

Conflict and Development: What Kinds of Policies can Reduce the Damaging Impact of War?

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Wars, especially civil wars, have been visibly one of the most potent causes of human suffering and underdevelopment in the South. Around 15 million deaths were caused (directly or indirectly) by war in developing countries between 1950 and 1990, the vast majority of whom were civilians. In 12 of the 16 countries with the highest mortality rates from war between 1970 and 1990 more than two-thirds were civilian deaths. Most of the countries with the worst economic and social indicators have experienced civil or international wars. Examples abound of conflict precipitating catastrophic declines in the economy and the general well-being of populations. Yet much social and economic comparative analysis ignores countries at war. It is high time that this changed. Measures are needed both to reduce the level of conflict in the South, and to enable countries to weather better the economic effects of conflict.

In this chapter, we examine the links between conflict and development. First, we explore the different types of conflict and their roots. Next, we examine the impacts of conflict upon economic development and how far economic policy can limit the degree to which conflict is damaging. Third, we suggest a synthesis which shows the varying ways in which the state capacity and will to act developmentally can limit the damage caused by war and can speed recovery. Finally, we illustrate these themes with a case study of Mozambique.

ECONOMIC DEVELOPMENT AND THE ROOTS OF CONFLICT

It is extremely difficult to generalize about the causes of military conflict in the South as each war has its own multiplicity of causes. While clearly the displacement of Cold War rivalry into the Third World made conflict much more likely, prolonged and damaging, internal factors also produced conflict. Indeed it is possible to see a complex interplay between the two. The involvement of superpowers tended both to exacerbate poor economic and public policy, thus further reducing state legitimacy, and to increase the level of armament.

We found we could identify five general scenarios for Third World military conflict to help in the analysis of the costs of war. In all but those of an international nature, the relationship between state economic development policies and the start of conflict is central. These scenarios are important because they illustrate the nature of the economic impacts of war, the kinds of policies that are pursued and their effects.

1. International conflict between discrete states: Except for (often short-lived) border disputes these have tended to be relatively uncommon in the Third World. The most devastating in recent times has been the Iran-Iraq war.
2. Foreign invasion: This is a second international category though usually linked to local collaborators. It meets sustained local resistance. Examples include Vietnam, Heng Samrin's Cambodia, Afghanistan and Lebanon during the Israeli invasion. (Since nearly all civil wars involve military and political support from outsiders for the various factions there is sometimes an arbitrary line between international and national conflict.)
3. Civil war: Where a failure in state political and social integration leads to a violent struggle over the control of national resources and state revenues. Such conflict is particularly likely where windfall revenues can be earned from oil, mineral resources, or other off-shore resources, and/or where there are deeply established class, regional or ethnic disparities in wealth. One type of such conflict involves national liberation struggles (eg in the formerly white ruled states of Southern Africa, and perhaps in parts of Ethiopia-Eritrea), or broad-based guerrilla movements (eg El Salvador and Guatemala). A second type occurs where rebels

and state forces both draw upon popular but different constituencies. The state becomes the centre of bitter struggles for control and patronage. Wars of succession or of regionally-based struggles for state power then become established. The Biafran war, Sudan's two civil wars, pre-Museveni Uganda, the Kurdish conflicts, elements of Lebanon, and the new war in Angola fit into this type.

4. Destabilization of revolutionary states: States that pursue state socialist programmes become subject to military destabilization by regional or international superpowers. After an initial period of spirited resistance, destabilization saps the state's economic strength through diversion of resources into the military and through destruction of infrastructure. The state itself further undermines its capacity through over-ambitious planning. The resultant economic failures, which may be combined with a coercive modernizing approach, with power monopolized by a narrow cultural elite, fuel the erosion of state legitimacy. The post-independence Angolan and Mozambican wars fit this type, as does Sandinista Nicaragua.
5. Militarized disintegration: Wars caused by the collapse of state machinery, which may happen as a result of other kinds of war or political contests. This collapse usually combines a government's loss of legitimacy, its means of military domination, and a general politico-economic disintegration. It generates what is often referred to as 'war lord' politics, where new kinds of military-economic leaders expand into the economic and political vacuums generated by the disintegrating state. Such movements often originate in frontier wastelands and advance and may eventually overrun major economic and political centres. These political operators cleave countries apart, they engage in heavy looting and taxation of their areas, as well as the export of minerals, timber, drugs, ivory and other products. Liberia and Somalia are the archetypal examples, but in recent years the trend has been seen elsewhere, such as the Sudan and Afghanistan, the Thai-Cambodia border, Zaire, also, in some ways, in Chad and at certain points in Uganda. Echoes of such developments are seen in the drug wars and forest frontier societies of Central and South America.

Most wars contain – at different times and places – most elements of these different scenarios. For example, Afghanistan includes all but the

first, and its causes and nature are not usefully reduced to a single interpretation. However, national economic processes are central, and in particular how the state's role in the economy is viewed by the population. Internal military conflicts tend to become serious where the state is too weak to maintain either its monopoly on the use of force or to sustain a common national economy and service structure. Conversely, military conflict can arise where the state becomes such a central actor in the distribution of resources that political accountability is lost, especially where it lacks the military power or coherence to suppress the resultant opposition. Popular guerrilla movements will then either resist state domination and/or seek to capture state resources for themselves. However, the importance of international support for opposition groups must not be forgotten, as for example in Southern Africa. It is this international context, as much as internal developments, that explains why so many countries in Africa are on the brink of wars of national disintegration.

THE IMPACTS OF WAR ON ECONOMIC DEVELOPMENT

The costs of war extend far beyond the physical casualties. Even in terms of mortality, the number of 'indirect' deaths has always been far higher than the direct deaths (except in the Iraq-Iran war). These deaths reflect principally the effects of destitution and famine precipitated by conflict and the damage to health and other service infrastructures.

The economic consequences of war are multiple and complex. Wars not only impose 'costs', but also lead to the transformation of state economic and political instruments and capacities. In fact, despite all their miseries, wars have often served in the longer term to restructure and modernize economies, at least in countries wealthy enough to weather the crises. However, the costs can be notionally divided into the immediate human costs and the longer term development costs. The division is artificial because the human costs (eg worsened nutrition and education) constitute developmental costs, while the developmental costs (eg destroyed infrastructure, negative growth) are among the causes of human suffering. Trying to be clear about these costs and who bears them is important if we are to find ways of avoiding or ameliorating them.

Human costs

We can analyse the human costs of war at three levels:

1. the *macro* or overall level of the economy and its outputs and incomes;
2. the *meso* level of specific policies and sectors, which determines how effects are distributed between sectors and groups; and
3. the *micro* or household level which is where individuals are affected.

Of course, the different levels interact with each other. We differentiate between effects of macro-level changes in the aggregate supply of goods and services, and their effects on individual entitlements to these, especially for vulnerable groups. There are two kinds of entitlements. Amartya Sen defined entitlements as the real command over resources, either from direct production, eg of food, or earnings and other sources of income which give people purchasing power over the commodities they need. In addition to these 'market' entitlements, we also focus on a second type, 'public entitlements', which give access to publicly supplied basic goods such as health and education services, water, and free or subsidized food rations. Both types are potentially severely affected by war.

At the *macro-level* of the national economy, GNP is likely to fall, ie total output of goods and services will fall as a result of war damage and loss of manpower, which is liable to hit agriculture first, especially in a civil war, and reduced foreign exchange earnings from exports (especially where sanctions are in play). Diversion of imports to military expenditure further reduces the foreign exchange available for economic uses. In international wars the reduced exports may be worsened by embargoes; in civil wars reduced food production may be particularly acute. But even without these special conditions reduced production of exports and food is likely as a result of general shortages of inputs and their diversion to war efforts. Entitlements are threatened by the loss in production among the self-employed farmers, falls in available employment, and the reduced real wages which often accompany the escalating inflation.

At the *meso level* of government expenditure allocations there is a downward pressure on tax revenue and expenditure, partly due to falling GNP and partly to reduced efforts to collect tax. Government expenditure on social and economic sectors may be particularly badly

hit because of diversion to military expenditure. The social sectors are likely to receive a declining share of a declining total just when their needs for reconstruction and guaranteed minimum food entitlements are rising. As war proceeds, governments are likely to accumulate sharply rising debt, both foreign and domestic, as loans are incurred to pay for the war. Servicing this debt will eat further into the budget, reducing resources available for social needs.

At the *micro level*, households suffer multiple blows – from reduced entitlements among their productive members, from a reduced proportion of earnings when the main wage earner is drafted into the military, killed or injured, and from the reduced ability of the government to provide social services and social safety nets. Preventative health efforts can collapse in war areas so that disease spreads rapidly often with fatal effects, particularly if food entitlements have been severely reduced. Household members may also suffer psychological shock as a result of the many traumatic events that occur during war, including rape, pillage and witnessing relations being killed.

These three factors interact with one another in a way that can lead to massive civilian death during war, as well as widespread destitution among the population.

Development costs

The 'development costs' of war consist of destruction of existing capital, in all its senses, and reductions in new investment. Capital here means physical infrastructure (the transport system, irrigation, power supplies and factories) and social infrastructure (schools and clinics) as well as human capital (people who are killed or migrate), institutional capital (extension services, banks, marketing links, scientific and technical institutions) and, perhaps most critically, social and cultural capital in the form of trust and social cohesion, respect for work and for property. These are all vital for the functioning of society and the economy.

In addition to this damage, wars typically reduce both public and private investment due to competing claims on a declining revenue base; to reductions in perceived returns and, especially, higher risks. Governments tend to cut investment as a result of the general reduction in public resources and the special expenditure demands of war. Aid agencies may reduce aid generally and investment especially, believing that there is little point in building up infrastructure if it is liable to be destroyed, although in some contexts aid may be increased to support the war effort. Private investors reduce their expenditures because of

depressed expectations about the economy and profitability and the risks of destruction.

Many factors affect the scale and even the direction of these various human and developmental costs. These include first, the pre-existing socio-economic conditions, and especially the size and nature of 'vulnerable' population sectors who are likely to be most adversely affected. Second, of course, the nature and duration of the war is crucial. Finally, the responses of international agencies and of a country's particular trading and creditor nations can also be critically important.

A study of the 16 worst affected countries

To see what happens in reality and using the somewhat limited available mortality estimates, we identified the 16 countries worst affected by war, where over 0.5 per cent of the 1990 population are estimated to have died directly and indirectly as a result of war between 1970 and 1990. We then analysed the (albeit limited) economic data available for these countries, which were: Afghanistan, Angola, Cambodia, El Salvador, Ethiopia-Eritrea, Guatemala, Iran, Iraq, Lebanon, Liberia, Mozambique, Nicaragua, Somalia, Sudan, Uganda, and Vietnam.¹

Human costs

In all of the countries for which data are available per capita income fell over the 1980s. The worst performers were Mozambique, Liberia, Nicaragua, Afghanistan, Guatemala and 1970s Uganda. Apart from a number of African countries, which also had negative growth, all performed significantly worse than their regional averages. Per capita food production fell in all but two of them, with six countries showing declines greater than 15 per cent. Food production in Cambodia fell by more than half. Export volumes declined in all but one (Iran); and most showed (smaller) declines in imports. Several countries had very high budget deficits, but some recorded quite low and falling deficits. Inflationary pressures were also uneven. Foreign aid flows were generally increased by the conflict but also varied widely. Mozambique, Somalia, Sudan, Uganda and Ethiopia received massive aid in relation to imports but Iran and Iraq virtually none. The significance of these data, however, is not so much in the negative effects they record as in the degree of variation between countries. The most negative effects occurred in countries with long-lasting and geographically pervasive civil wars, where rebels were well supplied from outside and instructed

to reap maximum damage on the economy (ie Mozambique, Nicaragua and Afghanistan).

At the meso-policy level during war, very different strategies can occur. Nicaragua and probably Mozambique were able to increase revenue-raising capacity as a proportion of GNP and to bring extremely high public expenditure levels (with high budget deficits) to bear on the war effort. This might be characterized as the fairly effective policy response of radical socialism to external destabilization (in the type four scenario). More typically, however, revenue fell by a small proportion of GNP as the government found it more difficult to raise revenue (Guatemala, Sudan, El Salvador and Ethiopia). At the other extreme, some governments virtually lost revenue-raising capacity either through spoil or thieving, corrupt politics (type three) or the disintegration into 'war lord' politics (type five) in which the government machine gives way to anarchy.

The degree to which states could direct GNP to military expenditure varied widely. It was over 20 per cent in Angola, Nicaragua and Iraq, and over 10 per cent in Ethiopia and Mozambique, but in most military expenditure was relatively low (below 3 per cent of GNP). Surprisingly, perhaps, there was no general relationship between high military expenditure during war and relatively lower expenditure upon health and services. Countries in our case study able to maintain state revenues tried to finance both military and public service requirements. In Iran and Nicaragua the proportion of government expenditure directed at social services actually increased during the war. All five states with the highest proportions of GNP directed to military expenditure also had active food intervention policies that served remarkably well to maintain entitlements given the degree of economic rupture in large parts of the countryside. In other states, social service provision was hit drastically by war. In Somalia, for example, expenditure on health and education fell from 11 per cent of the government budget to less than 3 per cent. Like several other governments (including Sudan), the Somali state also failed to maintain food security through subsidies, price controls and public distribution systems with drastic consequences. Coherent and activist states are thus central in helping to moderate the human costs of war.

At the household level enormous disruptions occurred, including high rates of mortality and injury to key income earners (both civilians and combatants). In some countries, this was also the result of massive mine laying. Vietnam had around one million widows and 800,000 orphans and Afghanistan an estimated 700,000 widows. Forced

migration within and beyond national boundaries occurred to varying degrees. Around half of the populations of Afghanistan, Angola and Mozambique were displaced, and around one quarter in El Salvador. These displacements typically reflected a complex and varied set of factors, both security and livelihood.

The process of war often leads to household disintegration as heads of household are killed, mobilized or migrate in search of food. Only in Nicaragua did government policy during civil war permit a maintenance of welfare in the most war affected regions and hence there were relatively low rates of migration. In several countries violence was so pervasive that large proportions of children reported witnessing or experiencing murder or torture, with as yet still little understood long-term effects. Absolute poverty with massive food deficits following conflict was most marked in African countries which started off already particularly poor. Declines in health and welfare variables were widespread in Africa, but in Middle Eastern and Latin American countries declines were less marked – sometimes improvements were actually registered.

The damaging effects of war often reflect principally the loss of rights experienced by civilians in relation to authority (state or rebel) and the military, and the individuals or groups who are able to use the power of these institutions for their own ends. Loss of freedom of movement, looting, irregular taxation, forced labour and abuse of all kinds are the norm for civilians in war zones, at times by 'friend' and 'foe' alike.

Development costs

The developmental costs associated with war also varied markedly. In many countries there was severe destruction of agricultural, transport, service and commercial infrastructure, seen most dramatically in Afghanistan, Mozambique and Angola. In Mozambique, a quarter of the health centres and 40 per cent of primary schools were destroyed during 1982-86. Investment during conflict has ranged from quite high in Mozambique to extremely low in Uganda. The flight of skilled labour was somewhat uneven: Nicaragua and Uganda lost particularly large sections of the professional classes. What happens to administrative and service institutions during wars – in both the rebel and government held zones – has varied markedly, from a blossoming of them in rebel-held Eritrea, to an almost complete collapse.

These costs do not fall equally on men and women. In many situations, women bear the brunt of the costs of war, and receive less support from government institutions than before the conflict. However, the limited research available suggests that women are often able to take some advantage from the sweeping changes in values and social structures that occur in war, because they have less to lose than men from the destruction of the old ways of life and social order. More research is required to understand these gender impacts.

A SYNTHESIS FOR ACTION

Our analysis shows that the economic impacts of serious wars are not uniformly disastrous, but extraordinarily varied between countries. These differences reflect the pre-existing socio-economic conditions, the nature of the conflict, and the policy measures that governments and international relief programmes pursued.

States involved in international conflicts such as border wars or foreign aggression can often galvanize national will and increase taxation (and budget deficits) to increase social and developmental expenditures alongside an increased military budget. But when the adversary is too powerful or persistent, the over-extended state may collapse both economically and politically. A country then slides into disintegration when formal government cannot re-emerge because national resources have been plundered or appropriated by 'war lords'. Such a collapse can also result from a spiral of 'spoil politics', where a succession of different cliques use military means to capture state power and then loot and/or inefficiently distribute national resources under patronage. These cases do not emerge suddenly; they develop from historic events which occur over time, often a prolonged civil war. Early support for policies to reinforce government structures from outside might prevent this anarchy developing. Once near anarchy has developed, a first priority is to flood the country with food, so food supplies are sufficient and the 'food weapon', where one faction denies food to a part of the country, is made ineffectual. A second priority is to reinstate a government strong enough and with sufficient revenue to guarantee entitlements. Sometimes this may be best achieved by supporting local government structures.

The way international financial institutions and bilateral donors respond to conflicts can crucially affect their outcomes, as well as the well-being of the civilians involved. Neglect is one form of policy. The

imposition of 'structural adjustment' packages, insensitive to the demands of a war situation, is another. Structural adjustment programmes typically involve reduction in government expenditure, especially food subsidies, and reduced or eliminated price controls. These measures can have particularly harmful effects during war as they permit food prices to escalate and make it even more difficult to protect essential health and education services.

These packages reduce the capacity of the state to ameliorate developmental and welfare threats, and can further promote conflict by undermining national politico-economic integration and state authority. The Bretton Woods institutions (The World Bank and IMF) clearly need to reappraise their structural adjustment programmes in general, but particularly in countries at war. Likewise, the approach of international and non-governmental agencies, which tend to undermine state coherence by establishing parallel structures and uneven activity, also needs to be reassessed. Increased state management of the economy, systematic intervention to secure welfare, short-term borrowing, and a drive to increasing state revenues, are all central features of successful strategies in handling the impact of war. This is true whether in Europe's world wars of yesterday, or today's African insurgencies.

How relief is provided can greatly affect the impact and outcomes of wars. In some countries at war, relief aid comes to dominate the economy totally (eg Mozambique and Somalia), and its management and distribution becomes central to national and local politics. Donors are aware that their interventions directly influence the balance of military power between government and rebel forces. Frequently general economic aid or relief food is diverted to direct military ends. Sometimes donors may welcome this as part of their foreign policy agendas, or because support for the local military can mean a more secure and settled existence for the civilians under their control. International agencies have been notoriously bad at resolving what kinds of impact they should have on national and state institutional capacity and on achieving these through coherent coordinated policies. The provision or withholding of aid is also a major carrot and stick used by the international community to press for peace agreements of particular kinds – although whether or not this works is doubtful. However, the short- and long-term impacts that this can have on the ground are important. Competition over the control of relief aid may easily become the focus of damaging conflicts between a variety of civilian and military factions. It may even contribute to disintegration of one or both parties to the conflict into forms of 'war lord' politics (eg Southern Sudan in the 1990s).

For civilians in war zones, and indeed for refugees, the greatest determinant of their well-being is not the quantity of relief aid, but the degree to which they retain rights to livelihood and welfare. During wars, states and their agents increase their power over their citizens, particularly those deemed to be of the enemy group. Furthermore, administrative officials, economic elites and soldiers find great opportunities to exploit and control civilians for their own ends. Relief agencies can play as important a role in protecting civilians' rights as they can in providing relief. The strategies used to achieve this, however, have to reflect the causes of conflict: whether there is an overly strong state, an over-extended state, a partisan state or a disintegrated state.

The variations in performance of countries involved in wars point to both the possibility and the importance of government policy to sustain food entitlements and preventative health services during war. To avoid indirect deaths governments must have as a central objective the maintenance of minimum market entitlements. However, the exclusive use of the market to allocate resources and determine prices and incomes is highly dangerous during war, because it can result in a collapse of market entitlements for large numbers of people in a very short time. War creates special dangers because it can lead to sudden changes in production, employment and prices.

A variety of policies are needed to maintain entitlements, including food rations and subsidies, employment schemes, infant and child monitoring and feeding through health centres and pension schemes. These policies may be carried out singly or in combination. Each may be targeted to reduce costs, but efficient targeting usually requires a strong administrative structure that may not be feasible and often excludes large numbers of people in need. Maintaining and extending publicly provided health services, particularly immunization and the treatment of diarrhoea, are an essential supplement to adequate food entitlements.

Experience is accumulating that the policy of not making developmental interventions during wars is usually flawed. First, because it raises the long-term costs of war – especially serious when war is prolonged. Second, such developmental interventions are often essential if relief is to be effective, for example through the maintenance of adequate transport systems. In any case, programmes that provide people with productive employment rather than providing hand-outs are usually much more efficient as well as humane. Similar arguments have long been recognized for refugees, even if these arguments have been little heeded. However, development programmes during wars

would have to be designed somewhat differently – both to minimize the danger of destruction and loss of investment and to focus on the unique constraints and opportunities.

Development efforts are a ‘waste of resources’ only if any new projects are likely to be destroyed immediately. One way of avoiding this is to redesign the development efforts so that they are less vulnerable to attack, for example, building minor, untarmacked roads, small airstrips, mobile schools and health posts, mini-energy projects, rather than massive projects which are obvious targets; and building small-scale, dispersed industry rather than large centralized factories. Maintaining development programmes and reconstruction can also be crucial for morale and the legitimacy of the state. This is particularly important for countering wars of destabilization/foreign aggression and in situations of state disintegration.

Understanding the contrasts between types of wars and states can help in deciding whether support to state largesse is likely to be effective in reducing military conflict and its effects in the longer term. Those countries that managed to maintain or increase aggregate revenue during their wars (namely Mozambique, Nicaragua, Vietnam, Iran and Iraq) could maintain social services and an investment capacity which reduced developmental costs and assisted post-war reconstruction. However these states have not been able to achieve political stability. In part this reflects an international environment hostile to independent-minded Third World states, but also the strains imposed by the aggressive all-encompassing state – the kind of regime that can further advance its claims on its citizens in the face of general hardship and violence. Yet in states riven by wars over ‘spoil-politics’, one reason for the destructive struggles over control of government is the extent to which political office guarantees access to national resources for diversion and redistribution to those holding power. The challenge to new leadership in these states is how to make economic necessities politically viable in a situation where the World Bank/IMF and donors provide an impossible strait-jacket of fiscal policies. The threat of a collapse into ‘war lord’ stagnation is all too clear in many African states where the state has become impossibly weakened. Recovery from such a collapse is very difficult: even Museveni’s achievements in Uganda still leave a very precarious state.

In our view, an understanding of the relationship between the nature and capacity of states and the form of military conflict they are embroiled in, would enable policy makers to design economic policies that can minimize the human costs of the war, reduce the forces causing

conflict, and maximize wartime welfare and post-war economic resurgence. Such new thinking in economics, however, should be coupled with ways to tackle the new levels of weapons availability and the legacies of military might and political disjuncture in many countries of the South.

A CASE STUDY: MOZAMBIQUE

Mozambique illustrates how devastating the welfare and developmental costs of sustained warfare can be and how far governmental policy can mitigate those effects. It also illustrates how international aid generally failed to respond to the country’s crisis with a coordinated and rational long-term strategy to minimize these costs.²

Mozambique was a revolutionary ‘socialist’ state that fell victim to external destabilization and, to a lesser extent, to a variety of internal opposition (a type four scenario). There was an initial period of fairly effective state response to the economic damage from the war (late 1970s to mid-1980s), followed by a trend to the state being overwhelmed by the extent of destruction. Its capacity to respond coherently was further undermined by the nature of international aid (late 1980s to the cease-fire of October 1992). This led to an increasingly ‘type five’ situation of militarized disintegration where the ability of state or aid agencies to intervene to support people’s short- or long-term livelihood was progressively lost.

In Mozambique, the war was fought largely without front lines, and, for over a decade, in almost every district of the country. Few villages were unaffected, and most of the rural administrative centres changed hands several times. Only the provincial cities never fell to the rebel forces (the MNR or Renamo). This maximized war damage – both in immediate human and developmental terms. Basically, the war led to catastrophic economic losses overall, halving GNP and destroying most of the productive assets in the state, peasant and commercial sectors. Hundreds of thousands of people, possibly more than a million, lost their lives from the indirect effects of war (especially through the destruction of primary health provision); and more than 100,000 were probably deliberately killed or starved during the fighting.

The Frelimo government initially worked hard to maintain services and to meet welfare needs in the countryside, initially sustaining government revenue and management. But by the late 1980s its efforts were overwhelmed by the extent of the problems and the size of the

reduction in the national economy and hence in total state revenue. The government tried to deal with this by borrowing heavily and unsustainably (soon owing two to three times its GNP). Though this cushioned the war's impact initially, the Mozambique government then had to accept from 1987 structural adjustment in return for debt interest rescheduling and World Bank-brokered international aid. Military expenditure reached half of the state budget by the late 1980s, and, in the face of restrictions imposed by structural adjustment on borrowing for service provision, spending in areas like health was reduced substantially. Despite government attempts to preserve entitlements of the existing urban poor and the one million plus people displaced into urban centres, such measures achieved less than they could have because of the economic instability caused by the war and structural adjustment, and the basic donor hostility to such programmes. In practice, attempts to support rural populations became restricted to an internationally-funded emergency relief programme for an official 'two million' internally displaced (a figure determined basically by donor funds).

For political and technical reasons, international aid could not address the fundamental issues in Mozambique's short- or long-term stability. The US\$500 million donated every year since the late 1980s for the emergency in Mozambique and the nearly two million refugees in neighbouring countries was approximately double the government's military expenditure at its 1986-90 peak. Clearly, as was widely recognized, allocating even limited amounts of such funds to the logistically incapacitated Mozambique military would have had much greater welfare benefits by protecting civilians *in situ* rather than attempting to assist people once attacked and driven out of their homes by Renamo. A few aid projects and commercial initiatives amply demonstrated the benefits of a (non-lethal) military aid component or private militia presence but most donors and agencies were shy of such activities. They were even prepared to see millions of dollars of donor investment destroyed by Renamo raids for want of minor support to government garrisons. Furthermore, agencies simply watched desperate government troops, who received neither reliable salary nor logistical support, turn increasingly to commandeering their relief provisions and to raiding or taxing peasant or displaced populations. Admittedly the level of corruption in the Ministry of Defence made logistical support of the soldiers through central government difficult, but it would have been possible for much imaginative action at district level.

Not only could civilians in the war zones have benefited more from non-lethal military aid than from emergency assistance in the camps for

refugees and displaced people, but also the national economy could have benefited considerably from spending in defence of its assets. The annual US\$500 million of emergency aid was only half or less of the economic costs of the war itself in terms of reductions in GNP. Thus, international investment in maintaining government defence of the country's productive peasantry and infrastructural assets would also have had a high rate of return in economic terms. This was, of course, one of the things that the Mozambique government recognized in its own borrowing for the military, borrowing that eventually was largely curtailed by the World Bank and IMF.

Although donors were shy of supporting the Frelimo government's defensive capacity, very few agencies explored the options for providing relief or development assistance through rebel Renamo structures. In part this was because, whatever their attitude towards Frelimo's 'socialism', donors understood that long-term viability depended upon the government surviving until the Renamo rebels accepted peace negotiations. It also reflected the way emergency aid to the governments of the Mozambique and other 'frontline states' was used by western donors as a sop to blunt criticism of their failure to tackle South Africa's blatant regional destabilization policies. As a result, no comparable budget lines were available for work in rebel zones, and for many years people under Renamo control were denied assistance or support in a war of attrition where the donors were unwilling to make a decisive intervention. Ironically, this very factor was later used to the advantage of the peace process. By 1992, war and drought had reduced the Renamo-held zones to such levels of famine that even the military could not sustain itself, and first an agreement on humanitarian corridors and then a final cease-fire were in part built on the promise of relief for these zones.

Political sensitivities prevented donors from responding to the clearly primarily military cause and solution to Mozambique's destabilization and then drift towards militarized disintegration. There was a parallel failure of the aid programmes to support the kind of state coherence that was necessary to resist further collapse and to sustain the population. Despite the dedication and wisdom of a number of donors and agencies and the valuable contribution of certain programmes, the overall effects of aid fell far short of what could have been achieved. Contradictory and often competitive policies were followed by different donors and agencies. Where they were prepared to direct resources through state structures, they often ended up funding more than one government unit to do the same thing. Trapped in an over-ambitious

professional framework and with the loss of political direction, underpaid officials in the ill-resourced ministries lost much of the will to work and sought other means of livelihood. Key central governmental units withered under these internal and external pressures. Even where donors recognized the impending disastrous consequences of this, for example in the case of the government's relief unit, they simply lacked the political will to do anything about it, thus jeopardizing hundreds of thousands of lives and destroying even their own ability to operate effectively.

Donors providing emergency assistance failed to explore how they might mitigate the long-term consequences of the war by supporting key state institutions and programmes in human resources development. It was abundantly clear for several years before the cease-fire that the refusal of donors to support certain state structures with recurrent expenditure was not only harmful in the short term, but would have dire consequences for post-war reconstruction. For the beleaguered Ministry of Education, in particular, this meant not only another generation with little education in a country with critical skilled manpower shortages, but also that enormously costly institution-building would be required to repair the continuing loss of trained and skilled staff. A relatively small amount of support for recurrent expenditure in the short term would have yielded great returns in the long term. Despite some structural problems within the Ministry, the real constraints on donor assistance were the combination of the current unfashionability of education in the fickle aid business, and the general hostility towards meeting state recurrent expenditures whatever the logical outcomes of this.

The impact of aid programmes' failure to support state welfare and developmental provision extended beyond its direct affect on people's well-being to the wider security situation. As the state became less able to deliver services it contributed to the loss of morale and state legitimacy which rendered the country more vulnerable to the Renamo rebels. This lack of political strength combined with economic weakness (compounded by the withdrawal of existing logistical support for the military from the ex-Communist bloc after 1990) meant that even once Renamo's military capacity was greatly reduced the government forces could not effectively dislodge them from the countryside. Thus, the war dragged on until both sides saw that they had lost. Given the wrecked state of the rural economy, the focus of political struggle shifted to the allocation of new external resources under an internationally brokered peace agreement.

Local studies, however, suggest that the pattern of interactions between relief assistance, military stability and economic recovery are much more complicated than this general view suggests. Work in Zambezia by Ken Wilson and Jovito Nunes suggests that, at least in the important centres of Milange and Mocuba, the emergency programmes *did* have positive developmental impacts. Ironically, their positive contribution to peasant livelihood by improving security and economic activity was primarily through the effects of 'corruption'. Although one or two ngos supported district level structures, most relief was exclusively targeted at the displaced and returnees in conditions where the state structures and military were starved of resources. Fortunately government officials and the military diverted part of the relief aid and used it to supplement their totally inadequate salaries so that they could do their jobs effectively and keep the areas secure against Renamo encroachment. Furthermore, this 'diversion' of relief items stimulated the emergence of commerce which in turn generated and profited from peasant wage labour and other economic activity. Such independent commercial activity actually became central to physical and economic reconstruction, and was much more effective in enabling peasants to re-establish sustainable livelihoods than the agencies' direct programmes. To cap it all, by late 1991, at least in Milange, it was this emergent commercial community who were taxing themselves to provide the army with logistics for the defence of the town, and which thus expanded the secure zone for economic activity under government forces. Obviously, the agencies could have made a much more effective contribution to civil authority and military logistics by contributing directly to their work than that which was achieved through the uneven and semi-clandestine system of corruption.

Clearly, international relief donors have to consider how they should work with the state, what effects this has for stability and what contributes best to the immediate and long-term welfare of the war-torn population.