

Malawi's Economic and Development Policy Choices from 1964 to 1980: An Epitome of 'Pragmatic Unilateral Capitalism'

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ABSTRACT

The period that runs from 1964 to 1980 was special to Malawi for mainly three reasons: (1) the apparent unique approach to development as compared to other African countries; (2) its unprecedented economic growth; (3) arguably the only period whereby Dr Banda, Malawi's first president, had almost total control of the country's economic and development policies. Through a comparative literature review of economic history sources, the paper points out that these conditions create a plausible reason for a deeper critical analysis of the economic and development policies that were being pursued. Although it can be concluded that economic growth and development is a product of mainly external socio-economic/political factors, the paper argues that Dr Banda's pragmatic policy choices and determination played a critical role to the recorded progress in the said period. These policy choices may distinctively be referred to as 'Pragmatic Unilateral Capitalism'.

Keywords: *Malawi, Dr Banda, Development, Policy, Economy.*

I am the boss here. Why beat about the bush? I am the boss. I am responsible for this country, the welfare of the ordinary people in the villages, men and women, boys and girls. ... Therefore, when the opinions of the officials on any subject conflict with my own opinions, my opinions should always prevail. Any official who does not like that can resign at any time. And that has been my policy all through. A leader ... who depends on others, even his own officials or outside experts, is a prisoner (Dr Banda's public meeting speech on 11th March 1975)

1. INTRODUCTION

Probably one of the most debated about issues in relation to Malawi's economic history is the "precise nature" of its economy (Vail 1984: 1). It is well acknowledged that from 1964 up to early 1980s, Malawi followed a unique path towards its development endeavors to the extent that Woronoff's commented that Malawi "is one of Africa's more intriguing countries since it does not fit the usual pattern of development" (Crosby 1980: vii). McMaster even referred to

Malawi as a “maverick” state due to its unique policies (McMaster 1974). This paper traces this unique approach towards development and highlights the fact that Dr Banda and the MCP led government played a key role in this development approach. The slogan of the MCP, led by Dr Banda, in the 1964 general elections was “fight against poverty, ignorance and disease”. Soon after independence several people doubted Malawi’s ability to achieve significant economic growth. Some of the misgivings dwelt mainly on the economic analysis at independence and in this case the problem was not really the political stability of the country but “its economic survival” (Morton 1975: 12). Many analysts concluded that the country would economically collapse soon after independence. Even Dr Banda himself acknowledged this challenge when he said that “we will be independent in July. But our economy is a frail one” (Banda 1964: 20). Against all odds, “within a few years Dr. Banda demonstrated to many of his former critics that Malawi had achieved a near miracle of economic development” (Williams 1978: 262). Specifically, by the end of 1970s Malawi could boast of the following:

- It had recorded an accelerated economic growth rate
- The number of people in recorded wage employment was increasing
- The level of investment was most respectable
- Agricultural output was rising rapidly
- Dependence on grants from the British government was decreasing

According to Mkandawire Malawi’s policy emphasis was on economic development, through prioritization of agriculture and transport (Mkandawire 1999: 39). The question that is often posed is whether this achievement can be attributed to Dr Banda’s policies or the favorable economic environment during this period. While indirectly acknowledging the contribution of economic environment, the paper focuses on what kind of policies were pursued and what influenced them—thus the role of Dr Banda. In order to fully appreciate the uniqueness of Malawi’s development policies, the section below analyses the ideological framework that guided development approaches in two of Malawi’s neighboring countries: Tanzania and Zambia.

2. DEVELOPMENT AND ECONOMIC POLICIES IN POST COLONIAL ZAMBIA AND TANZANIA

Although there were several variations in the degree of application, the common approach to development policies that the post-colonial states of Zambia and Tanzania adopted was the use of Afro-centric ideology to mobilize the population and an attempt was made at enormous social engineering programmes. The first part briefly analyses Zambia’s humanism ideology and the second part focuses on Tanzania’s Afro-socialism (*ujamaa*). Each section

highlights how these ideologies have had an impact on the economic and development policies of the said countries.

2.1 ZAMBIA'S HUMANISM

Zambia's humanism has variously been referred to as "a doctrine, a cause, a theory, a practice, and a process" and it mainly "revolves around the importance of humankind, the restoration and the preservation of people's dignity and self-respect" (Idoye 1988: 71). According to Kenneth Kaunda, Zambia's first president and the main driver of the concept, "the traditional African village is the model of social organization that modern Zambia should adopt in its socioeconomic development" (Idoye 1988: 71). The concept got an official approval in April 1967 at the National Council of the then ruling United National Independence Party (UNIP) at Matero in Lusaka. Some of the outcomes of the official adoption of the ideology included transformation in the mode of agricultural production that included introduction of village regrouping and cooperatives (Macpherson 1974). More importantly several commercial firms and industries were nationalized. UNIP felt that "economic localization" critical for "consolidation of Zambia's independence" (Libby and Woakes 1980: 34). According to the observation of Libby and Woakes, "the political leadership felt that without state control of the country's major industries, their political independence was meaningless to the majority of Zambians" (Libby and Woakes 1980: 34). Zambia's economy depended mainly on copper mines. Nationalization of these mines meant the state's consolidation of control of the economy. However, the global financial crisis of 1975 seriously affected the copper industry as well and ultimately "this had the effect of forcing the government to suspend all major new development projects and to postpone its development plans for the country" (Libby and Woakes 1980: 34).

2.2 TANZANIA'S AFRO-SOCIALISM

Tanzania is a federation of Tanganyika and Zanzibar. Since independence in 1961 the development policies in Tanzania according to Mchombu, have been characterized by a "high degree of bold experimentation but limited success" (Mchombu 1993: 50–51). Tanzania embarked on industrial promotion based on heavy industry and agricultural processing. Later the government initiated a deliberate policy in 1967 (Arusha Declaration) which led to a take over of foreign owned industries and farm estates in a well orchestrated nationalization move. The Nyerere period (1962–1985) mainly saw the massive implementation of the Afro-Socialism variously referred to as *ujamaa* or villagization, especially after the Arusha Declaration. Specifically, taking into consideration that the population was sparse hence difficult to ably provide adequate public

services such as schools, health and sanitation, the government followed a policy of forced villagization – people were brought together in specially planned village settlements. By 1975, almost 65% of the rural population had been forcibly moved to these planned village settlements. The policy could only be implemented through a top-down planned economy dependent on highly centralized structures. The *ujamaa* policy mainly aimed at:

1. Raising the output through collectivization and large scale agricultural production.
2. Provide essential services at a low cost (Mchombu 1993: 51).

Each *ujamaa* village had a structure composed of the Assembly above, village council in between and below was 5 committees. The structures were set in such a way that there should be an environment of democratic decision making and enhance cooperation towards achievement of community goals. Despite these structures, participation on the local communities was minimal. By mid 1980s, it was clear that the *ujamaa* policy had failed to meet its objectives. In the period 1979–82, the economy faced serious problems to the extent that a series of five year plans which the government had been implementing since independence were abandoned and the government was forced to slowly reverse some of its policies (Mchombu 1993).

Zambia's humanism and Tanzania's *ujamaa* were both a brand of socialism with striking similarities. They both had an Afro-centric appeal and had an ambitious programme of social engineering and nationalization of industries. The only difference is that the economies of these countries were different hence the level of implementation of these ideologies were different; comparatively, Tanzania intensely implemented its ideology. Overall, the said ideologies greatly dominated the development framework. Although Nyerere and Kaunda were highly influential in the formulation and implementation of the said ideologies, the ideologies themselves became highly influential as they were formally endorsed by the ruling party and adopted by the government machinery. In other words, formalization of the ideologies through systematic articulation and documentation entailed that the influence of the ideologies went beyond the limits of their architects.

3. UNIQUENESS OF THE 1964–1980 ECONOMIC CONDITIONS¹

From 1964 to 1980s, the Malawi economy policy regime can be periodized as follows: “Consolidation and restructuring” period from 1964 to 1968; the “all-out economic growth period” from 1968 to 1979 and finally the “bureaucracy period” (policy shift from life president to younger generation officials and the

¹ Although they are not necessarily the same, for the purposes of this paper the terms “development” and “economic” policies are *sometimes* interchangeably used. This is the case because of their strong relationship in the topic under discussion raised by this paper.

civil service) from 1979 to 1990 (Pryor 1990: 45). The focus of this paper is on the “consolidation and restructuring” as well as the “all-out economic growth” periods that runs from 1964 to 1980. This period is being studied for mainly three reasons: (1) the apparent unique approach to development as compared to other African countries; (2) its unprecedented economic growth; (3) arguably the only period whereby Kamuzu had *almost* total control of the country’s economic and development policies. These conditions create a plausible reason for a deeper critical analysis of the economic and development policies that were being pursued. The relevance of such an analysis lies on the likelihood of enhancing our understanding of current economic and development problems. Referring to Malawi’s economic structures, Vail points out that “Many of today’s problems are the results of historical decisions and processes... economic underdevelopment is not merely a country’s condition: it is the *product* of history” (Vail 1984: 1). He went on to argue that “to formulate effective policies for the future, one must understand how Malawi arrived at its present situation” (Vail 1984: 1). The uniqueness of the economic and development approach that made Dr Banda an “odd man out” in Africa” (Crosby 1980: vii) and his total control of the policy process are extensively discussed within the paper; however this unprecedented growth is specifically discussed below.

3.1 MALAWI’S UNPRECEDENTED GROWTH

Although “the precision and the objectivity of any estimate of economic growth are always subject to dispute” especially for a developing country such as Malawi, Williams (1978: 264) argues that a comparison of various statistics derived from several sources clearly shows that there was a significantly high growth in the Malawi economy². While the colonial government had a perennial problem of finding an “economic viability” of the country (Williams 1978: 260), Pike argued that Dr Banda pledged both political and economic independence for Malawi (Pike 1968: 220). Pike adds that political independence was achieved after six years of struggle “present economic policy and programmes appear to aspire to achieving the latter in the same space of time. It may in fact take longer but there is an encouraging air of optimism in the country today.” The observations made by Pike and Williams are just a few of the many that also lauded Kamuzu’s economic policies and the available statistics fully supported their arguments. From a GDP of K151.4 million in 1964 to K280.5 million in 1973, this was no mean achievement (Williams 1978: 260). The table

² There has been a debate in relation to the methods used to estimate the economic growth. Some have argued that the recorded economic growth after 1964 can be attributed to a change in a method of calculation. After cross checking several sources as well as the methodologies used, Williams (1978) argues that this argument doesn’t hold. Harrigan (2001) discusses this controversy in greater detail.

below highlights this increase in GDP from 1964 to 1979 and compared with subsequent years:

Table 1. *Malawi's Rates of Growth of Real Gross Domestic Product (GDP) and Real Per Capita GDP.*

Year (Half Decade)	Average Annual Rate of Growth of Real GDP (%)
1960–64	4.6
1965–69	5.8
1970–74	6.4
1975–79	5.8
1980–84	2.1
1985–89	2.6
1990–94	0.6

Source: Chipeta and Mkandawire (2002: 2)

By 1981, Malawi and Ivory Coast were identified as “the only countries in Africa which without exploitable minerals, had achieved a growth rate of over 7 per cent annually” (Vail 1984: 1). Despite this economic growth, the majority of Malawians were not benefiting as the government focused more on an economic rather than social development approach (Kishindo 1997 and Harrigan 2001). By the end of 1979 the economy started regressing due to the ‘conjuncture of deteriorating terms of trade, transport bottlenecks, rising costs of fuel and adverse weather conditions’ (Mhone 1992: 27). The government sought the assistance of World Bank hence embraced the Bank’s Structural Adjustment Policies (SAPs) in early 1980s. According to the adopted SAP prescriptions (which were implemented in phases), Malawi made moves towards deregulation of prices, rationalisation of statutory bodies, devaluation, removal of subsidies on food and fertilizer as well as social amenities, and public sector reform (Chilowa and Chirwa 1997; Mhone 1992; Banda et al 1998; and Moyo 1992). This was the end of Dr Banda’s total grip of the development and economic policies.

4. CHALLENGES THAT MALAWI FACED AT INDEPENDENCE

Before discussing the specific economic policies that Malawi pursued after independence, it is critical to first of all appreciate the numerous challenges that the country faced which to some extent inspired the development of these policies. Several scholars acknowledge that the country faced numerous problems at independence ranging from high levels of poverty to lack of economic infrastructure (William 1978; Morton 1975; Pike 1968 and Roberts 1970). Referring to this period, Pike went on to say that “it seems there are many adverse factors that combine to inhibit any substantial expansion of the Malawi economy” (Pike 1968: 220). Below is a brief discussion on some selected challenges that Malawi faced at independence.

4.1 HIGH LEVELS OF POVERTY

Coming from a background whereby “poverty and isolation were the most persistent and notable characteristics of the Nyasaland economy” (Williams 1978: 261), it is not surprising therefore that after independence in 1964 “Malawi still ranked amongst the poorest in the world... over 90% of the African population lived in rural areas, and their main source of livelihood was subsistence agriculture” (Morton 1975: 12). Morton further observes that the manufacturing sector was not well developed as it only accounted for “10% of monetary output and 7% of employment”. This scenario created a situation where by it was very difficult for government to rely on taxation as the economy was very weak and unstable. It was not surprising that between 1962 and 1964, “the economy had virtually stagnated” and “the country was thus spending more on consumption than it earned by production” (Morton 1975: 12–13).

4.2 NEGATIVE FEDERAL EFFECTS

During the federation of Rhodesia and Nyasaland, Malawi’s increased its public services and it was possible to finance this through the periodic funding from the Federal office in Salisbury (now Harare) (Williams 1978: 156). The dissolution of the federation meant that the government had to finance a huge public service that surpassed its capacity to handle (Morton 1975: 13). Although Prior (1990: 47), acknowledges that the advantages of periodic funding from the federal government was probably overstated, he argues that the “dissolution of the federation brought some serious economic problems to Malawi, not the least of which was the loss of this fiscal subsidy”. Williams (1978: 160) counter argues that despite evidence that there was economic growth in the first five years of the federation this growth cannot be attributed to the federation itself. He further points out that the advantages of the federation were mainly in the area of “revenue-sharing arrangements” (Williams 1978: 153). The federal government paid more money to the Nyasaland government from the revenue realized in the federation than what the Nyasaland government paid to the federal office; this is depicted in Table 2 below:

Table 2. *The net benefits to Nyasaland of tax sharing (British Pound million).*

		1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
1	Payments to Nyasaland	1.3	2.0	2.2	2.6	2.2	1.9	2.1	2.8	2.9	2.7
2	Revenue from Nyasaland	0.6	1.7	2.5	1.6	1.8	2.3	2.2	2.6	2.7	2.9
3	Net Benefit to Nyasaland	0.7	0.3	0.3	1.0	0.4	0.4	0.1	0.2	0.2	0.2

Source: Williams (1978: 153)

As Table 2 shows, there was a net benefit of tax sharing throughout the federal period but a critical analysis of these benefits reveals that they “were of a very limited kind and in some respects the standard of living of Africans was adversely affected” (Williams 1978: 160). More importantly, since Malawi was regarded as a labour reserve during the federal period, there was no serious attention to the development of infrastructure and other key public services (Pike 1968). Some of the obvious gaps that existed in the Malawi government machinery at independence include:

1. the country had no central banking system
2. Malawi lacked the expertise and the institutional capacity to prepare development plans
3. it lacked the statistical services necessary for planning purposes and for the management of the economy (Morton 1975: 13–14).

In relation to the road network, which is critical for national development, by 1965 there were 6,412 miles of road in Malawi of which only 3,105 were being maintained as all-weather routes (Pike 1968: 211). The country needed 10 times this length of road network in order to *barely* reach out to all the important areas. With overwhelming dependency on external support, it was not surprising therefore that “the need to seek and to rely on external resources was not a subject for public debate in Malawi... it was accepted” (Morton 1975: 16).

4.3 LACK OF SKILLED MANPOWER

Unlike other African countries, from 1956 up to close to independence in 1963, Nyasaland experienced a decline in primary school enrollment whilst the population increased three times (Williams 1978: 159–60). This scenario had a serious negative impact on the availability of skilled manpower on the country. Morton observes that “in 1963 there were only about 3,000 pupils at secondary school and less than 400 candidates for the School Certificate” in this regard, “at independence few Malawians had technical and professional skills” (Morton 1975: 14). However, this lack of skilled manpower needs a critical analysis. These few skilled manpower were highly influential not only in the country but also in the region. Sir Glyn Jones, the Governor of Nyasaland in 1962, highly commended skill of the Nyasas in his opening speech of the Economic Symposium on 18th July 1962 in Blantyre when he said that

You must not undervalue the qualities possessed by the Nyasaland peoples... They have a natural intelligence, a vitality and a courage that should not be underestimated. They possess an independent spirit and a forceful method of expression that appeal to many. Above all they give a warm hearted response to anyone who accords to them the privilege of human understanding and sympathetic guidance (Speech by Governor of

Nyasaland, Sir Glyn Jones, at the opening of the Economic Symposium on 18th July 1962).

This observation is further supported by Pike (1968: 220) who states that “Malawi possesses a highly articulate people, many of whom as individuals have made a considerable impact outside their country”.

4.4 LACK OF PHYSICAL RESOURCES

The country had no minerals to rely upon hence the problem that Sir Harry Johnston, the first British Commissioner, faced in 1891 reappeared to the newly independent Malawi i.e. how to make the country economically viable. Just like Johnston before them who believed “Nyasaland ought to become another Brazil for the wealth of tropical produce” (Vail 1984: 3), the new rulers had no option but focus on agriculture as the economic base of the country. This plan of dependence on agriculture had serious challenges because the country was densely populated, especially in the Southern Region, and this led to excessive pressure for land and reduced soil fertility. The critical concern was that “this in turn would limit the scope for increasing cash crop production – the main hope for economic development” (Morton 1975: 15). These challenges in agriculture were so severe to the extent that the new rulers almost concluded, like Johnston, who after evaluating several options stated that “in this situation Nyasaland seemed an unlikely candidate for rapid economic growth based on African production” (Vail 1984: 3).

5. DR BANDA AS THE MAIN ECONOMIC POLICY ARCHITECT

The influence of Dr Banda in the economic policies of Malawi from 1964 to 1980 is well acknowledged. Writing a few years after independence Pike (1968: 220) highlights the influence of Dr Banda in steering the economy when he aptly observes that Dr Banda “has consistently displayed a dynamic, independent and determined will to overcome his country’s inherent economic handicaps”. He also adds that Dr Banda’s influence was so deep “to the extent of enforcing unpopular economies at home and alienating himself and the country from some other African countries”. Gulhati (1989: 33) reinforces this observation by pointing out that “describing Banda as the architect of Malawi’s policy framework is not an exaggeration”; more importantly, “to understand the Malawi’s [economic] policy framework we have to understand Banda”. Malawi through Dr Banda adopted economic policies that were to some extent unique to sub-Saharan Africa. Although some have argued that this economic success can be attributed to the favourable economic conditions, Williams (1978: 269) argues to the contrary by pointing out that “an incompetent and corrupt

government, or one altogether uninterested in economic growth, might have failed to take advantage of the opportunities available”.

In fact Deepak and Myint (in Pryor 1990: vii) fittingly point out that “Dr Banda’s tough-minded pragmatic approach to economic policy” to a larger extent “went against the development theories in fashion in the 1960s” and these policies were appropriate for a country like Malawi. Humphrey (in Kydd 1984: 304) further argue that “without Dr Banda’s role... it is likely that the country’s policies would have had a more socialist element and that there would be more flexibility in the choice of development”. Dr Banda in March 1975 once said that “In so far as I know Africa, if they [Africans] have any economic system at all, it is not capitalism, it is not communism, it is not socialism, it is definitely not statism, but individualism” (Pryor 1990: 7). Just a few months before independence in 1964, Dr Banda stated that

I must not be swayed by theories either from the West or from the East. Because these theories, while they might work in Europe or Asia or in other countries – even in other countries on our continent – they may not work in Malawi, and it is Malawi that counts to me first in everything that I do (Banda 1964: 19).

However Pryor (1990: 7) cautions that “such pronouncements cannot be taken at face value but require us to determine” what factors led to such utterances as well as “understand why the official ideological positions have taken their particular directions.” Kydd (1984: 304) even adds that although the role of Dr Banda cannot be ignored there has been “excessive emphasis on the character and outlook of Banda”. Kydd further argues that Dr Banda “faced very limited options” because the British government which was the major donor to the country “possessed considerable ability to influence the overall budgetary policy”. Fortunately, the policies of Dr Banda were not necessarily different from those of the British government because both camps “favoured a relatively open economy” (Kydd 1984: 304). The only area of tension between Banda and the donors was in the area of what Kydd calls “symbolic investments”.

Mtewa’s (in Pryor 1990: 38) observation that “socialism or any of its variations, never seemed to seriously preoccupy the thinking of the Malawi leadership before or after independence” is grossly misguided. Just before independence in 1964, Dr Banda addressed the Zomba Debating Society on a topic entitled *What is Communism?* (Banda 1964). In his address, which has now become classic as far as economic philosophy of Dr Banda is concerned; he argued that Malawi will neither adopt capitalism of the West nor communism of the East. He argued that Malawi will adopt something midway which is relevant to the Malawian nation – similar to the mixed economy of Britain and Scandinavian countries. However, a critical analysis of the said address shows that he was highly critical of communism but embraced the ideals of capitalism. He warned Malawians of communist propaganda and concluded that “communism does not and cannot succeed, does not or cannot work” (Banda 1964: 15). After independence, Dr Banda clearly demonstrated a tilt towards

capitalist *practices* that can best be branded as a “pragmatic unilateral capitalism”. It was pragmatic and unilateral because it was neither enshrined in rhetoric (theories) as newly independent African countries did nor was it widely debated amongst the political leadership – Kamuzu himself decided its course. It will be wrong to conclude that Kamuzu’s policies were *completely* divorced from political rhetoric. There is evidence of this rhetoric. Dr Kwame Nkrumah’s rhetoric that “seek ye first the political kingdom and all things shall be added unto you” also had an impression on Dr Banda who repeatedly pointed out that “It is only when a country becomes independent that real development begins” (Banda 1968: 108–109). Arguably such arguments, that most African leaders propagated, were more nationalistic than factual.

The absence of key political leaders, especially after the cabinet crisis, also enhanced Dr Banda’s influence. Probably the only promising personality who could ably challenge Dr Banda’s economic policies happened to be Dunduzu Chisiza. Dunduzu Chisiza and Dr Banda drafted the first MCP manifesto in 1961 and it championed a mixed economy approach. This output was actually a compromise of these two personalities’ approach to economic policies because “Chisiza emphasized socialism, but he died in 1962; subsequently, Dr Banda tilted toward capitalism” (Gulhati 1989: 33). Interestingly by 1990 Malawi was popularly regarded “as an example of African capitalism” (Deepak and Myint in Pryor 1990: vii).

In relation to policy implementation and performance, there were a number of challenges and unforeseen outcomes. However it is argued that Malawi was better than many sub-Saharan countries mainly due to four factors such as (Gulhati 1989: 34): (1) taking into consideration Dr Banda’s unilateral decision-making process, there was no room for delays and compromises; (2) the plans were not over ambitious so as to transform society; (3) slow Africanisation ensured that a smooth handover was guaranteed; (4) Dr Banda’s firmness “on high standards of discipline and obedience from the civil service” to a larger extent succeeded as “some officials and politicians were removed from office on charges of corruption or indiscipline.” These are arguably some of the hallmarks of “pragmatic unilateral capitalism” as argued in this paper.

According to Gulhati (1989: 33) the Malawi [economic] policy framework which reflected “Dr. Banda’s objectives and his preferences about how to secure them” include:

(1) Vigorous pursuit of Economic Development; (2) Prioritization of agriculture; (3) Maintenance of a realistic exchange rate (4) Suppression of trade unions and promotion of foreign as well as domestic investment; (5) Delayed Africanisation in the civil service.

6. DR. BANDA'S DEVELOPMENT AND ECONOMIC POLICY OBJECTIVES AND PREFERENCES

Below is a detailed discussion and analysis of the selected Dr. Banda's development and economic policy objectives and preferences i.e. a pragmatic approach to the pursuit of economic development, prioritization of agriculture, low wage policy and suppression of trade unions. These have been selected based on their influence during the 1964–1980 periods³.

6.1 A PRAGMATIC APPROACH TO THE PURSUIT OF ECONOMIC DEVELOPMENT

Economic development was pursued with keen interest to the extent that friendly relations with apartheid regime in South Africa and Portuguese East Africa were maintained so as to ensure that this goal was achieved. This was done despite strong opposition from OAU. Pike (1968: 220) states that in pursuing his economic policies, Dr Banda was so independent and dynamic to the extent that he had problems in “alienating himself and the country from some other African countries”. His pragmatic approach was well articulated during the OAU conference in Cairo in July 1964 when he refused to support a resolution to cut off economic and diplomatic links with Portuguese East Africa, Southern Rhodesia and Republic of South Africa. He argued that:

In my own state of Malawi, for example, the colonial geography make it impossible for me to cut off all relations with Portugal, diplomatic, commercial, cultural and otherwise, because colonial history and colonial geography have denied it a part of its own... I do not want to be a hypocrite, I do not want anyone to accuse me of hypocrisy after I leave this room, because it is impossible for me to accept any such resolutions (GoM 1964).

In order to build a sound economic base, Dr Banda insisted on embarking on costly projects. Some of the costly projects that Dr Banda embarked upon soon after independence were highly controversial to the extent that Malawi's major donor then, Great Britain refused to finance them and “social services were neglected (Gulhati 1989: 34)”. According to Dr Banda, these projects were as a result of a “dream” he had had at Gwelo prison in Zimbabwe in the 1959–60 period after the declaration of the state of emergence by the colonial government following the political disturbances in the country. The “dream” was later exceedingly popularized through several songs that were composed and sung at

³ Although labour migration was a critical part of Malawi's economic policy from colonial period until late 1980s, the paper doesn't specifically analyze this policy because it was not necessarily a unique policy to the period of 1964 to 1980.

numerous political rallies in the country. According to Dr Banda, the “dream” consisted of the following projects: (1) construction of a lake shore road from southern tip of Lake Malawi up to the Northern end; (2) construction of the railway link from Malawi to Nacala port in Mozambique; (3) shifting the capital from Zomba to Lilongwe; and (4) building a national university campus in Zomba.

The idea of establishing a new capital was highly prioritized by Dr Banda. According to Dr Banda, the movement of the capital city had two main economic advantages: diversification of the industry “to stimulate development in parts of the country lagging far behind” and “the stimulus to the construction trade consequent on the building of a new capital” (Williams 1978: 291). Kamuzu embarked on these projects against the advice of several economic experts who had visited the country. Dr Banda was actually so convinced of the economic benefits of the projects that he felt “the so-called experts from Oxford, Cambridge, Harvard, Yale and several other distinguished institutions who had disputed the point did not know what they were talking about” (Williams 1978: 291). Such kind of a unilateral pragmatic economic approach which focused less on political rhetoric can be traced back to 1964 when Dr Banda pointed out that:

Yes, I am no fool ... that is why so many people blame me for so many things. Many people think I should do this or should do that, and they see me doing just the opposite. I have to do what I think is in the best interest of my people ... not what some theoretical white headed professor in college says should be done (Banda 1964: 19).

Dr Banda finally got the financial support from the apartheid Republic of South Africa to embark on the re-location of the capital. He later referred to RSA as “in every sense of the word, a true friend in need, who is a friend indeed” (GoM 1968: 463).

6.2 PRIORITIZATION OF AGRICULTURE

While other African countries emphasized industrialization, Dr Banda regarded agriculture as a priority for national development. Estates meant to produce cash crops for exports increased in numbers mainly those owned by politicians and senior civil servants. Maize was equally encouraged to create food sufficiency. Williams (1978: 280) observes that “even before his return to Malawi, Dr. Banda had been very conscious of the need to improve the quality of agriculture in Malawi and to encourage Malawians to become master farmers”. As early as 1962, after MCP success in the general elections, Kamuzu embarked on the programme of ensuring that Africans also undertake the flue-cured tobacco production which was mainly in the domain of the Europeans. The flue-cured tobacco fetched higher prices than the sun-dried tobacco to which the Africans

were confined due to lack of proper training and necessary technology to produce the former.

In the first MCP-led government's *Development Plan* of 1962–1965, the problem of uneconomic use of land in agriculture was the first to be highlighted. The plan even went on to state, “total land shortage is not a serious problem in this country” (Nyasaland Government 1962: 27). Specifically, among other things, the plan indicated that agriculture was not progressing due to:

- Uneconomic holdings; an African family of five cultivates an average of five acres.
- The low status of farmers; prestige and respect go to the white-collar workers
- Scarcity of agricultural credit
- Use of poor variety of seed
- Failure to utilise farmyard manure (Nyasaland Government 1962: 13).

It is interesting to note that apart from the problem of land, the first African government raised the issues of “lack of modernisation” as the major problem in agriculture as the colonial government had also done. Consequently, the plan called for “modernisation of agriculture” so as to *inter alia* “to commercialise farming and make it a source of income for the masses and increase yields per acre by modernising farming methods, thereby freeing more land for cash crop production” (Nyasaland Government 1962: 53). *The Statement of Development Policies 1971–80* also recognised the need for integrated high productivity areas also known as rural development projects (RDPs) where emphasis was on modern farming methods. To this end, “throughout the 1970s, the major agricultural development projects were perceived by both the government as well as the donor community as having succeeded” (GoM 1971a: 69). Using the experience gained from RDPs, the government in 1977–78 covered the programme country wide under National Rural Development Programme (NRDP).

Dr Banda encouraged all political leaders to own estates and even went on to dictate that “every minister must have an estate” (GoM 1971b: 835). Special loans were made available to most top level politicians, bureaucrats and other high ranking Africans who were interested in investing in agriculture.

What should be borne in mind is that Banda used the Malawi Congress Party (MCP) as machinery for development through mobilisation of people. Dr Banda created what was known as the Malawi Young Pioneers (MYP) in 1963 to encourage the unemployed youth to work in the fields or take up vocational training activities. Although in later years the MYP became well known as paramilitary wing of the ruling Malawi Congress Party (MCP) it played a critical role in reducing unemployment and the introduction of modern farming methods in the country (Phiri 2000). Commenting on the role of the MYP during a political rally held in April 1975, Dr Banda mentioned that:

I organised the Young Pioneers so that the youth would make useful citizens of the country. I did not want our youth to roam the streets of Zomba, Blantyre, and Lilongwe, loafing with their hands in their pockets ... parasites leaning on their parents, depending on their parents to give them everything while they just sat and ate, doing nothing. No, they had to be taught first and foremost, discipline and respect for their elders; then respect for manual labour (in Phiri 2000).

Table 3. *Settlement schemes established between 1964 and 1976.*

Region	Scheme	Main cash Crop	Number of Settlers			Number of units not yet distributed
			MYP	Local	Total	
North	Hara	Rice	88	291	379	1
	Limphasa	Rice	55	216	271	110
	Kaporo	Rice	-	55	55	1
	Nkhozoz	Tobacco	49	62	111	80
	Wovwe	Rice	69	219	288	-
	Lufila	Rice	-	446	446	43
	Thulwe	Tobacco	43	14	57	148
	Mubangwe	Tobacco	67	23	90	266
	Banga	Rice	29	151	180	74
	Mwenitete	Rice	-	129	129	-
Central	Chitala	Cotton	128	79	207	101
	Namitete	Tobacco	180	6	186	21
	Mpamantha	Rice	29	-	29	1
	Kaombe/Thiwi	Rice	-	277	277	-
	Dwangwa (BUA)	Rice	42	-	42	212
	Rusa	Tobacco	124	13	137	130
South	Rivi-Rivi	Cotton	41	84	125	9
	Likangala	Rice	78	679	757	4
	Mulomba	Maize	-	80	80	7
	Mlolo	Rice	-	109	109	-
	Khanda	Rice	-	117	117	-
	Ngapani	Tobacco	183	5	188	227
	Domasi	Rice	116	1258	1374	-
	Njala	Rice	-	349	349	71
	Gola	Cotton	72	-	72	4
	Kasinthula	Rice	-	465	465	-
	Muona	Rice	-	500	500	-
	Chikonje	Cotton	13	-	13	10
	Mthawira	Maize	8	-	8	8
	Ndakwera	Cotton	-	1058	1058	-
	Katapwito	Fish	12	-	12	-
	Kachulu	Fish	11	-	11	-
	TOTAL		1,437	6,685	8,122	1,528

Source: Ministry of Agriculture (in Meliczeck 1977: 56)

In order to utilise their new agricultural techniques, the most of the MYP graduates were relocated to what were referred to as settlement schemes. Apart from MYP graduates, other potential settlers had to undergo a special selection process so as to ensure that only those dedicated were picked. Table 3 above shows the extent of settlement schemes in the 1964–1976 periods.

According to Meliczeck (1977), the major achievements of these MYP-led settlement projects were the following: (a) they managed to reclaim large tracts of under-utilised fertile land (b) the schemes boosted Malawi's agricultural production (c) with the introduction of cash crops in the schemes, the settlers – who were once landless and unemployed rural people – had their household income improved (d) the programme relied on low cost mechanisms in order to establishing a settler unit, hence benefited numerous household with minimal costs to the government.

6.3 LOW WAGE POLICY AND SUPPRESSION OF TRADE UNIONS

As with most newly independent African countries, Malawian leaders were confronted with the question: “Should the state widen workers’ rights to higher and better wages at the cost of scaring away private investors who would help the state in developing the country?” (Dzimhiri 2004a: 14). Dr Banda felt limiting workers’ rights would be the best way forward. Foreign as well as domestic investment was encouraged and trade union activities were restrained. In this regard, the government had always ensured that the wages were always as low as possible. With the suppressed trade union, this policy was easily pursued. Despite numerous negative implications of this policy, “arguments have been presented to demonstrate the prospective benefits of such a policy to the national economy” (Williams 1978: 286). The legal and institutional framework was established in such away that “political stability and economic development” should be guaranteed “at the expense of workers' individual labour rights, freedom of association, collective bargaining and the right to strike” (Dzimhiri 2004a: 10). In their meeting held in 1966, trade unions argued that they were supposed to “assist the planning of the country’s economic development (Dzimhiri 2004b). More importantly, in 1970, the Chairman of Trade Union Congress of Malawi (TUCM) Mr Justin Liabunya, “reminded union leaders that the primary aim of trade unions ‘was to find out how they could help the President Ngwazi Dr Kamuzu Banda, to develop the country’” (Daily Times, 6 August 1970 cited in Dzimhiri 2004b: 19). To show that the president had total control of the workers, in 1971, Dr Banda “announced an indefinite ban on wage and salary increases for the civil service, public corporations and private sector ‘until the country’s financial position improved’” (Malawi News, March 16, 1971 cited in Dzimhiri 2004a: 10).

7. CONCLUSION

Coming from an economic situation that was completely hopeless, Dr Banda steered the country towards unprecedented growth and prosperity that was unique in the African region. Although there is so much debate on the actual reason for this said progress, this progress has to be understood from the role that Dr Banda played – his philosophy, personality and guiding principles. The paper has argued that Dr Banda had no real opposition that could have compromised his policy options hence had the advantage of pursuing the chosen policies entirely. More importantly, he did not link his policies to the general impractical political rhetoric that most African countries were carried along with. Taking into consideration the unique challenges that Malawi faced at independence, Dr Banda adopted policy choices that were not only relevant but fully supported by the influential party hierarchy. In view of the fact that he was arguably the sole determinant of Malawi's economic and development policy choice and that he did not fully embrace socialism or communism, Kamuzu's approach can best be described as "Pragmatic Unilateral Capitalism". Some of the key policy choices include: a pragmatic approach to the pursuit of economic development, prioritization of agriculture, low wage policy and suppression of trade unions.

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