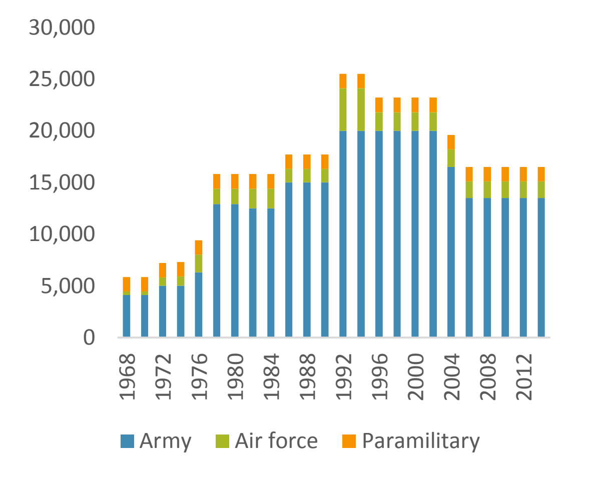
Source: Stockholm International Peace Research Institute (SIPRI Arms Transfers Database, 2017)
Notes: Figures denote SIPRI Trend Indicator Values in millions of US 1990 constant dollars.

7.3 Growth of Zambia’s security apparatus

As Zambia’s adversaries scaled up their military expenditure and capabilities, it soon followed suit. The possibility of an invasion remained an unlikely but ever-present threat, particularly as Zambia’s support to freedom fighters increased and Rhodesian security forces could no longer ignore the training camps across its borders in Zambia and Mozambique. Good (1973), as cited by Bishop (2012, p. 35), reports on a meeting between the British and Canadian Prime Ministers on January 30, 1965, writing that the possibility of a Rhodesian invasion was “chief among their concerns”. Zambian officials, too, remained concerned over a full-scale invasion, but recognised that Zambia’s best defence against such an incursion was its public image. In public, Zambia denied the presence of training camps and its provision of support to freedom fighters to avoid legitimising any retaliatory action by Rhodesia, “whether people believed us or not” (Mark Chona, personal interview, 16 January 2014). Whereas Zambia’s support to rebel forces was an open secret, little mention has thus far been made of direct forms of military involvement in the conflicts by Zambia's regular forces. According to senior military figures, however, Zambian troops participated in a number of cross-border operations operating side-by-side with guerrilla forces (Malimba Masheke, personal interview, 14 January 2014).

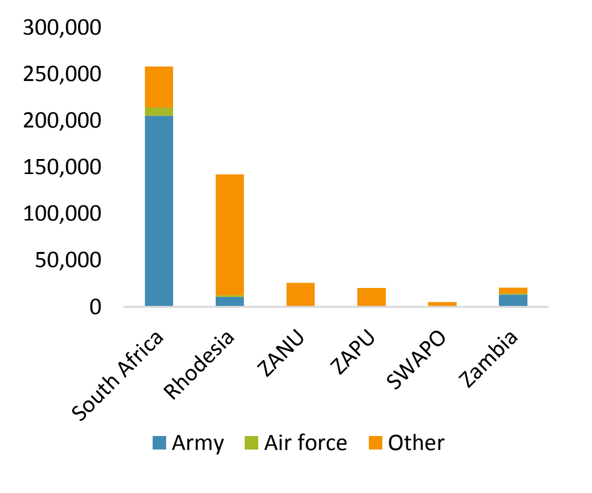
While there is little doubt that Rhodesian forces could have overrun Zambia with ease, such an invasion would have been a risky move by Ian Smith, as a British invention could in turn have squashed the Rhodesian rebellion with similar ease (Moorcraft & McLaughlin, 2011, p. 28). While the British government had opted not to pursue the military option, invasion of Zambia could well have provoked Britain into military action against the minority regime. As such, large-scale military action against Zambia was not seriously contemplated until the very end of the Rhodesian war, when a defeat of the regime appeared imminent and there remained little to lose, but was pre-empted by the conclusion of a political settlement and the end of the Smith regime (Moorcraft & McLaughlin, 2011, pp. 161-165). Regardless, given that any armed defence against a Rhodesian invasion would have been a futile effort without significant international support, Zambia's defence spending on its regular forces was geared primarily towards discouraging incursions by Rhodesian, Portuguese and South African units.

Figure 16: Zambian security forces, 1968-2014 (number of personnel)



Source: International Institute for Strategic Studies (1961-2016); figures before 1997 as compiled by Lindemann (2010)

Figure 17: Relative size of security forces and freedom fighters, 1979 (number of personnel)



Sources: International Institute for Strategic Studies (1961-2016); Anti-Apartheid Movement (1979); Preston (2004); Rotberg (1980); Scholtz (2015); Truth and Reconciliation Commission (1998, pp. Vol. 2, p. 46)

After the dissolution of the Federation and the establishment of the Zambian Defence Force, Zambia's military consisted of only 2,900 soldiers. Following independence and UDI, this number increased to 6,850 by 1968. By 1979, the year of the collapse of the Smith regime, the forces had swollen to 15,800, and would grow further to around 17,700 as the civil wars in Angola and

Mozambique carried on into the 1980s (Figure 16). Under the Chiluba government that took over power from Kaunda in 1991, oversight of the military was put under control of parliament, but troop levels continued to increase to over 25,000, albeit accounting for a smaller share of the budget. Figure 17 illustrates the relative size of troop levels in Zambia, South Africa and Rhodesia, as well as the estimated sizes of guerrilla forces, including ZANU, ZAPU and SWAPO (in South West Africa).[19]

7.4 International support for the liberation movements

As described previously, Rhodesia's official military expenditure accounted for only part of actual defence spending, with much of the remaining budget accounted for by indirect payments from other ministries and departments (McLaughlin, 1978). It is likely that Zambia's finances would have displayed a similar pattern during the peak of these conflicts, as guerrilla forces rather than its own military represented Zambia's main means of involvement in the conflicts. That said, as argued below, Zambia's expenditure on the liberation movements was largely offset by the contributions by other international donors, including humanitarian assistance and direct aid to the guerrillas, much of which flowed through, or back into, Zambia.

It is difficult to get an accurate sense of the level of financial aid received by the various guerrilla groups, or to attribute such aid to individual donor countries with any degree of precision. In the case of Africa's wars of liberation, however, at least part of the financial and material support was provided openly, with a sense of pride and righteousness, so that some documents remain detailing the transactions and support provided by other African states, bilaterally and through the Organisation of African Unity (OAU)'s Liberation Committee, as well as by some of the Nordic countries, other Western countries, and the USSR.

The OAU Liberation Committee had been established in May 1963, during the OAU's first conference in Addis Ababa. As part of the conference's major agenda item on decolonisation, the participating states invited "all national liberation movements to co-ordinate their efforts by establishing common action fronts wherever necessary so as to strengthen the effectiveness of their struggle and the rational use of the concerted assistance given them". To this purpose, the attendees resolved to establish a co-ordination committee "responsible for harmonizing the assistance from African States and for managing the Special Fund to be set up for that purpose" (Organisation of African Unity, 1963). The Liberation Committee was established initially counting just nine participating states, but by 1984 its membership had grown to 23 countries, while all OAU member states had been granted observer status. Any liberation movements that had received formal recognition by the OAU were

[19] SWAPO's forces had increased from around 400 in 1974 to 2,000 by 1976, with a further 2,000 to 3,000 in training, and likely numbered around 5,000 by 1979.

permitted to attend meetings with up to two delegates (Mangwende, 1984). However, as Mangwende writes, the Liberation Committee "by and large laboured under the perpetual incubus of near bankruptcy" (Mangwende, 1984, p. 33), given that the strong political support that the Committee enjoyed did not result directly into matching financial commitments.

In 1963, at the founding summit, President Nyerere of Tanzania and President Touré of Guinea had suggested that members contribute as much as 1% of their budgets to the Special Fund. A year later, however, the Committee had settled on specifying suggested minimum payments for each member state, but these were not binding, and the Committee struggled to secure the payments committed to it, much like the OAU as a whole (South African Democracy Education Trust, 2004). In 1966, the Committee's estimated budget was only £45,000 and initial proposals by Nyerere to raise the budget repeatedly failed (Schwartz, 2001). In 1970, the fund received about $1 million, compared to the $2.1 million that the fund ought to have received if all members had followed through on their commitments (Grundy, 1973). Aid did increase over the period from 1975-1979, but while the precise budget during these years is unknown, by the end of 1982 the Special Fund was over $16.2 million in arrears (Mangwende, 1984). With uncollected funds typically having accounted for over half of the budget, it seems likely that the total funds dispensed by the Committee over the period from 1963 to 1982 would have been less than that.

Archives of the Liberation Committee's meetings offer some unusual insights into the financial cost of running the guerrilla movements. While numerous studies have explored the strategies and cost of countering non-conventional forces, few estimates of the cost borne by the guerrilla forces themselves exist, mostly due to the scarcity of available data. Table 11 shows FRELIMO's estimated military budget, as reported to the Liberation Committee, for the 1969/1970 budget, at a time when FRELIMO had about 7,000 fighters (Coulson, 2002), offering a rare glimpse into the inner workings of these movements.

Table 11: FRELIMO's estimated military budget for 1969/1970

Item	Shillings	US$ 1969	US$2016
Food for fighters inside Mozambique	732,000	102,479	520,915
Recruitment and transportation from Mozambique for specialised training sites	200,000	28,000	142,328
Food for militants in transit	255,600	35,784	181,895
Transport for militants outside Mozambique	198,000	27,720	140,905
Fuel and repairs	179,000	25,060	127,384
Liaison offices	68,000	9,520	48,392
Miscellaneous	60,000	8,400	42,698
Incidentals	50,000	7,000	35,582
Total	**1,742,600**	**243,963**	**1,240,098**

Source: FRELIMO (1969, p. 15)

Initially, as shown in Table 12, most of the Committee's assistance was aimed at supporting the Portuguese colonies in their liberation struggle. In 1970, some 70% of the Committee's funds were intended for the liberation struggles in Angola, Mozambique and Guinea-Bissau, 15% for the movements in South Africa and Namibia, and 5% for the remainder, with ZAPU and ZANU allocated a mere £35,000 each (Schwartz, 2001).

Table 12: OAU Liberation Committee budget for 1968/1969 (British Sterling)

Country	Material and equipment	Administration and propaganda	Training Centres	Reserve fund
Rhodesia	100,000	15,000	…	…
Guinea Bissau	138,000	10,000	…	…
Mozambique	145,000	10,000	…	…
Angola	50,000	12,000	…	…
South Africa	36,000	6,000	…	…
South West Africa	20,000	4,000	…	…
Congo and Djibouti	15,000	4,000	…	…
Total	**504,000**	**61,000**	**210,000**	**25,000**

Source: Organisation of African Unity (1969)

On a simple per capita basis, some rough estimates may be derived for the financial costs other movements faced in similar conditions. In 1979, at the peak of the Rhodesian conflict, ZAPU and ZANU had about 20,000 and 25,000 fighters respectively, while SWAPO's ranks numbered about 5,000, as its conflict with the South African Defence Force reached its peak in 1979/1980 (see Figure 17). Using the FRELIMO budget as a reference and adjusting for inflation, this would imply an estimate for the combined spending by these three movements at about $3,315,000 in 1979 current prices, or $8,858,000 in 2016 terms.

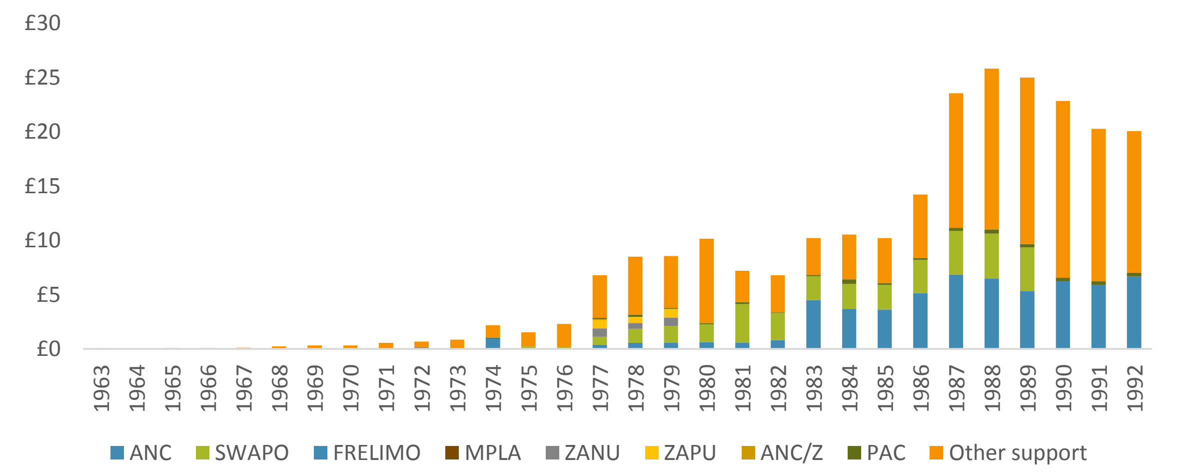
As these numbers represent only that part of the costs of the guerrilla operations that were paid in cash, the true cost incurred was considerably higher. Along with its budget submitted above, for instance, FRELIMO requested further material support, including 12,600 semi-automatic rifles, 8,000 submachine guns, 1,500 anti-aircraft guns, 2,000,000 each of anti-personnel and anti-tank mines, along with munitions, grenades, sabotage material, 40,000 uniforms, 10 land rovers, 20 lorries, 20 boats, and a variety of food products and other basic necessities (FRELIMO, 1969, pp. 13-14). Additional costs were also borne by Zambia, Tanzania and other nations that hosted guerrilla training camps and bases, in the form of food, fuel, and transportation. Taking these costs into account, Grundy estimates that the Liberation Committee's 1970 budget would have accounted for only about a tenth of a total cost of around $17 million, although this also includes costs related to assistance to refugees (Grundy, 1973, p. 195). From 1970 to 1974, as the conflict in the Portuguese colonies reached their climax, and through to 1979 as violence escalated in Rhodesia and Namibia, costs would have reached a multiple of that amount.

Given the scale of the total cost involved, the liberation struggle could not have succeeded without significant assistance, beyond that which sympathetic countries on the continent could provide. One of the major donors was the USSR, which had identified the ANC, MPLA, SWAPO, ZAPU, FRELIMO and PAIGC (in Guinea-Bissau) as truly anti-colonial movements deemed eligible for Soviet support, primarily in the form of military assistance through training and arms shipments (Mishra, 2000, p. 67). From the 1970s onwards, ZAPU began to receive sophisticated, heavy weaponry from the Soviets. Following the independence of Angola and Mozambique, and perceived interference in Rhodesia by South Africa and the West, Moscow stepped up its involvement, although it promoted both political and military solutions to the conflict simultaneously. Favouring ZAPU over ZANU, the significant scale of Soviet aid is illustrated by the US$60M arms shipment received by ZAPU following the December 1979 Lancaster conference that, Mishra reports, included rifles, ammunitions, armoured vehicles, and surface-to-air missiles (Mishra, 2000, pp. 139-142). Soviet aid also intensified in other regions such as Namibia, as relations with SWAPO became intensified during the late 1970s and early 1980s (Mishra, 2000, pp. 144-154).

China, too, was a major donor. Initially, China had supported liberation movements indiscriminately, but grew more selective as tensions with Moscow increased. Whereas Moscow tended to back movements with a multi-racial attitude, China's favoured groups had a pan-African orientation, some of which were overtly racist. China's main beneficiaries were members loosely known as the "Congo Alliance", including ZANU, COREMO, PAC and the FNLA, although it continued to support other movements (such as FRELIMO), where those organisations were the only viable fighting force, or supported China's anti-hegemonic attitudes (Taylor, 2009, pp. 28-34). By 1972, the level of Chinese support to these liberation movements had reached US$40 million. While some of this was distributed through the OAU's Liberation Committee, China's backing of movements that were not directly supported by the Committee meant it also distributed its aid directly, or through bilateral aid to countries such as Tanzania, for onward redistribution in guerrillas' training camps (Schroeder, 2012, p. 14).

The Nordic countries, too, became significant donors to the liberation cause. Norway's interest in the struggle in southern Africa was sparked, initially, by a vocal student movement and academic community that called attention to the issue, followed by the receipt of the Nobel Peace Prize by Albert Luthuli of the ANC. After the Sharpeville massacre in 1960 and Norway's rotating membership of the UN Security Council from 1963 to 1964, public opinion gradually forced a change of policy, and led to an escalation of Norwegian aid to liberation movements (Eriksen, 2000). SWAPO and the ANC became the main recipient of Norwegian aid, receiving US$33.7 million and US$58 million respectively over the period from 1963 to 1972, but FRELIMO, ZAPU, ZANU and PAC also received millions each, in addition to other aid donated to the region in the form of refugee and other humanitarian assistance (Eriksen, 2000). Aid disbursed by Sweden followed a similar pattern, with SWAPO having received close to US$57 million over the lifetime of its independence struggle, while ZAPU and ZANU had received as much as SEK42.9 million and SEK45.5 million by 1980 (Sellström, 1999). Denmark and Finland also provided smaller, but significant levels of financial aid.

Figure 18: Norwegian humanitarian assistance to liberation movements (1963-1992, US$ million)



Source: Eriksen (2000)
Notes: Converted to US$ using historical exchange rates as published by (Klovland, 2004)

7.5 Zambian support for the liberation cause

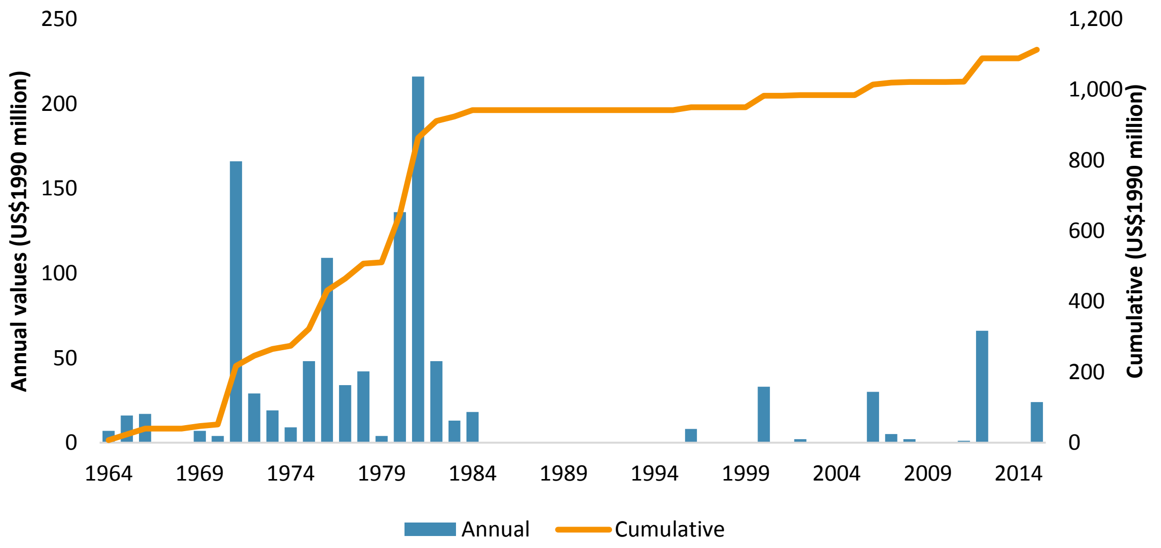
As for Zambia, its contribution to the liberation cause was extensive, particularly in diplomatic, political and logistic terms. Its stance was an awkward one, informed on the one hand by Kaunda's humanist vision that, in the form of the 1969 Lusaka Manifesto, propagated a strategy of negotiation before violence. On the other hand, Zambia's policy had to consider the reality that there was no real alternative but to support the liberation movements. Although individual movements including COREMO and ZANU were successfully expelled when they ran afoul of Kaunda's patience (Henderson, 2010), such evictions provided greater freedom to rival movements such as FRELIMO and ZAPU, and it is unlikely that Zambia's leadership would have been able to fully expel all guerrillas from its territory, even if it had wished to do so.

Zambia's involvement in the liberation war has been discussed previously in chapter 3. As for the financial cost of such support, few de-classified documents are available that detail the extent of any payments, if such records ever existed. But, as Zambia and Tanzania emerged as the two main frontline states in the wars of liberation, it is not surprising that they were also the only two states that had kept their payments to the Liberation Committee up-to-date with their commitments

(Khapoya, 1976, p. 473). While Dar-es-Salaam had been chosen as the location for the headquarters of the Committee, the liberation movements themselves had opened up offices in the Liberation Centre in Lusaka, which had been set up by Kaunda. The two countries were therefore not only the most directly-affected by the wars in neighbouring states, but also exercised a greater degree of influence over the allocation of funds, and the political machinations of the movements themselves. Their support to the Liberation Committee may thus be seen as a plea for the other members to contribute more to the cause, with many of the Committee's funds ultimately flowing back through Tanzania and Zambia for disbursement to the movements. Schroeder, similarly, reports that a significant part of Chinese aid was distributed bilaterally to host nations (Schroeder, 2012, p. 14).

The two countries also played a major role in the provision of logistic support. Figure 19 illustrates the scale of known weapon transfers to Zambia, as catalogued by SIPRI (2017). The majority of these represented armaments intended for delivery to the various guerrilla forces, detailed in the previous section, rather than to Zambia's own military. However, shipments also included fighter aircraft, tanks, helicopters and radar systems, intended for Zambia's regular forces as part of efforts to modernise its forces and shore up its defensive capabilities. These transfers were partially paid for by Zambia's military budget, but also included significant receipts of material provided as part of military aid packages, provided out of solidarity with Zambia or in exchange for Zambia's provision of logistical support to the guerrilla movements.

Figure 19: Known weapon transfers to Zambia, 1964-2014 (US$1990 million)



Source: Stockholm International Peace Research Institute (SIPRI Arms Transfers Database, 2017)

Much of the humanitarian assistance provided by the Nordic countries, too, was channelled through Zambia, and distributed in consultation with its government (Sellström, 1999; Henderson A. , 2010).

As such, whatever funds may have been paid by Zambia, such payments were vastly exceeded by external funds that flowed into the country in support of the liberation struggle. This thesis therefore concludes that the support of the liberation movements certainly represented a significant drain on Zambia's governance capacity and political credit. But, in terms of its financial expenditure, payments to the liberation movements likely had a smaller impact on Zambia's budget than the escalation of its formal military expenditure. Moreover, I argue that the vast quantities of military and financial support that flowed through the country undoubtedly had some offsetting effects on the costs incurred by Zambia in the support of the guerrilla groups.[20]

7.6 Financing military expenditure in Zambia and the rest of Africa

In some of the countries in Sub-Saharan Africa where military expenditure escalated in the 1960s and 1970s, such increased defence spending might logically be presumed to have diverted resources away from public sectors, including health and education, that were in dire need of investment. Yet, this thesis argues that the relationship between defence spending and any decrease in health and education spending is not unambiguous.

To explore this question in more detail, a summary overview of defence, education, health and debt service spending for 20 African countries is shown in Table 13, based on data by Dunlop (Dunlop, 1983). In this table, spending levels for a selection of African countries in the late 1970s are shown both as a percentage of total government expenditure, and as a percentage of GDP. On average, the table shows that government expenditure amounted to approximately 22% of GDP, with average defence spending roughly on par with education spending.

Not surprisingly, Rhodesia ranks at the top of Table 13, given that in 1979 the liberation struggle reached its peak intensity and the Smith regime had, by this time, failed to contain the guerrilla war and begun cross-border raids deep into Zambia, Tanzania and Mozambique. According to the table's estimates, over one third of Rhodesia's expenditure was accounted for by defence at this time, although taking indirect payments from other ministries into account, it is likely the actual figure would have been higher still (McLaughlin, 1978). Other extreme cases include Ethiopia and Somalia, which had been embroiled in the Ogaden border war in 1977 and 1978, and Chad, following on a protracted guerrilla war that had led to a coup in 1975 and was a prelude to a border conflict with Libya in subsequent years.

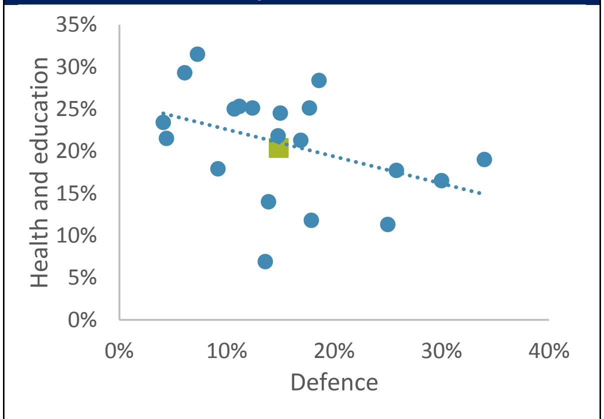
[20] The concept of the effect of inflows of foreign military aid and local military expenditure is further explored in the case study on Thailand, in chapter 0.

Table 13: Details on government expenditure on defence, education, health and debt (1979 or closest preceding year)												
		% of government expenditure					% of GDP					
	Year	Defence	Education	Health	Surplus	Debt service	Expenditure	Defence	Education	Health	Surplus	Debt service
Rhodesia	1979	34.0	13.0	6.0	...	...	...	...	...	...	...	...
Ethiopia	1977	30.0	11.5	5.0	-17.5	3.6	19.4	5.8	2.2	1.0	-3.4	0.7
Chad	1976	25.8	13.5	4.2	-12.3	16.7	19.7	5.1	2.7	0.8	-2.4	3.3
Somalia	1978	25.0	8.1	3.2	-34.1	0.7	28.9	7.2	2.3	0.9	-9.9	0.2
Mali	1977	18.6	22.0	6.4	-0.5	3.5	20.0	3.7	4.4	1.3	-0.1	0.7
Nigeria	1977	17.9	9.6	2.2	-24.3	1.5	27.3	4.9	2.6	0.6	-6.6	0.4
Kenya	1979	17.7	17.9	7.2	-23.0	6.9	26.1	4.6	4.7	1.9	-6.0	1.8
Burkina Faso	1979	16.9	16.4	4.9	-13.7	5.2	15.4	2.6	2.5	0.8	-2.1	0.8
Zambia	1979	15.0	16.8	7.7	-36.1	33.2	29.2	4.4	4.9	2.3	-10.6	9.7
IISS/Lindemann	1979	51.3	...	...	...	...	...	15.0	...	...	...	...
Tanzania	1978	14.8	14.5	7.3	-25.8	3.3	27.5	4.1	4.0	2.0	-7.1	0.9
Malawi	1979	13.9	8.7	5.3	-26.1	8.3	25.2	3.5	2.2	1.3	-6.6	2.1
Sudan	1978	13.6	5.2	1.7	-23.7	16.2	27.7	3.8	1.4	0.5	-6.6	4.5
Rwanda	1978	12.4	18.8	6.3	-12.3	0.7	13.5	1.7	2.5	0.9	-1.7	0.1
Burundi	1977	11.2	20.6	4.7	-7.5	1.1	36.9	4.1	7.6	1.7	-2.8	0.4
Senegal	1975	10.7	19.0	6.0	-2.7	23.4	21.4	2.3	4.1	1.3	-0.6	5.0
Cameroon	1979	9.2	13.6	4.3	16.6	13.3	18.7	1.7	2.5	0.8	3.1	2.5
Ivory Coast	1975	7.3	23.4	8.1	...	...	...	...	...	...	...	6.0
Nigeria	1977	6.1	23.3	6.0	12.4	5.6	14.2	0.9	3.3	0.9	1.8	0.8
Ghana	1979	4.4	15.5	6.0	-40.9	3.1	15.9	0.7	2.5	1.0	-6.5	0.5
Madagascar	1973	4.1	15.3	8.1	-11.9	3.6	19.5	0.8	3.0	1.6	-2.3	0.7
Average[1]		**14.9**	**15.0**	**5.4**	**-15.7**	**8.6**	**22.6**	**3.4**	**3.3**	**1.2**	**-3.9**	**2.0**

Source: Dunlop (1983); Notes: 1) excluding Rhodesia/Ivory Coast/Zambia (IISS/Lindemann version)

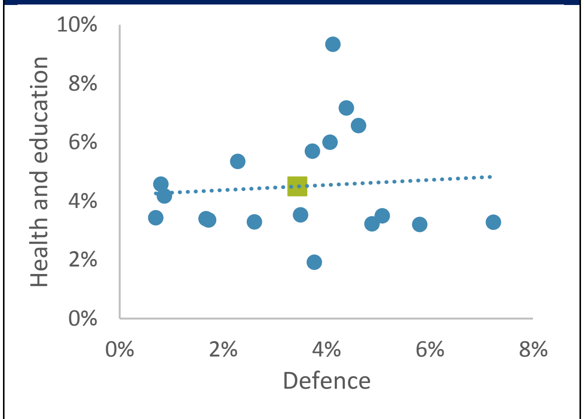
As a percentage of government expenditure, greater spending on defence in these countries, and the others listed in Table 13 must necessarily be offset by lower relative spending on other budget items, such as health and education. This is illustrated in **Error! Not a valid bookmark self-reference.**, which highlights the negative correlation between defence spending and social expenditure, as a percentage of expenditure. It would be misleading, however, to conclude from this – as might understandably be assumed – that any *diversion* of resources necessarily took place. Figure 21 illustrates that this adverse relationship breaks down when comparing spending as a percentage of GDP, which shows defence spending to be a poor predictor of health and expenditure spending, when calculated on this basis.

Figure 20: Public spending as % of government expenditure



Source: Table 13; Note: green square is the average and includes Ivory Coast and Zimbabwe

Figure 21: Public spending as % of GDP

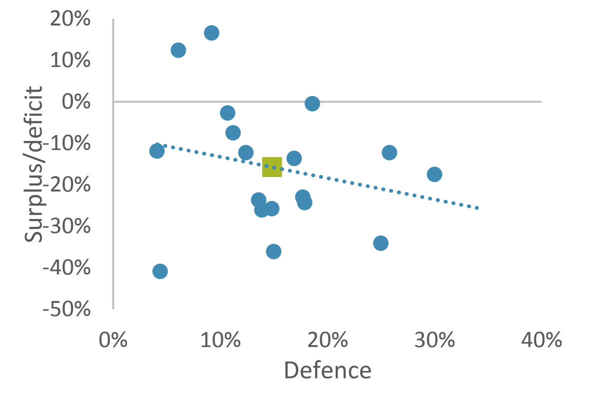


Source: Table 13; Note: green square is the average and excludes Ivory Coast and Zimbabwe

The discrepancy derives from the fact that as a percentage of government expenditure, an increase in defence spending must be accounted for by cuts elsewhere in the budget. But, as a percentage of GDP, increased spending may be paid for not just through a diversion of resources, but through an increase of total government spending, either by means of taxation, or borrowing.

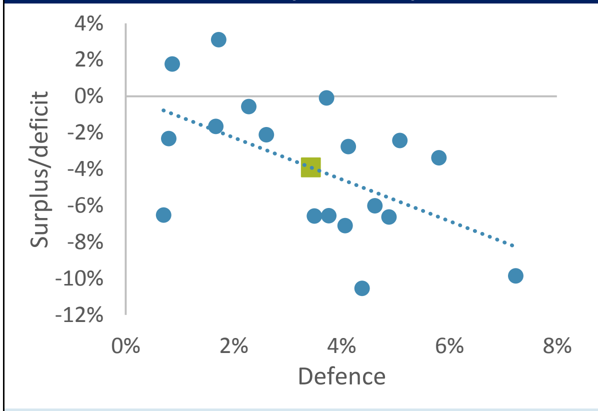
Figure 22 and Figure 23 show the correlation between increased defence spending and the size of the deficit for the countries shown in Table 13. The negative correlation between defence spending and budgetary balance shown in these charts, combined with the findings in the figures above, suggests that security investments by African governments in the 1970s were financed primarily through loans, rather than by a diversion of resources away from health and education.

Figure 22: Defence spending and budgetary balance (% of expenditure)



Source: Table 13; Note: green square is the average and includes Ivory Coast and Zimbabwe

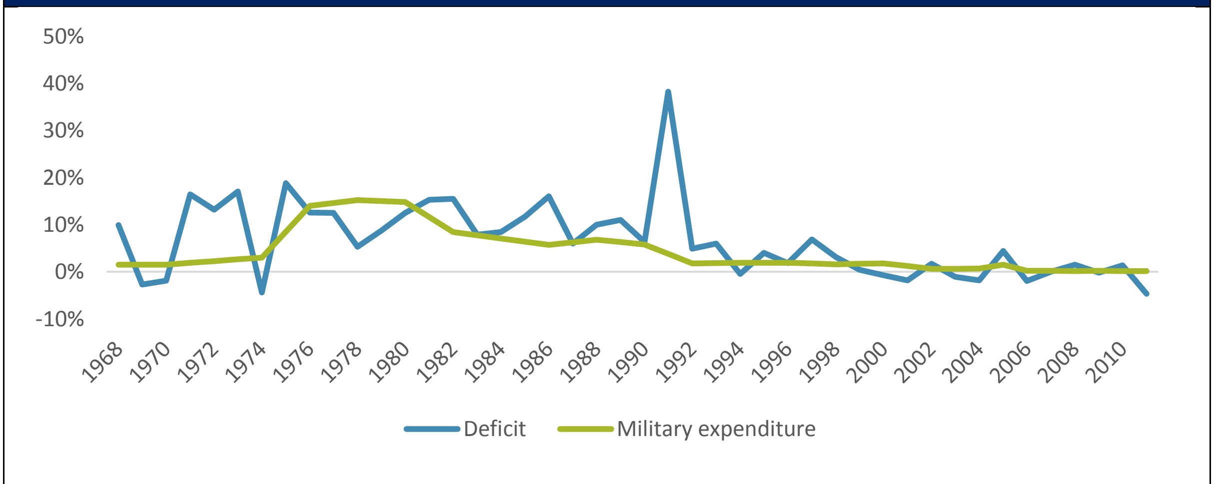
Figure 23: Defence spending and budgetary balance (% of GDP)



Source: Table 13; Note: green square is the average and excludes Ivory Coast and Zimbabwe

According to Dunlop (1983) and World Bank data (2016), Zambia's military expenditure in relative terms peaked at 4.4% of GDP by 1979, or around 15% of total government expenditure, but IISS data, as compiled and discussed by (Lindemann, 2010) suggests that peak spending levels from 1976 to 1980 peaked at closer to 15% of GDP or over half of the budget – roughly in line with the estimates of total direct and indirect spending by Rhodesia in those years as discussed by (McLaughlin, 1978). Nevertheless, as per the data shown in Table 13, Zambia's health and education spending exceeded the regional average, and it would therefore appear incorrect to consider the extent of defence spending as a diversion of resources. Rather, as appears to have been common in the rest of the continent, elevated levels of expenditure appear to have been funded through an increase of the deficit, which reached an estimated 10.6% in 1979.[21]

Figure 24: Military spending and the budget deficit as a % of GDP



Source: International Institute for Strategic Studies (1961-2016); International Monetary Fund (2016); deficit data estimated for 1980, 1987-1989 and 2000

[21] Military spending in Zambia as a percentage of total spending dropped after the end of the Rhodesian war, and fell to less than 1% by 1992 (IISS, 1961-2016).

Zambia's extensive borrowing in the 1960s and 1970s was made possible by Kaunda's repeated appeals for international aid, in recognition of the difficult position the country had been placed in, following UDI, international boycotts of South Africa, and the refugee situation. The country was, therefore, able to secure millions of dollars in bilateral and multilateral loans, that enabled it to close the gap in its budget and finance its defence needs.[22] On the flip-side, however, its easy access to loans meant that its debt escalated more quickly than any of its peers, and by 1979, nearly 10% of GDP and over 33% of the budget was being spent on servicing its debt (Dunlop, 1983), and would hamper growth, government investment and spending for decades to come. As such, even if diversion of resources did not occur in the sense of cuts to health and education during the 60s and 70s, a heavy toll was paid by the country in later years, as it struggled to meet its debt obligations and ultimately required debt relief under the Heavily Indebted Poor Countries (HIPC) initiative.

7.7 Chapter conclusions

This chapter has sought to provide one of the first comprehensive accounts of Zambia's military involvement in the wars of liberation in southern Africa. Although its support for the various liberation movements had been an open secret during the conflicts and has been a source of pride since their end, few details have thus far been published as to the actual nature of such support. As this chapter has highlighted, Zambia's support extended beyond the mere provision of diplomatic and logistical support, and at times included the direct involvement of its military forces in cross-border operations. Meanwhile, insights from archival records provide an indication of the scale of the military budgets of the armed movements, which – as is typical of unconventional warfare – were modest in comparison to the defence budgets of the regimes they opposed. As shown in this chapter, however, the costs of the support for these movements was not solely borne by Zambia, but rather channelled through it from other African and international donors.

Nevertheless, Zambia's involvement in these wars of liberation led to the escalation of its military expenditure and the increase of its debt burden. While this may be considered to be an effect solely of the conflicts in southern Africa, it is clear that the escalation in costs was as much the direct result of Zambia's decision to adopt an activist stance and provide direct support to the armed struggle. In the next chapter, the case of Malawi demonstrates that this was not an inevitable outcome, but

[22] Although I argue that neighbouring countries' importance to the delivery of human assistance and conflict management will generally provide such states with greater access to capital than the countries in conflict, Africa in the 1970s may have been an exception to this case. Owing to the context of the Cold War and the colonial legacies of the countries in conflict, the internationalised nature of the conflicts meant that these countries received substantial financial support from their allies. In civil wars where fewer geopolitical issues of global significance are at stake, the instability of conflict zones may limit access to loans and grants. Syria represents another potential exception that shares several features with the Cold War – given Russian and Iranian interest in the maintenance of the Syrian regime, providing a financial lifeline to the government.

must be deemed a political choice. Indeed, had Zambia (like Malawi) opted to focus on its domestic priorities and deny the guerrilla movements their freedom of movement, it seems likely it would have received support from Rhodesia and South Africa in the defence of its territory and could have avoided much of the increase in its spending on defence. This is, obviously, a hypothetical scenario that would have been wholly incompatible with the principles and worldview of Kenneth Kaunda, but illustrates that, like the other effects discussed in previous chapters, conflict spill-over effects are dependent on context and influenced as much as by the policies of neighbouring countries as by the nature of the conflict they are exposed to.

Finally, this chapter questions previous claims related to the argument of diversion, showing that in Africa in the 1970s, military expenditure was financed through an increase in budget deficits, rather than through any decrease in social spending. Although diversion did occur, this was thus in the form of *intertemporal* or *cross-generational* diversion, reducing the budgetary space of future cabinets. For neighbouring countries, I postulate that the increase in borrowing represented a more common phenomenon, as their proximity to conflict and vital role in the management of humanitarian crises may reduce international pressure for fiscal discipline and increase access to foreign loans. The correct identification of the source of funds suggests that countries in Africa did not simply lose sight of developmental goals in the face of regional instability, given that they maintained their levels of social expenditure. Instead, this finding implies that it was the prolonged nature of the conflicts that gradually contributed to the accumulation of unsustainable levels of debt, and would prove to be a prelude to eventual economic collapse.

Part 3: Supporting case studies

8 Beyond Zambia: The case of Malawi

8.1 Introduction

When Malawi and Zambia achieved independence in 1964, the two countries had much in common. Having shared a similar colonial heritage, both countries inherited comparable political and administrative institutions, and had emerged from the Federation with few assets or resources. Similarly, as both countries were landlocked and cut off from direct ocean access, the two countries faced shared economic disadvantages and an underdeveloped industrial sector, with Zambia's largely self-contained copper industry the main distinguishing feature between the two cases. Meanwhile, the struggle for independence had, in both countries, brought to the fore charismatic, autocratic leaders, who would successfully rule their countries for nearly three decades after independence.

Amidst such broadly similar starting conditions, it might therefore be assumed that the conflicts in Rhodesia and Mozambique would have resulted in similar spill-over effects on Zambia and Malawi. However, the paths of Malawi and Zambia diverged as the two countries adopted foreign and domestic policies that were diametrically opposed to one another. Whereas Kaunda adopted an activist stance that was overtly hostile to the minority regimes of southern Africa, Banda opted for continued engagement with authorities in Mozambique, Rhodesia and South Africa, and shied away from the OAU's efforts to support the wars of liberation in the region. The distinct approaches of Zambia and Malawi not only affected the outcomes of these conflict, but also led to distinct spill-over effects on trade, investment and military expenditure that highlight the context-specific nature of these effects.

In this chapter, I provide an overview of Malawi's exposure to the conflict in Mozambique and, more indirectly, to the conflict in Rhodesia. First, the chapter provides a brief account of the evolution of Malawi's foreign policy with respect to the conflict in Mozambique, over the course of its war for independence and subsequent civil conflict. Second, the chapter seeks to explore the spill-over effects of the conflict on Malawi's socio-economic development, organised into four sections mirroring the organisation of the case study on Zambia. The section on investment, trade and infrastructure highlights that, like Zambia, Banda pursued rapid investments in rail and road infrastructure to secure alternative trade routes in the event of disruption because of political and armed conflict. Unlike Zambia, however, Banda refused to participate in the sanctions regime against Rhodesia causing Malawi to benefit doubly from the disruption of trade in the region, by supporting Zambia in the transit of emergency supplies and, at the same time supporting Rhodesia in rerouting exports through its territory and businesses.

The section on diversion of government resources shows that while some increase in military expenditure did occur, such spending remained well below regional norms, owing to Banda's reliance on military support from Mozambique and his development of friendly relations with South Africa, and escalated only following Mozambique's independence from Portugal. As in the Zambian case, I argue that even during this latter period, there is little evidence that such spending was financed by diversion from social expenditure, and was more closely related to the country's budget deficit and debt burden. In the section on refugees, I highlight similarities between Zambia and Malawi in terms of the dual system of camp-settled and self-settled refugees and local attitudes towards the refugee population, but highlight differences resulting from Malawi's higher population density, as well the health effect on Malawi in terms of the return of refugees from countries with higher HIV-prevalence rates (including Zambia). I also highlight that, over the longer term, the presence of refugees has contributed to longer-term receipts of unrelated developmental aid. Finally, in the chapter on food security, I argue that the conflict in Mozambique contributed to a decline in food supply and to changes in agricultural policies, particularly with respect to import substitution and price controls.

The findings of the chapter contribute to the central argument of this thesis as follows. First, the distinct experience of Malawi highlights the context-specific nature of spill-over effects. As shown in this chapter, significant differences are apparent between the cases of Malawi and Zambia. Second, I attribute most of these differences to the divergent policies of the two countries, demonstrating that spill-over effects are not merely an externality, as implied in Carmignani (2015) or Murdoch and Sandler (2004), but result from an interaction between external risk factors on the one hand, and domestic strategies on the other. Third, the chapter shows that some of the effects that have not previously been discussed in the existing literature, such as effects on the regional food balance, infrastructural investment, import substitution and price controls, are not unique to the Zambian context, and thus deserving of further analysis.

8.2 Malawi and the conflict in Mozambique

As in Zambia, Nyasaland's membership of the Federation had galvanised support for African nationalism. Decades of colonial neglect had delayed development of the territory, which Vail (1975, p. 89) describes as having held the status of an "imperial slum" within the British empire. Owing to its high population density, however, Nyasaland had a plentiful supply of agricultural workers that motivated the country's incorporation into the Central African Federation, together with the two

Rhodesias. As in Northern Rhodesia, the establishment of the Federation had been fiercely opposed, and contributed to the rise of a new charismatic leader, in the form of Dr. Hastings Kamuzu Banda, whose leadership ultimately set Malawi on a path to independence, and who would rule Malawi for the next decades to come.

To the dismay of the leaders of the OAU, however, following Malawi's independence it became clear that Banda did share any passion for the liberation of other African states still under the yoke of minority rule. Soon after independence, Banda instead laid out that his primary responsibility would be Malawi's economic development, and declared that he could not support calls for the severance of relations with Mozambique, Rhodesia or South Africa. Soon, his statements evolved from economic and practical arguments, to those questioning the very legitimacy of the Africanist cause:

> *"As you know, I do not believe in the politics or diplomacy of boycott and isolation. […] You are boycotting and isolating not only the guilty but also the innocent. Do not forget, that there are liberal white people in South Africa; there are liberal white people in Rhodesia; there are liberal white people in Mozambique. When you boycott South Africa, when you isolate South Africa, do not deceive yourselves that you are only isolating the bad Europeans in South Africa. You are isolating the good ones; you are boycotting the good ones. In fact, you are doing much more damage than you realize you are doing."* (Banda H. K., 1971)

> *"We Africans, North of the Zambesi, have no right to speak for all the Africans now under colonial rule […] What do we know what the Africans of Mozambique themselves want? What do we know what the Africans of Rhodesia themselves want?"* (Williams, 1978, p. 304, citing Banda)

Instead of the militant tone adopted by the rest of the OAU, Banda sought to position himself as a champion of peaceful, political dialogue and a negotiated settlement to the conflicts in southern Africa (Nolutshungu, 1975, p. 207). Although his efforts to rally support from other African leaders did not achieve any great success, Banda's stance had earned him an unusual friendship with leaders such as Smith, Salazar and Vorster, with the latter two exchanging diplomatic visits steeped in symbolism. This gradual realignment to the south came at the cost of Malawi's isolation within black Africa, but also had its rewards. Over the course of the 1960s and 1970s, Banda would, among other things, secure favourable trade and investment deals with South Africa, rely on Portugal's military power to provide security against the perceived threat of foreign invasion by Malawian dissidents from Tanzania, and extract revenue from assisting Rhodesia in circumventing the international sanctions regime, as detailed later in this chapter.

Banda's live and let live approach to the white regimes in southern Africa would never have more direct implications than in Malawi's relationship with Mozambique. Even while Banda would continue to refer to the Portuguese as colonialists and imperialists, he pursued a policy promoting

Figure 25: Map of Malawi

Source: United Nations Cartographic Section, Map No. 3858 Rev. 4 (2012); used with permission economic cooperation and mutual military assurances. From Malawi's side, friendly relationships ensured it continued access to ports on the Indian Ocean, and more importantly protected it from military invasion that would readily have cut Malawi's territory in half (Henderson R. D., Sep 1977, p. 437). From Portugal's perspective, its relationship with Malawi offered economic benefits by ensuring better utilisation of some of its loss-making railways, and prevented Malawi from becoming a staging ground for FRELIMO that would have cut deep into Mozambican territory.

In 1964, faced with an internal revolt in response to Banda's increasingly autocratic leadership style, this budding relationship had already permitted Banda to secure Mozambique's support to defeat the rebellion. Subsequently, Malawi and Mozambique would cooperate in a loose military partnership, as the two sides shared concerns over the advances of FRELIMO. Banda suspected the movement to be sympathetic to his political opponents, motivating the exchange of intelligence regarding the movement's activities with the administration in Mozambique. Moreover, Banda permitted Portuguese forces to conduct security operations across the border into Malawi, and received assistance from the colonial authorities in security training for the Malawi Young Pioneers, a paramilitary force loyal to Banda (Funada-Classen, 2013, pp. 248-249). Such relationships, even if handled discreetly, reeked of collaboration to other African leaders and were anathema to the idea of pan-Africanism, and caused tension both within the OAU as well as within Malawi itself (Nolutshungu, 1975, p. 203).

While FRELIMO's efforts had been repeatedly rebuffed, by 1971 Portugal's grip on Mozambique had begun to weaken, and support to the colonial authorities was no longer sufficient for Malawi to ensure access to key infrastructure. Despite Banda's scepticism about the chances of success of a guerrilla war, FRELIMO had advanced far into Mozambican territory, and now staged repeated attacks on the railway link to Nacala, the road between Blantyre and Salisbury, and the area around the newly-constructed Cabora Bassa dam (Williams, 1978, pp. 318-319). In these changed circumstances, Banda – who by this time had solidified his grip on power and no longer depended on Portuguese military support – now required the goodwill of FRELIMO to avoid disruptions to Malawi's trade routes. With the tide of the war changing, cooperation between Malawian and Portuguese forces suffered a quick breakdown, as Malawi began to offer refuge to FRELIMO guerrillas. By 1973, Malawi had begun to actively resist Portuguese incursions in pursuit of guerrillas and had become involved in occasional clashes with Portuguese forces (Williams, 1978, pp. 319-321).

Despite the amelioration of relations with the guerrillas, however, Malawi had little to gain from the 1974 Lisbon coup that ended the war, and swept FRELIMO into power in Mozambique. Banda, still wary of any political movement with communist ties, had little ideological common ground with the movement. The foundation of RENAMO, which would launch a protracted and violent campaign against FRELIMO and the Mozambican population, therefore provided Banda with an alternative to his dealings with a hostile, communist regime. Initially founded with the assistance of Rhodesian intelligence as part of efforts to deny Rhodesian guerrilla movements the use of Mozambican territory, the movement was supported by South Africa with financial and material means. While Banda profusely rejected suggestions that RENAMO had been permitted to use its territory, the presence of RENAMO forces within the borders of Malawi has been well-documented. Robinson argues that it was "extremely unlikely that this could have occurred without the cooperation, or at least acquiescence, of Malawian authorities" (Robinson, 2009, p. 2).

Various accounts nevertheless suggest different levels of involvement by Malawi. Martin, for instance, argues that any direct support by Malawi was little more than a myth, and mostly the result of sympathetic communities and the country's porous borders (Martin, 1987, pp. 392-393). However, more recent accounts have generally concluded that Malawi's involvement was more extensive than this, and that support provided by Banda and the MYP was instrumental in the shipment of arms from South Africa to RENAMO and its free movement within Malawian territory. (Robinson, 2009; Rupiya M. , 2005, pp. 111-133). Smith also argues that RENAMO operated a parallel economy in the border areas between Malawi and Mozambique, playing a role in the movement of refugees, the collection of aid rations, the barter economy between refugees and local communities, the administration of dambo (marsh) land in Mozambique, taxation on the production of food and collection of resources, and the cross-border trade (Smith, 1993, p. 9).[23]

By the mid-1980s, Malawi's position had become untenable, as pressure mounted from other African countries to openly denounce and oppose RENAMO's activities, which had grown increasingly murderous. Although never one to bow out easily, Banda had little choice but to acquiesce when FRELIMO's Machel and Zimbabwe's Mugabe threatened military action if Banda did not withdraw all support for RENAMO (Somerville, 2017). By 1984, Malawi began to restrict the freedom of movement of RENAMO within its territory, followed by the movement's expulsion in 1986. Although satisfying the demands of his peers, the policy resulted in an unintended escalation of the movement's violence, as it struck out in pursuit of arms, resources and recruits (Funada-Classen, 2013, pp. 9, 387). The simultaneous deployment of Malawian troops to protect the Nacala railway placed Malawi in direct confrontation with RENAMO. Rupiya, who claims that Banda continued to provide covert support to the movement through his Malawi Youth Pioneers, suggests

[23] Note that the Ian Smith who is the author of this article is not the same Ian Smith who was the leader of the Rhodesian Front, but was, at the time of publication, a research associate at York University.

that this indirectly pitted the parastatal and regular armed forces of Malawi against one another, with the resulting grievances this caused among the army contributing to Banda's eventual demise after the war (Rupiya, 2005, pp. 111-133).

As the war drew to a close, Malawi's economy had experienced over a decade of instability, as the result of a complex set of direct and indirect spill-over effects. The liberation war and civil conflict in Mozambique would leave a deep mark on the Malawian economy, from the arrival of refugees in the hundreds of thousands, to the disruption of trade routes and infrastructure, and a significant increase in the country's military expenditure. The scope and extent of this spill-over is described in further detail in the following sections.

8.3 Effects on investment, trade and infrastructure

Much like Zambia, Malawi's economic and industrial structure had been inherited from its colonial past. However, while Northern Rhodesia had been considered a valuable source of revenue as a result of its rich copper deposits, and consequently received some benefit from development and investment in the Copperbelt and along the railway line leading south, Nyasaland had received few such benefits, as the poorest member of the Federation (Kalinga, 2005, p. 237). With no natural resources to speak of, Malawi's major appeal to white settlers was its large, dense population that could be put to work on the settler plantations. As of 1953, the population density of the colony was six times as high as that of the Federation's leading colony, Southern Rhodesia, and as much as ten times as high as its neighbour, Northern Rhodesia (Briggs, 2010, pp. 11-12). Meanwhile, its settler population numbered only around 10,000, with colonial land ownership limited to about 15% of the colony's territory (idem). Given the limited number of settlers and lack of investment, Nyasaland's economy developed little in the way of industry, with colonial activity largely confined to tea plantations, and much of the remaining economic activity in the form of subsistence farming.

Despite the general neglect of Nyasaland's economic needs, membership of the Federation had led to some interdependencies between Nyasaland and Southern Rhodesia. Although receiving only a minority share of total revenue, earnings from the Federation's customs union, taxes and profits from Northern Rhodesia's copper industry provided a significant part of the colony's income, which Roy Welensky (the last prime minister of the Federation) argued meant that an independent Nyasaland would not be economically viable (Kalinga, 2005, pp. 253-254). In addition, Nyasaland's limited industry rendered it dependent on its southern connections for many of its imports, both for the supply of basic goods and to facilitate overseas trade. By the time of its independence, Malawi was importing various essential inputs to its economy, including fertiliser, fuel and spare parts, while its exports largely consisted of tea and tobacco (Robinson, 2009, p. 7). Reflecting the close economic relationship that had developed as a result of Nyasaland's membership of the Federation, Rhodesia accounted for as much as 40% of the country's imports, with Britain just over half that amount (Minter, 1988, p. 168).

Nevertheless, a report commissioned in rebuttal of such expected arguments showed that despite any such relationships, revenues generated through the Federation had contributed little to Nyasaland's development, and certainly had not seemed to have trickled down to benefit the wider population. The authors of the study, both of Oxford University, concluded that secession from the Federation would benefit the colony's development, and offer a way out of the uneven pattern of investment and industrial development among the three colonies (Kalinga, 2005, pp. 253-254; Hazlewood & Henderson, 1960, pp. 50-96). Akin to Zambia's experience, however, departure from the Federation would not be achieved on principles of fairness or the equitable distribution of resources, as most of the physical assets of the three economies were claimed by Rhodesia (Tordoff, 1974, p. 327). As such, upon independence, Malawi was endowed with few resources, but it was a price most were willing to pay to be free themselves of Salisbury's white settler rule.

Persistent underinvestment in the colony also meant that Malawi had access to even fewer port connections than Zambia did. In 1912, construction had begun on the main railway system linking the city of Blantyre to the port of Beira in Mozambique, with subsequent extensions to Salima and Port Herald, now known as Nsanje (Kerr, 2010, p. 80). These investments laid the groundwork for the emergence of some small industry, the development of cash crops and access to cheaper imports, which in turn created local employment (Williams, 1978, pp. 64-65). However, patterns of investment reflected British colonial interests, rather than the region's inherent requirements. Owing to the lack of any settler activity in the country's northern provinces, for instance, no railway connections were extended further north, depriving this area of economic opportunities (Kerr, 2010, p. 80). Meanwhile, although a much shorter connection from Blantyre was available to the port of Quelimane, the colonial administration favoured the costlier route to Beira as, in the event of a Portuguese withdrawal, this route would ensure that the railway would be situated on British territory, based on pre-arranged division of territory between Britain and Germany (Messac, 2014, p. 375). The cost of financing this route consumed most of the government's resources, while the high cost of transport, frequent outages, and congestion hampered the railway's economic potential (Kerr, 2010, p. 80; Henderson R. D., Sep 1977, pp. 426-428)

To Banda, faced with the prospect of UDI and the threat of conflict in Mozambique, the development of further railway and road links would not only help ensure the availability of alternative routes, but also offered the prospects of additional transit revenue (Henderson R. D., Sep

1977, pp. 426-428). The main alternatives consisted of the construction of the railway route to Quelimane that the British had opted against, or a link to Nacala in Mozambique. A separate rail connection to the port of Mtwara in Tanzania and the diversion of the planned TanZam railway through Malawi were also considered. This latter option, however, would prove to be a non-starter, owing to the additional expense that would be incurred by such a project, and owing to the fact that any branch leading to Malawi would be unlikely to generate sufficient transit revenues to become self-financing (Henderson, Sep 1977, pp. 429-431).

Short and Henderson separately suggest that the decision that ultimately led to the construction of the Nacala railway, however, was mired in security and political factors as much as in economic considerations. While Nyerere had offered access to the port of Mtwara as early as 1961, discussions were abruptly halted in 1963, despite this route's advantage of offering an alternative to Malawi's dependence on Portuguese goodwill. Henderson argues that, as the existing Nacala railway in Mozambique was making a loss at the time, the use of this railway by Malawi was welcomed by the Portuguese authorities and was expected to foster mutual interdependence that would safeguard the maintenance of friendly relationships between the two countries (Henderson R. D., Sep 1977, p. 436). On the other hand, Short suggests that Banda's choice for the Nacala route may also have been influenced by some ill-specified suggestion that Portugal might consider ceding part of Mozambique to Malawi, following the death of Salazar (Short, 1974, pp. 190-191). Interestingly, therefore, territorial schemes by the British and Banda may, respectively, may have influenced the location of both the Beira and Nacala railway lines.

Having settled on the establishment of a new connection via Nacala, Banda continued to pursue further infrastructural investment as a means of developing the country. Aware that Zambia faced particular difficulties with respect to its transport links, Banda proposed to connect the Zambian and Malawian railways, providing Zambia a direct line to the ports of Nacala and Beira. Banda suggested that as much as 17,000t per month of Zambian imports and 5,000t per month of copper exports could be shipped through the route, in the process generating valuable transit revenues for Banda's government. Although the offer was declined by Zambia, it was not written off completely, owing to Zambia's concerns over the capacity and problems of congestion along the route to the port of Dar-es-Salaam (Henderson R. D., Sep 1977, p. 435). Moreover, despite Zambia not pursuing a direct railway connection to Malawi, road transport from Beira via Malawi became an important route for shipments of emergency supplies of 5,000t per month fuel, and 4,000t per month of return shipments of copper, providing Malawi with valuable transit revenues (Henderson R. D., Sep 1977, p. 432).

At the same time, however, sanctions imposed in response to UDI also became a further source of income to Malawi through its participation in sanction-busting activities. With westward integration having failed, Banda had turned his attention east and south, and had proposed to link the railways of Mozambique and Malawi with the Rhodesian railways (Banda H. K., 1969, pp. 6-8; Jallow, 2014). Although this plan, too, did not come to fruition, Banda's willingness to deal with the settler regimes, soon caused Malawi to become the nominal country of origin for several of the commodities that Rhodesia sought to export (Nolutshungu, 1975, p. 200). As sanctions had been implemented only gradually, the period of adjustment had permitted the Rhodesian government and its private sector to arrange alternative, illicit supply routes. Imports and exports funnelled through third countries aimed to circumvent the sanctions regime, and provided a lifeline to Rhodesia, while offering huge profits to the companies involved in the transactions (Hermele & Odén, 1988, pp. 16-17).

Indirect evidence of such diversion of trade flows through sympathetic countries in the region is provided in the two tables below, which consider discrepancies between volumes of trade reported by these countries, and the volumes of trade reported by selected partner countries. Table 14 shows trade in selected motor vehicles and their parts, between South Africa, Angola, Mozambique, Zambia and Malawi on the one hand, with a selection of major industrialised countries that had accounted for most of the trade with Southern Rhodesia prior to UDI on the other. As shown in the table, in the reference year of 1965, when sanctions had not yet been implemented, there was only a marginal discrepancy between the volumes of trade as reported by these countries and as reported by their partners. In subsequent years, however, the various exporters of such goods reported increases in their exports considerably exceeding the value of imports reported by these receiving nations, with the discrepancy believed to be explained by the fact that a portion of these goods were, in reality, destined for Rhodesia rather than these five countries.[24] Providing further evidence that such illicit transhipments did indeed occur, from 1965 to 1969, the number of registered motor vehicles registered in Rhodesia increased from 135,000 to 160,000 (UNSC, 16 June 1971, p. 204).

[24] Although Zambia is listed in these tables, based on the data as reported by the UN Security Council, it is unlikely that Zambia was a major participant in such sanction-busting activity, given its decision to participate, voluntarily, with the sanctions regime. Although it is possible some Zambian firms engaged in illicit trade without the government's knowledge or approval, it is unlikely that this would have amounted to significant trade volumes. In Table 15, the discrepancy reported for Malawi and Zambia is therefore believed to be mostly attributable to Malawi.

Table 14: Trade in motor vehicles and parts with selected reporting countries (US$ million)										
	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Trade with South Africa										
Reported exports to South Africa	289	288	310	331	444	537	614	519	741	983
Imports reported by South Africa	289	273	305	318	411	496	575	491	693	904
Discrepancy	0	15	5	13	33	41	39	28	48	79
Trade with Angola, Mozambique, Zambia and Malawi										
Reported exports to four countries	48	73	90	104	95	121	142	128	157	195
Imports reported by four countries	49	62	84	94	86	95	113	122	139	180
Discrepancy	-1	11	6	10	9	26	29	6	19	15
Total discrepancy	**-1**	**26**	**11**	**23**	**42**	**67**	**68**	**34**	**66**	**94**

Source: UNSC (1976, pp. 115-117); Notes: Reporting countries include the UK, West Germany, USA, Canada, Japan, France, Italy and Australia, which in 1965 accounted for 93% of imports of motor vehicles and their parts by Southern Rhodesia

Table 15 demonstrates that such illegal trade concerned Rhodesia's exports, as well as imports. From small or explainable discrepancies in 1965 and 1966, in subsequent years the amounts seemingly exported by these selected countries again increased at a higher rate than that reported by these countries themselves. By 1973, the discrepancy between the amount of exports attributable to these countries and actually reported by them amounted to as much as 25,600t, with the difference likely having represented illicit exports from Rhodesia.

Table 15: Trade in tobacco with selected reporting countries (thousand metric tonnes)										
	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Imports reported by selected reporting countries from:										
South Africa	8.4	7.4	11.5	13.5	21.8	24.2	18.9	19.0	21.8	16.7
Mozambique	1.6	2.1	5.8	7.0	7.9	10.8	14.6	19.3	23.8	23.8
Malawi and Zambia	[a]18.8	16.1	15.8	17.1	17.9	14.6	16.3	17.5	25.8	25.5
Angola	2.0	2.1	2.7	3.4	2.8	2.7	3.7	4.1	5.3	7.0
Total	[a]30.9	27.8	35.7	41.0	50.4	52.3	53.5	59.9	76.7	73.0
Exports reported by countries below to selected partner countries:										
South Africa	7.6	7.5	9.0	10.0	12.8	11.1	9.1	10.3	10.0	10.8
Mozambique	0.8	0.7	1.1	1.3	1.1	0.9	1.3	2.4	1.8	1.5
Malawi and Zambia	[a]12.7	16.6	12.8	13.4	13.1	16	20	23.7	32.5	45.7
Angola	2.3	2.9	2.6	3.2	1.6	1.6	1.8	1.8	6.8	6.1
Total	23.4	27.7	25.6	27.9	28.6	29.6	32.2	38.2	51.1	64.1
Discrepancy	**a7.5**	**0.1**	**10.1**	**13.1**	**21.8**	**22.7**	**21.3**	**21.7**	**25.6**	**8.9**

Source: UNSC (1976, p. 100); Notes: Reporting countries accounted for 90% of imports of tobacco by Southern Rhodesia in1965; a) Discrepancy in 1965 results from 7,950 metric tonnes imported by reporting countries from Zambia, which were not reported by Zambia

The scope and success of these sanction-busting schemes is highlighted by the fact that despite international action, after an initial period of disruptions, Rhodesia's economy and exports continued to grow, with exports and imports increasing by 45% and 40% respectively over the period from 1966 to 1970, recovering much of the loss in trade volumes that had occurred immediately after UDI (Hermele & Odén, 1988, pp. 16-17). Nolutshungu suggests that although Malawi's trade did not increase by the same amount as Rhodesia's, it benefited significantly from its role as an intermediary in Rhodesian trade, and argues that participation in this exchange contributed to a "period of relative prosperity" in Malawi (Nolutshungu, 1975, p. 200).

In addition to the effects on Malawi's finance, UDI also had a temporary effect on Malawi's diplomatic position. Henderson notes that while Malawi benefited from the disruption of regular trade flows, the huge decrease in Rhodesian traffic through the Mozambican railways to Beira meant that the effects on Mozambique were notably different (Henderson R. D., Sep 1977, p. 435). This decrease in income, however, reinforced Portuguese interest in friendly relations with Banda. At the same time, cooperation with Zambia over transport routes had contributed to an improvement in relations between Banda and Kaunda, while relationships with South Africa had, at the same time, improved over cooperation in busting those very same sanctions (Nolutshungu, 1975, p. 200). Ultimately, however, these contrasting interests proved untenable, as Malawi's comfortable relationship with Mozambique, Rhodesia and South Africa increasingly ostracised Banda from the community of independent African nations, especially as Zambia's reliance on Malawi as a transit route diminished. If the effect of the conflicts in South Africa was to polarise diplomatic relations within the region, it transformed Banda's policy of non-alignment, in effect, into one of alignment with the south.

This reorientation of its priorities and diplomatic effort, however, was not merely a matter of ideology, but was well-compensated by offers of trade partnerships and investment, particularly by South Africa. By 1966, an active trade relationship had developed with South Africa, and Banda accepted South African aid in the financing of his multiple developmental programmes. Most prominently, South Africa agreed to provide finance in the amount of US$60 million to relocate the capital from Zomba to Lilongwe, despite British objections and concern over ethnic favouritism (Funada-Classen, 2013, p. 263). Furthermore, South Africa agreed to help finance the construction of the newly-agreed Nacala railway, through a US$12.2 million loan from the South African Industrial Development Corporation covering the 117km stretch of the railway on the Malawian side of the border, while the Portuguese financed the Mozambican part of the link (Henderson R. D., Sep 1977, p. 433). [25] Illustrative of the further deepening of relations, Minter highlights that by 1970, as much as 18% of all foreign debt owed by Malawi was held by South Africa, while a steep increase in the

[25] In addition to these offers of support, Banda also secured financial assistance to develop a new road running along the shore of Malawi lake with contributions of £3 million from the US and £700,000 from Germany. Denmark, meanwhile, provided a grant of £800,000 for the construction of medical facilities, among other such projects and displays of goodwill (Banda, 1968, pp. 2-3).

number of Malawian workers in South Africa led remittances from the country to quadruple (Minter, 1988, p. 169).

As shown in the table below, imports from South Africa increased following Malawi's independence and UDI in particular. Nolutshungu argues that the intensification of trade between Malawi and South Africa was not the necessary result of any pre-existing interdependence, but the effect of an active policy of engagement (Nolutshungu, 1975, p. 208). From the side of Banda, interest in this relationship was driven by Banda's primary focus on the economic needs of the country, rather than the OAU's political goals, while from Vorster's side, the relationship provided the south with a welcome ally among the mostly-hostile black north, and a vocal supporter of a policy of negotiation and mediation, as favoured by apartheid South Africa.

Table 16: Direction of Malawi's trade, 1964-1973 (% of total)

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973e
Imports into Malawi										
UK	23	25	31	28	31	30	27	28	30	25
Rhodesia	39	36	23	21	18	17	22	15	16	14
South Africa	6	5	7	8	11	14	13	11	13	16
USA	2	3	3	3	6	4	5	4	2	2
West Germany	2	3	2	3	4	4	4	4	3	3
Zambia	4	2	10	7	4	4	4	4	4	4
Others	24	26	24	30	26	27	25	34	32	36
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Exports from Malawi										
UK	48	47	48	55	51	46	48	44	43	41
Rhodesia	14	10	6	4	5	7	8	7	6	6
South Africa	5	4	3	3	5	3	4	5	6	4
USA	3	3	3	3	5	6	3	5	5	10
West Germany	1	1	3	2	3	3	3	2	2	2
Zambia	1	1	2	2	2	8	4	5	3	4
Others	28	34	35	31	29	27	30	32	35	33
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Compilation from various sources (Morton, 2011, p. 34; Malawi National Statistics Office, 1972; Malawi National Statistics Office, 1974)

In the final analysis, then, it is clear that the wars of independence had a profound effect on Malawi's patterns of trade and investment. The case of Malawi offers a striking illustration of the fact that regional instability need not necessarily have an adverse impact on trade. The example shows that political and armed conflict may indeed trigger the type of beneficial diversion of trade postulated by de Groot (2010).[26] The profoundly different effects of international sanctions and the disruption of diplomatic relations on Zambia, Malawi and Mozambique, highlights that these effects are context-specific, and dependent on geography and the economic structure of these countries and their partners, as well as the specific policies adopted by each country.

8.4 Effects on government resources and the debt ratio

Given Banda's initial reliance on Portuguese support to ensure his internal security, the conflicts in southern Africa did not have an immediate effect on Malawi's military expenditure, as they did in Zambia. Even before independence, Malawi's military and police forces had, in fact, been comparatively small compared to those in the rest of Africa. In February 1959, at the time when Nyasaland's governor declared a state of emergency owing to a supposed nationalist uprising, the police force consisted of merely 107 Europeans and 1,769 Africans, amounting to roughly one police officer per 1,300 persons (Murphy, 2010, pp. 778-779).[27] Nyasaland's military, meanwhile, had formed part of the central command exercised from Salisbury, with the battalions commanded by European officers. Upon independence, Malawi inherited a single battalion, which was comparatively well-trained, but under-equipped. With total personnel of around 1,000, the force could do little more than serve a defensive, deterrent function, as well as provide limited internal duties (Henderson R. D., Sep 1977, pp. 439-440).

In addition to the army and the police force, however, Malawi's security apparatus also comprised a third force: the Malawi Young Pioneers (MYP). Established just prior to independence in 1963, the MYP maintained close ties to the ruling Malawi Congress Party (MCP), and was presumed to be fiercely loyal to Banda. Following the 1964 cabinet crisis and Banda's persistent fears of internal dissent and rebellion against his leadership, possibly with Tanzanian support, the MYP gained in status and importance, and took up all the characteristics of a private army, progressively receiving more advanced weaponry, including eventual acquisitions of boats and aircraft (Rupiya, 2005, pp. 111-133). While reliance on the MYP and investment in its capabilities experienced some decline in

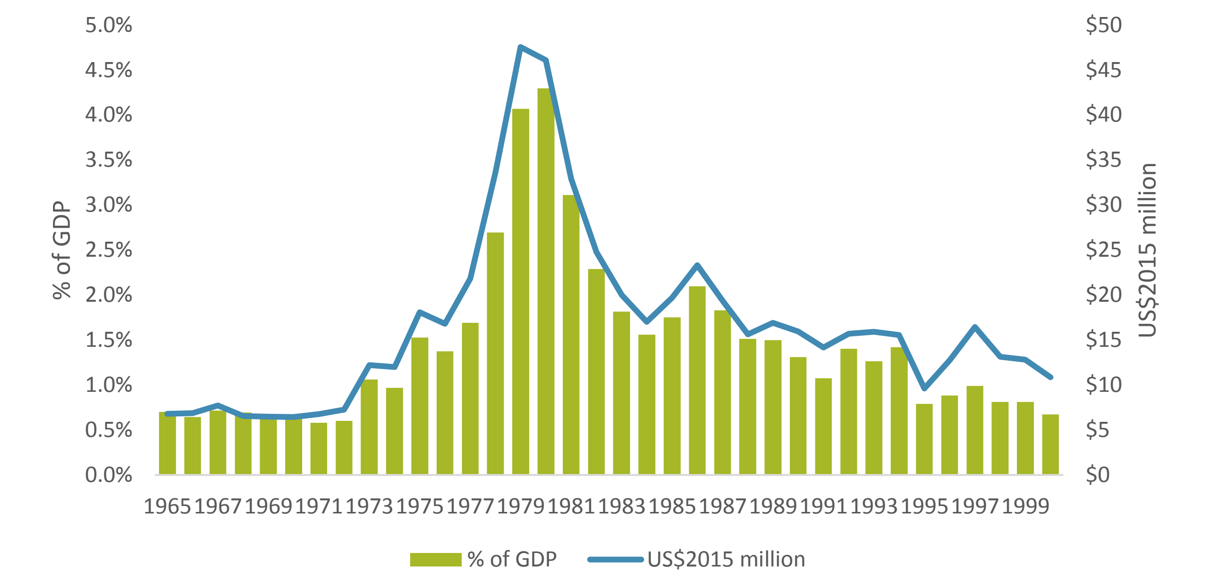
[26] De Groot (2010) argues that this effect applies especially to "secondary" neighbours that are not directly contiguous to the country in conflict. In the example discussed here, Malawi would indeed be considered to be such a secondary neighbour to Rhodesia, whereas Zambia would not be, so that these findings would seem to support the argument by de Groot. However, a more detailed examination of the reasons for this diversion of trade suggests that such effects were the result of Malawi's particular geographic position on a transit route from Zambia to Malawi and in sufficient proximity to Rhodesia to facilitate its participation in sanction-busting actions. Zambia's more hard-line stance, rather than its more direct proximity to Rhodesia as a "primary" neighbour, may therefore be deemed as having been the determining factor of the type and direction of trade and investment effects that Malawi incurred.

[27] Strikingly, one of the findings of the Devlin report was to suggest that Nyasaland was being ruled as a police state, amidst fierce repression of dissent and little tolerance for the political opinions or wishes of the black majority. As Murphy notes, it is therefore particularly striking that despite this critical assessment, the actual size of Nyasaland's police force was small in comparison, but made up for its size by the exercise of indiscriminate brutality (Murphy, 2010, pp. 778-779).

the early 1970s, for reasons that are not entirely clear, the awkward juxtaposition of the MYP and the regular army would result in a decades-long rivalry and competition for resources, with the two forces eventually alleged to have supported opposing sides in the Malawian conflict (idem).

With the dissolution of the Federation some of the territory's income streams dried up, so that Malawi faced an imminent budget deficit upon independence, financed with budgetary support from Britain and other external grants, as well as a growing debt burden. Short of cash and foreign exchange, and faced with more urgent developmental priorities, further investment in the country's military capabilities would not be feasible.[28] As shown in the chart below, Malawi's formal military expenditure remained comparatively low through to 1972, at an average of around 0.7% of GDP, and represented around 2.4% of government expenditure in 1972 (Henderson, Sep 1977, pp. 444-448). As the tide of the war in Mozambique turned, however, increased attacks by FRELIMO on the railway line to Beira and the road across Tete province threatened to put Malawi's economic interests at risk. In response to FRELIMO's advance, and with the alliance with Portugal under increased strain, Banda authorised the raising of a second battalion and acted to deny further armed incursions by Portuguese forces (Henderson, Sep 1977, pp. 444-448). As a result, military expenditure thus increased significantly, to an average of 1.1% of GDP in 1973 and 1974.

Figure 26: Military expenditure by Malawi (US$ million and % of GDP)

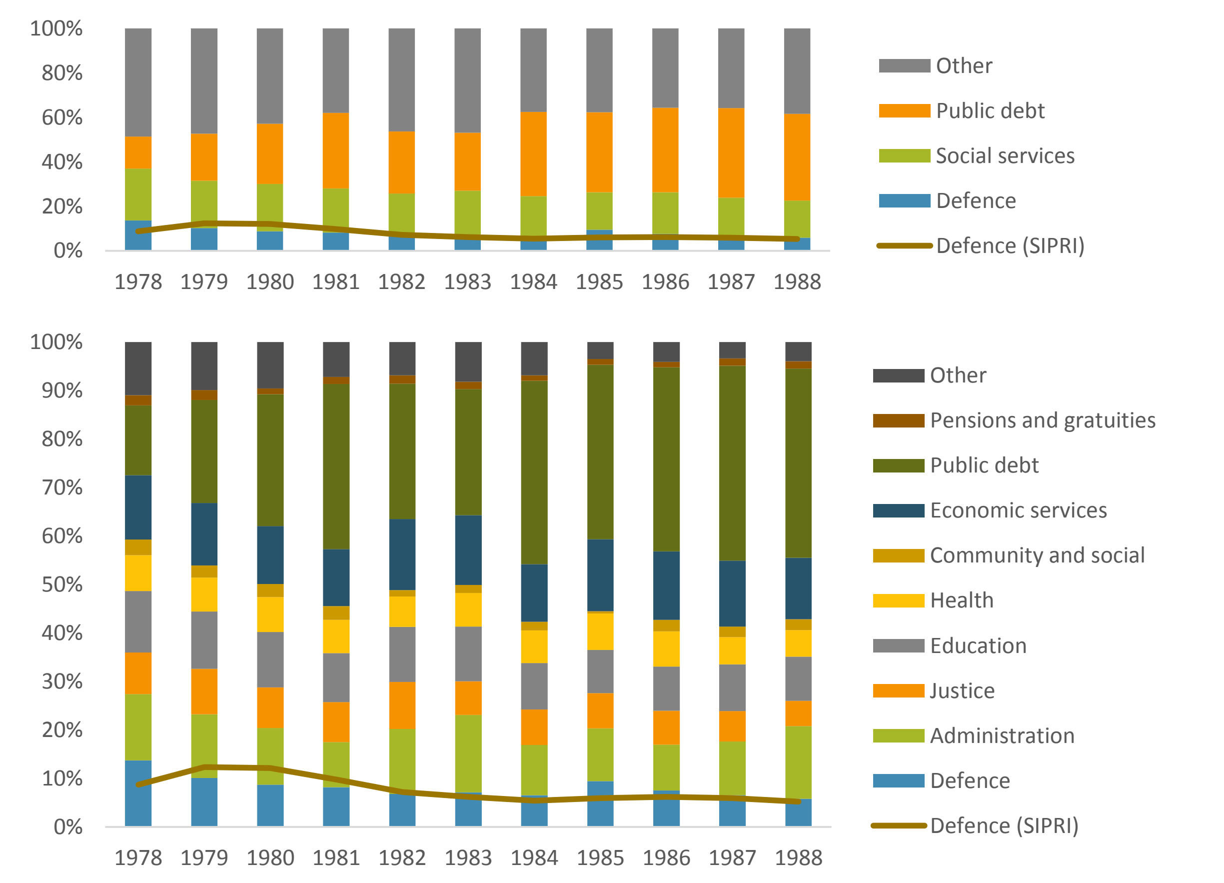


Source: Stockholm International Peace Research Institute (SIPRI Military Expenditure Database, 2017)

[28] Henderson reports that prior to independence, the cost of raising an additional battalion had been estimated at £264,000, plus annual maintenance costs of £412,000, and notes that independence would likely have raised these costs (Henderson R. D., Sep 1977, pp. 439-440). As of 1965, total military expenditure was only US$1.77 million, or approximately £690,000 (SIPRI, 2017), so that the cost of an additional battalion would likely have come close to doubling the required defence budget.

Notably, the 1974 Lisbon coup and subsequent installation of a FRELIMO government in Mozambique did not return Malawi's defence spending to their former levels. Given the late reversal of Banda's foreign policy towards Mozambique, FRELIMO was feared to harbour sympathies for Malawian dissidents in Tanzania that sought to uproot Banda's regime. As such, rather than earning a peace dividend from Mozambique's independence, Malawi's military expenditure only increased further to an average level of 1.5% of GDP and 6% of government expenditure over the years from 1975 to 1977, and would increase further following the outbreak of civil war in Mozambique. Whether to contain the risk of cross-border violence or provide greater support to RENAMO, by 1980 Malawi's military expenditure had peaked at 4.3% of GDP and over 12% of government spending.

Figure 27: Malawi government expenditure (% of total)



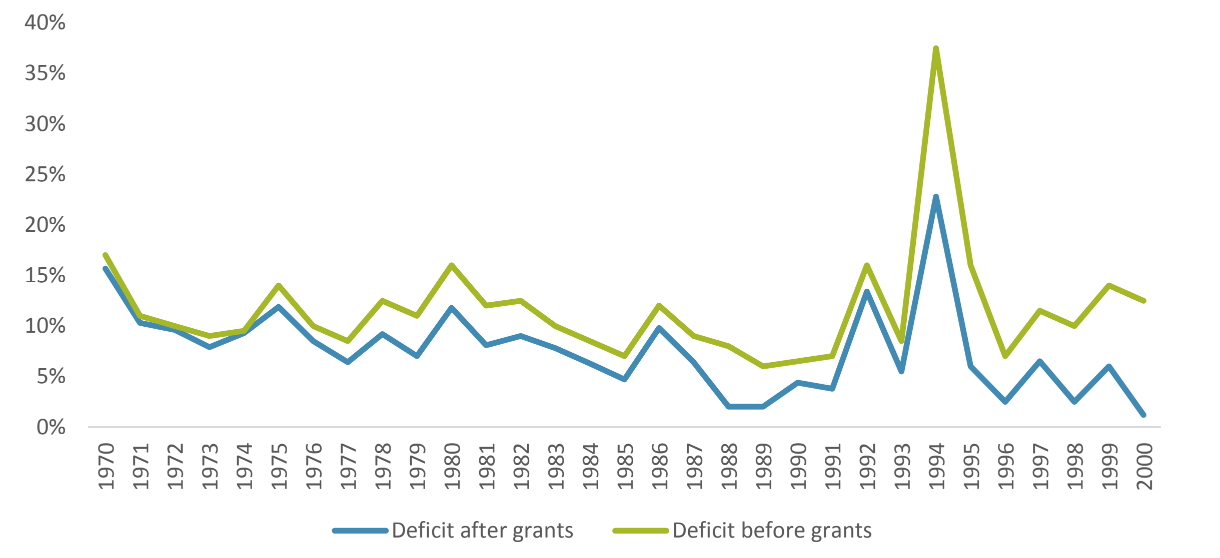
Source: Nyirenda and Moyo (1990), as cited by Chipeta (1993)

Despite this increase, as in the case of Zambia, an analysis of the spending patterns of Banda's government during the years of the civil war years shows no evidence of a diversion of social spending away from social services, in favour of military expenditure. Table 13 in chapter 7, on African governments' budgets, shows that as of 1979, Malawi's military spending remained below the regional average of 14.9% of public spending. Dunlop calculates that the African countries included in his study spent an average of 15% of their budget on education, and 5.4% on health. Dunlop estimates the corresponding figures for Malawi at 13.9% on defence, 8.7% on education, and 5.3% on health (Dunlop, 1983). However, Nyirenda and Moyo (1990), as cited by Chipeta (1993), place the corresponding figures of education and health spending as 11.8% and 7% respectively, placing the combined total spending on health and education only marginally below the regional average.

The evolution of Malawi's spending patterns during the decade from 1978, moreover, shows that rather than spending on defence and social services being inversely related, as would be the case if military expenditure were financed by a diversion of social funds, no such relationship is apparent from the chart above. Rather, during the years from 1978 to 1982, spending on defence and social services both declined in parallel, with changes in social and security spending largely following trends in the size of the disposable budget, after subtraction of the costs of servicing the public debt.

In this regard, it is notable that Malawi's budget deficit was comparatively large, even by African standards. According to Dunlop (1983), as shown in Table 13 in chapter 7, the mean government budget in 1979 among the selected African countries in the table was approximately 3.9% in deficit. In comparison, Malawi's deficit in this year was around 11% before grants, and 7% after considering various forms of budgetary aid (Fagernäs & Schurich, 2004). The chart above shows that Malawi spent an estimated 21% of its budget on debt service payments, compared with a regional average of only 8.6% (Dunlop, 1983).

Figure 28: Budget deficit before and after grants (% of GDP)



Source: Fagernäs & Schurich *(2004)*

Given the more limited budgetary space, an adjustment for debt service payments shows that Malawi in fact spent a higher percentage of its disposable budget on health and education than other countries in the region. Moreover, while the government's spending on defence fluctuated between 9% and 16% of the disposable budget from 1978 to 1988, expenditure on social services remained approximately constant between 26% and 30%. As such, as in the Zambian case, these findings suggest that any fluctuations in military expenditure were financed by the budget deficit, rather than by the diversion of funds from health or education.

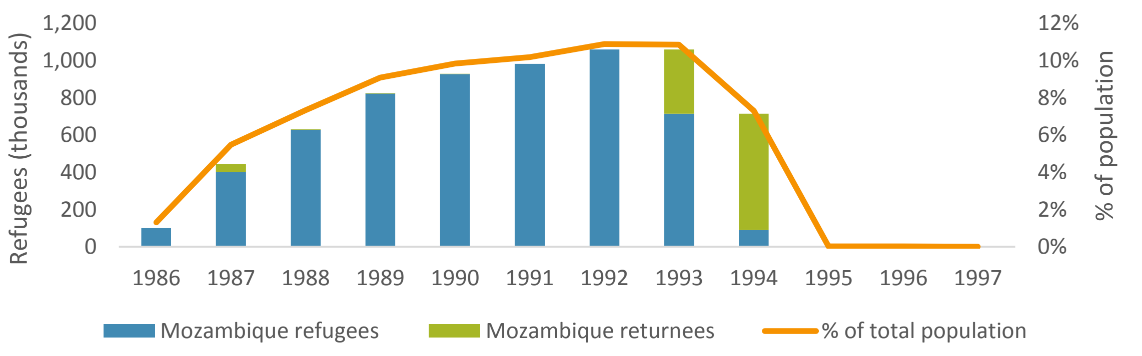
The decline in military spending that occurred after 1980 may be explained on the same basis. Despite the ongoing involvement of Malawi in the Mozambican civil war, defence spending nevertheless fell, dropping to 1.5% of GDP and 5.2% of government spending by 1988. By this time, debt servicing payments had increased to consume as much as 39% of the government's budget, as the state faced financial collapse, even as it was seeking to implement structural adjustment programmes. As such, although there is no strong evidence of any short-term diversion of funds from developmental spending to defence, like in the Zambian case, Malawi's inflated levels of military expenditure contributed to worsen the country's deficit, and contributed to raising the country's debt burden to near-unsustainable levels. As a qualifying note, however, it should be highlighted that Malawi's deficit far exceeded sustainable levels even prior to the escalation of the conflicts in Mozambique, so that the conflict may be said to have worsened and accelerated the debt crisis, but not to have fundamentally altered its outcome.

8.5 Effects on migration, health and labour

Malawi's role as a host nation began immediately after independence, following the arrival via Lake Malawi of some 3,000 refugees from Mozambique in 1965, followed by some 20,000 others in the following year (Nolutshungu, 1975, p. 202). As in Zambia, the arrival of such Mozambicans did not represent any great deviation from historical tradition, given longstanding patterns of migration between southern Malawi and Mozambique. Regular population movements between the two regions have been recorded since at least the nineteenth century, with Mozambican migrants fleeing the slave trade, the repressive colonial regime, or food insecurity (Smith, 1993, p. 8). Such migration continued into the 1960s and 1970s, as a result of the independence struggle being waged by FRELIMO against the Portuguese, and thereafter as a result of the violence perpetrated as part of the Mozambican civil war by both sides, but RENAMO in particular. Although official UNHCR statistics are only available from the mid-1980s onwards, it may reasonably be assumed from these historical trends that Malawi at any time after its independence hosted up to several tens of thousands of refugees from Mozambique within its borders.

A significant change occurred in 1986, as Malawi conceded to the demands of Mozambique and other African states to take a more hard-line stance against RENAMO. Malawi was forced to commit troops to the defence of Mozambican infrastructure, and subsequently announced the formal expulsion of RENAMO's guerrillas from its territory (Gonçalves, 1998, p. 22). Notwithstanding the suggestion by Rupiya (2005) that Banda continued to provide RENAMO with covert support even after this date, it would be difficult to ignore a connection between this changed relationship and the wave of refugees that arrived immediately thereafter. As the expulsion drove thousands additional fighters of RENAMO into the Mozambican borderlands, RENAMO's campaign of terror intensified, and triggered a move of refugees in the opposite direction, arriving in Malawi by the hundreds of thousands (Smith I. , 1993, p. 8; Claiborne, 1986). The strong increase in the inflow of refugees is noteworthy as it highlights that the movement of refugees into Malawi was not merely the result of external factors, but was directly influenced by the foreign policy and diplomatic stance of Malawi. The point validates the argument made in the introduction, that neither Zambia's overt support to the wars of liberation, nor Malawi's policy of non-alignment and subsequent involvement in the Mozambican civil war should be reason for disqualification of these case studies, as disengagement from a conflict or the denial of support may carry risks as great as a neighbouring country's active participation, with spill-over effects associated with either policy.

Figure 29: Refugees and other vulnerable persons in Malawi, 1986-1997 (persons)



Source: UNHCR (2017)

Whereas in 1986 the official number of refugees was reported at around 100,000, the number jumped to over 400,000 the following year, and would peak at more than 1,058,000 by 1992 UNHCR (UNHCR, 2017). Many of the refugees that had arrived prior to 1987 had self-settled in the border provinces near Mozambique where the main ethnic groups shared territory across the two countries. Such refugees had relied on their pre-existing connections to these areas, or on indigenous assistance provided by local communities or village headmen to facilitate their integration. Englund highlights that the concept of a refugee, as a category separate from that of a local inhabitant, was not part of common parlance, until the distinction was introduced by the provision of aid by the WFP, UNHCR and Red Cross (Englund, 2002, pp. 53-54, 115). As in the Zambian case it is possible, therefore, that the true number of self-settled arrivals from Mozambique was higher, where such migrants did not self-identify to assert their eligibility for aid. Smith estimates that as many as one third of the refugees in the Nsanje district, where more refugees were located than anywhere else, had opted to avoid camps in favour of self-settlement (Smith, 1993, p. 8).

Up until 1986, Malawi had endeavoured to manage the arrival and provision of assistance to refugees internally, under the authority of the District Commissioner. As the refugee population increased a joint operations committee was established, along with the first government-operated refugee camps in 1987 (Azevedo, 2002, p. 12). In pursuit of international assistance, Malawi had also signed the 1951 Geneva Convention and 1967 protocol on refugees, which by 1988 led to UNHCR setting up its own refugee camps. In a detailed study of Mozambican refugees in different parts of southern Africa, Azevedo provides a thorough overview of the conditions faced by these refugees in the camps that had been established in Malawi, Zambia and Zimbabwe. Azevedo argues that the assistance programmes to the refugee population were flawed owing to a lack of resources and a focus on the provision of immediate needs, rather than longer-term development and the provision of suitable incentives for refugees to employ their skills or establish independent livelihoods (Azevedo, 2002, pp. 62-65).

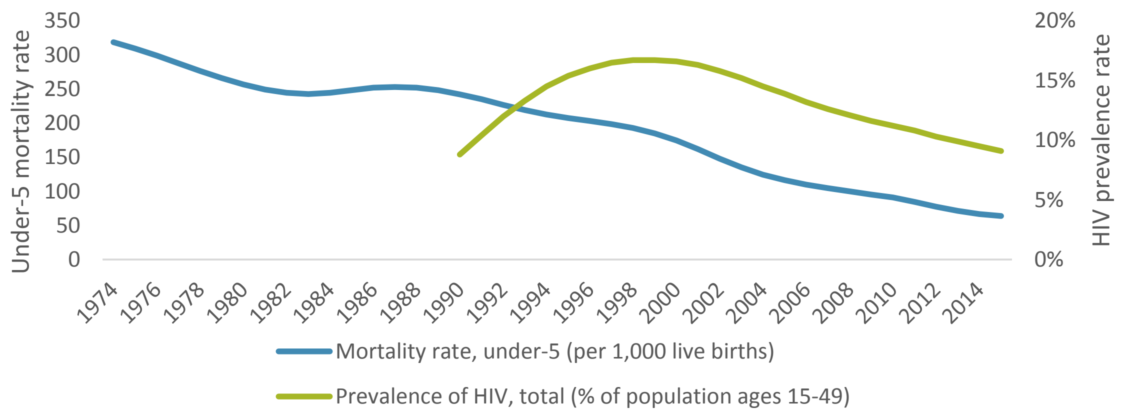
Owing to Malawi's high population density, a key constraint on the integration of refugees into the local economy was the perceived shortage of land, with new arrivals generally failing to secure access to cultivable plots necessary to avoid settlement in the camps. Smith argues that the resulting segregation between refugees and indigenous communities undermined the prior tradition of provision of assistance to strangers, and restricted refugees' access to common areas, creating a culture of competition between locals and refugees (Smith, 1993, pp. 9-11). As a coping strategy, many of the poorest landless refugees sought to support themselves through the exploitation of natural resources provided by the forests and other open, common areas. These practices, however, quickly escalated to untenable levels, inciting further economic competition between local and refugee communities, including the introduction of informal tax regimes by villagers controlling access to such lands, and contributing to long-term adverse effects resulting from the deforestation of large patches of land (idem; Azevedo, 2002, p. 71).

While Azevedo argues that the influx of cheap labour simultaneously threatened Malawians with the loss of jobs and exposed refugees to risks of exploitation, others have argued that lower wages and the skills brought in by refugees nevertheless had a stimulating effect on the agricultural economy

(Wilson, 1994, p. 17; Azevedo, 2002, pp. 66-67). The presence of refugees also stimulated a lively barter economy, revolving around the exchange of basic products that refugees received as part of the distribution, and agricultural products and livestock offered by Malawians. Such trade fostered a degree of resentment by indigenous communities over the perceived benefits received by refugees and also illustrated the misalignment of aid programmes to the actual need of refugees (Azevedo, 2002, pp. 67-68). Wilson also points to research that suggests that the economic potential in terms of refugees' ability to produce saleable products was not fully realised owing to an excessive focus by aid agencies on the promotion of skills and provision of inputs, rather than addressing the more urgent need for the development and stimulation of markets and demand for refugees' products (Wilson, 1994, p. 31).

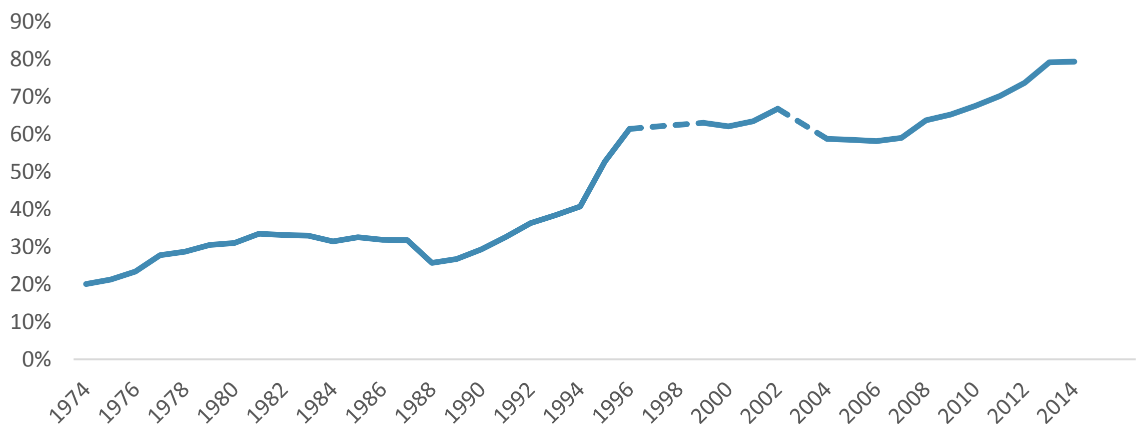
Kakhome (1992) and Long et al. (1990) have also argued that the presence of refugees had an adverse impact on the infrastructure and services in affected areas – mostly attributable to the sheer increase in population size. Nevertheless, conditions for refugees in most camps were comparatively good, with morbidity and mortality patterns at a level comparable or below that of other areas in Malawi, and considerably better than the situation in Mozambique (Azevedo, 2002, pp. 12, 122). Some of the adverse impact of the overwhelming number of refugees on local services was also offset by the fact that educational and health facilities were made available on a non-discriminatory basis to refugees and indigenous Malawians alike, reducing opportunities for conflict over perceived favouritism. Despite this, as shown in Figure 30 and Figure 31, Malawi recorded an increase in under-5 mortality rates, breaking a decade-long trend, as well as a fall in school completion rates. Some of the effect may be explained as the potential result of a change in the *composition* of the population, with refugees accounting for up to 7%. However, given that the equivalent indicators in Mozambique were marginally better than those of Malawi in each of those years, and considering the findings of Azevedo that conditions in refugee camps were comparable or better than the rest of Malawi, such an effect could only be attributable to self-settled refugees. As this could only provide a partial explanation of the observed trends, these figures would thus suggest some adverse impact on the wider Malawian population, in line with Long et al. (1990).

Figure 30: Under-5 mortality rate and HIV prevalence in Malawi, 1974-2014



Source: World Bank (World Development Indicators, 2016)

Figure 31: Primary school completion rate, total (% of relevant age group)



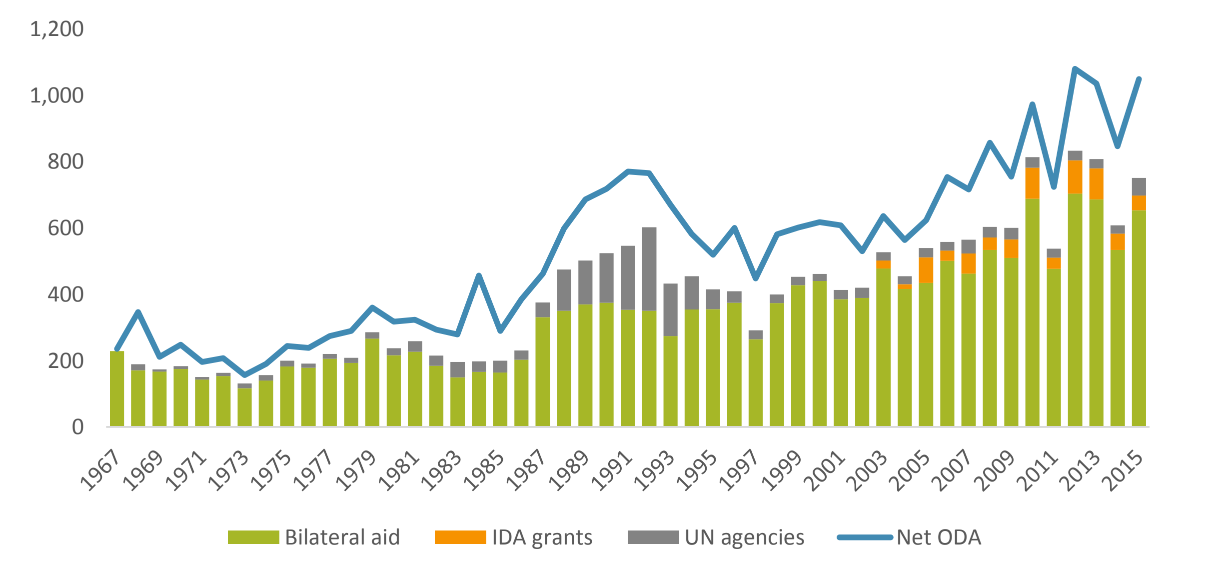
Source: World Bank (World Development Indicators, 2016)

Figure 30 also shows that the end of the Mozambican conflict coincided with a strong surge in the prevalence rate of HIV in Malawi. The connection may be merely incidental, with the epidemic having reached peak levels in the 1990s not just in Malawi, but in most countries worldwide. Moreover, given that data on infections in the country only started to be collected routinely at most sites from 1994 onwards in Malawi, historical rates of infection can only be estimated, but not determined definitively (POLICY project, 2001).

Nevertheless, some relevant observations may be made as regards the possible relationship between the epidemic on the one hand, and the conflict in Mozambique and the movement of refugees on the other. As noted in chapter 5, prevalence rates in Mozambique remained below 1% over the course of the conflict, so that incidence rates among new arrivals would be expected to have been similarly low (Bennett, Marshall, Gjelsvik, McGarvey, & Lurie, 2015). On the other hand, in line with the framework developed by McInnes (2011), discussed in section 5.6, vulnerability may have increased owing to increased frequency of transactional sex and fewer precautions taken in refugee encampments. This is illustrated by Azevedo (2002, p. 112), who mentions at least one example of a refugee camp in Malawi where most children who had died of cholera or dysentery, were at the same time identified to be HIV positive. Moreover, as noted by Bennett et al. (2015), while prevalence rates in Mozambique were comparatively low during the conflict, they increased rapidly in the aftermath, with the return of refugees likely having played some role. In this, it should be noted that compared with Malawi and Mozambique, rates of infection were marginally higher in Zambia, and considerably higher in Zimbabwe. The return of these refugees may thus not only have contributed to higher incidence rates in Mozambique, but also in Malawi, as a country of transit or owing to the close ties between the two populations.

Finally, a point yet to be considered is the net financial cost of the assistance provided to refugees to Malawi's public expenditure. In such a calculation, the net cost is a function both of the total cost of food aid, developmental assistance, and investment in services and infrastructure directly resulting from the presence of the refugee population, minus the net receipts of foreign development assistance attributable to such costs. As shown in Figure 32, official development assistance increased significantly following 1986, with the increase largely following patterns in the refugee population size. From 1986 to 1992, Malawi received average assistance in the amount of 627 million 2015 constant dollars per year, compared with an average of just 328 million in the five years previously. With an average refugee population of 710,000 from 1986 to 1992, this represents an increase in aid of roughly 420 dollars per refugee, in 2015 constant terms.

Figure 32: Total overseas development assistance (US$2015 million)



Source: World Bank (World Development Indicators, 2016)

While this aid covered a large proportion of the costs, a report sponsored by the World Bank noted that this assistance did not fully compensate the Malawi government for its expenditure, estimating a net cost to the budget of US$25 million over the period from 1988 to 1990, corresponding to around US$43 million in constant 2015 dollars (Gorman, 1992, pp. 6-7). This net cost, however, may be considered deceptive for three reasons. First of all, the report recommended further development assistance in the same amount, thus compensating the Malawian government for its costs. Second, Figure 32 reveals that despite some reduction in development assistance, total receipts of aid remained at levels well above the average up to 1985, which may suggest that the short-term delivery of humanitarian assistance may have sparked longer-term developmental projects. Third, it may also be observed that the average contribution of 420 dollars calculated above was well in excess of per capita GDP of 283 dollars, over the same period. As such, the arrival of refugees *increased* average levels of income, with much of that spending having been spent locally, or on services accessible to both local and refugee populations. Over the longer-term, therefore, it would seem that Malawi was well compensated for any such net contribution.[29]

By 1993, refugees started to return in numbers as large as in which they had arrived. The return of Mozambicans followed the end of the civil war, but was also driven by the imminent end of the rule of Hastings Banda, amidst some fears among refugees of potential violence resulting from the transition in power (Englund, 2002, p. 49). By 1995, no Mozambicans remained registered with the UNHCR, with Malawi acting as a host nation only to smaller number of refugees from various other countries in Africa. In sum, the short-term effect of the presence of the Mozambican refugee population in Malawi has been shown to be multifaceted, and to have impacted the wider population's health status, levels of educational achievement, access to natural resources, wage and employment patterns, and community relations. On the longer term, some effects, such as the widespread deforestation and depletion of wildlife have endured, but indicators such as mortality rates and school completion rates have recovered to their former levels and trajectories. As shown here, the most enduring effect of the presence of refugees may have been to have raised Malawi's profile among foreign donors, with aid programmes initiated in the late 1980s having left an enduring legacy in the form of an extensive aid industry. Such longer-term effects, which may also have included the formation of business networks between Mozambicans and Malawians, should be

[29] This point does not mean to imply that levels of development assistance – and debt relief – offered by bilateral and multilateral donors have been suitable or appropriate for the context of Malawi. Other authors have highlighted that the amount of aid received by Malawi has not been proportionate to the severity of its economic and developmental needs, compared to that of other aid-receiving countries. The point here, however, is that notwithstanding the low base level of assistance, from the figures cited it is not clear that the marginal cost incurred as a result of Malawi acting as a host nation was a burden greater than the financial benefit it derived from such assistance, particularly after taking into account the increase in assistance both during the presence of the refugee population, and subsequent to their return.

taken into consideration in any assessment of the net cost of refugees to neighbouring host countries.

8.6 Effects on food security and agriculture

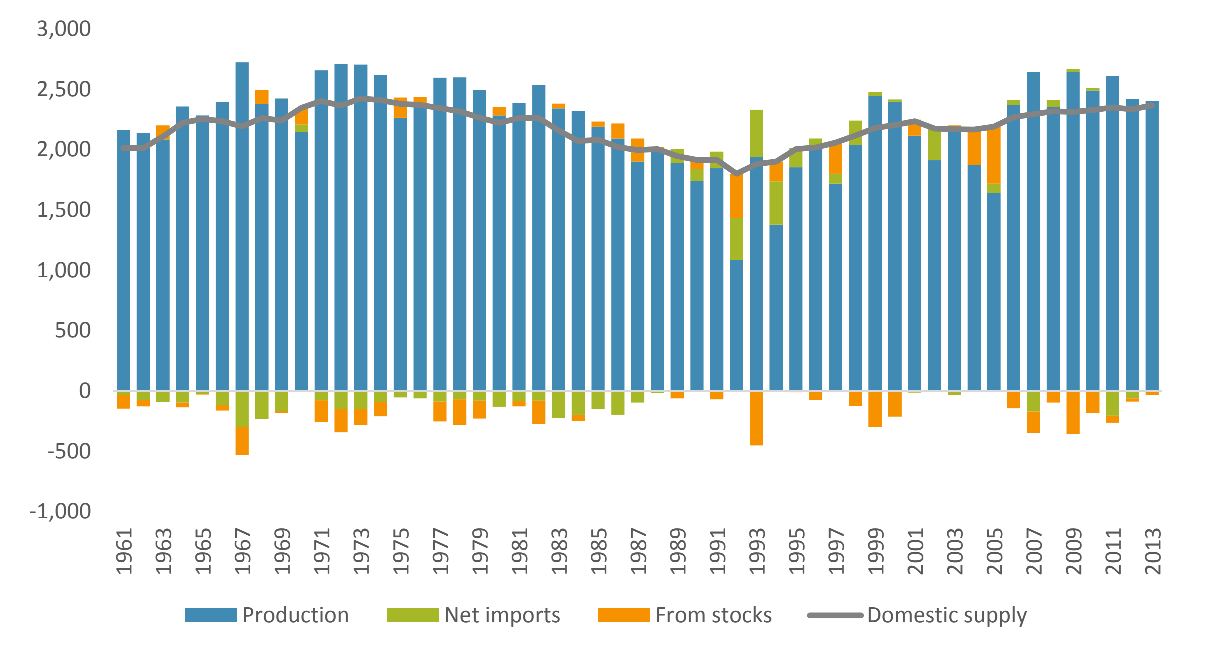
Decades of development strategies have changed little about the dominant role of agriculture in Malawi's economy. During the Banda era, an average of 91% of the population was based in rural areas, and even as of 2015, the figure remained at over 83% (World Bank, 2017). Whereas the northern part of the country features difficult terrain and temperatures, and has remained underdeveloped, the central and southern regions, where European estates were situated, offer favourable climatological conditions and geography (Williams, 1978, p. 23). Such favourable conditions have not been sufficient, however, to lift the rural population out of poverty. Despite the large share of employment accounted for by the sector, agriculture contributed an average of only 43% of Malawi's GDP up until 1992. Commercial estates account for only a minority of the total number of farms, which more commonly consist of small plots of land with low productivity. As a result, in 1997 around two thirds of the rural population were estimated to be living below national poverty lines, although the figure had marginally improved by 2010 to 57% of the rural population (World Bank, 2017).

The underdevelopment of Malawi's agricultural sector may be traced to British colonial policies that mainly sought to take advantage of Malawi's plentiful supply of cheap labour. Through the imposition of a hut tax of six shillings, African farmers were discouraged from working their own lands in favour of European plantations and enterprises, with enforcement of the policy implemented through tough reprisals against non-compliant chiefs. Indigenous farms were further disadvantaged through the institution of a marketing board, which deprived smallholders of profits resulting from the post-war boom in prices of cash crops, with profits instead accruing to the government and European farmers (Messac, 2014, pp. 375-382). At the same time, even white settlers received little government support in the way of finance or subsidies, thereby rendering them critically dependent on African tenants to ensure adequate levels of income. Tension over the allocation of land led to riots and the open encroachment of Africans on land under settler ownership, necessitating the introduction of strict rules on soil conservation, natural resources, and immigration, to stave off further demands for land (Power, 2010, pp. 24, 95).

Upon independence, Malawi thus faced a similar duality in its agricultural sector as Zambia and other postcolonial states, between subsistence agriculture and commercial-scale farms. Seeking to promote the country's self-sufficiency, particularly in the production of maize, the government maintained strict controls over the production and marketing of agricultural products. The most profitable, export-oriented products included tobacco, tea, sugar and burley, but the rights to grow these crops were limited to larger estates, many of which were formed through a system of patronage between Banda and a league of trusted supporters, and parastatal entities including the Agricultural Development and Marketing Corporation or ADMARC (Kherallah & Govindan, 1997, p. 10). Smallholders mostly focused on the production of maize, prices of which were fixed by the government and adjusted infrequently, while prices of inputs such as fertilisers were similarly controlled and typically subject to a significant subsidy. Taxes on export products such as tobacco helped finance these state interventions, but growth in agricultural output remained confined mostly to the commercial farms as smallholder output stagnated and dropped below rates of population growth (Sahley, Groelsema, Marchione, & Nelson, 2005, p. 13).

Figure 33 shows estimates of the composition of Malawi's food supply from 1961 to 2013, and highlights the steep decline in Malawi's domestic production that occurred during the 70s and 80s. As shown in the figure, Malawi was a net exporter of food for much of this period, and FAO statistics suggest an additional surplus accounted for by stock movement and other unexplained discrepancies.

Figure 33: Domestic food supply in Malawi, 1961-2013 (kcal/capita/day)



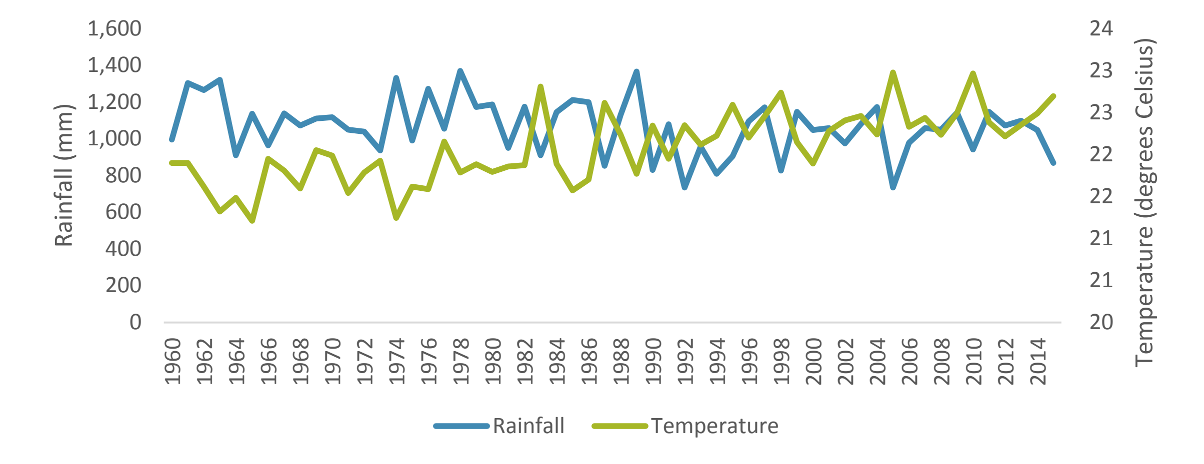
Source: Food and Agricultural Organization (2017); author's calculations

By the late 1980s and into the early 1990s, however, these surpluses had disappeared and even reversed, as Malawi's dependence on imports of food rapidly escalated. According to figures of the FAO, net food supply fell from over 2,400 kcal per person per day in 1974, down to a low of 1,800 in 1992. In comparison, typical guidelines suggest a target minimum of 2,100 kcal per person day in *emergency* contexts, with higher levels required if more regular activity levels are to be supported (UNHCR, 1997). The lows achieved in the early 1990s thus reflect the depth of Malawi's food crisis. Statistics of the FAO estimated that as many as 24.4% of under-fives were underweight, with levels of chronic and acute malnourishment at 55.8% and 6.6% respectively, as of 1992 (Food and Agricultural Organization, 2017).

Authors such as Sahley et al. (2005) and Kherallah and Govindan (1997) highlight that various factors contributed to these outcomes, including repeated exposure to droughts, the failure of the marketing boards and price-setting mechanisms, inconsistency in the government's policies, alternating requirements of more than twenty subsequent and parallel structural adjustment programmes, and problems of governance and legitimacy between the government, bilateral and multilateral donors, and programme beneficiaries. In addition, both papers acknowledge Malawi's proximity to the conflict in Mozambique as having constituted a contributing factor to the challenges facing Malawi's agricultural sector, but neither report explores the actual mechanisms by which any such adverse effects may have occurred, as is the focus of this thesis. An initial justification for a more detailed exploration of this question is, however, provided by the observation that the peak and trough of Malawi's capacity for domestic food supply in 1974 and 1992 coincided with the accession to power by FRELIMO and the end of the civil war, respectively, a relationship that as argued below does not appear merely coincidental.

Given the obvious susceptibility of the agricultural sector to climatological conditions, particularly in the context of a low-income country with greater vulnerability to weather-related shocks, Figure 34 shows the changes in annual rainfall and average temperatures over the period from 1960 to 2014. During the particular period during which Malawi's agricultural production experienced its strongest decline, average temperatures increased from 21.7 degrees Celsius over the five-year period up to 1974, to 22.1 degrees Celsius during the five-year period up to 1992. This increase, however, did not represent any significant deviation from longer-term trends in recorded temperatures, which have steadily increased over the past decades, and thus cannot explain the unusually strong downturn that occurred over the two decades from 1974 onwards. Rainfall patterns show a slightly stronger correlation, falling from the mid-1970s until the early 1990s, and showing some recovery thereafter, consistent with the overall trend in production. While, therefore, likely a contributing factor, the period also counted several years of above-average rainfall that nevertheless resulted in a further decline in production, rendering it likely that some combination of policy, conflict and other external effects may be held accountable for the steady, sustained decline in output.

Figure 34: Annual rainfall in Malawi, 1960-2015 (mm)

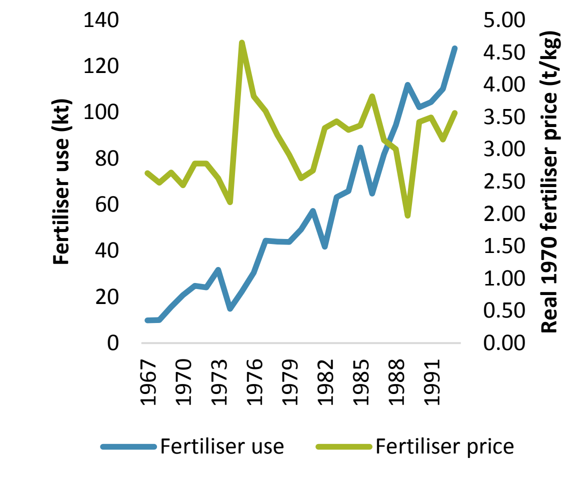


Source: World Bank Climate Change Knowledge Portal (2017)

In the chapter on food security in Zambia, this thesis has made the point that agricultural policies that have primarily been considered domestic in nature, and analyses from an agricultural or developmental perspective, cannot be seen to be wholly separate from a country's exposure to international instability, with the country's foreign policy having a direct impact on developmental priorities. In the Zambian case, this thesis argued that the diversion of government funds to infrastructural development and its support for price controls on agricultural products served to avoid popular unrest over price instability that would have been exacerbated by Zambia's support for sanctions against Rhodesia and its reluctance to deal openly with South Africa. Similarly, in the Malawian case, I argue that Malawi's exposure to the civil conflict in Mozambique influenced the outcomes of both of the two major debates that Sahley et al. (2005, p. 17) identify as having driven agricultural policy in Malawi.

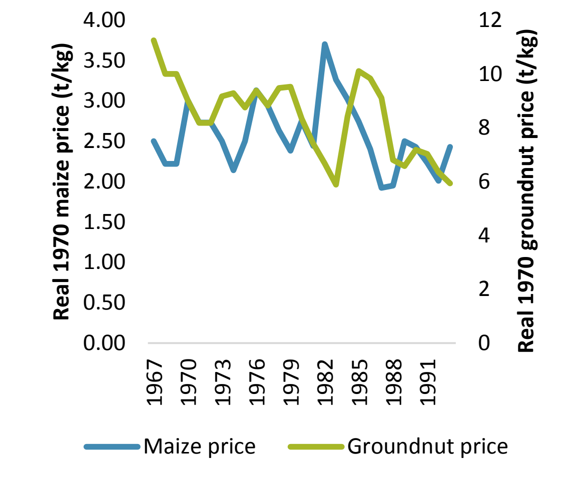
The first debate identified by these authors relates to the extent of direct intervention by the government in the agricultural sector, through the implementation of subsidies, price controls, land reform or quotas and restrictions on the production of agricultural products. In the 1980s, agricultural reforms promoted by donors focused on liberalisation of markets, prices and exchange rates, and led to the suspension of subsidies on inputs such as fertilisers. However, these policies collapsed in 1986, as the economy was hit by a combination of droughts and falling international prices for several agricultural products, but also by the political and security effects of the expulsion of RENAMO guerrillas from Malawi's territory. The subsequent escalation of violence in Mozambique did not only trigger a wave of refugees, as described elsewhere in this chapter, but also led to the disruption of transport routes and an increase in the cost of imports (Kherallah & Govindan, 1997, p. 12). Deeming such an impact on local farmers unacceptable, these conditions forced Banda to backtrack on the reform programme, much like Kaunda opting to violate donor conditions rather than risk political unrest. Over the course 1987 to 1989, fertiliser subsidies were re-introduced, while producer prices of maize were increased. Figure 35 and Figure 36 illustrate the fall in local fertiliser prices, and the bump to local maize prices in these years.

Figure 35: Usage and prices of fertiliser (kt and tambala/kg)



Source: Kherallah and Govindan (1997)

Figure 36: Prices of maize and groundnuts (tambala/kg)



Source: Kherallah and Govindan (1997)

Secondly, Sahley et al. (2005) highlight the fundamental debate between an export-oriented agricultural policy and one focused primarily on import substitution and the promotion of self-sufficiency. Whereas, the authors argue, the former policy could have contributed to economic growth, Banda's desire for self-sufficiency may ultimately be held accountable for the stagnation of smallholder production by limiting opportunities for crop diversification and the generation of income and receipts of foreign exchange. Crucially, however, it must be noted that Banda's pursuit of self-sufficiency was informed not by economic ideology, but by political considerations. Even prior to independence, Banda aspired to promoting the country's financial as well as political independence, seeking to reduce the country's dependence on British budgetary support (Messac, 2014, pp. 382-383). Instability in Mozambique, and the threat of disruption to transport routes added further urgency to the goal of self-sufficiency. Banda's preoccupation with this policy is apparent not only from his aggressive pursuit of alternative transport routes (see section 8.2), but also in his drive to promote Malawi's capacity for maize production (Sahley, Groelsema, Marchione, & Nelson, 2005, p. 17). As in the Zambian case, therefore, some of the tension between the developmental agendas of institutions such as the World Bank and local African governments may be attributable to the latter's greater focus on their outward situation and security situation, compared with the narrower developmental focus of donor agencies.

Since 1992, domestic production and the net food supply in Malawi have again increased, although the country has failed to regain its status as a net exporter, except for brief periods. The recovery may be attributed to domestic policies, including the liberalisation of the distribution of fertilisers, the marketing of hybrid seed maize, and further price liberalisation. Many of these policies have been promoted by external partners, but may also be linked to the post-Banda era, which permitted the introduction of more widespread reforms. In turn, however, it may also be observed that the end of the conflict in Mozambique, including the reduced threat of transport disruptions and cross-border violence, created a political environment that facilitated the rejection of Banda's autocratic regime and his subsequent electoral defeat in the 1994 elections. It would be difficult to imagine that, had Malawi's security environment remained unchanged or deteriorated in the face of renewed violence of the sort perpetrated by RENAMO, the country's reforms could have occurred in a similar manner. The point may seem intuitive, yet the idea that developmental policies focusing on topics that have little direct relation to security are nevertheless intimately connected to it, even in stable countries, is rarely acknowledged in programme planning.

8.7 Chapter Conclusions

The case of Malawi outlined in this chapter demonstrates that the spill-over effects of conflicts are not all created equal. Over the period from independence, Malawi was exposed first to the wars of independence in Mozambique and Rhodesia and, later, to the subsequent civil war in Mozambique. In this chapter, I have shown that during this first episode, armed conflict in Malawi's neighbourhood did not result in the disastrous socio-economic effects that the current state of the literature predicts. Following the declaration of UDI, and the political and armed conflict that followed, Malawi's economy experienced several booming years, as its supposed neutrality permitted it to extract rents from both sides of the conflict. Sanctions had isolated Zambia and made its copper industry dependent on costly imports of fuel and other emergency supplies via Malawi, earning the country welcome transit revenues. At the same time, those very same sanctions provided an opportunity to route Rhodesian imports and exports through Malawi, thus bypassing the international embargo. Moreover, the conflict in Mozambique provided the Portuguese authorities with a direct interest in the stability of Banda's regime, resulting in the provision of military assurances, and access to the country's railroads.

On the other hand, the civil war in Mozambique that followed was damaging to Malawi, at least in the short term. The escalation of violence between FRELIMO and RENAMO contributed to atrocities committed by both sides of the conflict. Insecurity and attacks against key infrastructure also caused economic disruption and affected food production in the region that necessitated costly price controls that further distorted the market. Moreover, while smaller numbers of refugees might well have been accommodated, the large movement of persons fleeing the violence in Mozambique threatened to overwhelm the capacity of its health and educational facilities, while the later return of refugees from Zambia may have contributed to the spread of the HIV epidemic in Mozambique and in Malawi, at least in the country's border areas. Military expenditure also increased in the lead-up and onset of the civil war, over the longer term contributing to the country's debt burden. Over the longer term, however, the arrival of the humanitarian aid industry ultimately evolved into to a longer-term presence and a significant, sustained increase in developmental aid received by Malawi.

Like the Zambian case study, this chapter thus highlights that the spill-over effects experienced by neighbouring countries vary between conflicts. In addition, the comparison with the Zambian case demonstrates that such effects also vary between different neighbours, depending on their respective foreign policies, political context, economic structure, and domestic challenges. Without an appreciation of these factors, I therefore argue that it would be difficult to predict, *a priori*, through which of the identified channels spill-over effects are likely to occur. And, as demonstrated by these cases, it cannot reasonably be assumed that such effects will typically be negative. The Malawian case offers multiple examples of growth-positive spill-over effects, but also shows that some of these came at the expense of other social issues. Malawi's foreign policy failed to contribute to the region's wider move to majority rule, led to the violation of international sanctions and the perpetuation of Banda's autocratic rule, deterring the country's progress with respect to broader social goals. A mere analysis of the country's uneven economic growth would reveal few of these subtleties, emphasising the need for a more nuanced approach attuned to a more comprehensive concept of human development.

9 Beyond Africa: The cases of Jordan, Belize and Thailand

9.1 Introduction

In the previous chapter, the analysis of Malawi served to take advantage of the rare availability of two countries that not only share similar colonial histories, but also share comparable geographic locations and were exposed to the same violent conflicts. The comparison between Malawi and Zambia provided an opportunity to assess the degree to which policy decisions and other subtle differences affect the nature of spill-over effects. At the same time, however, these similar contexts also beg the question whether the mechanisms identified in these two case studies have any wider relevance, beyond the narrow confines of the specific conflicts discussed in the preceding chapters. More generally, are the channels by which spill-over effects affected Malawi and Zambia more broadly applicable, beyond the context of two of the poorest countries in Africa? In other words, does the newfound awareness of the multiple ways in which these countries were affected provide some useful starting points for developing a better appreciation of the situation of other countries neighbouring armed conflict?

To address these questions, this chapter explores three further cases outside of Africa, covering different time periods, three distinct continents, and focusing on countries of different sizes and widely disparate economic achievement. Jordan, Belize and Thailand have, indeed, little in common aside from their shared exposure to a nearby conflict, coupled with their successful avoidance of domestic conflict.[30] As outlined in section 1.4 in the introduction, the number of such eligible cases is comparatively rare, so that the selection of these cases necessarily involves a degree of compromise. In this instance, for example, it may be noted that Zambia, Malawi, Jordan and Belize share the common feature of their British colonial heritage. Indeed, this may be more than a coincidence, as these countries' successful avoidance of domestic conflict may in part be attributable to the nature of their institutions, inherited from British rule. An alternative selection of cases studies would, however, introduce other biases, such as excessive focus on Africa, or on underdeveloped countries, so that this possible bias can merely be acknowledged. The case of Thailand, which avoided colonisation, is included here to provide an alternative example of a country without a British colonial past.[31]

[30] Political stability here, is defined as having lacked any major armed conflict within their borders, rather than exposure to coups or revolutions – of which Thailand has seen plenty.

[31] From this perspective, the example of Portugal in the introduction to this thesis also presents an interesting example of a country that was a colonial power, rather than a former colony itself. Indeed, it might be said that one of the longer-term

Aside from the question of whether the channels by which spill-over may affect neighbouring countries that have been observed thus far are also observable in different contexts, these different cases also provide complementary insights into mechanisms that have not been previously discussed. Additional spill-over effects explored in this chapter, for instance, include the benefits to trade resulting from increased trade between neighbouring countries, as postulated but not further demonstrated by de Groot (2010). In the example of Jordan, I discuss the rapid escalation in this country's trade with the rest of the Middle East and North Africa (MENA) following the conflicts in Iraq and Syria, and also explore the effects of inflows of capital on local property prices. In the chapter on Belize, on the other hand, I highlight the effect of the conflict in Guatemala on the drug trade and crime rates in Belize, discussing the reasons for the rapid deterioration of its security after the end of the conflict. Finally, in the case of Thailand I focus on receipts of US military and economic aid, the effects of local expenditure by American force, in the context of the Vietnam war, as well as the role of armed conflicts around Thailand on the emergence of cross-border, illegal economies.

Even in combination with the preceding chapters, these additional case studies cannot provide an exhaustive list of each and every channel by which conflicts may affect the socio-economic development of neighbouring countries. If anything, these case studies provide further evidence of the profound differences between individual cases, emphasising the need for further case studies, and questioning the applicability and policy relevance of large-N longitudinal studies with a broad scope but limited detail. However, at the same time, the narrative in this chapter is able to reference and draw on the findings from the Zambian and Malawian cases, demonstrating that at a conceptual level, an understanding of spill-over effects benefits from the type of analysis undertaken in this thesis. Although generalising the findings of any individual case may be difficult, useful lessons and insights may be derived from these various case studies. The inclusion of the cases in this chapter thus provides a broader basis of comparison for future case studies and, in the conclusion to this thesis in the next chapter, contributes to the development of a more comprehensive framework of effects, risk factors and potential policy responses.

9.2 Jordan

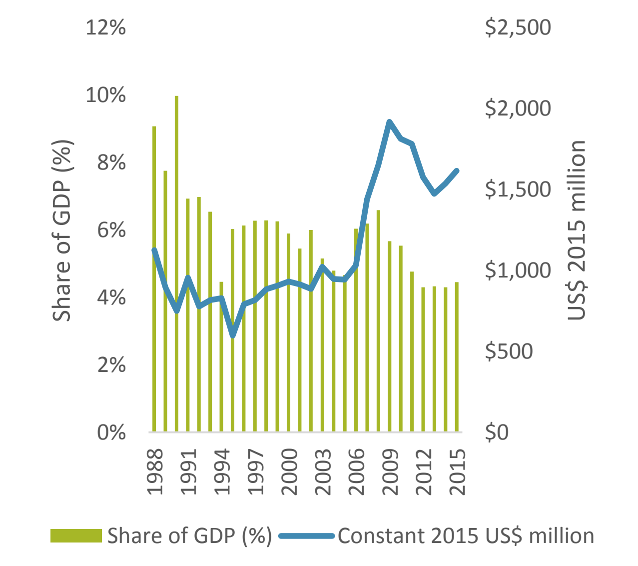
In a region beset by conflict, few countries have weathered the storm as stoically as the Hashemite Kingdom of Jordan. Geographically, its position would seem to be unenviable. To the west, the country borders Israel and the Palestinian Territories, where conflict has been nigh on continuous from the 1948 establishment of the state of Israel through to the 1973 October war and the

effects of the Second World War on Portugal was its precipitation of African nationalist movements that would ultimately lead to Portugal's loss of empire.

subsequent Israeli-Palestinian conflict. To the east, the country borders Iraq, which has seen repeated, large-scale violence during the Iraqi-Kurdish civil wars, the 1980-1988 war with Iran, the 1990-1991 Gulf War, and the war resulting from the US-led deposition of Saddam Hussein from 2003-2011. Of most relevance at the time of writing, however, is the violent civil war in Syria, which started in 2011 and escalated into a large-scale, protracted conflict triggering the deaths of hundreds of thousands and the displacement of millions. While Jordan has largely avoided the spectre of the self-proclaimed Islamic State in al-Iraq and al-Sham (ISIS), by 2014 this conflict had also spread to Iraq, once again involving Jordan's neighbour in an extended conflict involving significant loss of life and territory.

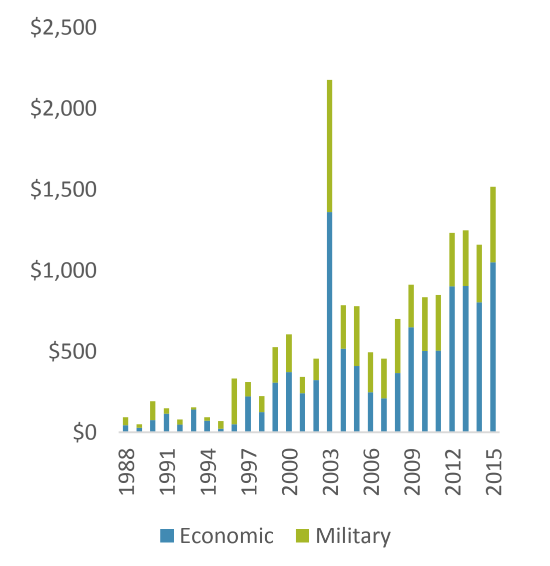
Jordan, despite all this, has remained a haven of relatively stability in this otherwise volatile region, and has only had limited involvement in the conflicts that have embroiled its neighbours. Only Saudi Arabia – to Jordan's southeast – has shared a similar experience with the conflicts in the region. Jordan, as a member of the Arab League, opposed the establishment of the state of Israel and participated in the first Arab-Israeli war immediately following this event, the 1967 Six-Day war which involved an embarrassing defeat for Jordan and its allies, and the 1973 Yom Kippur War. The cumulative death toll of Jordan's involvement in these conflicts, however, are estimated to have amounted to less than 2,000. From 1973 onwards, and the expulsion of the Palestine Liberation Organization (PLO) two years prior, Jordan has experienced decades of comparative peace, and its only armed engagements since this time have been in the form of its participation in coalitions as part of interventions in Libya, Yemen and Iraq's war against ISIS.

Figure 37: Military expenditure by Jordan (constant US$ 2015 million and % of GDP)



Source: Stockholm International Peace Research Institute (SIPRI Military Expenditure Database, 2017)

Figure 38: US foreign assistance to Jordan (constant US$ 2015 million)



Source: USAID (2017)

In terms of military expenditure, much like other Arab nations, Jordan dedicates a comparatively high share of its GDP to the maintenance of its armed forces. However, although commitments have increased in dollar terms, the share of defence spending has gradually fallen since the 1980s. In 1991 and 2003, the year of the two invasions of Iraq, the share of Jordan's GDP dedicated to military expenditure increased, but only briefly, falling in subsequent years in both cases. However, as shown in Figure 38, these costs have been offset by escalating inflows of US military and economic assistance, with these inflows having amounted to an average of 63% of Jordan's military budget since 2004.

9.2.1 Recent studies of spill-over effects on Jordan

As noted in section 2.7 in the literature review, three recent studies have been identified that directly address the question of spill-over effects on Jordan (Saif & DeBartolo, 2007; Abdih, Gamba, & Selim, 2014; Sab, 2014). Given the comparative dearth of case studies on spill-over effects, it is particularly striking that the case of Jordan has attracted a greater degree of interest. This may, however, be reflective of Jordan's more developed status and its active trade and financial relationship with the rest of the world, rather than being indicative of any more widespread appreciation of the role of neighbourhood effects, with few such similar studies having emerged in the context of other active conflicts.

In the first study on the subject, Saif and DeBartolo (2007) focus on the effects of the 2003 invasion of Iraq, and the subsequent conflict in the country, on trade, investment and inflation in Jordan. With respect to foreign investment, the authors argue that the conflict in Iraq triggered a significant inflow of capital, observable in Jordan's real estate sector, the stock market, and business capital. In section 9.2.3, I present some of the findings by Saif and DeBartolo and show that effects on property prices have been long-lasting, driven not only by the demands from migrants from the countries in conflict, but also owing to the demands of the humanitarian aid industry. With respect to effects on trade, Saif and DeBartolo show that the conflict in Iraq contributed to a moderate increase in exports to this country, but also contributed to a significant increase in trade with the US. In section 0, I complement these findings by arguing that a more significant effect of the conflict may not have been so much the direct effects of trade with Iraq and the US, but rather the indirect effect of diverting trade between Iraq and Syria on the one hand, and the rest of the region on the other, noting the acceleration of growth in imports and exports since 2003.

Sab (2014, pp. 13-14) provides a brief, introductory examination of the effects of the 1990 and 2003 on Syria and Jordan and writes that, "[i]n the case of Jordan, the spillover was largely positive:

despite the initial negative impact that the Gulf War and the 2003 invasion of Iraq had on its economy, the country ended up benefiting from both the higher demand from refugees (1990 Gulf War) as well as external assistance (2003 invasion of Iraq)". Sab notes that the first Gulf War contributed to the return of some 300,000 Jordanians, fuelling a boom in the housing sector. In his section on spill-over effects, Sab also highlights that a rise in employment and agricultural output benefited from good weather conditions, an increase in investment, and the stability of the dinar, but does not explain how these effects were related to the conflict in Iraq. With respect to the 2003 conflict, Sab notes that higher defence spending was offset by foreign grants, and that capital spending helped offset a fall in domestic demand. Once again, Sab describes changes in the Jordanian economy in 2003, including some effects such as changes in trade patterns with Iraq and a fall of tourism revenues that may be deemed to have an obvious connection to the conflict. In other cases, however, such as the role of loan disbursements, monetary policy, and the improved performance of textile and apparel sales to the US, Sab fails to demonstrate how such effects may be attributed to the conflict in Iraq.

In a study of the consequences of the conflict in Syria, Abdih et al. (2014) conclude that the conflict had a mixed, but marginally negative impact on overall economic growth in Jordan:

> *"On the one hand, losses of the Syrian export routes as well as a hesitant investor sentiment—resulting from uncertainty surrounding the length and outcome of the Syria conflict—are likely to have adversely impacted output. On the other hand, increased consumption brought about by a sizable influx of Syrian refugees has contributed positively to economic activity. Staff empirically assesses the overall impact to be negative, with losses to output growth estimated at about one percentage point in 2013" (Abdih, Gamba, & Selim, 2014, p. 3).*

To arrive at this conclusion, the authors employ an econometric model that relies on a simple dummy variable, indicating the incidence of conflict from the third quarter of 2012 onwards. With no controls for other factors that may have affected growth during this period, these results should be interpreted with some caution. In seeking to attribute the effect to specific economic changes, the authors argue that there is no evidence that the crisis in Syria negatively affected the labour market, but contributed to inflation in non-tradeable goods and affected Jordan's trade routes to Europe. On the other hand, the authors also write that the arrival of Syrian refugees contributed to an increase in the size of the informal sector, despite some possible displacement of Jordanians from this part of the economy. Finally, the authors highlight that increased transfers of humanitarian assistance partially offset adverse effects on the current account, and that despite an initial fall in visitors to the region, the diversion of tourists from other countries affected by the Arab Spring may have contributed to increased receipts (Abdih, Gamba, & Selim, 2014, pp. 4-7).

In the remainder of this section on Jordan, I provide some further insight into the findings from these studies, alongside further evidence of spill-over effects from the various conflicts around Jordan. First, I focus on the role of refugees in Jordan, taking particular note of the long-standing presence of Palestinian refugees in Jordan and highlighting differences between the circumstances of this population, and those of Iraqi and Syrian refugees. Second, I elaborate on the effects of the more recent conflicts on foreign investment and the housing market. Finally, I review Jordan's patterns of trade, emphasising the increase in trade with the wider region following escalation of the conflict in Iraq.

9.2.2 The Palestinian-Jordanian society

As of figures from December 2015, Jordan hosted over two million registered Palestinian refugees, who have maintained a continuous presence for well over half a century, with the majority integrated into Jordanian society and supported by a dedicated UN body, the Relief and Works Agency (UNRWA, 2017). The position of Palestinian refugees in Jordanian society is relatively unique, owing to their close integration in local communities, with many Palestinians living outside the various formal, and informal, refugee camps – originally established to provide shelter to the refugees that fled from the conflicts in 1948 and 1967 (Tiltnes & Zhang, 2013, p. 31). Uniquely, as many as 96% of the refugees living outside of the camps, and around 85% of those living inside hold Jordanian passports. As such, they are not counted as aliens in Jordanian population statistics, and at around three million, the total number of residents with Palestinian roots accounts for nearly 40% of the total population (Minority Rights Group, 2017).[32]

As in the previous case studies that have been reviewed thus far, the role and position of refugees in Jordan has been fairly well-documented. In 2013, a 300-page report provided a comprehensive overview of the socio-economic living conditions of Palestinian refugees in the country, and demonstrates that refugees play an active role in the Jordanian economy. Citing Khawaja (2004) and the WHO (2012), the report shows that refugees appear to have had little adverse health impact, as mortality rates between in-camp and ex-camp residents have largely been comparable, while life expectancy in Jordan overall has increased – which the authors attribute in part to the efforts of the

[32] It should be kept in mind that the historical relationship between Jordan and the Palestinian Territories is somewhat unique. The area occupied by Jordan had, prior to the country's independence, been known as Transjordan, a semi-autonomous area within the British Mandate for Palestine, which to the west of the river Jordan also included the area of Palestine, from which Israel and the Palestinian Territories would later emerge. Technically, therefore, the Palestinian refugees that moved to Jordan after 1948 from the western side of the river represented a displacement within the territory that had previously been the British Mandate for Palestine. However, as Jordan by this time was independent, these persons were nonetheless legally classified as refugees, albeit sharing some characteristics with what might otherwise be considered internally-displaced persons. Regardless of the legal classification of the refugees, however, it is clear that these events involved the movement of a population into an area where they had not been previously resident, and it is the resulting challenges and socio-economic effects of this movement that is the focus of this section.

UNRWA in providing refugees with access to health services. In terms of education, 30% of locally-integrated refugees held advanced degrees, compared with 16% for camp residents, and literacy rates in the two groups were around 90% and 85% respectively (Tiltnes & Zhang, 2013, pp. 80, 127-138).

The authors suggest that "Palestinian refugees are nowadays integrated into Jordanian working life on a par with other Jordanians except in one respect: they are less often represented in the public sector" (Tiltnes & Zhang, 2013, p. 173). More than 62% of male Palestinian refugees participated in the labour force, and 69.3% of camp-settled and 86.5% of other households were estimated to be living above the national poverty line of 814 JD, equivalent to about US$1,149 in 2012 (Tiltnes & Zhang, 2013, pp. 176, 248). The table below illustrates that rather than being confined to menial, daily labour, refugees have managed to find gainful employment across a wide range of sectors, in technical, managerial, and other skilled positions.

Table 17: Sample survey findings of the occupational structure of Palestinian refugees, 1996-2012 (% of employed individuals)

	Male				Female			
	Outside camp		Inside camp		Outside camp		Inside camp	
	2012	1996	2011	1999	2012	1996	2011	1999
Professionals/managers	17	15	6	7	51	18	30	8
Technicians/clerks	14	12	8	10	27	47	19	30
Service and sale workers	23	19	22	18	10	8	14	14
Crafts and tradespeople/skilled agricultural workers	25	30	34	30	4	18	14	28
Machine operators and assemblers	15	14	14	15	0	1	0	1
Elementary occupations	7	11	16	20	8	10	23	20
Number of persons surveyed	2,931	1,476	3,519	3,251	411	202	420	590

Source: Reproduced from Tiltnes & Zhang (2013, p. 190)

With the escalation of the conflict in Syria, more refugees have looked to Jordan for shelter, with over 658,000 persons of concern registered in the country as of April 2017 (UNHCR, 2017). In 2015, Jordan furthermore hosted over 50,000 refugees and asylum seekers from Iraq, as well as smaller populations from Yemen, Sudan and other countries (UNHCR, 2017).[33] The position of Syrian refugees, as well as Jordan's policies towards this population, is markedly different from that concerning Palestinians. Jordan does not recognise those fleeing Syria as refugees, instead referring to them as guests or visitors, a status with no legal significance, with legal refugee status granted only once new arrivals have been accepted into a resettlement programme for relocation to a third country (Democratic Progress Institute, 2016, p. 46). Personal identification cards, essential to access health and education services, are difficult to obtain, with refugees only permitted to leave formal

[33] The author himself spent about a year working in the region on behalf of the International Organization for Migration (IOM) working as an international refugee caseworker and team leader, sub-contracted to the US Refugee Admissions Program (USRAP), based out of the IOM's offices in Cairo, Amman, as well as the US Embassy in Baghdad and Al Waleed refugee camp near the Iraqi/Syrian border in Iraq's Al Anbar province, not far from the border with Jordan.

refugees camp through a strict “bailout” system, but as many as 45% of refugees living outside the camps have been estimated to be unable to meet the requirements of the system, which largely ceased to be available since 2015, restricting the freedom of movement of camp-based refugees (Andres-Vinas, Gorevan, Hartberg, Phillips, & and Saieh, 2016, p. 4).

As many as 69% of Syrian refugees have been estimated to be living in poverty under UNHCR definitions, increasing to as much as 87% when using Jordan’s national poverty line around 2015, with many of the refugees originating from poorer areas in Syria and having settled outside of camps in poorer governorates near the Syrian border in Jordan’s urban peripheries (Verme, et al., 2016, pp. 6-8). Up until 2014, only 6,000 of the total registered refugee population who do not hold citizenship held work permits, so that refugees have few economic opportunities and are not automatically entitled to assistance (Verme, et al., 2016, pp. 12-15). As a result, an EU-sponsored vulnerability assessment found that Syrian refugees were engaging in coping strategies ranging from the reduction of their food consumption to children being taken out of schools. EU assistance programmes have advocated for the issuance of work permits in exchange for easier access of Jordanian goods to the European market, but it is clear that “the country's community resources, infrastructure and social services are seriously overstretched. Rising rents and competition for jobs have contributed to increase tensions between refugees and host populations” (European Commission, 2017, pp. 1-2).

9.2.3 Foreign investment and the property market

Aside from the role of Syrians and Iraqis in the labour market, another major effect of the conflicts and the arrival of refugees has been a boost in demand in the Jordanian real estate sector, with demand and prices having increased throughout the property market. From 2002 to 2005, for instance, Iraqi housing transactions in the Jordanian market increased more than twentyfold to a reported JD 100 million, representing around 68% of foreign transactions by 2005. (Saif & DeBartolo, 2007, pp. 19-22). Although this figure represented only 1.8% of total transactions, it does not include purchases by Iraqis made through Jordanian intermediaries, so that the actual number is likely to have been higher. This is reinforced by the finding of a survey of Iraqi households in Jordan which found that over 25% of households owned the dwelling they lived in (Fafo, 2007, p. 11). Prices weakened in 2008, which a 2009 report attributed in part to the return of Iraqi refugees (Oxford Business Group, 2009, p. 148). As shown in Figure 40, since 2011 property prices have once again outpaced inflation, supported by increased demand from Syrian refugees. From the onset of the crisis in Syria to 2013, rental prices in selected areas with high concentrations of refugees increased by as much as 200-300%, with low-end housing units in particular high demand in 2014 (Oxford Business Group, 2015).

Figure 39: Iraqi housing transactions and share of total foreign transactions (JD million and %)

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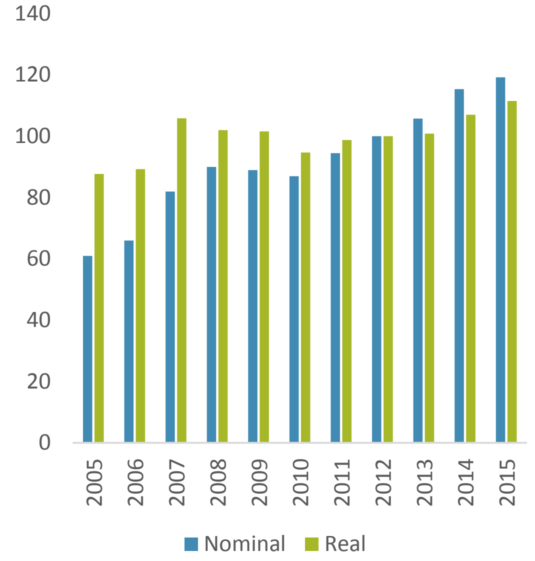
Source: Saif and DeBartolo (2007, pp. 19-22)

Figure 40: Real estate price index (2012 = 100)



Source: IMF (2015, p. 5); Global Property Guide (2016); author's calculation of real price index using consumer price index from the IMF World Economic Outlook database

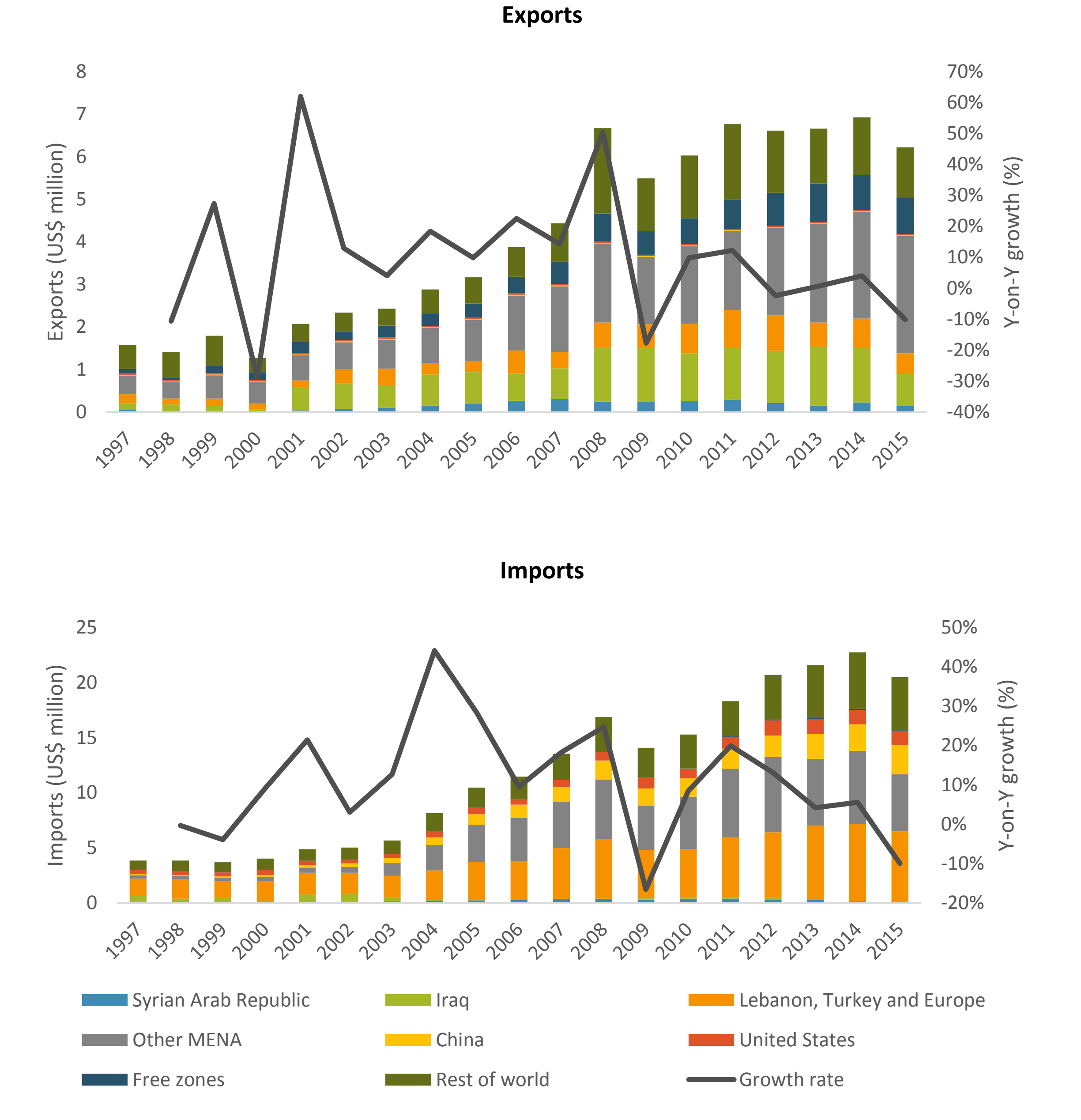
That the movement of refugees has triggered a significant inflow of foreign capital into a broad range of sectors is also apparent from a number of other indicators. A report by Fafo, a Norwegian research foundation, found that 42% of Iraqi households received transfer income from Iraq, while over 22% reported income from other countries and 23% reported having investments in Jordan (Fafo, 2007, p. 13). Although Saif and DeBartolo find that Iraqi investments in the stock market increased little from 2005 to 2007, they note a significant increase in Iraqi registered capital in Jordanian companies, increasing from JD 14.4 million in 2003, to JD 109.3 million by 2006. The same authors also report an increase in overall foreign investment. From 2004 to 2006, Iraqi investment increased from JD 4.6 million to JD 98.5 million. While this increase is significant, it was, however, by the increase in foreign investment from other Arab countries, which increased from JD 23.7 million to JD 675.2 million (Saif & DeBartolo, 2007, pp. 31-34). This suggests that while the relocation of capital by Iraqi refugees was a significant factor, in the case of Jordan, a more significant effect of the conflict may have been to make Jordan, as a relatively stable and safe haven, a more attractive destination for investment, and possibly the recipient of foreign investment that might previously have flowed into Iraq.

9.2.4 Trade diversion

The pattern whereby the conflicts in Syria and Iraq affected not only Jordan's relationship with these countries, but also with the wider region, is also reflected in its patterns of trade. From 2002 to 2006, Jordan's imports from Iraq dropped by more than 99%, before a partial recovery through to 2012, followed by another drop off, with 2015 imports reported to be below US$1 million. Exports, on the other hand, increased by 112% from 2002 to 2008. In part, this change in trade patterns may be explained by the collapse of agricultural and industrial production in Iraq, necessitating greater imports for domestic consumption, as well as to support the requirements of the US-led coalition in Iraq (Saif & DeBartolo, 2007, p. 7). Notably, however, from the same period to 2008, Jordan's imports and exports from and to other countries in the region increased by 190% and 188% respectively, explained in part by higher unit prices of food and oil, but perhaps more importantly by trade flows previously conducted between Iraq and the region having been displaced to Jordan.

Trade statistics reveal a markedly different pattern in the case of the conflict in Syria since 2011, and the subsequent escalation of civil conflict in Iraq. Following two anomalous years in 2009 and 2010, when trade decreased sharply as a result of a global economic downturn, exports from Jordan first stagnated and then fell, decreasing by 8% from 2011 through to 2015, while imports initially rose through to 2014 before recording a 10% drop in 2015. A key difference between the Syrian conflict and the earlier 2003 Iraq war and its aftermath is the fact that Syria had represented a major trade route for Jordan to Europe, Lebanon, Turkey and some Asian destinations, which has been severely disrupted by the conflict (Abdih, Gamba, & Selim, 2014, p. 6). At the same time, increases in the cost of imports of food and oil contributed to the increased value of imports and Jordan's worsening current account, until the drop of oil prices in 2014 and 2015. As in the Zambian case, these examples demonstrate the critical role played by a country's exposure to essential economic inputs and its dependence on external transport routes, which were more severely affected in the Syrian case than by the earlier Iraq war.

Figure 41: Reported exports and imports by Jordan by trading partner (US$ million and % y-on-y growth)



Source: World Bank (2017)

Changing patterns of trade have impacted not only Jordan's current account, but have also contributed to an increase in inflation. From 2003, inflation increased nearly fourfold to 6.3% in 2006, with food prices accounting for much of the increase. Increased exports reduced supplies available for domestic consumption, while unit prices of imports increased by as much as 27%, as a result of rising international food prices, as well as the weaker dollar, to which the dinar is linked. At the same time, the arrival of hundreds of thousands of Iraqi refugees increased demand for food, contributing to a spike in prices (Saif & DeBartolo, 2007, pp. 14-15). Higher fuel prices, moreover, had a particularly strong impact on inflation owing to the end of subsidised oil imports from Iraq, which led the value of fuel and petroleum imports to increase by 192% to 2006 (idem, p. 16). The conflict in Iraq thus contributed to inflation, although Saif and DeBartolo demonstrate that these effects were largely linked to increased prices of imported goods, rather than the presence of Iraqi refugees, so that much of the resentment felt by Jordanians towards this population was unjustified (idem, pp. 38-39).

In sum, then, the Jordanian case demonstrates that the effect of conflict on neighbouring countries is rarely clear-cut. A World Bank working paper concludes that the effect of regional spill-over from the first two Gulf Wars on Jordan was largely positive, recognising the increased demand generated by the inflow of refugees as well as the inflow of large amounts of foreign aid (Sab, 2014, p. 12). The main adverse impact, of particular relevance to the local population, has been the increase in food and fuel prices, contributing to rising inflation in the Kingdom. As noted in this section, the arrival of refugees was, moreover, paired with the inflow of large amounts of capital, and earnings from foreign income received by Iraqi households, which was invested in real estate, as well Jordanian companies. Trade statistics also show that not only did exports to Iraq increase, the conflict also appears to have triggered an intensification of trade relationships between Jordan and the rest of the region. Diversion of government revenue to military expenditure does not appear to have occurred, although it is possible that without the onset of the conflict, military expenditure might have declined at a faster rate.

In the case of Syria and the wider regional war with ISIS, on the other hand, the effects of the conflict appear to have been more severe. The dependence on Syrian transport infrastructure meant that rather than creating new trade opportunities, the conflict has contributed to disrupting Jordan's trade flows, or decreasing the competitiveness of its exports by forcing it to rely on a costlier alternative route. Another difference with the Iraqi case appears to be the lower economic wealth and incomes of Syrian refugees, a much larger proportion of which are estimated to be living below national and international poverty lines.

9.3 Belize

Belize, known up until 1973 as British Honduras, is one of the smallest countries in Central America. With an area of 22,966 km^2 it is only marginally larger than El Salvador, yet its sparse population of about 367,000 persons means it has only about a tenth the number of inhabitants of the next least-populous country in the region, Panama, and the country's GDP accounts for only 1% of the region's total. Owing to its comparatively small size, the country has regularly been treated as an afterthought in publications covering Latin America or Belize's immediate neighbourhood, with academic and journalistic works frequently making no mention of the country at all (Ergood, 1991, p.

257). Little has changed in more recent years, as studies focusing on the country and its particular social and developmental context remain scarce, and have largely focused on changes in trade relationships, the resolution of Belize's border dispute with Guatemala, and its particular ethnic makeup. In studies of cross-border issues such as internationalised crime and drug trafficking in neighbouring countries, Belize receives similar scant mention, with one extensive study of criminal activities in Guatemalan border communities managing to omit the country from a regional map altogether (Espach, Meléndez Quiñonez, Haering, & and Castillo Girón, 2011, p. 3).[34]

From the perspective of this study, however, Belize represents an exemplar case. Both in colonial times and its subsequent independence, the country has generally been stable, with no major incidences of civil conflict within its borders. Internationally, its only conflict has been in the form of a protracted border dispute with Guatemala, after the latter's rejection of an 1859 border treaty with Great Britain. Despite having been granted the right to self-government from 1964, the disagreement with Guatemala served to delay Belize's independence until 1981, and hampered its integration with other economies in Central America. Yet, while occasional threats and tensions overshadowed relations between the two countries and led to the deployment in 1972 of a British fleet and troops to ward off risk of invasion, actual conflict between the two countries and Britain, was avoided. Belize's exposure to armed conflict, therefore, has been limited to the decades-long civil war in Guatemala, making Belize a nearly ideal case study for spill-over effects of armed conflict.[35]

The conflict in Guatemala ran from 1960 to 1996 and was fought between the militarily-controlled regime and left-wing insurgents with support among the rural poor and marginalised Maya and Ladino ethnic groups. Following a US-sponsored coup in 1954, Guatemala's military dictators reversed land distribution programmes to restore power to landed elites and clamped down on labour unions and leftist political parties. Following a revolt in 1960, disenfranchised military officers founded an insurgent movement that sparked the beginning of an armed conflict in the country and a brutal government response. By the late 1970s, rigged elections and political repression had evolved into mass executions, with the northern Maya population in Petén bearing the brunt of the violence (Palacio, 1989, p. 189). From 1982 onwards, the massacre of communities was followed by the resettlement of survivors to villages re-modelled in the vision of the regime, which in practice

[34] In this study, the introductory map lists the "Caribbean Sea" where Belize ought to be situated.

[35] It should be noted that Belize was, to a lesser extent, also affected by armed activity in Honduras (with which Belize shares a maritime border) and El Salvador (separated from Belize by Guatemala and Honduras). The violence in these countries was, however, of a smaller scale and resulted from rampant crime rather than a political conflict. While Belize hosted several thousand refugees from these countries, these figures and overall impact were dwarfed by the much larger-scale guerrilla and counterinsurgency campaign in Guatemala, which directly borders Belize both the west and to the south.

subjected villages to full control by the army and aimed to destroy sociocultural identities in what has been described as an act of genocide (idem). By 1986, international pressure had succeeded in putting into power an elected government, but failed in instigating meaningful democratic reform. Political repression restricted the role of opposition parties and allowed the army to continue and even intensify its campaign of terror up until the early 1990s, after which a number of further democratic transitions (and one failed autocoup) gradually re-established civilian control over the military and a peace process got underway leading to the cessation of hostilities by 1996.

The extent of any involvement by Belize in the conflict in Guatemala has only recently been revealed. As early as 1957, the US government had harboured fears that communist guerrillas in the Petén province might seek to use Belize as a sanctuary or staging ground for attacks in Guatemala (Thorndike, 1983, p. 85). In 1978, a Guatemalan memorandum suggested that increased contact between Belize and Nicaragua, whose Sandinistas supported the guerrillas in Guatemala, could pose a potential threat if it led Belize to lend more active support (idem, p. 90). There is no indication that Belize was inclined to provide any assistance to the guerrillas, but one Belizean agent suggests that guerrillas may nevertheless have considered Belize a safe haven, believing the country to be sympathetic to the communist philosophies of the insurgents (Goodin, 2016). In an investigation of documents released in the British National Archives, the VICE magazine found that guerrilla camps were certainly believed to exist within Belizean territory. Following information obtained in 1983 from a guerrilla informant, these camps were actively targeted by British intelligence and surveillance operations and border patrols (Miller, 2016).[36] There is no evidence, however, to suggest that Belizean authorities knew of or supported the existence of these camps, and it is more likely that Belize's low population density, dense jungles and porous border rendered the country well-suited to the movements of guerrillas.

9.3.1 Trade disruption, diversion and opportunity cost

The case of Belize differs from the Zambian and Malawian case studies in the critical point of geography. Whereas Zambia and Malawi were dependent on their neighbours for access to the sea and found their routes disrupted by conflict and tumultuous political relationships, in the case of Belize and Guatemala, it is Belize which exercised partial control over Guatemala's access to the sea.

[36] The documents reviewed by VICE also suggest that British forces cooperated with the Guatemalan military, which at this time was known to be involved in gross human rights violations (idem). Such cooperation was seemingly motivated by a concern that a guerrilla presence could motivate an attack on Belize, even though the threat of invasion was considered unlikely by British sources as of 1983. One document obtained by VICE suggests that Brigadier Pollard, the commander of the British forces, "was most concerned to reassure GAF (Guatemalan Armed Forces) that if they acquired any hard intelligence on either Guatemalan guerrillas harboring in Belize or on arms being transported to Guatemalan guerrillas through Belize, and provided GAF passed it to us, [British forces] would take action on that intelligence, as [these forces] had done in the recent alleged guerrilla camp" (Miller, 2016).

Guatemala borders the Pacific Ocean along its western coast, and borders the Atlantic Ocean along a short stretch of land straddled between Belize and Honduras. As such, Guatemala does have its own sea ports on both sides, but for the country's northern Petén department access through Belize would provide a more direct and lower-cost means of transport.

Owing to the tensions between Guatemala and Belize, however, the development of the Petén basin occurred along a southerly route, rather than the route east to Belize, which hampered its development, acted as a source of resentment to Guatemala as it considered Belize to be the cause of such deprivation, and was an important factor in the territorial dispute between the countries (Mayr, 2014, p. 281). In a 1978 memorandum, for instance, proposals had been drafted that provided Guatemala with guaranteed access to port facilities in Belize city, included proposals for the construction of a new connecting road, and suggested adjustments to the sea boundary between the two countries (Thorndike, 1983, p. 89). In the subsequent London Accord of March 1981, six months before Belize's independence, key points of the agreement included unimpeded port access, reciprocal use of customs-free facilities in both countries and Guatemala's freedom of transit on Belizean roads, and agreement on the construction of oil pipelines further improving connections into inland Guatemala (Thorndike, 1983, p. 93). Ultimately, the agreement was not implemented, however, owing to fierce protests both in Belize and Honduras, which condemned the area to another decade of political tension and stagnant trade relationships (idem).

An analysis of Belize's trade dependencies is of direct importance not only to understanding its relationship with Guatemala, but also to the assessment of any opportunity cost that may have resulted from the civil war in Guatemala. Belize's territorial dispute affected its trade relationship with Guatemala as well as the rest of Central America, as opposition by Guatemala delayed Belize's entry into the Central American Common Market (CACM) until 2000, after the end of Guatemala's civil war. Since then, Belize's reported trade with Guatemala and the rest of the region have increased, but even after 15 years, still account for only 2.9% of Belize's exports and 11.9% of its imports.

Some of these figures should be interpreted with caution, as Belize's trade imbalance may be considerably smaller than is implied by these figures, given that agricultural exports in the form of cattle and basic grains from Belize to Guatemala frequently go unreported (Bulmer-Thomas, 2013, pp. 31-32). Yet, even if exports approximate the value of imports, Belize's trade with the region remains well below what gravity trade models would otherwise predict. Low levels of trade appear to have less to do with the region's political relationships than with the structure of the Belizean economy. As early as 1968, a report by the Economic Commission for Latin America (ECLA) had warned against closer integration on the basis that Belize's underdeveloped economy, mostly based on primary production, differed fundamentally from the more advanced level of industrialisation achieved by most other countries in the region (Thorndike, 1983, pp. 69-70). Little has changed today, with a high concentration of exports among a small number of companies and products, amidst failed attempts to diversify the economy (Bulmer-Thomas, 2013, p. 8).

This thesis, therefore, deems opportunity costs resulting from regional conflict in the context of Belize to have been modest. At the same time, the Belizean case underscores the importance of geography. While Zambia, as a landlocked state, was dependent on its neighbours for access to sea ports and continues to face inflated costs of transport, Belize's position on the Gulf of Honduras has given it easy access to transatlantic trade routes, and insulated the country from the type of disruption encountered in the Zambian case.[37]

Table 18: Belize's exports and imports from 1995 to 2015 (US$ million)

	1995	2000	2005	2010	2015	CAGR	Share (2015)
Exports							
USA	57.1	107.6	111.7	142.1	129.0	4.2%	39.6%
UK	68.5	47.9	41.3	68.6	81.2	0.9%	24.9%
CARICOM	5.5	9.0	22.9	17.5	32.3	9.2%	9.9%
CACM ex. Guatemala	0.2	0.6	0.4	13.8	3.4	15.3%	1.0%
Guatemala	0.4	1.5	1.4	25.0	6.3	14.4%	1.9%
Mexico	4.5	2.1	9.1	8.7	14.9	6.1%	4.6%
Canada	6.9	3.8	0.1	0.7	1.7	-6.8%	0.5%
China	0.0	…	0.0	1.3	3.5	50.4%	1.1%
Rest of world	18.5	26.5	20.5	27.4	53.6	5.5%	16.4%
World	**161.7**	**198.9**	**207.5**	**305.1**	**326.0**	**3.6%**	**100.0%**
Imports							
USA	139.7	221.7	176.2	241.0	343.4	4.6%	33.7%
UK	16.2	11.5	8.3	10.8	23.4	1.9%	2.3%
CARICOM	12.7	13.9	14.7	14.8	32.1	4.7%	3.1%
CACM ex. Guatemala	3.0	12.1	18.3	27.6	46.1	14.6%	4.5%
Guatemala	6.9	12.0	28.8	55.0	75.2	12.6%	7.4%
Mexico	28.5	41.1	51.0	69.4	107.8	6.9%	10.6%
Canada	7.9	9.4	6.1	5.9	8.3	0.3%	0.8%
China	2.0	3.2	9.8	74.5	102.5	21.9%	10.1%
Rest of world	41.3	118.9	124.9	202.5	280.1	10.0%	27.5%
World	**258.2**	**444.0**	**438.1**	**701.6**	**1,018.9**	**7.1%**	**100.0%**

Source: Inter-American Development Bank (2017)

[37] The argument on opportunity costs here might also be applied to the case of Zambia. In Zambia as well as Belize, limited diversification of export products has meant that both economies have been poorly aligned with the import requirements of neighbouring states, leaving trade in both countries heavily geared towards Western and Asian markets, including the US, the UK and China. As such, it is doubtful whether greater stability in southern Africa would have contributed to a significant increase in trade between countries in the region – although it is possible, as argued in chapter 4, that a reduced emphasis on import substitution could have provided a greater impetus to the development of export-oriented industries.

9.3.2 Refugees and economic migration

Refugees started to arrive in Belize in the late 1970s, with new arrivals continuing for over a decade into the late 1980s, alongside thousands of refugees fleeing violence in El Salvador. Official UNHCR statistics report a peak of 7,000 Guatemalan refugees in Belize in 1988, alongside some 3,000 refugees from El Salvador and some 30,100 refugees from unknown origin, but likely representing a further population of Mestizos, Maya and Garinagu from Guatemala (UNHCR, 2017). As in previous case studies, these movements largely followed historical patterns of migration, with new arrivals blending in easily into the local population and not readily differentiable from Belizean-born kin. As a result, actual numbers of immigrants, not formally considered to be refugees but sharing many of the same characteristics, were likely considerably higher. In 2000, the census suggested that 11% of the 240,000-strong population were Central American immigrants. Mayr, however, points out that an additional 50-60,000 illegal immigrants likely resided in Belize, so that the total number of immigrants, many of whom were Guatemalan refugees, might have amounted to more than 28% of the total population (Mayr, 2014, pp. 279-280, 306).

As in previous case studies, newly-arrived immigrants settled in both government-designated locations, as well as in informal settlements on the outskirts of Belize’s urban centres, as described by Collins. In villages created specifically for this purpose, registered refugees received assistance in the form of a land grant, access to basic services, and financial aid. Many immigrants, however, chose to settle in the country illegally, owing both to the presence of ethnic kin, as well as the government’s limited ability to enforce immigration laws, culminating in a 1984 amnesty of thousands of migrants. These refugees, too, received significant assistance from civil society groups and international organisations, with many obtaining land ownership, and engaging in economic relations with local Belizeans (Collins, 1995, pp. 21-29).

Given the extraordinarily low population density of Belize as well as the shortage and high cost of labour, the arrival of tens of thousands of immigrants might be seen as having represented an injection of a much-needed, scarce resource into the country’s economy. Mayr argues that access to such low-cost labour was “an important prerequisite for a country wanting to attract investment” and that given the mostly rural background of immigrants, their presence “would have provided an indispensable labour force for the realization of the government’s plans to foster agro-industrial development” (Mayr, 2014, pp. 279-282). However, despite the abundance of land in Belize, much of the land is not arable, or held in government or private hands, leaving little space for land development other than through illegal squatting. Consequently, few new farming communities emerged around the formal refugee villages, and many instead settled in the border area or became wage labourers in the banana industry in the south of the country (idem, p. 282).

The arrival of refugees in such large numbers in comparison to Belize's small population had a significant impact on the country's ethnic balance. Whereas in 1980 Creoles represented the largest population group in 1980 at around 40% of the total population, by 2010 migration had reduced their share to only 25%, while mixed-race Mestizos had grown from 30% to 49% over the same period (Mayr, 2014, p. 279). By all accounts, even though integration of the new arrivals was relatively smooth in most rural communities, the arrival of new immigrants nevertheless triggered predictable xenophobic profiling, including familiar stereotypes. Shoman, for instance, refers to a statement by Attorney General Courtenay in 1984, accusing a "wave of aliens" of having contributed to the spread of "debilitating, contagious and communicable diseases" and a "clear tendency to subvert the way of life" through various criminal behaviours (Shoman, 2010, pp. 17-18). Similarly, immigrants were blamed for competing with Belizean-born residents for jobs, access to social services, and were thus accused of setting back the development of the country (Mayr, 2014, p. 307).

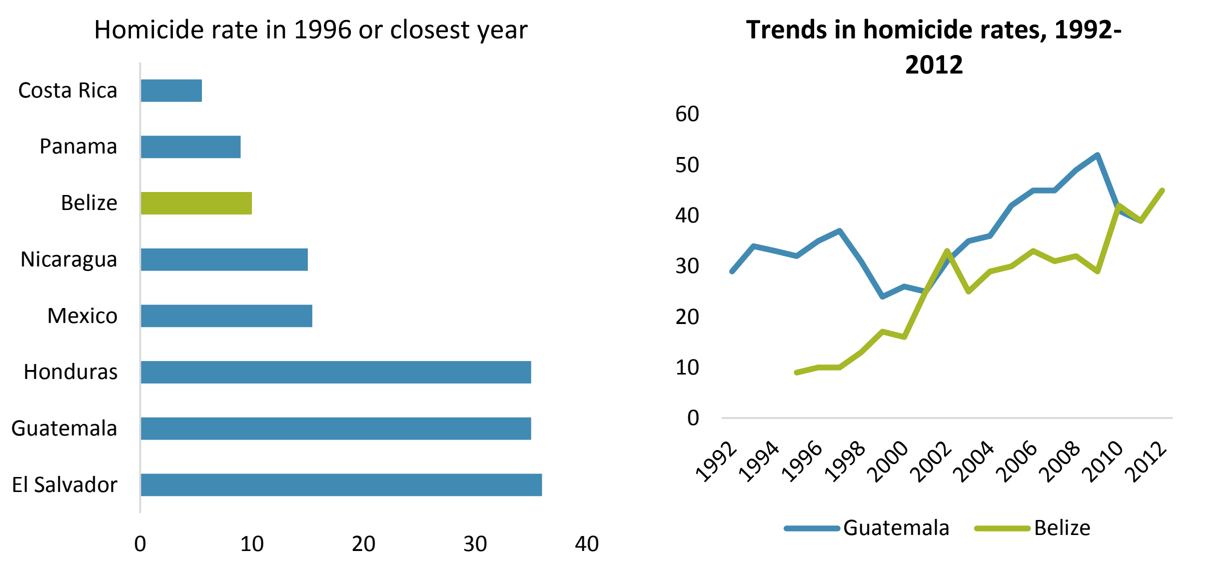
9.3.3 Internationalised crime

An analysis of homicide rates in Belize, Guatemala and other countries in the region reveals a more complex story, however. As per crime statistics as summarised in Figure 42 , by the end of the conflict in Guatemala in 1996, murder rates in Guatemala had escalated to 35 homicides per 1,000, rivalling those of Honduras and El Salvador and jointly the highest in the region. Yet, despite the inflow of refugees from these states, Belize's murder rate by 1996 remained at merely 10 per 1,000 - below that of any of its immediate neighbours, including Mexico. While statistics on murder rates prior to 1995 are not available for Belize, it would thus seem that even with the influx of large numbers of refugees with illegal or economically uncertain status in the country, crime rates did not increase to the extent that anti-immigrant rhetoric in media and government statement implied at the time.

A dramatic turnaround, however, occurred not during the conflict itself, but immediately following the conclusion of the final peace agreement. In Guatemala, after an initial peak in the homicide rate in 1997 at 37 homicides per 100,000, murder rates following the conflict steeply declined and averaged 25 per 100,000 from 1999 to 2001. Even though this still represents an elevated rate compared to other regional peers, including Mexico and Costa Rica, the timing of this decline suggests that some peace dividend was secured in the form of a return to law and order, albeit the effect ultimately proved temporary. The most striking observation from the statistics shown in

Figure 42, however, is not the decline in murder rates in Guatemala, but rather the steep increase in violence in Belize, showing a degree of convergence with levels of violence in Guatemala. From 1996 to 2002, homicide rates rose to peak at 33 per 100,000, roughly similar to the level of violence recorded in Guatemala at the end of its conflict. Murder rates have continued to increase in Belize and by 2012, the last year for which data is available, had reached 45 per 100,000, having been on par with Guatemala in the previous year and representing a regional high, below only the level of Honduras which suffered from an astonishing 86 murders per 100,000 in 2012.

Figure 42: Comparison in trends in homicides per 100,000 population (1965-2000)



Source: UN Office on Drugs and Crime (2017; 2007, p. 55); Observatorio Centroamericano sobre Violence (Observatorio Centroamericano sobre Violencia, n.d.)
Notes: Figures include refugees, persons in refugee-like situations, asylum seekers, returnees, and other persons of concern; homicide rate for El Salvador shown in chart on the left is for 1999

The timing of the escalation of violence in Belize directly following the end of the Guatemalan conflict is, I argue, no coincidence and may instead be linked to the emergence of Guatemala and Belize as hotbeds for drug traffickers. In the 1980s, the culture of general lawlessness, impunity and corruption that had taken hold of Guatemala under its military regime permitted cartels to penetrate the country at every level, seeking routes for the shipment of cocaine from the south to the lucrative US market. With impressive speed, Colombian traffickers succeeded in establishing drug networks with extensive links to military intelligence, politicians, and others in positions of power. Military collusion with such criminal networks was evident from the numerous airstrips that appeared in the immediate vicinity of army bases and installations, in a tragic act of corruption and betrayal of the civilian population (Espach, Meléndez Quiñonez, Haering, & and Castillo Girón, 2011, pp. 9-11). Spill-over into Belize was inevitable, given its access to the Atlantic Ocean and its vicinity to the territories of the Mexican drug cartels, thus providing a sea route to the US. The border area of Belize and the Petén department in northeast Guatemala, the country's largest department, thus became a base for the narco-traffickers, with the area deteriorating into "a centre for kidnapping, drug-trafficking and illegal weapons into Belize and vice versa" (Mayr, 2014, pp. 281-282).

The winding down and eventual end of the Guatemalan conflict fuelled rather than disrupted the development of criminal networks. As described by Esbach et al. (2011), the reduction in the army's counter-insurgency mission in the 1980s exacerbated opportunities for corruption, with the cartels extending their influence within military institutions. After the end of the conflict, the number of enlisted soldiers was cut from 44,000 in 1997 to 16,000 by 2009, leading to the demobilisation of thousands of soldiers. It is likely that these troops' pre-existing connections to traffickers, their loss of their traditional livelihood, and exposure to violence made them ripe pickings for recruiters of local and international cartels. The reduction in the military's strength also further reduced the country's already limited ability to police its own territory, borders or airspace. As of 2011, Esbach et al. estimate that as much as half of the country's territory had fallen under control of criminal groups, with the Petén area and the border zone of Belize particularly devoid of any state security presence (Espach, Meléndez Quiñonez, Haering, & and Castillo Girón, 2011, pp. 1, 9-13, 33). Concerns over intelligence sharing between former rivals and military institutions fraught by corruption remain obvious roadblocks, so that little intelligence is exchanged between Guatemala and Belize, further obstructing efforts at confronting the pervasive influence of the drug gangs (Bulmer-Thomas, 2013, p. 35).

Although the connections between the criminal landscape in Guatemala and its history of conflict can thus be readily established, the extent of the impact of these developments on Belize has received little attention. This thesis argues that the breakdown of the relative safety and security of Belize has been the direct result not merely of the conflict in Guatemala, but more particularly of the *end* of the conflict, and provides an important warning as to the dangers of demobilisation and the importance of post-conflict security cooperation between neighbouring states. The risk of spill-over of organised crime during or post-conflict is, of course, dependent on the specific geographical, political and economic opportunities and incentives for such activity, and has not been identified as a major factor in the context of the case studies in southern Africa. Nevertheless, the Belizean case provides a harsh lesson in that the end of a civil war may pose security threats as severe to the wider region as any ongoing conflict might.

9.4 Thailand

The Kingdom of Thailand differs from the other case studies in this thesis in several aspects, but one important observation is the fact that it is the only country reviewed here not to have been subject to a colonial power. Despite being encircled by British colonies to the west and south (Burma and Malaysia) and French colonies to the east (the Indochinese states of Laos, Cambodia and Vietnam), the Siamese rulers successfully negotiated and played off the two rival powers in the region to maintain its own neutrality and independence. The historical origins of the Thai state thus render the country a rare exception not only in Southeast Asia, but also among its peers of developing countries and emerging economies.

Politically, Thailand ranks as one of the most unstable in the world, having experienced a total of 19 military coups since the establishment of its first constitution in 1932. Despite brief interludes of semi-democratic rule, including the most recent period from 2007 to 2014, the country has thus been under a military dictatorship for most of its modern history. In this, the country bears some semblance to other case studies reviewed here, in that it is a common feature of states facing regional conflict to adopt a siege mentality that both legitimises and perpetuates autocratic rule, in one of its various guises. Ignominiously however, Thailand's poor stability has been matched by another claim to infamy in having adopted an astonishing total of 20 different charters and constitutions since the Siamese Revolution, leading it to defy most attempts at a comprehensive analysis of its political history.

Nevertheless, it is a testimony to the nation-building abilities and diplomatic skills of the Siamese kings that since the unification wars of the 18th century, the territorial integrity of modern-day Thailand has never seriously been threatened. Like the other case studies in this thesis, and the reason for its selection, Thailand has never been exposed to any large-scale conflicts within its own borders, since the inception of the state in its modern form. That is not to say that the country has been entirely free of political strife or even of violent uprisings, as aside from the numerous interventions by the Thai military, the country has been exposed to a number of insurgencies. From 1963 to 1983, when Southeast Asia was caught in the trappings of the Cold War, a communist insurgency also took hold in Thailand. At one point as many as 12,000 Thai troops were deployed to stamp out the guerrilla forces, but the insurgency was mostly confined to the country's northeast and during the peak of the conflict from 1972 to 1973, the total number of combatant deaths was estimated at around 2,000 – a significant amount, but vastly overshadowed by the much larger conflicts in Burma, Cambodia, Laos and Vietnam. In southern Thailand, low-level separatist violence has also afflicted four of Thailand's southernmost provinces ever since 1948, with the conflict having turned more violent since 2001. However, this conflict has largely remained localised and has had limited impact over the period that this chapter focuses on, when the region experienced its most severe conflicts.

Large-scale conflict in southeast Asia first erupted in the 1950s with the start of the Vietnam War. Although Vietnam does not border Thailand directly, it has been included in this case study owing to the scale of the conflict, the degree of internationalisation and Thailand's direct involvement as a base for US operations, as well as its pervasive effect on the region's politics and subsequent conflicts in Cambodia and Laos. Known locally as the "American War", the conflict in Vietnam aligned Western powers against a communist alliance as part of efforts to contain the spread of communism, with Thailand feared to be at risk of being the next state to fall under its influence. The conflict escalated in the 1960s and would ultimately result in as many as 5.4 million war deaths, although estimates of the total death toll vary widely and may underestimate vast amounts of conflict-related but non-violent civilian deaths. Nearly as severe, in terms of the intensity and ferocity of the loss of life was the conflict in Cambodia. While the civil war from 1967 to 1975 resulted in the deaths of several hundred thousand persons, the actual war was only the prelude to the large-scale destruction waged by the victorious Khmer Rouge regime, deemed responsible for the deaths of as much as two million people or an astonishing one-fourth of Cambodia's total population at the time. The genocide was ended only by the invasion of Vietnamese forces, resulting in a decade-long occupation of Cambodia by a Vietnamese regime that Thailand deemed to be a direct threat to its national security, pitting the two states against one another without the comfort of Cambodia as a buffer zone.

Meanwhile, conflict had also erupted in both Laos and Myanmar. In Laos, a "forgotten war" was waged between many of the same powers involved in the Vietnam conflict, although the conflict was largely hidden from public view, despite billions of dollars spent on the conflict by the US alone (Haney, 1973, p. 248). While the main belligerents were, supposedly, the Royal Lao government resisting the communist Pathet Lao, the Laotians have been described as "peace-loving even when – especially when – in uniform" and the conflict might not have reached the intensity had it not been for the involvement of the two sides' international allies (Boyne, 1999, p. 79). As in Vietnam, the conflict in Laos ended with a victory for the communist forces, but would set the stage for a protracted – and ongoing – insurgency as the Pathet Lao embarked on a mission of retribution against the Hmong people, who had fought for the side of the government, resulting in as many as 100,000 deaths over the period to 1980.

In bordering Myanmar a long-running civil war had also gotten underway, as ethnic and communist minorities launched insurgencies in opposition to the newly-formed government and its subsequent refusal to adopt a federalist system of government. Violence had erupted as early as 1948, and continued episodically, with the various insurgencies concentrated in the states bordering China and Thailand. Both states have played an active role in the conflict, in support of insurgent groups as well as in the promotion of ceasefire agreements. At the time of submission of this thesis, the ongoing nature of these insurgencies was once again brought to the fore by renewed escalation of a conflict between the Myanmar central government and the stateless Rohingya people in Rakhine state, including widespread reports of ethnic cleansing.

9.4.1 The US-Thai military alliance in Laos and Vietnam

Thailand, in each of these conflicts, was more than a mere bystander guarding its borders against the threat of foreign invasion, and actively sought to maintain its economic and political interests. To the Thai military government, the struggle against communism in Laos, Vietnam and Cambodia could not be seen as detached from the activities of homegrown communists in Thailand. Communist guerrillas in Thailand were concentrated in the northeast, an area seen as economically disadvantaged, politically uneducated and ineptly ruled, and exposed to Chinese and Vietnamese influence (Kislenko, 2004). The rise of a communist insurgency in the country's northeast meant that these conflicts were seen as the extension of a larger phenomenon. The connections and overt sponsorship of the communist groups by these foreign powers not only lent credence to the "domino" theory that had become a political dogma in the US, but also resonated in Thailand with longstanding fears of separate Chinese and Vietnamese plans to extend their influence and territorial control within Indochina and wider Southeast Asia (idem).

Up until the late 1950s, Thailand's involvement in the armed activity in its border areas was mostly one of silent endorsement of various guerrilla movements that were fighting Burmese, Chinese and communist forces. In Northern Thailand, the Golden Triangle region that also straddles Burma and Laos was already a major producing region of opium, with the drug trade fuelling fierce competition for control over various parts of the region. In Burma, the first insurgencies had already begun in 1948, with several groups passing freely across the Thai border, creating a source of tension between Thailand and Burma (Kislenko, 2004). Also in the North, a group of Chinese nationalists known as the Kuomintang (KMT) was in active conflict with communist insurgents from Laos and Chinese forces. Despite the involvement of the KMT in the opium trade, Bangkok grew increasingly sympathetic to the group as Laotian communists made territorial gains, sponsored political assassinations, and threatened Thailand's national security (Felbab-Brown, 2015, p. 10). At the risk of incurring American displeasure, who feared that support to the KMT would contribute to furthering instability in the region and accelerate the drug trade, Thailand surreptitiously supported the KMT, permitting their settlement and integration with local communities and facilitating the movement of weapons and supplies to KMT bases in the Golden Triangle (Kislenko, 2004).

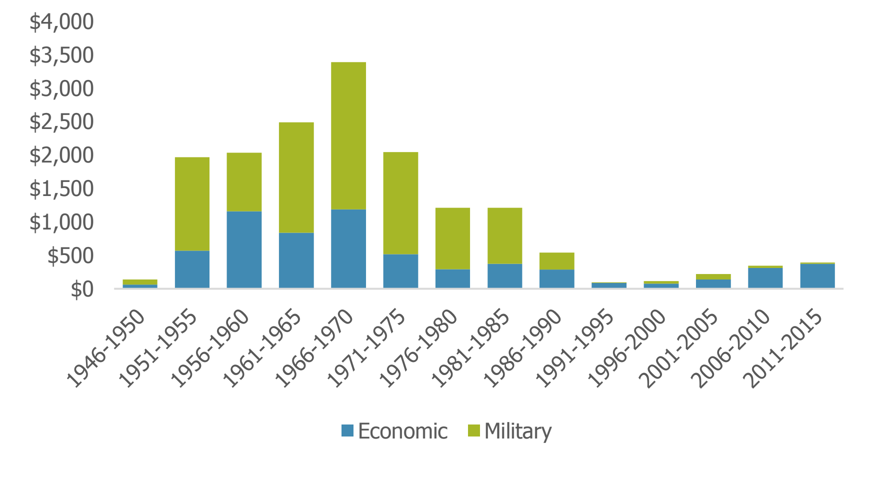
Despite such sources of tension between Thailand and the US, by the late 1950s the two countries had been drawn together in a military alliance geared towards communist containment. As the US sought to support the existing regime in Laos, it committed to fully fund the country's military budget – the only such policy anywhere in the world (Mishra, 2010, pp. 3-4). Given the landlocked nature of Laos, aid to the country was channelled through Thailand, which benefited directly from the extensive military expenditure undertaken as part of US involvement in Laos. By 1960s, three new airfields had been constructed in Thailand, along with improvements in transport and communication networks, under US auspices (Mishra, 2010, p. 5). As tensions increased in the 1960s, Thailand deployed troops to the northeast, with its forces acting alongside US, Laotian government and guerrilla forces. After the collapse of the coalition government in 1962, fighting escalated, and saw Laos split into three zones, with Thai and US forces controlling the western part of the country (Boyne, 1999, p. 80).

If the involvement of Thailand and the US in Laos represented an important test of the two partners' commitment to regional power struggle, the Vietnam war lifted the scale of economic and military cooperation to a new level. As described by Kislenko, Thailand's importance as a strategic base for US air operations increased steadily throughout the 1960s, offering a US$8,000-per-trip saving to B-52s operating out of air bases in Thailand, compared with the next-best alternative in Guam. By 1966, the US had constructed six military bases in Thailand, hosting over 400 airplanes and some 25,000 men, generating large local military expenditure not only in the construction of these facilities but also in the maintenance of this military personnel (Kislenko, 2004). The strong nationalist sentiments in Thailand meant that while the US presence in the country was welcomed as part of a security guarantee, the country's support to the American War in Vietnam was considerably less popular and necessitated awkward denials of the open secret of the air bases and large number of bombing runs operating out of Thailand. Over the period from 1965 to 1968, as many as 1,500 sorties were flown per week, accounting for 80% of all the tonnage of explosives dropped in North Vietnam and Laos. By 1969, when President Nixon began a six-year process of US withdrawal, over 48,000 military personnel were stationed in Thailand, in addition to the off-duty personnel for whom Bangkok was a popular destination for rest and recuperation breaks (Kislenko, 2004).

There is no question that Thailand extracted significant economic advantages from its alliance with the USA and, later and to a lesser extent, through its facilitation of Chinese support to the Khmer Rouge. From 1950 to 1975, the total amount of military aid received by Thailand from the USA reached over 7.7 billion in 2015 constant dollars, while the total amount of US aid added up over 12 billion. Over the years from 1957 to 1975, US assistance amounted to approximately 2% of Thailand's GDP, of which military assistance accounted for 1.2%, compared with Thailand's military expenditure of average around 2.8% of GDP over the same period. Given the timeline of commitments, US support to Thailand was directly linked to the US operations in Laos, Cambodia and Vietnam. Financial support fell by 40% during the period from 1971 to 1975 compared to the previous five-year period, as US troop withdrawals from the region had already begun, and dropped by a further 41% over the period from 1976 to 1980, after the end of the Vietnam war and the fall of Phnom Penh.

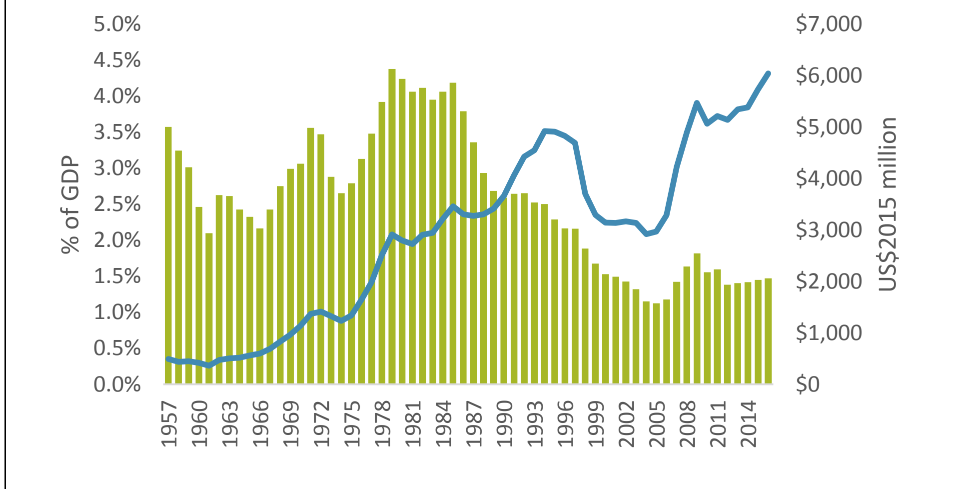
As reviewed by Naya (1971) , writing shortly after the peak of US military commitments to the region, foreign grants accounted for only part of the total financial flows generated by the Vietnam war and related conflicts, as the US military additionally incurred billions of dollars of costs in the form of local expenditure, including the "purchase of local goods and services to be used to construct bridges, air bases, and other military installations; payments of local wages and salaries; and personnel expenditures" including during rest and recuperation breaks (Naya, 1971, p. 33). For example, the Utapao air base in Thailand was constructed at a cost of US$40 million, and employed 2,000 Thai personnel, while generating several communities around the air base to support both the official and personal needs of the servicemen stationed at the base (Kislenko, 2004). From 1962 to 1975, total US expenditure abroad amounted to 292 billion dollars, in real 2015 terms, of which 39% was spent in Asia (USAID, 2017). Expenditures in Thailand accounted for 12 billion of this total – roughly equivalent to the total value of economic and military grants and commitments described above, albeit spent over a shorter period of time. Only Japan, Korea and Vietnam recorded a higher level of expenditure.

Figure 43: US Economic and military assistance to Thailand (constant US$2015 million)



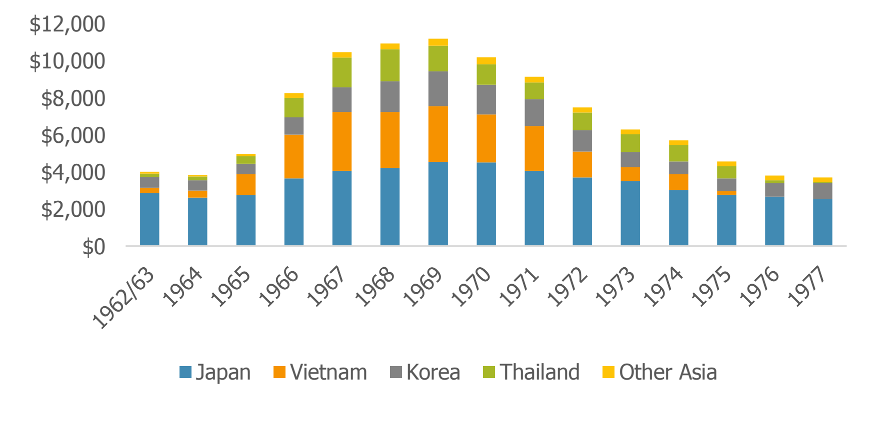
Source: USAID (2017)

Figure 44: Thailand's military expenditure (constant US$2015 million and % share of GDP)



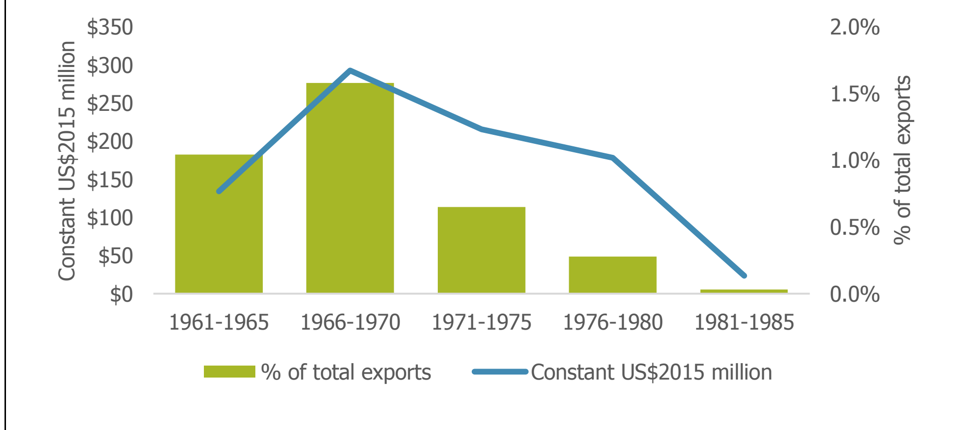
Source: Stockholm International Peace Research Institute (SIPRI Military Expenditure Database, 2017)

Figure 45: US defence expenditure abroad for selected countries (constant US$2015 million)



Source: Naya (1971); Japan includes Ryukyu Islands; some figures for Other Asia estimated for the years 1962-1967

Figure 46: Exports from Thailand to Vietnam (constant US$2015 million and % of total exports)



Source: Barbieri and Keshk (Barbieri & Keshk, Correlates of War Project Trade Data Set Codebook, Version 4.0., 2016) and (Barbieri, Keshk, & Pollins, 2009)

A third factor to be taken into account are the exports reported by Thailand to Vietnam, which increased from virtually nothing in 1960, to a peak of over 108 million dollars, in constant 2015 terms, by 1966. The increase of exports likely resulted from the demand generated by the US military in the support of its personnel. While different goods were imported from various countries, in the case of Thailand, by 1966 nearly 75% of the value of exports to Vietnam was in the form of rice, with various other agricultural products accounting for most of the remainder (Naya, 1971, p. 44). In the case of Taiwan, Korea and Japan, the increase in exports to Vietnam also induced higher imports, ranging between 6-24% of the value of exports, as the need for increased supply also generated additional demand for inputs, with exports from these countries consisting of a larger percentage of machined and other secondary products (idem, pp. 46-47). While specific input-output data for Thailand is not available for these years, as its exports were nearly exclusively in the form of primary products, the percentage of imports to exports would likely have been lower. From 1960 to 1975, total exports to Vietnam amounted to 644 million dollars, in real 2015 terms, with much of this therefore likely to have contributed directly to the local economy.

In total, the cumulative gains to the Thai economy from its support to American forces in Laos, and Vietnam thus amounted to at least 25 billion dollars, in real 2015 terms, from 1955 to 1975. For comparison, the size of the Thai economy between 1957 to 1975 averaged around 28 billion dollars, on the same basis, suggesting that these conflicts contributed nearly a full year's worth of output. These figures also do not consider more opaque effects such as the benefits of the formation of networks with US service personnel, transfers of technology, and possibly some effects on the promotion of Thailand as a tourist destination, popularised by service personnel on their rest and recuperation breaks.

9.4.2 The Khmer Rouge from enemy to ally

In Cambodia, too, Thailand and the US had staged covert operations against communist forces ever since 1958, and as in the Laotian conflict, arms shipments to pro-US groups were shipped through Thailand (Rungswasdisab, 2004, pp. 79-82). It was, therefore, soon inevitable that Cambodia would become an extension of the war in Vietnam. From 1965 onwards, the US bombing campaign was extended to Cambodia, with a total of 230,000 sorties flown through to 1973, with the total amount of ordnance dropped estimated to have been in the range of at least 500,000 tonnes. Many of these missions likely originated in Thailand, despite the US presence having already become a "political flashpoint" (Rungswasdisab, 2004, pp. 79-82). As the wars in Vietnam and Cambodia remained closely linked, the progressive advance of the Viet Cong and the fall of Hanoi was matched by the gains made by the Khmer Rouge, which by 1973 had established effective control over most of

Cambodia, and captured Phnom Penh by April 1975. With the fall of Saigon in 1975 and the US already having withdrawn most of its forces from the region, no intervention would be forthcoming, and Thailand found itself alone confronting communist regimes in Laos, Vietnam and Cambodia.

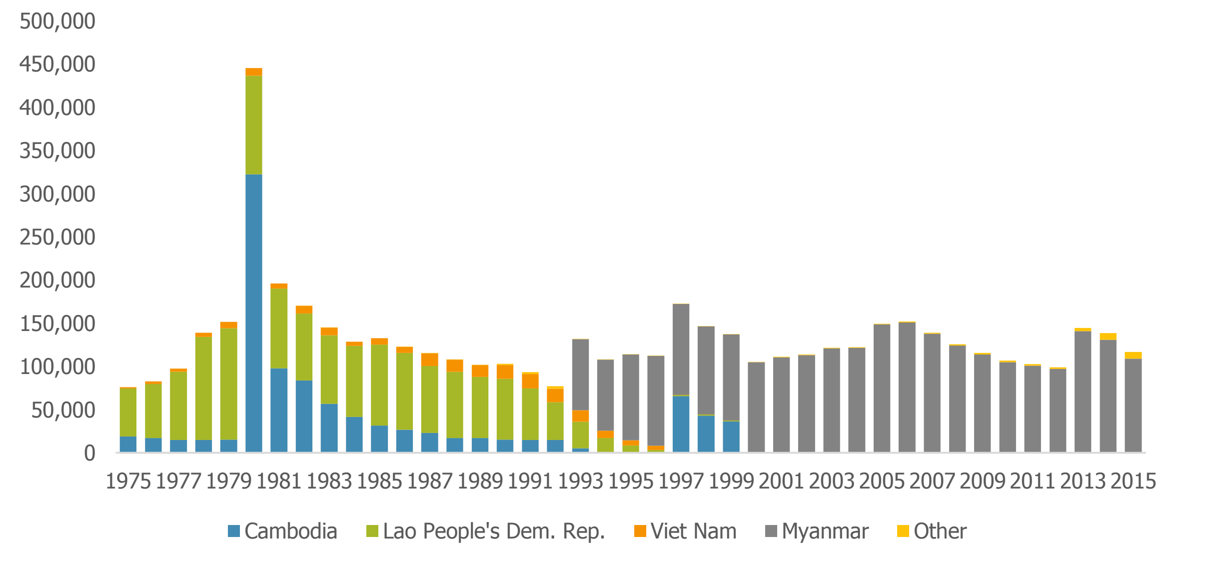
In Thailand, following on from earlier protests in 1973 over the presence of US forces, a subsequent massacre of students at Thamnasat University in 1976 triggered a military coup that put into power an extremely right-wing regime. As the Khmer Rouge consolidated its power and implemented its deathly policies, Thailand embarked on an offensive against the Khmer Rouge resulting in a border war with hundreds of reported invasions of Cambodian forces into Thailand, as well as reports of several massacres of Thai villages, which the Khmer Rouge refused to apologise for on the grounds of the villages having been on territories claimed by Cambodia (Rungswasdisab, 2004, p. 87). Tension between Cambodia and Thailand exacerbated the suffering of the Cambodian people, as Thailand cut off trade in early 1977, intensifying the shortages that had already resulted from the Khmer Rouge's self-imposed policy of economic independence, plunging the country deeper into a state of widespread famine.

With the Vietnamese invasion of Cambodia in 1978, a dramatic reversal of policies occurred in both the US and Thailand. To Thailand, the invasion had removed a buffer zone between itself and Vietnam, which it suspected of seeking to establish an Indochinese federation, and meant that the displaced Khmer Rouge forces were suddenly regarded as the lesser evil. In what has been referred to as an unholy alliance of anti-Vietnamese forces, the Thai, US and Chinese governments sought to derail the newly-installed Vietnamese regime in Phnom Penh by the rebuilding of Pol Pot's forces. The US – incredibly given President Carter's reputation on human rights – continued to recognise the regime and supported its claim to represent Cambodia at the United Nations even while condemning the abuses of the Khmer rouge regime (Fawthrop & Jarvis, 2004, pp. 61-62). As the forces of the Khmer Rouge fled to the Thai border areas, the Thai military and businesses came to act in unison with these forces as part of a lucrative border trade in gems and logs, while simultaneously acting as a conduit for Chinese arms, supplies and hard cash intended for the Khmer Rouge. Between 1979 and 1989, Fawthrop and Jarvis estimate that as much as US$80-100 million per year was delivered to the Khmer Rouge with Thailand's cooperation, which benefited from the exchanges and retained a portion of the shipments (Fawthrop & Jarvis, 2004, pp. 56-58).

Refugees arriving from Cambodia provided a useful pretence for this widescale provision of assistance to the forces of the Khmer Rouge. Refugees from Cambodia had arrived in Thailand in three main waves, before, during and after Pol Pot's reign, with the largest number arriving in 1980, following Thailand's declaration of an open-door policy, aimed more at discrediting the Vietnamese regime rather than at any humanitarian purpose. Ensuring convenient access for units of the Khmer Rouge, the refugee camps had been situated at locations precariously close to the Cambodian border, which left residents dangerously exposed to forced recruitment by the Khmer Rouge, insecurity in the border zone, and internal political violence (Rungswasdisab, 2004, pp. 96-99).

While the Thai military was responsible for providing protection to the camps, the Khmer Rouge had a widespread presence throughout the camps and exerted active influence over refugee movements and distribution of aid. For its part, Thailand demanded that any aid intended for refugees be distributed among all camps in the region – including those under Khmer Rouge control – while simultaneously blocking flows of aid into Cambodia, where as much as 80% of the displaced population remained (Fawthrop & Jarvis, 2004, pp. 56-63). Despite not having acceded to the Geneva Convention on Refugees, Thailand gambled that the international community would assist it with its refugee situation regardless.[38] From 1979 to 1982, around 350 million dollars was spent as part of the humanitarian aid effort, ahead of further aid programmes targeting Thai border villages and providing border relief, where permitted by the army (Rungswasdisab, 2004, pp. 96-99).

Figure 47: Refugees and other persons of concern in Thailand, 1975-2015



Source: UNHCR; owing to inconsistent classification and/or reporting, this chart does not include stateless persons or other persons originating in Thailand; these were reported as less than 10 up until 2007, after which the figure was reported as 3.5 million in 2008 and 2009, before falling to a reported 500,000.

Thailand's support for the guerrilla opposition in Cambodia, aimed at destabilising Vietnam, began to change in the late 1980s, along with its intermittent support for insurgencies in Myanmar. Owing to

[38] As Thailand is not a signatory to the 1951 Geneva Convention on Refugees it does not formally recognise migrants as such, preferring instead a more informal term acknowledging such persons' escape from danger or war, but without bestowing on them any automatic rights or entitlements (Rajah, 2001, p. 15). Some of the refugees in Thailand are, however, considered by the regime to be mere unauthorised workers or economic migrants, particularly where refugees have sought to move out of designated border camps (Isarabhakdi, 2004, p. 108).

the rapid expansion of the Thai economy, previous policies not only seemed outdated but counter-productive, with growth in the country's output not only requiring regional stability, but the development of new markets. Under the government of Chatichai Choonhavan, Thailand's policies thus came to encourage insurgent groups in Burma to enter and respect ceasefire talks, while pursuing de-escalation with Vietnam, culminating in the latter's 1989 withdrawal from Cambodia and the formation of a coalition government in Cambodia.

With respect to the Thai economy, however, the most significant contribution of the conflict in Cambodia and its aftermath may have been the formation of the increasingly strong ties between the Khmer Rouge on the one hand and the Thai military and business community on the other. The combination of an active black market, easy access across the border, and an unscrupulous guerrilla force provided fertile ground for the emergence of a sizeable cross-border trade in illegal gems and timber. By 1990, more than ten years after their initial fall from power, the Khmer Rouge was earning around 100 to 150 million dollars per year from such border trade (Fawthrop & Jarvis, 2004, p. 105). Such large-scale economic activity would not have been possible without Thai involvement. By 1992, Thai companies claimed to have invested as much as 600 million dollars in the lumber trade, causing Thailand to actively oppose efforts to restrict the border trade through UN sanctions or enforcement by UN peacekeepers (Rungswasdisab, 2004, pp. 106-111). It was only with the progressive exhaustion of gem mines that the illegal border trade has finally subsided, leading the Pailin province to finally accept government regulation of the trade only as late as 2000.

9.4.3 Myanmar

Much like the border area with Cambodia, patterns of exploitation and illicit economic activity have also dominated Thailand's western border with Myanmar. Historically, Thai-Burmese relationships have been troubled by memories of pre-colonial invasions into Thai territory. In modern times, the two countries have avoided violent conflict and engaged in trade in the border zones, but thorny issues have continued to cause friction and remain unresolved despite decades of unsuccessful intervention. Aside from the fragility of ceasefires between the Myanmar government and the various armed groups along the Thai and Chinese border, the presence of over a hundred thousand refugees, some of them stateless, remains cause for international concern. Meanwhile the cross-border trade in drugs, timber and gems has ebbed and flowed but defied attempts at a definitive solution.

Traditionally, the border area between Thailand and Myanmar has been populated by the Karen, whose presence has effectively acted as a buffer between the two countries. In the 1950s, in the context of the events unfolding elsewhere in the region, Thai and US leaders had also grown concerned over communist groups in Myanmar, and opted to provide support to the armed Karen groups in an effort to counter-balance this perceived threat (South, 2011, p. 20). As in their relationship with the Khmer Rouge, however, the presence of the Thai military in these border zones led to the involvement of the military in the cross-border trade, gaining logging and gemstone concessions (Chongkittavorn, 2001, pp. 118-119). As a result, the military's economic interests frequently took primacy over policy priorities of the central government, leading to ineffective security policies and contributing to the political instability that has characterised Thailand's political history. Over the course of the conflicts in Cambodia, Laos and Vietnam, the government's attention was increasingly focused to the east, permitting activities on the border with Myanmar to develop largely unchecked.

As described by South and Chongkittavorn, relationships began to change in the 1980s. A degree of economic liberalisation incentivised trade, investment and regular economic border activity, while the Thai regime, at this time, actively pursued improved ties with its counterpart in Myanmar. Among other things, Thai authorities began to exert pressure on the various Myanmar refugees, displaced persons and other immigrants that had settled in the border areas. With the installation of the government of Chatichai Choonhavan in 1988, focus on the promotion of economic growth and new market opportunities accelerated, and led armed activity in the border zone to be regarded as a liability. Even the military crackdown in Myanmar in the end of the 1988 and 1989 would not dissuade the Thai government from stepping up its newfound relationship with Myanmar. By resisting international pressure to denounce the activities of the Myanmar regime, Thailand's military leaders managed to secure advantageous deals. Since 2000, Thailand's has applied greater pressure on the groups in its border areas to participate in ceasefire discussions. Its efforts have borne fruit, amidst announcements of a large-scale investment project at Dawei in Myanmar, along with other planned economic schemes between the two countries (South, 2011, pp. 4-22) (Chongkittavorn, 2001, pp. 118-120).

The improvement in relationships between the two countries has not, however, resolved remaining border issues. As shown in Figure 47, Thailand continues to host tens of thousands of refugees from Myanmar, in addition to similar numbers of illegal migrants, whose legal status and rights remain precarious. While over a hundred thousand refugees have been resettled in other countries, many other refugees continue to be hosted in shelter camps funded with international support (ECHO, 2017). As many of these refugees have effectively achieved a settled status, the population is economically active, with the majority of households reporting some involvement in agriculture, while others have found employment as low-skilled labourers in sectors such as construction, manufacturing and hospitality (Emerging Markets Consulting, 2015). Longer-term solutions for their integration, however, are not yet readily apparent, in part owing to Thailand's lack of participation with the UN Refugee Convention, and the added difficulties of the stateless status of some of the refugees, such as the Rohingya, who as of 2017 were the target of renewed persecution.

A further challenge facing the border area remains its enduring role as one the world's foremost producing regions of opiates and methamphetamines. The drug trade in the area, particularly in the Golden Triangle between Myanmar, Laos and Thailand, has flourished over the course of the decades of conflict in the region, with various armed groups and Thai security forces actively involved in the business and dependent on the trade to finance their activities. As Felbab-Brown describes, Myanmar for several decades maintained a permissive attitude towards the production and trafficking of drugs. As it found that suppression of the trade merely fuelled the insurgency, it permitted armed groups to maintain their stakes in the various illegal border economies as part of their ceasefire agreements, thus guaranteeing the maintenance of these groups' economic interests and pacifying their opposition (Felbab-Brown, 2015, p. 3).

Thailand, meanwhile, has become a major market and transit route for drugs produced in this area. Around the turn of the century, as many as three million tablets per month were being smuggled in the country (Rajah, 2001, pp. 19-20). Following large-scale relocation programmes by the authorities in Myanmar, the displacement of thousands of persons provided a further boost to the manufacture of narcotics, with the Thai army warning of a significant increase in volumes being trafficked (Chongkittavorn, 2001, p. 125). Thailand has responded with the passage of laws targeting supporting activities such as money laundering, as well as the training of village-based militias, followed by a declaration of a war on the drug trade in 2003 (Rajah, 2001; Felbab-Brown, 2015, pp. 3-11). The militarisation of the conflict has led to an escalation of violence, but has yet to stem the narcotics trade, as the area remains one of the epicentres of the global narcotics industry.

9.5 Chapter conclusions

Given the constraints of space, the case studies in this chapter provide a more succinct insight into the exposure of Jordan, Belize and Thailand to the conflicts in their immediate vicinity than the examples of Zambia and Malawi in previous chapters. Nevertheless, even this limited foray into the modern history of the three countries points to a number of recurrent themes. In each of the five cases, for instance, I have explored the effects of the conflict on the movement of refugees and regional trade, which are among the common effects of spill-over. Yet, the studies also demonstrate that effects on refugees and trade are unique to each context, driven by factors such as government policies with respect to local integration or camp settlement of refugees, as well as the structure of economies in the region and the types of products traded between them. In the next, final chapter of this thesis, I elaborate on these points to suggest that the common themes emerging from these case studies give rise to further hypotheses that may inform future qualitative and quantitative studies aiming to assess the role of migration and trade effects of conflict on neighbouring countries.

Aside from such overlapping topics, however, the findings in this chapter also illustrate the unique nature of individual countries' exposure to regional conflict. While some channels such as the trade and migration mechanisms discussed above may apply to a diverse set of circumstances, each of the three cases in this chapter have focused on aspects unique to each individual case. In the case of Jordan, the inflow of capital both from refugees and the aid industry has had a noticeable effect on the economy, but is likely to be specific to its regional context, including the effects of a shared language and culture, and high mobility of capital within the MENA region. In the case of Belize, the effect of the drug trade has been disastrous, but once again is the result of specific regional circumstances, related to the country's position on a transit route between one of the world's largest centres for narcotics production, and its largest end market in the USA. Finally, in the case of Thailand, the emergence of illicit economies focusing on the trade of timber and gems has been directly dependent on the specific endowment in natural resources in each of its neighbouring countries.

The unique nature of each country's experience may explain why (1997), in their study of the spill-over effects of coups and revolutions, could only account for part of the GDP growth effect through effects on trade and military expenditure, and why (2004) fail to find statistically-significant effects for trade, investment and labour effects. Refinements to these studies, as are proposed in section 10.5, may improve the ability of these studies to find meaningful results. However, a key conclusion from this chapter and the thesis as a whole is that spill-over effects are more variable, more complex, and more specific to each particular context than has previously been acknowledged. For this reason, the study of these effects may remain poorly-suited to panel studies and continue to benefit from the type of case studies undertaken in this thesis.

Part 4: Conclusion

10 Conclusion

10.1 Towards a new understanding

The cases of Zambia, Malawi, Jordan, Belize and Thailand, and the introductory example of Portugal, show that there is more to spill-over effects than typically meets the eye. A detailed analysis, such as that undertaken in the main case on Zambia, shows that not only are the effects of conflict on neighbouring countries far from intuitive, but they may evolve over time and trigger policy responses that may carry long-lasting effects.

An example drawn from the 1997 paper by Ades and Chua on the effects of regional instability on economic growth demonstrates the fact that analysis undertaken at different levels of detail may result in contrasting views on the effects of spill-over. In this paper, Ades and Chua illustrate their argument with a brief reference to the case of Malawi, which they summarise as follows:

> *"One classic example is offered by a group of African countries during the early 1980s. Being a landlocked country in Africa, Malawi began facing external transportation problems as civil unrest erupted in neighboring Mozambique. By the mid-1980s, the main external trading routes through Mozambique were fully closed. Shipping had to be rechanneled through Durban in South Africa, which was three to four times the distance of Malawi's earlier trading routes. Already weakened by a persistent drought, the Malawian economy also had to deal with an influx of refugees from Mozambique, and a worsening of the security situation along the borders and external transportation routes"* (Ades & Chua, 1997, p. 280)

While the description of Malawi's history cited above is technically accurate, it is also factually incomplete. Naturally, one cannot fault Ades and Chua for failing to touch on all the subtleties of the case study of Malawi in an argument composed of merely four sentences, but the view presented by Ades and Chua is a traditional one, not altogether distinct from the narrative in the autobiographies of African leaders during this time, who sought to explain the economic failings of their countries by reference to the turmoil affecting the wider region.

In this thesis, I have offered a more nuanced interpretation of the effects of conflict on neighbouring countries such as Malawi. In the Zambian example and supporting case studies, I show that few of the channels by which conflict effects may spill over occur in isolation, and are affected by domestic policies and political agendas to trigger complex interaction effects. These effects may variously exacerbate, mitigate, or wholly offset direct effects of conflict such as short-term disruptions of trade and the movement of refugees. For this reason, an accurate account of the effects of conflict on a neighbouring country cannot be complete without an examination of the various policy responses and long-term structural and ideological changes resulting from regional instability.

With respect to the case of Malawi, for instance, I have shown that during the initial years following UDI, Malawi managed to extract significant revenues from the disruption in regional trade patterns, by supporting imports and exports from Zambia as well as Rhodesia. Similarly, while Malawi faced increased transport costs owing to the diversion of trade via South Africa, at the same time the country benefited greatly from its relationship with the largest economy in the region, via receipts of direct financial aid, investments, and remittances from the many of thousands of workers who went to work in South African mines. With respect to the arrival of refugees, too, the story is more mixed than the brief quote from Ades and Chua above would lead a reader to deduce. While the sudden influx of refugees overburdened Malawi's health infrastructure, food supply and management capacity, their arrival also led to the emergence of a large-scale aid enterprise. While some of the humanitarian assistance abated as refugee numbers fell, developmental aid to Malawi remains at levels considerably above their pre-crisis levels. On the other hand, a subtler, but arguably more damaging effect of the conflicts around Malawi was their role in reinforcing Banda's dictatorial leadership style, by facilitating the establishment of security alliances with Portugal and South Africa, and by turning Malawi into a frontline state in the fight against communism that caused Western countries to turn a blind eye to the repressive practices of Banda's regime.

Even this brief example, therefore, shows that the spill-over effects of conflict are more varied, nuanced, and specific to the particular circumstances of each conflict than previous studies have recognised. This is not to say that the overall effects of the conflict on Malawi were positive, but that the channels by which negative effects occurred may have been misunderstood. Quantitative studies, which have attempted to measure the average effect of conflict, have typically failed to produce statistically-significant results or to explain the variation between individual cases. In this thesis, I argue, first, that these failures may be attributed to an ill-founded assumption that conflicts are likely to have uniform effect. Second, I argue that although the effects that authors such as Ades and Chua (1997), Murdoch and Sandler (2004) and de Groot (2010) have postulated to exist do indeed play a role, but that they only scratch the surface of the true breadth and complexity of spill-over effects.

10.2 An overview of the spill-over effects of conflict

The case studies in this thesis provide a colourful insight into the varied and unique nature of the experiences of countries exposed to nearby conflict, which are summarised in Table 19 at the end of this chapter. In this table, I provide an overview of the various themes and effects that have emerged from the case study of Zambia and other supporting case studies. The table may be considered in conjunction and in contrast to Table 1, included in the first chapter of this thesis, which aimed to provide an overview of the spill-over effects that have thus far been considered in the literature. Whereas many of the effects postulated in Table 1 were drawn from the literature focusing on wartime economies, the overview in Table 19 is the result of a direct analysis of actual examples of countries exposed to neighbouring conflict.

In Table 19 the various **conflict effects** are grouped into distinct themes, roughly corresponding to the structure of the chapters of the main case study of Zambia. The effects listed in the table include direct effects of conflict such as losses of life, displacement and infrastructural damage (resulting as an immediate consequence from acts of violence) as well as indirect effects on trade, foreign investment, food security, diversion of government budgets, and illegal activities. Many of the effects postulated in Table 1 have been included in the table, but have been elaborated with specific references to the actual circumstances encountered in Zambia and the supporting case studies. In addition, Table 19 includes effects that only emerged as a result of the historical analyses of the various case studies, and have not previously been made explicit in the existing literature.

The framework also highlights the **risk factors** that have been identified as contextual factors that, in the case studies included in this thesis, affected the nature and outcome of these individual spill-over effects. These include risk factors that may be deemed fully-independent of the onset of conflict, such as those related to geography and climatological factors. In addition, the framework includes risk factors that are not technically independent to the onset of conflict, but may reasonably be deemed external to the countries in question. Examples of such factors include the perceived strategic position of the conflict zone, its geopolitical context, or the economic status of the country before the onset of civil war. Finally, risk factors shown in the framework include some of the basic parameters of the conflict, albeit limiting these purposefully to those parameters deemed to be outside of the control of the neighbouring country, such as the ethnic composition or age profile of refugee populations, the pre-existence of insurgent groups, or the political affiliations of various combatants.

Thirdly, the framework also lists a set of **policy responses** that include various strategies that countries may adopt in response to these conflict effects. The policy responses shown, it should be noted, are not intended to be prescriptive and should not be considered to be best practices, but rather represent those that emerged from the case studies in this thesis. As such, they include practices such as import substitution, price controls, participation in sanction busting, the bargaining of humanitarian access, and retaliatory actions that can hardly be considered recommended actions, but equally cannot be denied as representing possible strategic options to countries exposed to nearby conflict.

The framework shown in Table 19 is necessarily incomplete, having been compiled from the finite set of case studies covered in this thesis. While these case studies span the globe, and are focused on different periods ranging from the late 1950s to the present day, such a selection cannot cover the full variation likely to be encountered in further examples of countries exposed to regional conflict. Despite recurrent themes, a number of the issues highlighted are unique to the specific circumstances of each case. Examples include effects on food security in the cases of Zambia and Malawi, the impact on property prices in Jordan and Thailand, or the impact on transnational crime in Belize and Thailand. For this same reason, although the framework shown provides a more comprehensive overview of spill-over effects than available to date, future case studies will inevitably reveal further mechanisms not yet included in Table 19.

10.3 Key findings

In the introduction, the key argument of this thesis was set out, challenging the prevailing view that spill-over effects are composed of a limited set of mechanisms with a uniform impact that can usefully be analysed by means of their impact on GDP growth. Instead, this thesis provides an alternative view, based on the evidence in preceding chapters and the summary in Table 19, to argue that the nature of spill-over effects is more ambiguous, composed of both positive and adverse effects, the impact of which is highly dependent on context. Expanding on these points, the main findings of this thesis may be summarised in four conclusions as outlined below.

Conclusion 1: Most of the channels through which conflicts affect neighbouring countries do not have a clear positive or negative economic impact.

In this thesis, I have reviewed effects on trade, investment, the movement of refugees, military expenditure, agricultural production, food security, health, crime, and foreign aid. Among these, some conflict risks may be deemed to have an unambiguous, adverse impact on growth and development. For instance, the effects of cross-border insecurity on the placement of mines, the depletion of natural resources at the hands of armed combatants, the psychological damage of severed family ties or exposure to violence, and increases in transnational crime have clear, undesirable consequences on neighbouring countries. Such clear-cut effects are comparatively rare, however, with most other spill-over mechanisms characterised by complex, contradictory effects.

With respect to trade, the case study of Zambia highlights the disruptive effect of sanctions on the Zambian economy, through reduced access to trade routes, increased transaction costs, and shortages of key inputs such as fuel and fertilisers, and manufactured goods. On the other hand, the case of Malawi discussed in the beginning of the chapter provides a clear contrasting example of a country where trade intensified as a result of conflict, highlighting that the effect of sanctions on nearby economies is not self-evident. Moreover, even in the case of Zambia, this thesis has also shown that disruption can be a catalyst for change and investment. For instance, the country's pursuit of large-scale infrastructural investments was directly linked to the political instability in Rhodesia, and while Zambia's access to foreign capital was aided by its increased profile on the world stage. On the flipside, however, these projects contributed to further indebt the country, providing a further example of the multi-faceted nature of these effects. In other examples, the case of Portugal included in the introduction to this thesis, highlights the effect of the war on Portugal's exports of tungsten, while the case of Belize challenges the significance of opportunity costs resulting from the conflict in Guatemala. Finally, the analysis of Jordan provides an example of a context where conflict in the region contributed to intensify trade between other countries in the region. Spill-over effects on trade are, in other words, all but uniform.

Similarly, with respect to foreign investment, in the chapters on Zambia I describe the various disincentives to investments in the mining industry in the 1970s and 1980s, which I partially attribute to the effects of conflict. On the other hand, referencing Zambia's experience preceding and during First and Second Congo War, I argue that rather than being harmed by this regional instability in the DRC, the perception of risk drove billions of dollars of investment to Zambia's mining industry, despite the geological inferiority of its deposits. In the case of Jordan, I also show that the conflict in Iraq contributed to an inflow of capital, resulting from capital flight, the movement of refugees, and the arrival of the foreign aid industry. Inflows are apparent in business registrations as well as the stock market, but also in the inflation of property prices – although this latter effect is itself an example of an ambiguous outcome, with differential effects between property owners and renting households.

As a third example, in the case of military expenditure, the Zambian case study confirms the expected effect of an increase in spending. This thesis has shown that an increase in spending on Zambia's regular forces did occur, alongside additional support for guerrilla movements. On the other hand, such spending was curtailed by the obvious military imbalance in the region that meant Zambia never sought to challenge Rhodesian or South African superiority, and was partially offset by financial assistance to armed groups based in Zambia from other African countries. In the case of Malawi, this thesis notes that a conflict can deter military expenditure by triggering the formation of security alliances, while the breakdown of these alliances or the defeat of an allied party can trigger an escalation in costs. In a very different case, Thailand represents a country where the costs of increased military expenditure were borne by a foreign power, with the country having benefited significantly from economic and military aid received over the course of the Vietnam War, in addition to the local spending of American forces. Jordan, too, represents a more recent example of a country in a similar support position to an international force.

In all of these cases, the effects on neighbouring countries are considerably more complex and far less clear-cut than the prevailing literature would imply. Few of these mechanisms therefore lend themselves to generalistic statements, and require a context-specific approach.

Conclusion 2: Some of the most profound effects include changes to political philosophies and developmental strategies that have no obvious relationship to foreign policy.

The effects highlighted under the previous conclusion each have a clear foreign policy dimension. Trade, investment, military expenditure and other similar effects such as the movement of refugees or the inflow of foreign aid all have a direct relationship to a neighbouring country's international position and relationships, and have thus been the obvious focus of attention in previous studies of spill-over effects.

The example of Malawi highlighted in the beginning of this thesis already highlighted that domestic developments cannot be seen as separate from their international security context. In Zambia too, the promotion of a siege mentality and extensive focus on the perceived threat of the white settler regimes surrounding Zambia contributed to divert attention from internal policy failings. News coverage in major media outlets such as the *Times of Zambia* emphasised the disruptive effect of the conflicts in Mozambique, Angola and Rhodesia and not only attributed the blame of economic underperformance to the instability in these countries, but also acted as a warning against political strife. In this way, the conflicts in the region helped legitimise and sustain the one-party state – with the security threat possibly having contributed to its establishment. In Thailand, neighbouring conflict also had a clear impact, albeit of the more traditional, destabilising kind discussed by Ades and Chua, as the military asserted its control when its economic interests in the border economies in Cambodia were threatened.

Aside from such effects on styles of political leadership, I also argue that the effects of conflict on neighbouring countries can pervade a country's domestic policy agenda, and affect the prevalent political philosophies that inform developmental priorities. In the case of Zambia, for instance, I argue that the imposition of price controls and reliance on food imports was not merely the result of redistributive goals or a manifestation of African socialism, but were very much tied to concerns over regime stability, particularly in the face of disruptive shortages resulting from

Zambia's participation in sanctions against Rhodesia and its frequent hostility towards South Africa. Moreover, I argue that Zambia's commitment to import substitution did not only follow from a desire for industrial development, but also from Ian Smith's challenge to Zambia's economic sovereignty through Salisbury's stranglehold over the southern railways. In a similar vein, I suggest that the diversion of investment from the mining industry did not merely represent bad management, but reflected a political commitment to diversify Zambia's trade routes and re-assert its independence, financed by the extraction of funds from newly-Zambianised enterprises.

Conflicts, therefore, may trigger a ripple-effect that can change the mindset of a neighbouring country's political leadership and the wider population. In the next section, outlining the policy implications of this research, I argue that such effects are not merely of academic interest, but affect the feasibility of international assistance programmes and ought reasonably to be considered in developmental planning.

Conclusion 3: The effects of conflict are not independent of neighbouring countries' own policy choices; instead, these countries are at least partially in control of their own trajectory.

It is tempting to consider neighbouring countries as helpless bystanders, exposed unwillingly to the turmoil spilling across their borders. Although there is certainly an element of truth to this view, I argue that such spill-over effects typically do not occur independently of a neighbouring country's foreign and domestic policy choices, but are directly shaped by these.

With respect to the movement of refugees, for instance, this thesis highlights the critical role of government policies concerning restrictions on refugees' freedom of movement and right to employment, as well as the differences between strategies focusing on refugees' geographic isolation versus their local integration. In the Zambian case, refugees in these different contexts had distinct experiences and impacts on their local surroundings and Zambia's overall development, in terms of their contribution to the economy, competition with local communities, security, and health status. While the arrival of refugees may, in other words, be considered an externality, the effect on Zambia's economic development was driven in large part by Zambia's own policy choices.

In this, an obvious factor is also the degree of neutrality exhibited by the neighbouring country. Zambia, in this regard, presents a clear example of a state that openly expressed its support for the liberation movements active in the region – particularly in Rhodesian war. Zambia, as has been shown, not only provided freedom of movement and political support to a number of freedom fighters from Rhodesia and the Portuguese colonies, but permitted the establishment of bases, facilitated the provision of training and material and financial support, and provided some limited direct support to cross-border expeditions. These actions, as well as Zambia's voluntary participation in sanctions, came at an inevitable cost. Attacks by the Rhodesian Air Force on Zambia's bridges and railroads, the placement of minefields, retaliatory boycotts and other intentional disruptions of transport routes cannot be seen as independent from such actions.[39]

Also in the case of Zambia's trade patterns, a degree of disruption following UDI and the imposition of the British naval blockade of Beira was inevitable. However, it must be remembered that Zambia's participation in sanctions against Rhodesia, while intensifying its trade with South Africa, and investing in new railway connections to Tanzania, was ultimately voluntary. An alternative policy of continued engagement with Ian Smith's might have avoided shortages and increase in transport and transaction costs, but also perpetuated its dependence on Rhodesian power and transport infrastructure, which could have led to greater disruption following the escalation of the conflict, and the eventual collapse of the Zimbabwean economy under the rule of Robert Mugabe.

Neighbouring countries may, therefore, not be able to avoid the spill-over effects of conflict on their own economy, but may have some degree of control over the nature and timing of these effects. The examples in this thesis suggest that countries can pursue policies that mitigate or exacerbate the effects of conflict, or in some cases help countries to capitalise on potential positive spill-over effects. A highly-unstable political environment means that making informed decisions will typically be impossible, but differences in neighbouring countries' policies may explain why similar conflict situations may lead to radically different outcomes in different contexts.

Conclusion 4: Effects are not uniform across regions, population groups, sectors of the economy, or measures of development, and demand a finer touch than a focus on economic growth.

[39] Crucially, I argue that Zambia's actions do not disqualify it from consideration as a country affected by spill-over effects, as the conflicts left Zambia with few viable policy options. A neutral stance could well have rendered its own territory more insecure, with less control over the movement and activities of armed movements in its border areas. In the case of Malawi, Malawi's initial withdrawal from the African nationalist cause in neighbouring countries later contributed to increased tension with the new FRELIMO government in Mozambique, and Malawi's refugee crisis was triggered not when it chose to provide support to one of the sides of the conflict, but when it was pressured to expel RENAMO from its territory, triggering a wave of violence as a result. The case of Portugal during the Second World War mentioned in the introduction highlights the difficult political position that neighbouring countries are forced into; in this case, both countries demanded the boycott of the other party, and backed up their demands with naval blockades and the targeting of Portuguese merchant ships. Portugal's final decision to embargo the trade of all tungsten ore harmed its economy. In each case, it is apparent that countries neighbouring conflict may find themselves between a rock and a hard place, with each foreign policy choice fraught with the risk of spill-over effects.

I have already noted, under Conclusion 1, that the various spill-over effects of conflict may have opposing outcomes in separate contexts, which I highlighted by reference to the differences between the individual case studies, and time periods.

In addition, this thesis shows that even within a single context, trade, investment, migration will affect parts of a neighbouring country's society in distinct ways. For instance, in the case of refugees, studies of their socio-economic role highlight potentially beneficial effects on the formation of business networks, the start-up of their own enterprises, their engagement with local markets, and the provision of cheap labour. Such activities may be deemed beneficial to local traders, farmers and small businessmen, while at the same time, refugees may compete with the poorest segment of the population for employment in daily labour and access to land as well as wildlife, forestry and fishery resources.

Similarly, in the case of Zambia, the impact of the conflict in Rhodesia varied between different parts of the country. In Livingstone, near the Victoria Falls border crossing with Rhodesia, an industrial sector had been nascent prior to independence and benefited from the close trade relationship with Rhodesia, which the closure of the border effectively spelled an end to. On the other hand, the construction of the TanZam railway to Dar-es-Salaam provided a new impetus to growth, giving rise to new communities around this railway line, although these new developments typically failed to achieve the same level of economic activity as had historically emerged around the north-south railway line to Lusaka and the Copperbelt. In the case of Malawi, regional exposure to the effects of conflict varied, largely in accordance with each district's proximity to Mozambique and the respective territories of RENAMO and FRELIMO, and the number of refugees.

Furthermore, the assessment of the effects of conflict in individual case studies depends crucially on the measure by which these effects are evaluated. From a perspective focused purely on economic growth, for instance, the expulsion of the Khmer Rouge from Cambodia by Vietnamese forces triggered a bustling trade in timber and gems, but such growth came at the expense of the exploitation and insecurity of refugees, forced relocations, and the unsustainable depletion of natural resources. In the case of Malawi, its participation in the busting of sanctions increased state revenue, but at the cost of the delayed achievement of majority rule in the region and, indirectly, increased support for Banda's own dictatorship. The case of Portugal in World War II also provides an example of economic growth, supported by an industry that was might not only be said to have profiteered from the destruction being waged, but also contributed to a labour shortage in more sustainable sectors, such as agricultural.

In each of these cases, a mere focus on macroeconomic variables such as economic growth would reveal few of these underlying effects. Such analyses, by focusing on aggregate rather than more granular effects, may underestimate the true impact of neighbouring conflicts, and fail to call attention to important instances of deprivation. In extreme cases, where net growth effects are neutral or even positive, undue focus on these aggregate effects risks diverting much-needed aid or policy assistance to vulnerable groups. In the section on proposed avenues for further research, this thesis therefore emphasises the need for studies to go beyond macroeconomic analysis to take in sub-national, microeconomic and household-level effects.

10.4 Policy implications

The question of spill-over effects is not merely a historical curiosity, but continues to be of ongoing significance. The example of Jordan, described in the previous chapter, shows that the exposure of countries to neighbouring conflict remains a current issue. With ongoing conflicts in the Middle East, parts of Africa, reports of ethnic cleansing in parts of Myanmar, and growing instability in countries such as Venezuela, the number of countries that have cause to worry about the fate of their neighbours remains worryingly high.

The findings in this thesis should, therefore, make relevant reading to practitioners of disaster risk reduction and crisis management. Table 19, in particular, provides a useful introduction that calls attention to larger set of potential spill-over effects that may not, intuitively, be anticipated, but ought to be taken into consideration in the assessment of the potential exposure of any country to an emerging conflict in the region. Indeed, in the case studies in this thesis, some of the spill-over effects observed might have been avoided had policy makers received an advance warning of their possible impact. In the case of Guatemala and Belize, for instance, awareness of the risks of rapid demobilisation might have ensured a smoother transition to a peacetime economy and avoided the recruitment of Guatemala's security personnel by drug trafficking cartels. Similarly, in the case of Zambia, the widespread depletion of the country's wildlife was likely an unanticipated side-effect of the country's decision to provide refuge to guerrilla movements and refugees. In this thesis, I have highlighted that such various effects are not applicable to every context. But, an assessment of the risks faced by an individual country would benefit from a review of the mechanisms by which conflict effects spilled over in the cases included in this thesis, and the risk factors and polices that may affect their outcome.

Such an exercise, I argue, ought ideally to be conducted as early as possible once the risk of conflict has been identified. For instance, taking the example of emerging instability in Venezuela as an example, countries such as Guyana and Brazil would be well-advised to consider the potential risks of the escalation of violence in this country. During early stages of such political conflict, it is understandable and indeed appropriate that most resources may be devoted to crisis prevention strategies, mediation efforts, and other political approaches. However, in this thesis I argue that proximity to conflict is not merely a foreign policy matter, but has direct developmental effects, so that even during the crisis prevention stage, a wider group of stakeholders ought to be included in any risk assessments. In the case of Guyana's exposure to instability in Venezuela, for instance, early identification of the type of products traded between these countries as well as the wider region could identify possible risks of shortages and price inflation in the event of a significant disruption of Venezuela's economy. Moreover, the extent to which border zones in Guyana and Brazil may lend themselves to various illicit economies (including illegal logging), ought to be identified early on to ensure appropriate monitoring mechanisms. Funding and support for such risk assessments might reasonably be considered by institutions such as the World Bank, as the early prevention of any adverse effects may avoid the need for later, costlier remedies.

The findings of this thesis also carry implications for conflict management and international negotiation. This thesis suggests that the spill-over effects of conflict on neighbouring countries can in some circumstances promote trade, investment, access to cheap labour, or access to natural resources, so that political elites in neighbouring countries may not *necessarily* face incentives to promote the speedy resolution of the armed conflict. In the case of Thailand, for instance, while the effects of the conflict in Cambodia caused significant insecurity in the border region and the exploitation of refugees, the conflict also provided economic opportunities to Thailand's military and business community. Similarly, in Jordan, inflows of capital from Iraq and inflation in property prices may be welcomed by the more advantaged classes, even if the effect of the conflict strains the country's social services and sense of security. While it would be too cynical assume that such economic considerations necessarily affect a country's diplomatic stance, game theoretic analyses ought to factor in these dynamics. At the very least, where neighbouring countries are actively involved in the conflict themselves, these findings suggest that at least from the perspective of political elites, neighbouring countries may not consider themselves to be in the type of mutually-hurting stalemate that Zartman (1991) has identified as one of the preconditions required for successful bargaining and negotiation.

This thesis also carries implications for the delivery of humanitarian assistance. Firstly, the various case studies in this thesis highlight that the view of refugees as a burden is often an exaggerated one. In this thesis, I have shown refugees may readily secure their own self-sufficiency, albeit such goals may depend not only on the provision of livelihood assistance, but also on the granting of economic freedoms and realistic prospects for local integration – with the Zambian case illustrating that an excessive focus on repatriation may act as a disincentive to refugees' investments in the improvement of their own circumstances. Secondly, the example from Malawi shows that the arrival of refugees may carry longer term benefits to host countries, as aid industries rarely dissipate immediately upon the end of a crisis and may continue to provide longer-term developmental assistance. This, if nothing else, may provide a more convincing avenue to persuade reluctant host countries, such as Thailand, of the merits of lending their support and acceding to international refugee conventions. Thirdly, this thesis has emphasised the issue of food security, and argued that the effects of armed conflict may have pervasive effects on the regional food balance, not only through shifts in demand and production, but also through the disruption of regional trade patterns and price effects. Food security assessments ought therefore to be included in the needs' assessment of neighbouring countries, and consider broader effects on the economy beyond merely that of refugee populations.

Finally, this thesis carries implications for the design and implementation of developmental programmes, expanding on a point raised in the second conclusion discussed in section 10.3. In Conclusion 2, I highlighted the effects of conflict on various domestic policies, including on the adoption of policies geared towards nationalisation, import substitution, and price controls. I suggest that in developing countries, these policies may not be rooted merely in politico-economic ideology, but may be reinforced by the perception of regional security threats. In the so-called neo-liberal consensus that has driven policymaking among the major international donors, these policies have generally been considered anathema, and have been targeted for reform as part of structural adjustment programmes. I argue, however, that in the case of Zambia, the failure of these efforts is in part attributable to a lack of appreciation for the political and security dimensions of Zambia's state-centric interventions, and thereby underestimated the political unrest that inevitably followed even the partial implementation of these programmes. For this reason, I suggest that country assessments by institutions such as the World Bank and the IMF cannot avoid devoting more explicit consideration to foreign policy constraints, even where advice concerns "technical" subject matters such as agricultural or industrial development. To ensure their applicability and relevance, developmental strategies must not only propose market reform, but must recognise the origins of the policies they target and propose alternative solutions to the problems they were designed to address.

10.5 Further research

Studies on socio-economic spill-over effects have been few and far between. Quantitative analyses provided an initial impetus to research, but lack of definitive conclusions or avenues for further refinement has meant that understanding of the topic has not significantly advanced in recent years. The case evidence presented in this thesis, offers several options for further research that can build on the findings of past studies, and the present work.

First of all, while this thesis has sought to undertake a detailed examination of the case study of Zambia and more succinct analyses of the cases of Malawi, Thailand, Belize and Jordan, numerous other contexts may provide fruitful, complementary insights. Several other potential cases for study have been identified in section 1.4, specifically concerning examples of countries exposed to nearby conflict, but themselves absolved from any wars within their own territory. Although this criterion was a necessary restriction in this first exploration of spill-over, to avoid colluding the direct effects of conflict with more indirect neighbourhood effects, future studies may reasonably abandon this and other criteria to take into consideration a broader range of countries. The findings in this thesis highlight the importance of context, so that separate case studies are likely to reveal unique patterns and channels by which conflict effects spilled over. A focus on countries exposed to more modern conflicts, such as the case of Jordan, may further increase interest in the topic, and the impact of any conclusions gleaned from these analyses.

Secondly, this thesis suggests several possibilities to revisit and refine the quantitative models previously developed by Murdoch and Sandler (2002; 2004) and de Groot (2010). For instance, this thesis highlights a number of risk factors that may co-determine the effect of conflict on regional trade patterns, including (1) the number of alternative trade routes; (2) the presence of direct access to sea ports; (3) the trade balance between the neighbouring country and the country in conflict; (4) their position as a net exporter within the wider region and the world as a whole; and (5) differences in the economic structure between the countries. With respect to this latter point, for instance, in the case of Belize I argue that the low degree of industrialisation of the country limited Belize's export opportunities with Guatemala and other Central American states, while in Jordan, the similarity in the country's economic structure compared to that of Iraq may have facilitated its ability to absorb some of the trade flows from this country. These factors may usefully be codified into a larger dataset, to provide additional parameters explaining some of the variation in trade effects that has thus far prevented studies such as those by Murdoch and Sandler (2004) from providing a statistical confirmation of the role of trade in economic growth effects on neighbouring countries.

With respect to the role of migration and refugees, too, useful refinements to existing models suggest themselves from a review of Table 19. This thesis has, for instance, highlighted the effects of different refugee backgrounds, such as the greater apparent affinity of Angolan and Mozambican refugees for farming, compared with Congolese refugees of more urban origins. The economic impact of the arrival of refugees with such different skillsets might be usefully linked to the relative abundance of land and agricultural labour to explain, for instance, the greater refugee challenge in Malawi compared with underpopulated countries such as Zambia and Belize. In addition, controls for the type of government policy adopted regarding refugees, comparing self-settled or locally-integrated solutions versus camp-based approaches, may further capture some of the variation in outcomes of different refugee contexts. Incorporating such effects would involve considerable efforts with respect to data collection, and is no easy undertaking, but will be an essential next step to further advance the quantitative analysis of spill-over effects.

Thirdly, given the conclusion in this chapter that the spill-over effects of conflict are not uniformly distributed within a neighbouring country, future studies may also be well-advised to progress beyond the focus on macroeconomic growth statistics that has unfortunately dominated much of the existing literature. While studies using such macroeconomic data may be easy to construct, they lack the ability to readily inform policy, as they do not provide an understanding of which segments of an economy or population are likely to be worst-affected, or face a changed set of economic risks and opportunities. Instead, microeconomic and household level studies may provide insights that provide a clearer basis for policy interventions. Rather than focusing merely on economic growth, the examples in this thesis highlight that spill-over effects may have broader effects on countries' social and human development, which should therefore be put centre stage in any future work on the subject.

Table 19: Identified spill-over effects of conflict					
Description	Conflict effects	Susceptibility	Policy factors and responses	Zambia	Other case studies
Human cost					
Losses of life and limb	Retaliatory strikes; cross-border raids; forced recruitment; exposure to terror and intimidation campaigns; minefields	Geographic barriers; strategic importance of border area; ethnic composition; local sympathies	Border security; denial of freedom of movement to combatants; relocation of refugees/villagers; formation of alliances	Limited deaths in border zones from Rhodesian actions; larger-scale action deterred by threat of intervention from Britain; minefields along borders with Angola, Rhodesia, Mozambique and the Caprivi Strip	Extensive border insecurity in the case of Thailand and Malawi; presence of RENAMO in Malawi triggered cross-border raids
Trade					
Impact on trade routes	Transport routes targeted, neglected or strategically denied; security concerns and uncertainty may increase transaction cost; fuel shortages; bargaining position for foreign aid may improve	Geographical factors; in particular landlocked status and presence/exposure of alternative routes; Landlocked geography; capacity constraints on individual routes	Protection of routes with hard security; diversification of trade and trade routes; investment in new links; import substitution; emergency links (airlift)	Denial of access to southern railway by Rhodesia; high cost of alternative routes; temporary airlift for oil supplies; damage to rail and road bridges caused by Rhodesian Air Force; investment in new links	Similar challenges faced by Malawi; major investments in alternative links; favourable access to railway owing to alliance with Portuguese; in Belize, control over route to sea affected economic grievances in conflict area
Impact on imports	Sanctions/retaliatory sanctions can increase cost and disrupt supply; increase in transport costs; disruption of production affecting supply from conflict zone; shortage of foreign reserves if exports affected	Import dependence; interdependence between countries; emergency stockpiles; neutrality or affiliations of neighbouring country; regional trade integration and alternatives	Import substitution; diversification into different products or different partners; participation in busting sanctions; international assistance	Shortages of products from Rhodesia; major move to import substitution; forced to re-open borders for emergency supplies; forced to increase trade with South Africa as an alternative	Malawi experienced economic boom after UDI as it helped bust sanctions; diversion of Rhodesian trade via Malawi and other countries; major increase in Jordanian trade with rest of region
Impact on exports	Sanctions/retaliatory sanctions can increase cost and disrupt supply; increase in transport costs; disruption of production affecting supply from conflict zone; diversion of trade from other neighbours; opportunity cost	Similarity of two economies; competitiveness and availability of products to export; capacity constraints; participation in sanctions competitiveness of exports	Economic restructuring; diversification into different products or different partners; participation in busting sanctions; preferential trade agreements	Zambia self-imposed trade restrictions with Rhodesia; major increase in cost of copper exports; prices of copper also increased; underinvestment in mines; lack of agricultural surplus meant it had few products to export	Malawi secured favourable trade deals with South Africa and with Rhodesia; major increase in Jordanian trade with rest of region; lack of evidence of opportunity cost in Belize; strategic interest in raw materials benefited Portugal
(continued) Identified spill-over effects of conflict					

Description	Conflict effects	Susceptibility	Policy factors and responses	Zambia	Other case studies
Trade (continued)					
Impact on black market	Collapse of formal markets in conflict zone; increased or decreased border security; reduced enforcement; participation of security forces; changes in relative prices; increase in migration and informal trade	Presence of exploitable resources; geographic barriers; demand/markets for exportable goods; cultural factors; labour, refugee and migration policies; tax regime and central marketing boards	Border controls and policing; laissez-faire; trade and market liberalisation to reduce price distortions; support to local demand	Imposition of price controls; price differential between border and producer prices; extensive black-market trade in food products owing to price controls	Major escalation of illegal cross-border economies near Thailand/Cambodia and Thailand/Myanmar borders; gem, timber, and drug trade; in Belize, major rise in drug trade; in both cases, direct participation by security forces
Food security					
Impact on local production	Disruption of supply of inputs; depletion of wildlife in border areas; income effects on demand; insecurity in border areas; cheap labour from refugees	Subsistence vs. commercial farming; central planning vs. liberalised market; stockpiles and local availability of supply; international assistance; food balance in neighbouring country and conflict zone	Imposition of price controls; supplementary food imports; stockpiling of food, fertiliser and other inputs; support to local demand	Zambia had been dependent on fertiliser and seeds from Rhodesia; some impact on farming in border areas owing to Rhodesian and Portuguese raids; depletion of wildlife owing to guerrilla presence and self-settled refugees	In Portuguese case study in introduction, shortage of agricultural labour owing to diversion to tungsten industry; major impact of conflict on local output in Malawi
Impact on regional trade	Impact on demand in conflict zone; diversion of trade from other neighbouring countries and overseas markets; disruption of transport routes; transaction costs; use of food exports as political leverage	Trade patterns; climatological factors; frequency and depth of droughts and floods; ease of transport; degree of diversification in agricultural output and trade partners	Trade diversification; promotion of commercial farming and export-oriented products; import substitution	South Africa and Rhodesia main sources of food during drought pre-conflict; conflicts affected these relationships; food shortages forced reopening of border in 1978; restrictions on maize trade used by Rhodesia to exert pressure on Zambia	Thailand became a major source of supply to US military in Vietnam; similar effect observed in Jordan
Impact on prices	Discrepancy between local and border prices; localised disruptions; greater exposure to shocks; distortions from international aid; increase in cost of inputs	Role of aid agencies; geographic proximity; permeability of border and ease of smuggling	Pricing controls; market liberalisation; disaster risk preparedness; engagement with aid community; supplementary imports	Price controls imposed to placate urban masses; major discrepancy with border prices and inefficient marketing boards resulted in smuggling and fall in production	Price inflation observed to have occurred in Jordan on imported products and essential goods

(continued) Identified spill-over effects of conflict

Description	Conflict effects	Susceptibility	Policy factors and responses	Zambia	Other case studies

Food security (continued)					
Impact of refugees	Nutritional needs of refugees; competition over land and inputs; inflow of new skills	Agricultural background of refugees; availability and fertility of land; abundance of natural resources; camp settlement versus local integration	Government policies with respect to local integration; provision of livelihoods support; support to local demand; integration of markets	First camps were not self-sufficient; later camps such as Meheba produced intermittent surpluses; later again dependent on food aid owing to lack of support; food needs mostly met by World Food Programme and other relief efforts	Support to refugees typically inadequate to ensure self-sufficiency; intentional dependence on foreign aid in Thailand to divert supplies to Khmer Rouge; long-term dependent population in Jordan
Refugees					
Cost of humanitarian assistance	Cost of refugee camps; increased demand on social services in local integration; arrival of international aid industry	Government policies with respect to local integration; size and composition and sudden arrival of refugees; historical migration patterns	Settlement in camps; support to local integration; repatriation; resettlement in third countries; participation in refugee convention; acceptance of aid	International aid provided to camps as well as self-settled refugees; additional allotments for government expenses and material assistance; host population given access to services;	Major aid for Palestinian refugees in Jordan; in Malawi, aid remained at elevated levels after refugee crisis; aid provided to Thailand despite non-participation in refugee convention
Impact on labour market and livelihoods	Availability of cheap labour; competition with local population; provision of labour opportunities by refugee businesses; inflow of new skills; competition for forestry and fishery resources	Skill profiles of refugees; pre-existing networks; availability of arable land; labour shortage and urbanisation rates; government policies with respect to right to work and freedom of movement	Provision of education and employment opportunities; support to livelihood development in camps and local villages; provision of support to local communities; land distribution	Restrictive policies; limited livelihood support; focus on repatriation acted as disincentive; self-settled refugees active as daily labourers or in small business; different livelihoods between refugees of different origin;	Deep integration of Palestinian and Jordanian labour market but some inequalities; in Belize strong demand for cheap labour on plantations; some community tensions in Malawi owing to sudden influx
Health effects	Disease burden in camp environments; epidemiological impact from population movement; strain on local health services; arrival of aid agencies; stigmatisation; behavioural change	Regional disease burden; destruction of health facilities in conflict zone; number of refugees; capacity in neighbouring country; government policies	Policies on refugee integration and livelihood support; acceptance on aid; provision of access to services by local villagers; health education and preventive action	Health services provided by humanitarian community; also accessible to host population; morbidity and mortality in camps on par with host population; low HIV incidence in areas of origin	Infrastructure in Malawi strained owing to sudden influx; some post-conflict effect on Mozambique/Malawi owing to return of refugees from host countries with high HIV/AIDS incidence rates

(continued) Identified spill-over effects of conflict					
Description	Conflict effects	Susceptibility	Policy factors and responses	Zambia	Other case studies
Refugees (continued)					
Security concerns	Forced recruitment; ethnic tensions; presence of combatants; exposure to intelligence agencies; diversion of aid to support rebel causes	Ethnic make-up of refugees; location of refugee camps; border and camp security; nature of conflict; presence of aid agencies	Security at border and around camps; relocation of camps away from border; separation by ethnic group; livelihood programmes	Concerns over Rhodesian infiltration; some cross-border raids/kidnapping; presence of Angolan combatants in camps necessitating their relocation; some officials felt refugees ought to be supporting independence war	Major security concerns over position of Cambodian refugees in Thailand; reports alleging purposeful situation near border to act as base of support and supplies for Khmer Rouge
Impact on food security	Discussed under food security	Discussed under food security	Discussed under food security	Discussed under food security	Discussed under food security
Impact on property market	Discussed under foreign investment and capital	Discussed under foreign investment and capital	Discussed under foreign investment and capital	Discussed under foreign investment and capital	Discussed under foreign investment and capital
Foreign investment and capital					
Destruction of physical capital	Direct targeting of roads, railroads and other infrastructure by combatants; collateral damage	Location of infrastructure; proximity to conflict events; interest of combatant parties in infrastructure; pre-existing capital investments	Provision of hard security to protect infrastructure; pre-emptive divestment of conflict zone	Zambia's infrastructure was targeted by Rhodesian forces in response to support for rebels; larger-scale offensive avoided by political settlement	Malawi pressured into providing security to rail infrastructure in Mozambique; infrastructure targeted by RENAMO rebels
Capital flight from conflict zone	Impact on property market; stock markets; local investment as indicated by changes in business registrations and registered capital	Proximity to urban centres; levels of income and wealth in neighbouring country and conflict zone; capital mobility; housing market; sanctions regime	Housing policies; capital controls; purpose-built housing for refugees or aid workers; tax regimes	No reliable statistics found on inflows of capital; capital flows more likely to have benefited South Africa and other advanced financial markets	Significant price inflation in Jordanian property market owing to demand from refugees, aid agencies and capital flight; evidence of capital inflows into stock market and businesses
Divestment by parties in the conflict	Withdrawal of capital by hostile parties; opportunity cost of conflict	Extent of foreign capital pre-conflict; perceived neutrality or affiliations; mobility of capital	Capital controls; nationalisation of foreign businesses; retaliatory action	White farmers left Zambia following break-up of Federation; opportunity costs from severed relationship with Rhodesia and South Africa; Rhodesian interests in mining industry may have contributed to Zambianisation	Perceived opportunity cost of conflict in Myanmar contributed to pacification policies by Thailand; threat of divestment and economic isolation contributed to Malawi's policy of engagement with southern Africa

(continued) Identified spill-over effects of conflict					
Description	Conflict effects	Susceptibility	Policy factors and responses	Zambia	Other case studies
Foreign investment and capital (continued)					
Impact on competitiveness	Perception of regional risk; increased competitiveness with respect to conflict zone; effect of higher transaction costs and uncertainty; demand for products from defence industry	Proximity to conflict; natural competitiveness factors including geography, geology, climate; degree to which investment is bound to the region; capital mobility; government investment regime	Capital controls; tax and investment policies; promotion and marketing of economic and political stability; government support; investment in infrastructure and risk reduction	1990s recovery of the mining sector; major international investment in Zambia's Copperbelt despite presence of richer deposits in neighbouring DRC owing to perception of lower degree of political and security risk	Major surge in South African investment in Malawi as the only friendly frontline country in black Africa; boom in Portuguese tungsten industry during second world war
Investment in conflict zone	Exploitation of natural resources; stabilisation and reconstruction efforts; return of refugees and establishment of business works; increased returns on capital owing to capital destruction	Presence of natural resources; pre-existing business links; linguistic and ethnic barriers; free capital in neighbouring country; capital mobility; perceived risk of return to violence in conflict zone	Capital controls; participation in sanctions; repatriation of refugees; state-sponsored investment	Limited capital in Zambia restricted opportunities for foreign investment; no evidence of significant Zambian role in exploitation of natural resources in Angola	Major involvement of Thai businesses and security forces in exploitation of timber and gem resources in Cambodia and Myanmar
Budget impact, military expenditure and debt					
Receipts of foreign aid	Increased bargaining power owing to role in negotiations and refugees; receipts of economic and military assistance; arrival of humanitarian aid industry	Wider geopolitical context including Cold War and alliances; strategic relevance of conflict zone and neighbouring country; scale of humanitarian crisis	International diplomacy; bargaining of humanitarian and military access; support to war effort of international forcers or their proxies; provision of military bases	Initial support owing to sympathy with effects of UDI; inflows boosted by support for refugee crisis; eventual results in funding for major infrastructure projects	Major inflows of economic and military assistance to Thailand during Vietnam war; similar long-term assistance to Jordan owing to regional conflicts; major inflow of aid into Malawi; elevated levels endured beyond refugee crisis
Government military expenditure	Demand for improved border security; demand for ability to project force or influence events; possibility of weapons race; expenditure on regular and irregular forces;	Regional balance of power; obvious superiority or inferiority of forces; presence of irregular, parastatal or guerrilla forces; presence of other international actors; foreign assistance; neutrality or affiliations in conflict	Engagement with conflict; formation of security alliances; involvement in arms race; relationship with guerrilla forces and allies; non-aggression pacts	Limited increase in regular forces as could not hope to compete with Rhodesia/South Africa; reliance on British security guarantee; significant spending on liberation movements; transit point for material and financial support	Malawi relied on Portuguese forces to provide security; increase in spending after Portuguese withdrawal; increased spending in Thailand and Jordan but largely funded by foreign military assistance

(continued) Identified spill-over effects of conflict					
Description	Conflict effects	Susceptibility	Policy factors and responses	Zambia	Other case studies
Budget impact, military expenditure and debt					
External military expenditure	Local expenditure by foreign forces; rest and recuperation expenditure; exports to conflict zone to supply forces	Strategic relevance of conflict zone and neighbouring country; presence of bases; security alliances	Provision of military bases; attitude towards foreign military presence and conflict involvement	Some limited expenditure by British forces; local expenditure by liberation movements	Major local expenditure by US forces in Thailand and Jordan; provision of supplies and foodstuffs to war effort in Vietnam/Iraq
Infrastructural investments	Discussed under trade effects	Discussed under trade effects	Discussed under trade effects	Discussed under trade effects	Discussed under trade effects
Impact on social spending and debt burden	Diversion of health and education expenditure to security; increased subsidies and access to foreign loans and grants	Existing debt burden and budget division; pre-existing size of security budget; baseline access to loans and grants	Budget and developmental priorities; budget discipline; political space for budget cuts; willingness to accept debt burden	Little evidence of diversion of social spending; rather, major increase in debt burden; increased military and infrastructure expenditure paid for by borrowing	Similar effect observed in Malawi as in Zambia; in Jordan, increase in military expenditure in dollar terms, but fall in percentage of GDP
Crime and corruption					
Impact on crime rates	Proliferation of small arms and persons trained in violence; reduced enforcement; overburdened security services; loss of livelihoods	Pre-existing crime rates; urban development; cultural factors; geographic barriers; economic opportunities	Border security and policing; refugee policies and livelihoods support; approach to drugs and other illicit economies	Some spill-over of lawlessness in Katanga; particularly affecting car-jackings in Copperbelt; reports of refugees' involvement in crime anecdotal only; linked to rise in xenophobic sentiments	Belize now among the countries with the highest crime rates in Central America; largely linked to exposure to conflict and instability in Guatemala, Nicaragua and Honduras
Impact on transnational crime	Effect on drug trafficking, human trafficking, and exploitation of natural resources; involvement of security forces	Natural resources; regional susceptibility to drug trade; proximity to trade routes; geographic barriers; small arms proliferation	Policing; border security; international security cooperation; legalisation and laissez-faire policies; livelihood support	No major conflict effects identified in the case of Zambia; comparatively low crime rates; possibly on account of cultural factors	Major impact in case of Belize; involvement of Guatemalan military in drug trade; escalation after mobilisation; similar collusion by security forces in cross-border economies in Thailand
Impact on corruption	Collusion by military forces; state-sponsored bribery to disrupt neighbouring countries; unconditional support by international partners; demobilisation risks	Civil-military relationships; independence of the media and the courts; political system; patronage links; cultural factors; natural resources; post-conflict employment opportunities	Leadership by example; avoidance of involvement in exploitative economies; checks-and-balances from traditional/modern structures of authority; post-conflict support to ex-combatants	No reliable statistics on corruption; no major anecdotal evidence of the same, other than practices pre-dating conflict; surge in corrupt practices after collapse of one-party state	Effects in Belize and Thailand related to drug trade; effect on Malawi, as international community turned a blind eye to Banda's dictatorship owing to aversion to communism and role in refugee crisis

(continued) Identified spill-over effects of conflict					
Description	Conflict effects	Susceptibility	Policy factors and responses	Zambia	Other case studies
Political and institutional effects					
Ideological impact	Reinforcement of nationalistic sentiments; legitimisation of one-party rule; promotion of import substitution; xenophobic mentalities	Perceived threat to security; presence of foreigners from conflict zone; ideologies in allied states; position of military within the state	Government propaganda; control of the media; regime change; autocratic rule	Conflict in Rhodesia contributed to nationalisation of key enterprises, policy of Zambianisation, imposition of price controls and policy of import substitution	In Malawi, market interventions motivated by disruptions from conflict, despite aversion to African socialism by Banda
Effect on regime stability	Contagion effects from refugees, ethnic tension, resource competition; increased military expenditure; siege mentality	Distribution of ethnic groups; historical ties and kinship; shared political cleavages; history of past conflict; access to weapons; political system	Professional civil-military relations; monitoring of conflict effects; inclusive political processes; management of community tensions	Role of conflicts in process of formation of Zambian identity; extensive media focus on racist white regimes; one former aide suggests fears of foreign infiltration contributed to declaration of one-party state	Perception of Jordanian King as the protector of the state reinforced by regional insecurity; repeated coups in Thailand linked to economic interests of military in conflict zones; in Malawi, security apparatus supported with aid from South Africa
Institutional and foreign policy impact	Diversion of leadership's focus; involvement in alliances; polarisation of political attitudes; "with us or against us" attitudes	Level of involvement of head of state; institutional heritage; existence of foreign policy department; emergency planning infrastructure	Institutionalisation of foreign policy; formation of alliances; engagement with international community	Conflicts in southern Africa polarised Zambia's diplomatic relations; few neutral nations put foreign policy on wartime footing; foreign policy had previously been managed by the Colonial Office; no prior institutionalisation of foreign policy; foreign policy largely in hands of the president	In Malawi, non-aligned stance proved unworkable in practice and led Banda to become ostracised from African diplomatic community; in Thailand, Vietnam war dragged Thailand into the Cold War

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Appendices

Appendix 1: List of interviews

1. Anamela, Njekwa (Vice-President, UNIP). Personal interview. Lusaka, 21 December 2013.
2. Chona, Mark (Former Special Assistant to the President). Personal interview. Lusaka, 16 January 2014.
3. Chikoti, Vivian (Town Clerk, Livingstone). Personal interview. Livingstone, 27 December 2013.
4. Daka, Friday (Logistics Manager, Konkola Copper Mines). Personal interview. Chingola, 6 January 2014.
5. Evans, Lawrence (Member of Parliament, Livingstone region). Personal interview. Kalomo, 30 December 2013.
6. Gireesh, Sharma (General Manager, Konkola Copper Mines). Personal interview. Chingola, 6 January 2014.
7. Janssen, Peter (Senior Protection Officer, UNHCR). Personal interview. Lusaka, 17 January 2014.
8. Kalusa, Walima T. (Lecturer in History, University of Zambia). Personal interview. Lusaka, 14 January 2013.
9. Kankasa, Mama Chibesakunda (former Chairperson of Women's League). Personal interview conducted on behalf of the author by Mabvuto Chibende. Lusaka, 13 July 2015.
10. Liebenthal, Robert (Co-Country Director, International Growth Centre). Personal interview. Lusaka, 20 December 2013.
11. Liebenthal, Robert (Co-Country Director, International Growth Centre). Personal interview. Lusaka, 14 January 2014.
12. Masheke, Malimba (former Army Commander, Minister of Defence, and Prime Minister). Personal interview. Lusaka, 14 January 2014.
13. Mibenge, Benjamin (former Army Chief). Personal interview conducted on behalf of the author by Mabvuto Chibende. Kabwe, 14 July 2015.
14. Mphatso, Mtendere (Program Director, Food and Agricultural Organization). Personal interview, 19 December 2013.
15. Mulando, Allan (Head of Disaster Risk Reduction, World Food Program). Personal interview. Lusaka, 23 December 2013.
16. Mumba, Zebbies (Secretary General, Amnesty International Zambia). Personal interview. Mufulira, 5 January 2014.

17. Mukuni, "Chief" (Chief of the Leya people). Personal interview. Mukuni village, 26 December 2013.
18. Munkombwe, Daniel (Minister for the Southern Province and former freedom fighter). Personal interview. Choma, 31 December 2013.
19. Mutati, Emmanuel (CEO, Mopani Copper Mines). Personal interview. Kitwe, 8 January 2014.
20. Mwandila, Charles (Vice Chairman, Office of the President, Local Government Service Commission). Personal interview. Lusaka, 16 December 2013.
21. Ndolo, Mnenga (Economist, Southern African Institute for Policy and Research). Personal interview. Lusaka, 23 December 2013.
22. Ngandu, "Pastor" (Rwandese refugee community leader). Personal interview. Lusaka, 15 January 2014.
23. Saasa, Oliver (Chairman, PTA Bank). Personal interview. Lusaka, 17 January 2014.
24. Sardanis, Andrew (Leading business figure). Personal interview conducted on behalf of the author by Mabvuto Chibende. Chaminaka Lodge, 19 June 2015.
25. Sardanis, Andrew (Leading business figure). Personal interview conducted on behalf of the author by Mabvuto Chibende. Chaminaka Lodge, 3 July 2015.
26. Wina, Sikota (former Minister of Local Government and Social Welfare). Personal interview conducted on behalf of the author by Mabvuto Chibende. Lusaka, 26 June 2015.
27. Zukas, Simon (Co-Founder, Movement for Multi-party Democracy). Personal interview. Lusaka, 23 December 2013

Appendix 2: List of abbreviations

ADMARC	Agricultural Development and Marketing Corporation	*Parastatal company in Malawi*
AMAX	American Metal Climax Company	*Colorado-based mining company*
ANC	African National Congress	*Nationalist movement in Zambia and South Africa*
CACM	Central American Common Market	*Association of Central American nations*
CAGR	Compound annual growth rate	
CARICOM	Caribbean Community	*Organization of Caribbean nations and dependencies*
CIO	Central Intelligence Organisation	*National intelligence agency of Rhodesia*
COREMO	Comité Revolucionário de Moçambique -	*Liberation movement*
CSO	Central Statistics Office	*Zambian department*
DRC	Democratic Republic of the Congo	
ECLA	United Nations Economic Commission for Latin America	
ENI	Ente Nazionale Idrocarburi	*Italian multinational oil and gas company*
FAO	Food and Agricultural Organization of the United Nations	
FDI	Foreign Direct Investment	
FNLA	Frente Nacional de Libertação de Angola -	*Liberation movement*
FQM	First Quantum Minerals	*Mining company*
FRELIMO	Frente de Libertação de Moçambique	*Liberation movement*
GAF	Guatemalan Armed Forces	
GDP	Gross Domestic Product	
Gécamines	Générale des Carrières et des Mines - a, successor to Union Minière du Haut Katanga	*State-controlled mining company in Katang*
HIPC	Heavily Indebted Poor Countries	*World Bank classification*
IDA	International Development Association	
IDP	Internally Displaced Person	
IFPRI	International Food Policy Research Institute	
IISS	International Institute for Strategic Studies	
IMF	International Monetary Fund	
IOM	International Organization for Migration	
ISIS	Islamic State in al-Iraq and al-Sham	
KCM	Konkola Copper Mines	*Mining company in Zambia*
KMT	Kuomintang -	*Chinese nationalist party*
LME	London Metal Exchange	
MCP	Multiple and Concurrent Partners	*Term used in description of sexual behaviour*
MCP	Malawi Congress Party	*Long-time ruling party*
MENA	Middle East and North Africa	
MPLA	Movimento Popular de Libertação de Angola	*Liberation movement*
MYP	Malawi Young Pioneers	*Paramilitary wing of the Malawi*

		Congress Party
NAC	Nyasaland African Congress	*Predecessor of Malawi Congress Party (MCP)*
NAMBOARD	National Agricultural Marketing Board	*Parastatal Zambian organisation*
NGO	Non-Governmental Organization	
NHRZ	Network for Historical Research in Zambia	
OAU	Organisation of African Unity	*Predecessor of African Union*
ODA	Official Development Assistance	*Indicator of international aid flows*
PAC	Pan-Africanist Congress	*South African liberation movement*
PAIGC	Partido Africano da Independência da Guiné e Cabo Verde	*Liberation movement in Cape Verde*
PLO	Palestine Liberation Organization	*Political movement*
POL	Petrol, oil & lubricants	
PPP	Purchasing Power Parity	
PRIO	Peace Research Institute Oslo	
RAF	Royal Air Force	*British military branch*
RENAMO	Resistência Nacional Moçambicana	*Insurgent movement*
SADF	South African Defense Force	
SAIPEM	Società Anonima Italiana Perforazioni E Montaggi	*Italian oil and gas industry contractor*
SAM	Surface-to-air Missile	
SIPRI	Stockholm International Peace Research Institute -	
STD	Sexually Transmitted Disease	
SWAPO	South West Africa People's Organisation	*Liberation movement*
TanZam	Abbreviation used for both the TanZam highway and the TanZam railway	
TaZaRa	Tanzania-Zambia Railway Authority	
TIPER	Tanganyikan and Italian Petroleum Refining Company	
UCDP	Uppsala Conflict Data Program	
UDI	Unilateral Declaration of Independence	*Statement adopted by the Cabinet of Rhodesia on 11 November 1965*
UNAIDS	Joint United Nations Programme on HIV and AIDS	
UNDP	United Nations Development Programme	
UNHCR	United Nations High Commissioner for Refugees	
UNIP	United National Independence Party	*Long-time ruling party of Zambia*
UNITA	União Nacional para a Independência Total de Angola	*Liberation movement*
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East	
UNSC	United Nations Security Council	
USAID	United States Agency for International Development	
USRAP	United States Refugee Admissions Program	
USSR	Union of Soviet Socialist Republics	
WFP	World Food Programme	

ZamTan	Zambia - Tanzania road services company	
ZANC	Zambian African National Congress	*African nationalist movement*
ZANLA	Zimbabwe African National Liberation Army	*ZANU's military wing*
ZANU	Zimbabwe African National Union	*Liberation movement*
ZAPU	Zimbabwe African People's Union	*Liberation movement*
ZCCM	Zambia Consolidated Copper Mines	*Mining entity*
ZI	Zambian Initiative	*Refugee assistance programme*
ZIMCO	Zambia Industrial and Mining Corporation	*Parastatal umbrella mining company*
ZIPRA	Zimbabwe People's Revolutionary Army	*ZAPU's military wing*