recognize it as the *de jure* Government. And if a liberation movement were given enough material help to be able to occupy a portion of the land in the country, it might be regarded as a subject of international law. Meanwhile, the Smith regime will not abdicate from power without force and Britain has said that she will not use force in Rhodesia. The economic sanctions cannot work successfully unless they too are applied to South Africa and Portugal. Force can only come from the people of Zimbabwe themselves through their party leadership and through the help of sympathetic Governments.

The British Government made several mistakes. It encouraged the Smith regime to take illegal action firstly by announcing that Britain would not use force in the event of UDI. Thus the Smith regime was encouraged to make a further and deplorable step in the wrong direction for Southern Rhodesia, for Africa, and for the world. Secondly, when Smith and his Cabinet were dismissed from the Government and regarded as private persons, the British Government did not appoint a body which would act as a provisional Government until such time as general elections could be held based on the principle of one man one vote. Because of her failure to appoint this body, the State organs (police, army, judiciary, etc.) were left without an authoritative body from which they could get instructions. The instructions from the British Governor that all civil servants should remain loyal to the Queen and should not do anything to help the illegal regime, were not backed up by action. Britain allowed a situation to develop whereby the State organs had no choice but to obey the Smith regime as the effective Government of the country. Under normal conditions the British Government should have arrested the whole Cabinet for taking the law into its own hands, and while these people were under arrest a new Constitution could have been made giving the people equal opportunities to vote and elect a new Government. But perhaps it was never the intention of the British Government that there should be majority rule in Rhodesia.

All four of Rhodesia's Constitutions contain mass oppressive legislation. Guided by the present generation of white politicians in Rhodesia, one concludes that there will never be a voluntary end to European domination. Even if the five million Africans qualified as voters today, we would not smell the scent of freedom and majority control, because the Legislative Assembly, the army, the civil administration and the judiciary have remained in the hands of the white minority. The African people, as the majority in Rhodesia, and the natural owners of the country, must achieve real substantive power. They will be forced to seize power by force of arms.

Lesotho, an Island Country: The Problems of Being Land-Locked

T. THAHANE*

For convenience, this discussion of the problems of Lesotho as a land-locked State will be divided into three parts. In Part One a brief review of the development within the international community of an awareness of the problems of land-locked States will be made. This should place in perspective the present world interest in the problems of land-locked countries and the search for internationally accepted solutions to these problems. In Part Two some general and theoretical considerations which may go a long way to explain some of Lesotho's unique problems will be raised. Part Three will focus exclusively on Lesotho, its controversial past and the subsequent political and economic problems which it now faces. There are no specific criteria for ordering the discussion in this manner. However, the writer feels that Lesotho's problems will be better appreciated against the points raised in Parts One and Two.

I

Before the political liberation from colonial rule of countries in Africa, Asia and Latin America, the international debates on the rights of land-locked States centred around Europe which contains a few independent, land-locked countries. While the majority of land-locked European States enjoyed bilateral agreements which were designed to facilitate transit, it is also fair to state that multilateral conventions only began with the end of the First World War. As Dr. A. Hakim Tabibi observes:

> The Treaty of Versailles in Articles 338 and 379 considered the problem of transit an important question in the world. Article 23 (e) of the Covenant of the League also contains the relevant provisions which made the council of the League of Nations convene a conference on freedom of transit in Barcelona in 1921.[1]

Switzerland, a land-locked State with considerable trade and economic interests, fought hard to get the rights of land-locked countries recognized. It claimed the right to fly its flag on the high seas in a memorandum to the President of the Paris Peace Conference in 1919 and later to the Barcelona Conference in 1921. The latter conference recognized the right of all land-locked States to fly a maritime flag. In later years, the

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1 A. H. Tabibi, *The Right of Transit of Land-locked Countries* (Kabul, Afghanistan: Afghan Book Publishing House, 1970), p. 1.

General Agreement on Tariffs and Trade and the Havana Charter included articles which reflected the principles adopted at Barcelona. However, the adoption of these principles by the various international conventions did not take a practical approach until the late 1950s and early 1960s following the attainment of independence by an increasing number of land-locked States in Asia, Latin America and Africa. Recognizing their common needs and requirements as land-locked countries, they have been pressing their case for special consideration in the United Nations and the group of 77 developing countries of UNCTAD. This was inevitable since a quarter of the United Nations membership comprises land-locked States. Their collective power led to the adoption of Resolution 1028 XI by the Eleventh Session of the General Assembly of the United Nations which invited member States to recognize the rights of land-locked countries. The collective action by the international community to do something practical about the rights of land-locked States, resulted in the 1965 Convention on Transit Trade of Land-Locked States. While many countries have acceded to and ratified this Convention, Lesotho's only neighbour, the Republic of South Africa, has not yet done so. It was not even represented at the Conference of June-July 1965 which drew up the Convention.

Before leaving this development of an awareness by the international community of the problems of land-locked countries, we should ask whether or not these countries today have perfect rights of transit over the territory of coastal States. As far as the writer is aware, under existing international law, land-locked States have only an imperfect right of transit. The best they can hope for is the right to a treaty on free transit. While the right of ships to innocent passage appears to be recognized even in international rivers and waterways, this does not seem to extend automatically to railways and still less to pipelines. With respect to air transit, the right of a land-locked State appears to flow only from a treaty or a multilateral convention in which the contracting parties have agreed to offer certain rights of transit to scheduled or non-scheduled aircraft. International law has not developed at the same rate as the awareness by the international community of the peculiar problems of land-locked States and their requirements.

II

Let us now turn to the land-locked countries themselves and their problems with their transit neighbours. Accepting that land-locked States have but an imperfect right of free transit over the territory of their coastal neighbours, what are some of the factors that may influence the relations of these two groups of States? Some of these factors, especially those relevant for Lesotho's case, will be identified in the next paragraphs. No attempt will be made to deal with them exhaustively.

As a general proposition, it may be stated that the character, nature and intensity of the problems facing land-locked countries derive mainly from the character of their environments. These environments include the social

and cultural attitudes and political goals of the land-locked States and their transit neighbours. The relations that exist between these countries could assist or frustrate the efforts of a land-locked State in accelerating internal economic development. The degree of influence which a transit neighbour will exert upon a land-locked State will be in inverse proportion to the size (defined in terms of population and area), wealth and the degree of economic diversification of the land-locked State. A geographically large country with a large population can develop internal trade and domestic specialization in production while a small one cannot. A small country often has a skewed distribution of resources and depends heavily on exports and imports. This dependence on trade makes the land-locked State very exposed in its financial and monetary relations. It is rather difficult for it to insulate itself from the external economic influences or policies originating from its large transit neighbour, especially if the neighbour is economically powerful. Worse still, if the land-locked State has no employment opportunities for its population, the scope of its protective measures becomes even more limited. This is the case with Lesotho and its only transit neighbour, the Republic of South Africa.

The bargaining strength of a small land-locked State may be enhanced *vis-à-vis* its transit neighbours if it has exploitable natural resources which are of strategic significance in the world. If the land-locked State has oil, chrome or uranium, its bargaining strength may be enhanced by the other countries which require such minerals for their own use. Exports and imports may be permitted to move with ease through the ports and railways of the coastal State. In addition to the presence of natural resources, the internal development of a land-locked State may be accelerated if its population possesses valuable production and trade skills. Switzerland is an example of such a country. Through the skills of its people it has forged a niche for itself in the world and among its transit neighbours. Finally, it may be pointed out that a land-locked State will always face difficulties in its efforts towards internal economic development if its social and cultural background is completely different from that of its transit neighbours. These difficulties may be accentuated if the Governments in power differ drastically in their political and social philosophies and goals. This is true in the case of Lesotho and the Republic of South Africa.

III

Let us now examine Lesotho and its problems as a land-locked State against the background of some of the points raised in the above sections. The Kingdom of Lesotho (formerly Basutoland) is one of the fourteen black-ruled, land-locked African States. It is small in size and has a population of approximately one million people. Lesotho has an area of about twelve thousand square miles and is completely surrounded by the Republic of South Africa. It has been variously referred to as a "political anachronism" of our time; a "black-ruled island within a white-ruled country" and an

"island of human dignity within a sea of apartheid". Whatever the reference, it is unlike any other member of the United Nations in its insular position and land-locked position. The geographic location of Lesotho in the middle of South Africa would probably not create many difficulties if it shared the same political, social and economic goals with its neighbour. But since this is not the case, Lesotho's problems are intensified in their complexity. Cooperation with the Republic of South Africa, with whose political philosophy Lesotho strongly disagrees, is dictated by considerations of survival rather than deliberate choice. As Chief Leabua Jonathan, the Prime Minister, has often stated, "our difficulties stem from the fact that while it is easy to change friends, it is impossible to change neighbours, especially if it is only *one neighbour.*" Even if one disagrees with or dislikes his neighbour he cannot do anything about him unless he resorts to violence. But such an alternative is doomed to failure if the neighbour is a hundred times stronger. Harassment may give him an excuse to wipe out the troublesome island using the pretext of provocation or desire to protect his citizens or strategic interests. All these considerations call for tact and diplomacy on the part of Lesotho.

Given the above realities, the questions often raised by people unfamiliar with the problems of Lesotho are: How did this political anachronism of a country within a country occur? Why has Lesotho not been incorporated into the Republic of South Africa politically since it is virtually integrated into it economically? What problems does this location pose for the Government and people of Lesotho? It is not easy to give satisfactory answers to these questions, but an attempt will be made to sketch some of them.

Historical Background

Today's Lesotho stands as a symbol of black independence in Southern Africa. Even at the time of the scramble for Africa by the European powers, Lesotho was never conquered. It did, however, lose large tracts of land. Prior to the nineteenth century, Basotho together with other tribal groups such as the Zulus, had settled the interior of Southern Africa.[2] In the 1830s when the Boers moved inland from the Cape Province and away from British rule, they engaged in many battles with the African tribes inhabiting the interior of the sub-continent. Faced with technically superior European weapons, Basotho under the wise leadership of King Mosheeshee I retreated from the flat lands towards the mountains which formed good natural defences. From the high mountains Basotho were able to repel the Boers while at the same time seeking the protection of the British Government. In 1868 the British Government finally accepted Mosheeshee's request and declared Lesotho a British Protectorate. Despite Mosheeshee's protests, the ceasefire lines were declared as the boundaries of what is now Lesotho. As a Protectorate, Lesotho or Basutoland remained under British rule until 4 October 1966 when independence was finally granted. It may be pointed out in passing

2 For the refutation of the suggestion that blacks and whites arrived in Southern Africa at the same time, see the careful historical study by Monica Wilson in *African Studies*, Vol. 18, No. 4 (1959).

that during the formation of the Union of South Africa in 1910, the British Government expected that Basutoland and the other territories of Bechuanaland and Swaziland would eventually join or be incorporated into the Union of South Africa. This would have made economic and administrative sense had the inhabitants of the territories agreed. It was in anticipation of this arrangement that a Customs Union Agreement which gave South Africa power to collect and levy the duties was signed by Britain on behalf of Basutoland, Bechuanaland and Swaziland. However, there was no concurrent monetary agreement to make South African currency legal tender in the three countries. Its use was extended on a *de facto* basis.

Incorporation into the Union of South Africa

Why then did Lesotho, instead of joining the Union of South Africa, evolve towards full independence? There are two principal reasons. The first is the latent historical animosities between the Basotho and the Boers which were reinforced by suspicions of the Boers' motives. The tragedies of frontier battles were still too fresh in the minds of many Basotho leaders to wish to join hands with the "enemy" so soon. In addition, South Africa still occupied what Basotho considered their rich arable land. Even on the part of the Boers, the memories of their leaders, such as Wepener, who were killed by Basotho were still fresh enough to make revenge a real possibility. Furthermore, many Basotho fought with the British during the Anglo-Boer War of 1899 to 1902. All these factors coloured Basotho attitudes towards incorporation into the Union of South Africa.

But an even more important reason against incorporation was the racial attitudes and policies of the Union Government towards the black people. Mosheeshee had built the Basotho nation out of a mixture of many tribes by emphasizing peace, reconciliation and the oneness of man. He preached and practised these principles as demonstrated by his invitation to white French missionaries in 1833 and his forgiveness of the cannibals who killed his grandfather in 1824. Those who fled from the Boer conquests and other tribal brutalities found a welcome home in Lesotho and were fully integrated into the society. That this policy is still practised today is evidenced by the integrating of political refugees from South Africa into the social life of the people rather than putting them in separate refugee camps.

The above principles were so deep-rooted in the whole nation that they could not agree to join the Union of South Africa which discriminated between races and in particular against black people. They objected to the failure to recognize their traditional democratic institutions for administration and decision-making. According to Chief Jonathan:

> Lesotho's opposition to racism is part of a national history and goes back to pre-1910 days. It is the abhorrence of racism that led the people of this country to oppose incorporation of the territory into the Union of South Africa in 1910. When, on the attainment of independence in 1966, Lesotho embarked on a policy of peaceful co-existence, this was by no means an

> indication that she had abandoned her opposition to racism and racial discrimination.[3]

This social stand led to a move to seek independence whatever the costs. The sacrifices would be no more costly than the perpetual subjugation which would have eventually resulted from incorporation into South Africa.

It is important to note that Britain's expectation of Lesotho's eventual incorporation into South Africa was largely responsible for the 'do-nothing policy' of the colonial administration. Unlike other ex-colonies, Britain left Lesotho with a skeletal administration and almost no physical or social infrastructure. It was expected that internal development of Lesotho would eventually be the responsibility of South Africa. Prior to independence a small administration to keep law and order was maintained, and education was left to the missionaries. The commercial sector was an open field for agents of South African traders, financial institutions, commercial banks, insurances and building societies which South Africa forbade by law to make investments in Lesotho. Mine labour organizations were allowed to recruit able-bodied Basotho into the mines unrestrictedly and without any recompense to the country. Commercial and financial institutions operated in Lesotho without clearly defined powers or machinery for their control; no mechanism for making returns or disclosures existed. All these factors worked to the advantage of the South African Government since it was expected that severe unemployment in Lesotho coupled with the bleak economic prospects would convince Basotho about the advisability of joining South Africa. Lack of domestic employment opportunities would not only favour incorporation into South Africa, but it would make Lesotho another 'Bantu Reserve' or a reservoir of cheap labour for South African mines and industries. In fact, there is a view in some quarters that the existence of Lesotho under Britain and the prospects for its independence inspired the originators of the South African policies of 'border industries', Bantustans and separate development.[4] Whatever the validity of this view, it is true to say that the lack of domestic developments in Lesotho during the colonial days greatly weakened the bargaining power of future Governments and built a strong case for incorporation. It also reduced severely the number of options available to this island country. This background must be borne in mind in assessing the political and economic problems of independent Lesotho.

Political Problems

A general thesis in this section of the paper is that many political problems confronting land-locked States and their neighbours can be traced in varying degrees to the differences in their respective political and social philosophies. The more divergent are the national political objectives and attitudes to life of the Governments of the land-locked State and those of its

3 An address by the Prime Minister on International Day calling for the elimination of racial discrimination, Maseru, 21 March 1972.
4 D. V. Cowen, *The Foundations of Freedom with Special Reference to Southern Africa* (Cape Town: O.U.P., 1969), pp. 33-42.

transit neighbours, the more the areas of tension. The same is true of other fields of policy such as economic and monetary arrangements. Tension may be aggravated if the transit State wishes to control or dominate the national politics of the surrounded State or if it wishes to create a sphere of influence. This thesis appears to be valid in the case of Lesotho, Botswana and Swaziland. The political and social outlooks of Basotho and their Government are at variance with those of the Republic of South Africa. South African society is founded on the philosophy of racial inequality, and the present political, economic and legal system reflect this. According to Professor Cowen, "the South Africa Act itself, which established the Union's framework of government, is often and very rightly quoted as discriminatory legislation".[5] Successive Governments of the Republic, both United Party and Nationalist, have added many discriminatory laws to the statute books. The prejudices of the earlier South African legislators that non-whites belong to an inferior race "have never died out, and are not less deeply rooted at the present day among the Europeans in South Africa, whether of Dutch or English or French descent".[6]

While South Africa is dedicated to social, political and economic inequality between the races and denies human freedoms to its non-white citizens, Lesotho is dedicated to the establishment of a non-racial society. As Chief Jonathan stated:

> I want to restate our position that Lesotho rejects any doctrine which justifies either racial discrimination or racial superiority on any basis whatsoever. . . . At this stage I want to appeal to every Mosotho to join hands with me in my efforts to make Lesotho an island of peace, justice, freedom, equality and real racial harmony in Southern Africa.[7]

These differences in social objectives will always create areas of tension as has been the case in recent months, especially after 4 October 1971.

In addition to friction arising from the differences in social systems between Lesotho and South Africa, another bone of contention is in the area of foreign affairs. Lesotho wishes to make its political independence a reality by taking an independent line. It wants to choose its friends and decide who may visit Lesotho without reference to any other country. South Africa is unlikely to tolerate this since it wishes to control or exercise political influence on developments in Lesotho. It is unlikely that South Africa would have permitted transit to, for example, Dr. Kwame Nkrumah. Another example of South Africa's wish to hold up independent thinking was the outcry of the influential South African newspapers at the Prime Minister's statement which labelled what South Africa called "terrorists and guerrillas", "freedom fighters".

Given the differences of political and social goals between the two countries, areas of tension will increase as Lesotho attempts to wipe out racial discrimination and to demonstrate that a viable alternative to racism

5 Ibid., p. 26.
6 Ibid., p. 27.
7 The International Day address by the Prime Minister, op. cit.

exists and that it can work. As Lesotho develops, it will gradually show the hollowness of apartheid. Rejection by Lesotho of any comparisons with the Bantu 'homelands' is not likely to please Pretoria. Public condemnation of discrimination is likely to evoke warnings such as was given by the Prime Minister of South Africa to the Prime Minister of Lesotho following his independence address on 3 October 1971.

Further tensions may and do arise from the disgraceful treatment of Basotho by South African officials at the border gates. While the treatment is not uniform at all gates, it is painful to people who enjoy freedom and equality in their home country to be subject to apartheid regulations and humiliations. In matters of transit through the international airport at Jan Smuts, South Africa sometimes forbids the return of Lesotho nationals claiming that they have received training in a hostile country. This was the case with twenty-two Basotho who were said to have received training in terrorism. Some Lesotho nationals cannot be allowed to leave Lesotho through the international airport. The same difficulties are encountered in getting transit visas for United Nations personnel in Lesotho to travel to Botswana or Swaziland (unless they come from the favoured nations).

An even greater tension may arise from Lesotho's declared objective to increase its political and economic cooperation with other African countries. The implementation of this policy is already underway as evidenced by an increasing number of African diplomats visiting Lesotho. The attitude of the African States to South Africa is likely to influence the latter's attitude to Lesotho. Similarly, the increasing cooperation with the Scandinavian countries which openly support liberation movements in Southern Africa is making Pretoria unhappy even though this is not sufficient to provoke retaliation. All these areas of tension call for skill and diplomacy on the part of the Lesotho leadership. Uncalled for extremism may provoke extreme reaction from Lesotho's only neighbour.

Economic Problems

The economic problems which Lesotho faces as a result of its geographic position are many and complex. The Government's First Five-Year Development Plan has given an honest assessment of them. Space will not permit a detailed review of them in this paper and only a few selected problems will be considered. The main economic problem facing Lesotho is the employment of over 45% of its able-bodied men outside its borders. Approximately 150,000 Basotho men work in South African mines, farms and industries. This means that the burden of internal development, especially the agricultural sector, is left in the hands of women, children and old men. It is true that these men bring in an income from their employment in South Africa, but the social costs of their absence on their families are very high. The economic costs are even higher. Because there are no retirement benefits and because the wages of US $0.75 per day are too small for meaningful savings, the men become Lesotho's burden when they have outlived their usefulness in the mines. This increases the dependency ratio in the population to almost

50%. Another aspect of the migrant labour system is that because of the apartheid and job reservation laws of South Africa, migrants cannot acquire skills beyond a certain level. This restricts their contribution to the economic development of Lesotho on their return.

In introducing the Lesotho First Five-Year Development Plan, 1970-71 to 1974-75 to the nation the Prime Minister stated:

> Rapid economic development in South Africa has not resulted in an expansion of the productive capacity in Lesotho; it only maintained the demand for Basotho labour from South Africa firms, mainly from mines. This demand had undoubtedly a number of important favourable effects for this country . . . the above-mentioned effects, important as they are, should not obscure the fundamental fact that Lesotho is becoming a reservoir of unskilled, cheap labour for South Africa with little hope of creating an indigenous base for economic development. This situation will not change radically as a result of a spontaneous process. Change must be brought about by deliberate and well planned action. . . .[8]

The Lesotho Government's strategy for economic development is largely dictated by the problem of dependence on foreign countries for employment and incomes and even for balancing its budget. Freeing the country from this dependence involves creating more jobs in Lesotho, increasing local incomes and accelerating non-formal and formal training; it involves concentration on the absorption of the annual increment in the labour force while those currently working in the mines continue to earn incomes and support domestic demand for goods and services. If the annual increase of labour can be given economically sound employment, the relative importance of migrant workers will be gradually reduced, in the long run, to such an extent that it will eventually cease to be a major problem. International assistance will be required on a large scale to make an impact on this problem.

The second problem, although not linked with the land-locked nature of Lesotho, but deriving from some of the historical factors sketched above, is the lack of a good social infrastructure. The educational system is broad at the base and tapers sharply at the secondary level. Its attrition rate is very high while its curriculum has been classical. It has not been geared to providing in appropriate quantities and quality the skills required for economic development. The explanation is to be found in the fact that the colonial administration left the whole field of education to the missionaries. From another point of view, such a policy complemented the overall policy towards pursuing minimum economic development and maximum maintenance of law and order. As a result of this Lesotho, a country poorly endowed with natural resources, faces a critical shortage of middle level technical and professional manpower. Promoting education and training as a means of creating skills and aptitudes is now a focal point of Lesotho's strategy for development and self-reliance.

In addition to the undeveloped human resources, there is a shortage of

8 Central Planning Office, *Lesotho First Five-Year Development Plan, 1970-71—1974-75* (Maseru, 1970), pp. XIII-XIV.

adequate hospitals and clinics throughout the country. Small, ill-equipped and poorly staffed hospitals were built at the District Administrative Headquarters. These happen to be in the lowlands. No clinics were established for the large proportion of the population living in the mountains and foothills. The present hospitals face a critical shortage of doctors, equipment and drugs. There are no special facilities at Maseru and critical cases are either referred to the Republic of South Africa or attended to by specialists who visit Maseru from time to time. Too much dependence on these visits may lead to non-development of Lesotho's facilities and postponement of the development of an indigenous cadre of specialists.

A serious constraint on the development of social services such as education, health services, housing and water supply is a shortage of financial resources. The currently small revenue base and dependence on foreign countries for employment and incomes will make the development of these sectors slow and difficult.

The most serious constraint to development and hence the attainment of economic independence is the lack of a good economic infrastructure. Lesotho's road network is poor. There is one road running from the North to the South of the country along the border with South Africa. Since independence, about 100 miles of this road have been tarred or paved. The mountain area which constitutes two-thirds of the country is accessible from only two points by four-wheel drive, despite the production of wool in the mountains. It is important to note that this small road network is oriented towards the Republic of South Africa. Most of the lowland towns have the best road and telephone communications. However, since independence, substantial progress has been made in linking the interior of the country with the lowlands by constructing small roads under self-help programmes. More funds are required to continue this programme and thereby lay the foundations for internal trade.

A most serious obstacle to economic development which is also a crucial security problem is the lack of internal sources of energy and power. At independence, in order to make a quick start to industrial development, Lesotho signed a long-term lease for the purchase of power from the Republic of South Africa. The consumption of power has been increasing by over 15% per annum over the last five years. During the same time, even the former diesel plants have been closed down while more connections to the South African grid are made. Only in 1972 was a start made to find alternative sources of power within the country. Several schemes have been identified and funds will now be required for their detailed planning and development. The dependence of Lesotho on South Africa for energy would be a great disadvantage in time of conflict or policy disagreement from the security and development points of view.

In the field of telecommunications, before independence no efforts were made towards internal development. On the other hand, telephone connections between South Africa and the lowland towns were well developed. To phone a town in the north of Lesotho, for example, the call had to go through

South Africa. Often it took a shorter time to call London than it did to ring a town twenty miles from Maseru. In 1971, the Government began reversing this process. A feasibility study was undertaken for the establishment of a direct telecommunications link with the rest of Africa, and radio links with the mountain areas. Considerable external assistance will be required in this field.

In financial matters, at independence Lesotho found itself confronted with a deficit of approximately 55% of its recurrent budget. The British Government provided grants to cover these deficits from 1958-59 on an increasing basis until 1966-67. At that time, it was stated that the Lesotho Government should try to reduce this external dependence. Therefore, any increase in domestic revenue had first to be applied to the reduction of British Grant-in-Aid rather than the expansion of Government services. This meant that the desperately needed infrastructural and other facilities could not be met. The country's executive capacity could not be expanded by employing more technical and professional personnel usually carried on the recurrent budget, hence the absorptive capacity for capital aid remained low. To make things even more difficult, any capital aid provided by the United Kingdom in one financial year and not used reverted back to the UK Treasury. Through this technique, Lesotho lost a substantial amount of development revenue. Fortunately, through a policy of restraint and improvements in domestic revenue collection, the situation has changed. In the financial year 1973-74, Lesotho will be free of British Budgetary Grants although it will continue to depend heavily on external sources for capital aid.

The problem of uncontrolled financial institutions still persists. South African insurances, building societies and banks operate in Lesotho without a good banking legislation that ensures proper disclosures. Under the present conditions the Government is unable to follow or control developments in the financial sector. The result is that Lesotho is a net exporter of capital while at the same time it is in need of funds for development purposes. To solve this problem and to provide credit to local entrepreneurs, the Government has established a Development Bank.

One of the most complex problems relates to the monetary union existing between Botswana, Lesotho and Swaziland. This is not covered by any formal agreement that makes the South African currency legal tender in the other countries. The three countries have no say in the policies of the South African Reserve Bank. There is a feeling that some of its credit policies may not be compatible with the stage of development of Botswana, Lesotho and Swaziland. Consequently, negotiations to formalize these arrangements have been started although their conclusions may not be known for some time.

Finally, the four countries in Southern Africa are in a Customs Union Agreement which is dominated by South Africa. The effect of this agreement, the monetary arrangements and the large-scale labour movements between on the one hand Botswana, Lesotho and Swaziland and South Africa on the other is to create a network of economic linkages that approximate an

economic community. But the relationships fall far short of this because (a) apart from consultations provided in the Agreement, there is no machinery for coordinating the economic policies of the four countries and (b) because of the uneven distribution of decision-making powers under the Agreement and the small size of the other three countries, the situation arising from this network of trade and monetary relationships is one of dependence on South Africa rather than interdependence. Thus, the economic policies taken by South Africa in its own interest are likely to have adverse effects on the economics of the three smaller partners rather than the other way round. Under the Agreement, South Africa is not bound to consult with the smaller partners in changing her foreign trade and payments policies although recently she has been doing so. The Agreement also permits Botswana, Lesotho and Swaziland to give limited protection to their domestic industries. This provision is not supported by positive measures to locate industries in these countries. In fact, efforts by Lesotho to attract foreign industries which compete with those in South Africa have often resulted in threats of serious consequences from South Africa.

The problems facing Lesotho and the other smaller land-locked partners of the Customs Agreement in their relationships with South Africa are very complex. They are faced with a dilemma in deciding how to balance the pressures created by their geographic situation with their reluctance to become too closely integrated into South Africa's economic and social systems. Change will only come with time and consistent implementation of policies for self-reliance.

Address by the Frelimo Delegation to the Sixth Pan-African Congress

MARCELINO DOS SANTOS*

Almost ten years ago, on 25 September 1964, under the leadership of FRELIMO, the united Mozambican people launched a general armed insurrection against Portuguese colonialism and imperialism, to win the total and complete independence of Mozambique. Over these years we have been able to transform the liberation war into a people's war, enriching and deepening the contents of the national liberation struggle so as to transform the armed struggle for national liberation into a revolution. For this very reason we were able to present to the masses clear and precise objectives which united them in firm determination, thus making it possible for our few weak forces to become numerous and strong. We are, therefore, constantly expanding our people's liberation war reaching the most sensitive economic and strategic nerve centres of the enemy, inflicting continuous and severe defeats on the Portuguese colonial army.

The victories achieved today are shown by the great defeats suffered by the colonial aggressor troops, the expansion of the armed struggle to more than half our country and by the liberation of areas covering about one-third of Mozambique, that is, a little more than 250,000 sq. kms. of our national territory. In these zones about 1.5 million Mozambicans are already living in freedom. At the same time, in the zones still under enemy occupation, there is constant clandestine work for the mobilization and political organization of the people, with the consistent aim of creating the conditions for expanding the armed struggle. These victories are essentially the result of FRELIMO's consistent political work which has made it possible for all of our people, from the Rovuma to the Maputo, to follow our clear and correct political line.

Without any distinction, Mozambicans of all races, ethnic groups, religious beliefs and social origins, young and old, women and men, are demanding national independence and asserting their total identification with FRELIMO's principles and programme. This unity, the decisive factor for our victory, stems from a correct political line. The liberation struggle, and even more so the people's liberation war, is not a technical process but an eminently political act. A people's war is essentially to create conditions for involving the broad masses in the total struggle against the oppressor. Thus the destruction of the enemy's forces is intended to liberate land and people and to create the material conditions to engage fully and freely in the political, cultural,

*Marcelino Dos Santos is Vice-President of FRELIMO. This address was delivered in Dar es Salaam on 20 June 1974.