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Background Paper

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Malawi's political settlement in crisis, 2011

Diana Cammack*

This paper explains the origins of Malawi's mid-2011 political-economic crisis and subsequent events. While it traces some themes back to before the democratic transition of 1994, it highlights the actions that led up to the July 20-21 mass demonstrations which resulted in the death of 20 people; that contributed to the current national economic downturn; and that have fuelled on-going civil rights abuses, keeping national politics on the boil. It also looks towards to the 2014 elections.

It focuses on President Bingu wa Mutharika's leadership style, recent economic developments and their socio-political impact, the various political settlements fashioned by the elite, some long-term political economy trends, and several economic and political constraints affecting stability. The '20 demands' presented by civil society activists to President Mutharika in mid-July are explained, and the subsequent responses of government, outsiders and civil society are laid out. The paper concludes with a discussion of the political logics which undermine the possibility of 'developmental patrimonialism' in Malawi and portend unfair and violent elections in 2014. If the deteriorating situation is not turned around it may lead to Malawi becoming a failed state.

1 Introduction

Economic growth in Malawi during President Bingu wa Mutharika's first term (2004-09),¹ as in the 1970s under President H. Kamuzu Banda, was spurred by some sound policy choices, an apparently disciplined management of economic rents, and a relatively effective public service. As late as 2010, it looked as though President Mutharika might continue to be a force for Malawi's development despite the neopatrimonial character of the country's political system (Cammack and Kelsall, 2010).

Even at that stage, the Business and Politics stream of the Africa Power and Politics Programme (APPP), which was exploring periods in Malawi's history as examples of developmental patrimonialism, noted some worrying developments. These included a change in fiscal policy after the appointment of a new Minister of Finance. Also of concern was President Mutharika's tendency to centralise power in the Executive. However, the hope was that this might be used to reinvigorate the state bureaucracy and manage long-term rent creation and distribution for the national good. Were such policies and practices to be consolidated, Malawi would have a good chance of attracting investment and breaking out of its vicious circle of underdevelopment and poor governance. A year later, though, it was apparent that this optimism was unjustified. By July 2011, a political crisis had developed on the back of fiscal imbalances and an economic downturn.

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¹ In 2008 Malawi's growth rate was three times the African average.

2 The Origins of the Crisis

2.1 A 'transition without transformation'

A couple of years after Malawi's democratic transition, Dr Wiseman Chirwa of Chancellor College, Malawi, used this phrase to express the dismay felt by many about the evident lack of fundamental political change. The formal systems and structures of the post-1994 democratic state – with its liberal Constitution, independent judiciary and parliament, various watchdog bodies, and regular elections – established a formal political environment that was very different than that of the preceding thirty years of Banda's autocratic rule (1964-94). Nonetheless, there was a general neopatrimonial logic (Cammack, 2007) that transcended the change in government and has continued to drive the behaviour of the ruling elite.

A strong tendency towards centralisation of power in the hands of the President (*vis-à-vis* parliament, the judiciary, and parastatals; local and district government; ruling party machinery; and chiefs) explains why democratic (political) decentralisation, pressed on government by donors in the mid-1990s, has stalled while administrative decentralisation moves forward. Patronage politics with ties ('dyads') reaching through party-political clients all the way into villages and urban areas sees the exchange of rents for votes.² Clientelism and nepotism undermine civil service reforms, which affects policy making and public goods delivery. The details of how state resources have been used to create wealth for the elite and enable them to retain power are different for each of three post-colonial regimes. However, they have followed a similarly non-developmental logic.³

2.2 Changes of government

Transitioning from one party or leader to the next is hard-fought because in this otherwise poor country control of the state offers members of the elite the best avenue to wealth and power. Losing an election can literally see politicians returning to the wilderness. In 1998-99, at the end of President Muluzi's first term,⁴ a change of advisors signalled a shift in his agenda, resulting in less interest in national development and more in ensuring he and his United Democratic Front (UDF) party retained power. Soon after that he started his campaign to amend the Constitution to allow for indefinite presidential terms (later changed to third terms), a campaign that failed when he was unable to buy enough MPs' votes.

The UDF split when Muluzi brought in as his successor Bingu wa Mutharika, a relatively poor man who had been working outside the country for years, enjoyed little national following and was wholly dependent on Muluzi's largesse. He had recently been fired as Secretary General of COMESA (Common Market for Eastern and Southern Africa) for abuse of office and funds and for being 'generally arrogant and intolerant of criticism'.⁵ He had a Master's degree in commerce and claimed a PhD from a California 'diploma mill'.⁶ Muluzi put him to work at the Reserve Bank and later appointed him Minister of Economic Planning. There he produced

² See Cammack (2011) for a recent discussion of the politicisation of public goods delivery at local level.

³ For periodisation and details of politics and development, see Booth et al. (2006) and Cammack (2010) as well as Cammack and Kelsall (2010).

⁴ The President can govern for two consecutive five-year terms.

⁵ 'Report of the Special Committee of Eminent Persons on the Operations of COMESA 1992 to-date', presented to the Council of Ministers 4 March 1997, Lusaka, Zambia. Soon after this report Mutharika was dismissed as Secretary General.

⁶ Interview with senior UDF politician, 26 Jan 2010. On Pacific Western University, see http://en.wikipedia.org/wiki/California_Miramar_University

The Malawi Growth and Development Policy, drawing heavily on ideas formulated by local business leaders and former ministers of finance.

In 2004 Mutharika ran as the UDF presidential candidate and won, though Muluzi retained control of the party. The tension between the two became apparent when the new president refused to appoint ministers selected by Muluzi and chose his own cabinet instead. In early 2005 Mutharika broke away and formed his own Democratic Progressive Party (DPP). To tighten DPP control he side-lined his Muluzi-selected Vice President and postponed local government elections, which might have allowed opponents to gain a political base. MPs were enticed to 'cross the floor' to the DPP. The courts ruled that this was contrary to Section 65 of the Constitution, but the government ignored the ruling. The aggrieved opposition sought to destabilise government by refusing to pass government budgets and threatening impeachment.

Importantly, though, Mutharika's economic policies bore fruit and won him public and donor support, as did his policy of 'zero tolerance on corruption', which mostly targeted officials in the former government (including Muluzi). Thanks to strife within the opposition parties and the success of Mutharika's fiscal policies and agricultural subsidies programme, the DPP won a landslide victory in 2009.⁷ Since then Mutharika has used this overwhelming parliamentary majority and presidential orders to push through a series of unpopular measures, many of which curtail civil rights including free expression and privacy, academic freedom and local elections. Also contributing to political turmoil are the jockeying for power taking place within the opposition parties as the old guard refuses to step aside, and the DPP's efforts to ensure its own victory in 2014. Top of the DPP's presidential shortlist is the President's brother and former American-based law professor, Peter Mutharika. Though two and a half years remain until the 2014 election, suppressing internal and external opposition to his candidacy and to the DPP drives much of government's agenda.

2.3 Malawi's economic rollercoaster

Malawi's post-independence economic history may be divided into five periods:

- 1964-79, when Banda's policies generated sustained growth, starting from a low base;
- 1979-94, when domestic constraints and global shocks reversed growth and initiated the arrival of international financial institutions and structural adjustment;
- 1994-2004, when liberalisation led to a free-for-all for corruption with impunity and a series of macroeconomic crises;
- 2004-2009, when President Bingu wa Mutharika, working with Finance Minister Goodall Gondwe, put the economy back on track and generated growth reaching 9% per annum; and
- Post-2009 when domestic constraints and policies resulted in slowed growth and crippling shortages of key inputs (forex, fuel, electricity etc.).

Eighty percent of Malawians live in rural areas, mostly as subsistence farmers. Agriculture provides nearly one-third of GDP and more than 80% of export revenues. Consequently, the rural economy is the key to economic growth. Banda's state-controlled, estate-led agricultural programmes raised national GDP but left smallholders behind. Muluzi's liberalisation of agriculture encouraged smallholders to grow for the market, and that, combined with the donors' agricultural subsidies programmes, kick-started rural capital accumulation. Mutharika

⁷ More than 65% of MPs are DPP members (see Ott and Kanyongolo, 2010).

has placed agriculture (subsidies, irrigation, rural growth points, value-added production and trade) at the centre of his national development strategy. He made the idea of agricultural subsidies his own, and has pumped significant government funds into buying and distributing seeds and fertilizer.⁸ Consistently good rainy seasons, denied to Muluzi, saw Mutharika's subsidies generate record crops and exports of grain. Other initiatives progressed more slowly, though achievements in his first term included obtaining HIPC relief, improvements on some MDGs, the facilitation of credit and savings, higher rates of investment and of revenue collection, and some new infrastructure. National (as opposed to universal household) food security was achieved and GDP per capita growth peaked at 9% in 2008.

But serious economic constraints hinder Malawi's long-term progress. It is landlocked and the high cost of transport adds to the price of imports⁹ in the absence of much import-substituting industrialisation. This makes the cost of living high and livelihoods precarious. Malawi has been slow to attract investment in mineral exploration and development, and has only recently begun to earn in this sector.¹⁰ It remains highly dependent on agriculture – subsistence for the domestic economy and a handful of products (tea, coffee, cotton, tobacco) for export. The demand for tobacco, the main earner, has declined globally and prices have fallen even as more farmers have begun growing it. Malawians' skills and educational attainment are generally poor. Deindustrialisation advanced during Muluzi's 'lost decade', as the national infrastructure and economic climate deteriorated. Investment rose in Mutharika's first term, but has declined recently as production is jeopardised by on-going water shortages and power outages, unreliable road and rail networks, a weakly enforced regulatory environment (resulting in crime and corruption), an overvalued kwacha, and shortages of forex and, consequently, of fuel.¹¹

2.4 The political settlement

Since independence there have been three elite 'political settlements',¹² forged and broken in turn:

- i) between the late 1960s and late 1980s, when Banda and the MCP leadership partook of national economic growth based on a combination of authoritarian rule and estate agriculture, investment and industrialisation which benefited them as a class as well as the national GDP;
- ii) from 1994 to 2004, when unfettered liberalisation and clientelism helped a new class of entrepreneurs with spin-offs for the nation for a short time; and

⁸ In 2008 it cost an equivalent of 4.6% of GDP (World Bank, 2010: 16).

⁹ 12.5% of the value of imports comes from transport (cf. approximately 15% for exports). Experts argue it is not transport infrastructure that is the problem, but the unreliability of transport (World Bank, 2010: 44-46).

¹⁰ 'Malawi's Mineral Revenues Increase', *Malawi Voice*, 15 Oct 2010. Mining has risen from 1% to 3% of GDP since 2009.

¹¹ 'The inflow of investments during this period [Jan-Nov 2010] dropped by 45.7 percent to \$58.2 million (K8.8 billion) from \$107 million (K16.2 billion) in 2009. In 2008, Malawi attracted investments worth \$143 million (K21.7 billion), according to Mipa'. See Trade Mark Southern Africa, 'Why Malawi FDI tumbled in 2010', <http://www.trademarksa.org/node/3245>, and 'Doing Business 2012: Malawi', <http://www.doingbusiness.org/data/exploreeconomies/malawi> for structural and political impediments.

¹² 'A political settlement emerges when the distribution of benefits supported by its institutions is consistent with the distribution of power in society, and the economic and political outcomes of these institutions are sustainable over time' (Khan, 2010).

- iii) from 2005 to 2009, when the old and new elite aligned with foreign capital and promoted construction and trade, benefiting a burgeoning middle class that has become used to a higher standard of living mostly based on imports.

Throughout all three phases, a Malawian middle class grew – from Banda’s civil servants-cum-estate owners; to Muluzi’s protégés who straddled government and commerce; and now an urban bourgeoisie to be found in government, service industries, IT, commerce and construction. Per capita incomes finally returned in 2007 to the position attained in 1979.¹³

The size and purchasing power of this emerging middle class are now attested to by the number of cars imported monthly (reportedly 3000), the ever-worsening traffic jams, the multitude of new big houses in the Lilongwe suburb Area 47, and the arrival of several South African chain stores selling imported goods.¹⁴ Still not big by other countries’ standards, the middle class is urban, informed and networked, and keen to maintain its improved standard of living.¹⁵ Members of the middle class staff NGOs, which have ingested ‘good governance’ along with western donors’ funds for 20 years. In 2009 things were going well for such urbanites and for farmers growing and selling more grain and tobacco than ever before. The election sealed the political compact between these two groups and the DPP.

2.5 History and structural change

Political economy analysis provides us with a means of explaining the cycles noted above. Dr Banda, an autocrat, initially managed relatively high rates of national economic growth, following a model that was not so different from the one used by some Asian Tigers (cf. van Donge, 2002). His form of ‘developmental patrimonialism’¹⁶ saw a strong and ruthless state-party machine employed by his highly centralised executive to implement his development policy, centralise the production and distribution of rents, ensure compliance, reward loyalists by investing them in the national agenda, and crush opponents. This worked for him until he aged and control slipped through his fingers; increasingly from the mid-1980s, succession politics undermined the unity of purpose he had forged in the decade after independence. Also, Malawi’s development stalled as the nation was hit by external shocks (the oil crisis and the war in Mozambique) and the domestic constraints listed above.

Muluzi was a glad-handing politician and nowhere near as skilled and hard-working as Banda. He represented what came to be called ‘MCP Team B’: a cadre of businessmen (many of whom had been senior MCP politicians) who had been side-lined (often by Banda’s right-hand man, John Tembo) in the later Banda years. Without the accountability mechanisms of a well-developed democracy, neopatrimonial logic dominated (Cammack, 2007: 599-614). Initially Muluzi followed donor advice and relied on advisors who prioritised development, but within a few years he had surrounded himself with politicians who had an interest in short-term gains and aimed to use state resources, aid and the development process to stay in power and get rich.¹⁷ Corruption, starting at the top, extended to the grassroots, where public

¹³ World Bank (2010: 3). At \$330 per capita GDP is now double what it was in 1994.

¹⁴ Since 2004 imports have risen in value and been skewed toward consumption (World Bank, 2010: 14).

¹⁵ An easing of credit promoted the importation of consumer goods, average wages rose even faster than productivity gains and inflation, and the low exchange rate made imports cheaper.

¹⁶ See Cammack and Kelsall (2010) for a discussion of the details of developmental patrimonialism in the Banda, Muluzi and early Mutharika regimes. The concept is based on work by Kelsall, who theorises that institutional arrangements even in neopatrimonial states can be growth-enhancing.

¹⁷ ‘Individuals thought that since they had fought for multiparty it was justified that they be rewarded ... It was payday’. Interview with senior UDF politician, Blantyre, 26 Jan 2010.

goods and rents were dispensed according to party affiliation.¹⁸ Disregard for old regulations reached the point where public servants were afraid to implement them; informants now say it was a period when people had 'too much freedom' and acquired 'rights without responsibility'.¹⁹ Politics overwhelmed sound economic planning and execution, and construction and repair of infrastructure lagged far behind mounting needs. Social and economic indicators plummeted.

Between 2005 and 2009, it appeared that Mutharika was going to follow in Banda's footsteps: to tighten up on regulations and bureaucratic discipline, promote national unity and peace, and centralise and manage rent-creation and distribution for the benefit of the nation. However, the acceleration in economic growth faltered after 2009 for various reasons. First, Mutharika's minority government and weak political base in his first term kept him focused on growth as a means of gaining support and then winning votes in 2009. As his party-base grew and the opposition collapsed, the need to win votes through development was less urgent. Other tried-and-tested means of gaining support in a clientelist context could be used once the ruling-party apparatus was established. A second reason for the downturn was the fact that his government ran up against the global economic crisis, but more importantly, against Malawi's deep-rooted economic constraints (as listed above). A refusal to make some hard decisions (e.g., passing the Land Act, enforcing the assets-declaration rules, rigorously implementing performance management in the civil service, keeping the cabinet small) is evidence of his government's weakness in meeting these challenges.

Third, Mutharika is not Banda, whose biographers and colleagues tell us was an unusually hard working, intelligent, sober and honest individual, traits which underlay his economic performance until he aged. Fourth, progress faltered in Mutharika's second term because of the imperatives of democratic politics. Like Muluzi before him Mutharika decided around the end of his first term to ensure his ruling party would win after he left office. Muluzi wanted a third term, and there have been persistent rumours that Mutharika has also flirted with the notion. As of now, however, Mutharika's brother is the DPP heir apparent. A desire to put Peter Mutharika and the DPP in power – probably for a mixture of good and bad reasons –²⁰ has driven the government's agenda throughout the second term. It underlies rights abuses (to increase Executive powers) as well as increased government waste and mismanagement (to buy support and benefit clients). Allegations about corrupt practices have been increasingly common as Mutharika's second term has passed.²¹ Succession politics will undoubtedly continue to take a toll on the country's regulatory environment and on unity and peace.

¹⁸ For instance, in Ndirande water committees were staffed by UDF loyalists, who benefited from new, donor-built water infrastructure and by selling water but not paying funds over to the water board, which felt it could not complain. See Cammack and Kanyongolo (2010).

¹⁹ Ibid. For instance, when Muluzi and his Young Democrats encouraged urbanisation, town planning officials were unable to impose regulations managing it; squatter settlements proliferated.

²⁰ President Mutharika has reason to fear a return to the free-for-all economy of the Muluzi period, and undoubtedly wants to see his own initiatives (e.g., the Greenbelt irrigation programme, Nsanje inland port project, agricultural subsidies, rural growth points etc.) continue. Other, less salubrious reasons for remaining in power – access to government resources and satisfying a sense of entitlement – may drive some DPP elite. For 'The psychology of power', see *The Economist*, 21 Jan 2010, <http://www.economist.com/node/15328544>.

²¹ If true, these imply something different than the way Muluzi generated and managed rents. According to a senior UDF figure UDF politicians used to receive kick-backs from businessmen winning state contracts, while DPP politicians have people in key positions to manage companies winning contracts. Interview, Blantyre, 26 Jan 2010.

3 The lead-up to the mid-2011 Crisis

3.1 The economy and political settlement unravel

After the 2009 elections, Mutharika appointed as Minister of Finance Ken Kandodo, a less experienced and less independent figure than Goodall Gondwe. Kandodo and Mutharika took control of the economy. Their intention was to keep the exchange rate stable against the US dollar, which meant that by 2010 it was overvalued in real terms by 10-20% and a parallel market in forex had appeared. The result was a contraction of business, external payment arrears that saw the closing-off of lines of credit, and fewer and more expensive intermediate inputs that increased the cost of local production. By mid-2011 many businesses were being asked by local suppliers to purchase their imports with foreign exchange; entrepreneurs no longer bothered to approach banks, as they had no forex to sell. The lack of forex and poor credit ratings impacted petrol supplies worst of all, and shortages rebounded throughout the economy as mini-buses increased fares and/or stopped running, transport costs rose, factories closed and dismissed staff, and the availability of consumer goods declined as prices climbed. New construction projects were halted mid-stream.

At the macro-level, statistics told a sorry tale. Economic growth levelled off in 2010 and slowed further in 2011.²² The balance of payments worsened, even as mining revenues²³ came on stream. Revenues from tobacco (accounting historically for about 60% of export revenues) fell from 2008 and collapsed completely in 2011. Typically, in that sector Mutharika reacted by setting minimum prices and bullying buyers, accusing companies of transfer pricing and externalising profits, and deporting tobacco bosses ('exploitative colonialists') when companies refused to meet his minimum prices. Reduced tobacco sales worsened Malawi's forex position even more, and the high foreign-exchange rate reduced real local currency export prices, which hindered macro-economic performance further. Tobacco farmers suffered, and maize farmers, who had benefited from subsidies that generated surpluses, found themselves hurt by falling prices.²⁴

The shortage of forex affected not only businesses, farmers and traders but anyone wanting to send children abroad for schooling, to buy a car or building supplies, or to travel overseas. In mid-2011 fuel supplies contracted to the point that diesel, petrol and kerosene were unavailable for days, and when they arrived people had to queue for hours. Moreover, nationwide electricity shortages meant near-daily power cuts, which worsened mid-year to 5 hours or more daily as national supplier ESCOM reconditioned its generators.²⁵ In Blantyre water supply had been problematic for years (it has been unreliable in other towns too), but the shortages of electricity (for pumping water) made it worse. Urbanites of all classes grumbled.

²² At 6.7%. '2011/12 Budget Statement' by Minister of Finance, Ken Kandodo, to the National Assembly, 3 June 2011.

²³ K6bn was earned by government in 2009. 'Malawi Mineral Revenues Increase', *Malawi Voice*, 15 Oct 2010. Imports in the first half of 2011 were K179bn and exports, K93.7bn, *Nation*, 24 Aug 2011.

²⁴ 'Malawi: Maize Price Collapses', *The Nation*, 15 Nov 2010.

²⁵ Only 6% of the population is connected to the electrical grid. There was hope early in 2011 that the Millennium Challenge Corporation would supply funds for building new power-generation facilities, since Mutharika refuses to buy power from Mozambique.

3.2 The crisis: actors, triggers and events

In mid-February 2011, the Inspector General of Police called a public policy lecturer at Chancellor College to his office after he had taught a class on civil rights and had used a Tunisian example.²⁶ Accused of inciting students to demonstrate against the government, he returned to Zomba, and requested and was granted a leave of absence by the university authorities. After that, his co-workers 'boycotted' their 'unsafe' classrooms, demanding a guarantee of academic freedom from government. Rather than provide this, Mutharika accused the political scientist of 'teaching revolution',²⁷ equivocated about the meaning of academic freedom, and ordered the 'striking' professors back to work. This set off a string of injunctions filed by the lecturers and multiple court cases; the dismissal of the public policy professor and three leaders of the Academic Staff Union; a string of demonstrations by staff and students, with the police intervening with live bullets and teargas; and the closing and reopening of Chancellor and other colleges. Sympathisers nationwide were encouraged to wear red on Fridays to show support. Tension, already high due to rising prices and shortages, mounted.

Local council elections, overdue since 2005, were delayed further – to the disappointment of donors and civil society – when the president suspended the whole Electoral Commission for four months (December 2010-April 2011) on the pretext that the Ministry of Finance was investigating fraud. In late May, the President postponed local elections until 2014. Also in this period the DPP-dominated parliament passed several controversial and unpopular bills which advanced censorship and government powers. These included an amendment to Penal Code Section 46, which gives the Minister of Information the right to ban media in the public interest; a change to the Police Act that permits the police to search properties without a warrant; new legislation (The Civil Procedures Act) that gives government three days to respond to an injunction filed against it; a new Local Courts Act that raises fears of a return of Banda's repressive 'traditional courts'; and legislation that changed the national flag with little public consultation. On 23 February 2011, NGO leaders met with the President to discuss economic issues, the Chancellor College impasse and civil rights, but with no success. The NGOs tried to organise a set of public events but were refused permission by city authorities and the police. Meanwhile DPP rallies were being held to promote Peter Mutharika's future role.

From February 2011, death threats and attacks on several key NGO leaders sent many activists into hiding. The President's speech at a DPP rally in early March appeared to condone such behaviour. His predecessors Banda and Muluzi, the President said, 'were not going in the streets to fight those who insulted them, but it was the[ir] ruling parties which were to instil discipline. I want DPP members to ensure discipline in Malawi. I leave it in your hands'.²⁸

After eight foreign heads of mission published a statement saying they shared the concerns of Malawians about governance trends and Wikileaks spread donor views of national politics,²⁹

²⁶ Dr Blessings Chinsinga cited on-going local difficulties (lack of forex and fuel) as examples of the sorts of issues that can spark the kind of demonstrations seen in Tunisia.

²⁷ Mutharika said 'If academic freedom means: I'm a teacher and I'm paid by government and I go there and say, "Overthrow this government" then I would like to believe that that's academic anarchy. Let us distinguish between academic freedom and academic anarchy' ('Poly Dons not Demanding IG Apology', *Nyasa Times*, 15 March 2011).

²⁸ 'Bumbling DPP Officials Sanitise Bingu's Call to Deal with his Critics', *Maravi Post*, 7 March 2011.

²⁹ 'Joint Statement', 11 Feb 2011, signed by Heads of Mission (France, Germany, Iceland, Ireland, Japan, Norway, UK and USA). Also, 'Wa Mutharika Puts Malawi Off Track on Governance – Wikileaks', *Malawi Democrat*, 9 Feb 2011.

the president and cabinet members called in representatives to warn them not to interfere in domestic politics. In a speech, Mutharika accused donors of breaching the Vienna Convention by supporting NGOs. Matters came to a head in April after an email from the British High Commissioner to the Foreign and Commonwealth Office was leaked and published. It described the deteriorating governance situation, the condition of donor-government relationships and the threats to NGO leaders, and opined that Mutharika 'is becoming ever more autocratic and intolerant of criticism' and that the government 'is more paranoid' due to the Arab Spring's emboldening of civil society activists.³⁰ Within weeks the High Commissioner was deported.

Britain responded by reviewing 'the full range of issues in the bilateral relationship'.³¹ The withdrawal of donor funds (contributing 13.4% of GDP in 2008) which had already started, escalated.³² By mid-year no General Budget Support had been pledged for 2011-12. This seemed to suit the Malawian government's new aid policy,³³ which was made public by Finance Minister Kandodo in his 'zero-deficit budget' speech in June. Increased taxation and duties were expected to cover recurrent expenditure, he said.³⁴ Prices, already rising in response to scarcity, began to climb further as new taxes took hold.³⁵ Poorer peri-urban residents were particularly agitated.

NGOs planned and received permission to hold peaceful demonstrations about civil rights, donor relations and the domestic economy in the main cities on 20 July. In the days before, DPP pickup trucks loaded with youths carrying pangas (machetes: photo),³⁶ which were apparently meant to intimidate potential demonstrators, moved around Blantyre. On the 20th, people, many wearing red, tried to get into towns but found the police had set up roadblocks. When they arrived, they found to their further fury that the night before a judge had banned the action in all but Blantyre, where the demonstration was allowed by police to proceed. A list of grievances for the president was handed to district commissioners by the organisers of the marches.³⁷ Government ordered the cessation of independent radio broadcasts and the police, unprepared to handle the mass of people, overreacted and ill-advisedly stopped organisers from bringing a sound system into Blantyre to control the crowds. They beat several organisers in Lilongwe. Looters took advantage of the unrest and robbed and set alight stores, including a few shops run by Chinese, Burundians and Indians, while political activists destroyed DPP offices and those believed to belong to DPP financiers (e.g., the Mulli



³⁰ 'Malawi's Deteriorating Governance Situation: UK's Leaked Cable', *Malawi Democratic*, 4 April 2011.

³¹ 'Malawi Issues Official Deportation Order to British Diplomat', *Nyasa Times*, 26 April 2011.

³² It had begun earlier: e.g., £3m was deducted from UK general budget support when Mutharika bought a jet plane in 2009, funds for health were slashed due to poor management in 2010, and German funding was cut in early 2011 because local council elections were delayed.

³³ Due to the volatility of donor support, 'there is a risk that where disbursement does not occur, Government borrowing is impacted'. Thus all donor aid would be channelled through the Development rather than the Recurrent Budget. Ministry of Finance, *Guidelines for the Preparation of the 2011/12 Budget*.

³⁴ '2011/12 Budget Statement' by Minister of Finance, Ken Kandodo, to the National Assembly, 3 June 2011.

³⁵ Centre for Social Concern, 'Press Statement on Basic Needs Basket', 10 Aug 2011, citing a 4.5% increase in January-June 2011 and 8% rise from June to July 2011 in urban areas. Inflation stood at 9.8% in urban areas by September 2011. 'Inflation up again', *Daily Times*, 24 Oct 2011.

³⁶ Photo provided by Abbas Panjwani of IBC group, 19 July 2011.

³⁷ 'A better Malawi is possible', http://www.ipetitions.com/petition/malawi_issues/.

Brothers). When the crowds turned violent, the police shot protestors and arrested hundreds. All the while, the President was at State House in Lilongwe, giving a 'public lecture' on history



and politics that was broadcast nationwide on state radio.³⁸ Twenty people died from wounds received in the riots, which took two days for the police and army to quell (photo)³⁹.

Afterwards, while the president made threats to 'smoke out'⁴⁰ and arrest the organisers, and the donors called for dialogue, civil society planned a second mass demonstration – a 48-hour vigil to be held in four cities on 17-18 August. Mutharika, unhappy with the army's slow reaction in July, appointed a new, relatively junior

officer to take command,⁴¹ giving rise to rumours of army unrest, the arrival of Zimbabwean mercenaries, and the possible 'fall' of Mutharika's government. The government announced the appointment of a commission of enquiry to investigate the events of 20-21 July, a process in which civil society leaders said they had little faith. Thereafter, the fuel crisis worsened, the university boycott continued, much-needed aid for infrastructure was halted,⁴² and First Lady Callista Mutharika angered civil society and proved out of touch with the life of commoners when she counselled rural women.⁴³

As 17 August approached, the president toured markets and offered vendors 'loans' not to get involved in further demonstrations. He cajoled vigil organisers to come and talk to him, and tried to explain to audiences that some of the problems that sparked unrest were being addressed.⁴⁴ In Addis Ababa the Malawian embassy released a statement at the end of July that presented a skewed version of events and highlighted economic grievances without

³⁸ A recording of the lecture is found at <http://76.162.218.207/interviews.php?opt=20> July 2011.

³⁹ Photo supplied by Edge Kanyongolo, 28 July 2011.

⁴⁰ Mutharika said: 'The blood of these people who have died is on you. Let their spirits haunt you at night ... This time I'll go after you! Even if you hide in holes I'll smoke you out!', *Scotman.com*, 24 July 2011.

⁴¹ The head of the army was retired, three officers from the North and Centre were reportedly passed over, and a Southerner (from Balaka) was chosen. People assumed this was to ensure loyalty.

⁴² 'The United States says it will only release \$350-million intended to help address Malawi's energy crisis as part of an agreement with the Millennium Challenge Corporation ... if the government abides by its pledge to adhere to and uphold democracy and good governance; freedom of expression; freedom of association; and other fundamental freedoms enshrined in Malawi's Constitution' ('Malawi better shape up if it needs a hand, says US', *Malawi Democrat*, 4 Aug 2011).

⁴³ She 'accused some NGOs of soliciting money from international donors to stir unrest and disturb peace in the country. "Eighty-five percent of Malawians live in villages. Do these people need fuel for vehicles or forex to travel outside? Maybe I should ask you villagers: do you need fuel as if you have cars or forex as if you do cross-border trade? No!"... "These NGOs are full of greed"'. She insisted what rural people needed was subsidised fertilizer and said they should not to be concerned about these other 'petty issues'. *Daily Times*, 3 Aug 2011.

⁴⁴ 'On forex, Mutharika was vague saying "we have started a programme so that forex will be available in this country." On electricity, Mutharika said the problem is generation and not distribution "but we also have many industries". He explained that storage tanks for petrol were being constructed. He also announced the 'establishment of the Presidential Contact and Dialogue Group, which he said will have Experts and Technocrats and will be tasked with solving every issue or concerns raised by anyone, group or organisation in Malawi' ("Don't burn Malawi, no demo please" –Bingu', *Nyasa Times*, 9 Aug 2011).

noting civil rights concerns, blamed the World Bank and IMF for poor advice, and told half-truths about the causes of shortages. In the statement, government blamed the media, opposition parties and NGOs, saying they shared a 'strong belief that governments are constituted for the sole purpose of implementing instructions from donors. This goes right against the project that Government has put in place to promote self awareness and self reliance that should sustain the concept of Malawi as a nation of achievers'. This anti-western-interventionist sentiment mirrors Mutharika's own writings.⁴⁵

By mid-August civil society organisers and the police found themselves unprepared to handle a two-day vigil.⁴⁶ Further, NGOs were uncomfortable with the notion of 'regime change' then being mooted by some opposition politicians. With a civil injunction against the vigil threatened by businessmen in Blantyre, some NGO organisers took that opportunity to halt the vigil and give dialogue a chance. Previously Mutharika had been contacted by UN Secretary General Ban Ki-moon, and shortly before the 17th his envoy arrived to talk with NGO and government representatives. Organisers in Blantyre were unhappy with the decision to cancel the vigil, as were many of the public, but they had little choice but to agree. As it turned out, the 17th was quiet everywhere as people stayed safely at home. On the 18th students at Chancellor College held a demonstration, broken up by police with teargas and live ammunition. Thereafter student marches continued and classrooms were abandoned.⁴⁷

The week after the cancellation of the national vigil split NGO leaders, they came together and compromised: dialogue with government under UN auspices would start, but a mid-September vigil would also be planned. The local head of the Catholic Church preached for a successful dialogue, giving a sermon which the president took as personally antagonistic, while the UN resident representative warned that 'hate speech' could derail negotiations. Nonetheless, within a week, Mutharika had gone out of his way to threaten activists. Speaking without notes at the Blantyre agricultural fair he said:

'Don't mistake the Government's silence for ineptitude. All those insolent people I can arrest them if I so wish. I want you to know that. Government remains in control but I choose to be silent because I believe in democracy. But there are some who, when drunk, go yak-yak-yak; don't think I can't arrest you. I want you to know that just because somebody outside (this country) says so I cannot arrest you. I can arrest you! Let this country go on fire if you want to. [But] what I want you to know. Ladies and gentlemen, I want to tell you enough is enough! I can't stomach this insolence anymore'.⁴⁸

Not surprisingly negotiators were 'shocked' and the UN-sponsored meetings were temporarily abandoned. A week later, the office of a hard-line NGO activist was petrol-bombed and gutted by fire. It was the first in a string of arson attacks which was sustained even while dialogue continued.

The situation on the ground continued to deteriorate. Again, the 21 September vigil was called off by activists who were worried about further bloodshed and their NGOs being 'deregistered'

⁴⁵ 'Statement by the Malawi Embassy to Ethiopia, the African Union and the Economic Commission for Africa on the Disturbances of 20th and 21st July [2011] in Malawi', n.d. (ca. 24 Aug 2011). The author of the statement seems to have been familiar with Mutharika's book (2010), which expounds a similar theme.

⁴⁶ The police said they had only live ammunition, no rubber bullets or teargas, while no NGO had laid on water or toilets at the three vigil sites.

⁴⁷ He told students and professors, except the four who were dismissed, to return on 4 July. Students refused to attend classes until the four were reinstated and held marches and sit-ins instead.

⁴⁸ 'Transcript of Mutharika's War-cry', *Nyasa Times*, 25 Aug 2011. His vitriol is not unusual, e.g., budget speech (Nov 2008) or his agricultural fair speech (August 2010).

by government. They proposed instead a three-day stay-away by sympathisers.⁴⁹ The DPP claimed victory, as few people stayed home from work a second day.⁵⁰ People grumbled that civil society leaders had let them down by postponing the vigil, a second time, at the last minute.⁵¹

The situation became increasingly murky soon after, when a student activist was found dead at the Polytechnic in Blantyre. While the police claimed that the pathologist determined his death was suicide, the pathologist soon clarified that the youth had been beaten and he had not in fact, fallen from the building as the police said.⁵² Soon it emerged that the boy had promised the police and DPP officials that his student organisation would help government stop the August vigil, but when it had not been paid by the authorities as promised, he had threatened to make their involvement known. He also knew who was on the 'hit list' and threatened to publicise the names of the arsonists then at work.⁵³ That he was murdered seemed all the more likely as it came amidst the series of arson attacks on activists' homes and offices⁵⁴ and the arrest of the journalist breaking the story.⁵⁵ In the same period, threats were made against other journalists and civil society campaigners.⁵⁶

⁴⁹ 'Malawi Activists Unveil "Plan B"', *Nyasa Times*, 20 Sept 2011.

⁵⁰ On radio Mutharika warned people not to stay away and to activists he said 'if you stop people from going to work, I will deal with you' ('Wa Mutharika Demands End to Protest Strike', *Bloomberg*, 21 Sept 2011). Registers were started on Capital Hill to record the names of any who did not appear for work ('Gov't Sets Registers at Capital Hill to Counter Stay-away', *Malawi News*, 24-30 Sept 2011).

⁵¹ E.g., 'Blame Game on Failed Stayaway', *Sunday Times*, 25 Sept 2011.

⁵² College of Medicine Pathology Department, 'Report of Postmortem Examination: Robert Chasowa', dated 29 Sept 2011. Also see, 'LIES: Dzumalala: What the police are saying did not come from me. I can tell you plainly that I never released any such report', *Daily Times*, 30 Sept 2011.

⁵³ 'The Robert Chasowa Mystery Untangled' at <http://www.scribd.com/doc/68015139/Robert-Chasowa-s-Death-Explained>. 'Chasowa had 8-man Hit List', *Weekend Nation*, 22 Oct 2011.

⁵⁴ Fire-bombings included Rafik Hajat's offices (2 Sept 2011); the home of Rev. Macdonald Sembereka, the National Coordinator of Human Rights Consultative Committee (10 Sept 2011); the home of Salim Bagus (opposition politician, 18 Sept 2011); the Blantyre Flea market (18 Sept 2011); and the Catholic Secretariat (8 Oct 2011). Break-ins have occurred at other activists' offices as well.

⁵⁵ 'Police Arrest Phiri for Implicating IG in Chasowa Murder', *Nyasa Times*, 12 Oct 2011. Also, the police censored paper's coverage of the story: 'Police Summon Newspaper Editors over Chasowa Story', *Nyasa Times*, 12 Oct 2011.

⁵⁶ E.g., 'Goons on the Offensive: Journalist Gets Death Threats over Peter Mutharika Tape', *Maravi Post*, 28 Sept 2011. Reports that outspoken interviewer, Brian Banda of Capital Radio, had received death threats surfaced on Facebook: '21 Sept 2011 Vigil', on 21 Oct 2011.



In October, about to host a COMESA meeting and with high-level official delegations in Europe and at the IMF bargaining for a resumption of aid, the Mutharika government was more than usually keen to present Malawi's governance in a good light.⁵⁷ It banned demonstrations,⁵⁸ bought and started installing new equipment to record phone/SMS and internet conversations⁵⁹ and had Mutharika present his case to the BBC.⁶⁰ It arrested on sedition charges a handful

of youth – members of the fledgling Forum for the Defence of Democracy – who had carried a placard near parliament declaring Mutharika to be a dictator and asking for the Inspector General of Police 'to resign to pave [the] way for [an] investigation into his role in the murder of [the] university student ...' (photo).⁶¹

As the government delegation returned from Europe, the country was at a near standstill due to petrol and electricity shortages, and domestic tax-receipts were significantly lower than the zero-deficit budget had anticipated.⁶² The delegation announced that discussions had gone well and it expected aid to start flowing shortly, a claim no donor agency echoed.⁶³ Meanwhile the Chancellor College dispute dragged on and the UN-sponsored dialogue about civil society's demands made no real progress.

3.3 Civil society's '20 demands'

The following list is based on, but is not an exact transcription of, the petition handed to district commissioners by demonstrators during the march of 20th July. (Additional comments on the demands are provided in italics.)

- Ensure availability of and access to forex.
- Facilitate the importation of fuel without interruptions.
- Replace top management of ESCOM and Water Boards with independent experts to reverse shortages within three months.
- The Anti-corruption Bureau (ACB) to investigate those implicated in Malawi Housing Corporation (MHC) scandal. *Peter Mutharika and other senior officials and politicians allegedly jumped the queue and received houses at knock-down prices. In October*

⁵⁷ E.g., it reportedly instructed service stations in Lilongwe, where the COMESA meeting was held, not to pump fuel, as whenever they did, long queues of cars formed.

⁵⁸ 'Malawi Government Bans Demonstrations', *Malawi Democrat*, 5 Oct 2011.

⁵⁹ 'Malawi Starts Listening to Phone Conversations', *Nyasa Times*, 14 Oct 2011.

⁶⁰ *BBC Africa Have Your Say*, 6 Oct 2011, where he promised to establish independent commissions of enquiry for both the July 20-21 2011 deaths and Chasowa's murder. Mutharika also claimed to be 'the most tolerant person that you can think of'.

⁶¹ 'Activists Hold Demo to call Police IG to Resign, Arrested', *Nyasa Times*, 14 Oct 2011.

⁶² 'More Reasons for Budget Revision', *Weekend Nation*, 22 Oct 2011.

⁶³ Neither the British nor the European Commission, the IMF or the Americans indicated they were about to start aid again. The new US ambassador told the President that she wanted to see a reaffirmation of the government's 'commitment to political pluralism, human rights and the rule of law', and was awaiting the results of the Commission of Inquiry surrounding the deaths of demonstrators in July. 'US ties K60bn aid to human rights', *Daily Times*, 21 Oct 2010. These demands were similar to those outlined by the British High Commission in its press release following discussions between the two governments in London: 'Talks Between UK and Malawian Government Ministers', 12 Oct 2011.

2011 the former manager of the MHC had been charged by the ACB, which said the politicians were innocent.

- The ACB to investigate all cabinet ministers and public servants about unexplained wealth accumulated while holding office, and the Declaration of Assets bill to be 'ratified'.
- President Mutharika to declare his assets and explain the source of funds for building his new Ndata Farm house (photo).⁶⁴
- Nullify Callista Mutharika's contract and repay her salary. *She was appointed to a 'volunteer' job on maternal health and is paid a generous salary by government. Dr. Ntaba, the President's spokesman, said in October hers wasn't a 'charity' post, but a job for which she received a government salary.*
- Law Commission to review Penal Code (*the new Section 46 allows the Minister of Information to ban publications*) and the new Injunctions Act (*delaying for three days any action on injunctions filed against government; Mutharika had signed the act into law even though there was an injunction filed against it*) and to make recommendations on their constitutionality within six months.
- Mutharika to act in good faith toward Vice President Joyce Banda. *She was expelled from the DPP, has had her motorcade withdrawn, and has been barred from official duties as she is seen as a political threat to the DPP's 2014 presidential candidate, Peter Mutharika. She started her own political party thereafter. The President filed a constitutional case to see if he could remove her from office, and in October there were rumours that she would be arrested for sedition.*
- Government should hold Local Council elections within the next year.
- The University Council should readmit the four dismissed lecturers and affirm that no spies will be allowed in lecture rooms.
- Nullify the President's order for NGOs to pay K2m prior to any demonstration. *This decree was challenged in court.*
- Halt the inequitable and politicised use of public broadcasters (MBC and TV Malawi). *This is a complaint going back to the pre-transitional period.*
- The Executive to stop disregarding court rulings and contempt of court charges.
- Provide essential drugs to all hospitals and clinics. *This and following demands reflect the presence of health sector activists among the demonstration's leadership. Other sectors have similar complaints but were not directly represented.*
- Provide capacity building for health workers.
- Pay back allowances (up to three years are overdue) to nurses.
- Raise the national minimum wage to K25,000/month.
- Ensure 'decent jobs and conditions for all workers'.
- Institute a social protection system for the welfare of the poorest.



⁶⁴ <http://www.faceofmalawi.com/2011/08/ndata-farm-pic-of-bingu-wa-mutharikas-home/>

4 Looking Forward: A Medium-term Perspective

4.1 Meeting the 20 demands

To meet these demands would be to develop Malawi. Civil society is asking for improvements to the social safety net, the rule of law, national infrastructure, fiscal policies, election processes, human rights protection, human capacity, livelihoods, etc. None would be easily or quickly achieved, certainly not in a matter of months (e.g., water and electricity delivery). With political will, a few (e.g., Local Council elections, ACB investigations) could be initiated in relatively short order. But the demands were thrown together and not prioritised. Some (e.g., Ndata Farm) were much less likely to be addressed than others. So the list was impossible to tackle sensibly. This undoubtedly slowed negotiations and has probably made success impossible. By early September, the UN-sponsored dialogue group had pared the list down to seven 'key' demands:⁶⁵

- End drug shortages in hospitals.
- Repeal of Section 46 of the Penal Code, which gives the Minister of Information powers to ban publications such as newspapers.
- Repeal of the 'injunctions bill' which stops people from suing the government for three days.
- Terminate the First Lady's contract with government as the Ambassador of Safe Motherhood.
- The President must declare the source of his wealth and assets.
- Solve the academic freedom saga at the University of Malawi.
- Fuel shortages in Malawi must be addressed.

This list is still mixed and comprises items that cannot be easily addressed, especially in light of on-going forex shortages, national political logics and the President's reluctance to lose face by reversing his own decisions.

In fact, the president's personality has threatened to derail any process that might see civil society working with government to address the issues. His temper and self-importance, and his tendency to use funds and his position in arbitrary ways, have been noted by critics since his time at COMESA.⁶⁶ Little about the way he has governed (Chinsinga, 2010) and handled this crisis changes that view. On top of that, his desire for his brother to win in 2014 creates a powerful logic that affects his treatment of state resources, the vice president, party colleagues, opposition politicians and any civil society leaders who antagonise him. His 1960-70s education underpins his views of donors and aid.⁶⁷ His reverence for Kamuzu Banda⁶⁸ is evident – he has adopted Banda's title, *Ngwazi*, for instance – and he has a tendency to mimic the style of the old president. The death of his wife Ethel a couple years ago, and his marriage to the younger former minister Callista, seems to have unsettled him. He is elderly and, apparently, ill.⁶⁹

⁶⁵ 'Mutharika's Seven-Point Deadline Extended', September 6, 2011, www.africandictator.org/?p=4160.

⁶⁶ 'Report of the Special Committee of Eminent Persons on the Operations of COMESA 1992 to-date', presented to the Council of Ministers 4 March 1997, Lusaka, Zambia. Soon after this report Mutharika was dismissed as Secretary General.

⁶⁷ See his book (Mutharika, 2010), which restates his anti-imperialist, pan-Africanist sentiments.

⁶⁸ Like many educated young men of his generation, Bingu wa Mutharika worked in Banda's government.

⁶⁹ *Southern Africa Report*, 30 March 2011, p. 10, states that 'Mutharika has prostate cancer and an unspecified liver disease'.

Civil society is not much better placed to address the problems. The movement's leaders are not technocrats and appeared, at least when dialogue started, not to appreciate some of the long-term causes and constraints underpinning the non-delivery of public goods (e.g., electricity and water). Indeed, many of the government's critics lead civil rights NGOs, not development organisations. Few are rooted in the peri-urban or rural areas or have large memberships.

Nor are the NGO leaders unified; some are more radical and some are more experienced than others, and there appears to be no common vision of how to reach their goals. Their preferred tactics differ. Some are more willing to compromise and work with government; some more than others seem to be influenced by opposition politicians. No small group of them can speak for all. Their funding differs, as do their links to donors. Nor can it be presumed that they represent the interest of all Malawians. Some citizens were angry when the vigils were cancelled; others want no part in anti-government demonstrations. Building a united, well-informed, and representative civil society leadership is near impossible.

4.2 The lead-up to the 2014 election

Civil society leaders have stepped into the vacuum left by political parties. Opposition parties are in disarray. The National Assembly has been unable to play its role as a 'platform for national dialogue' (Chinsinga, 2010: 127), which has been the case since at least 2005. Party-political battling in 2004-09 resulted in institutional breakdown throughout government, but especially in the opposition-dominated Assembly, which rarely met or transacted business. Since 2009 DPP's dominance and Mutharika's control of the ruling party have resulted in the Assembly being little more than a rubber stamp; few DPP MPs ever quarrel with the president's programme.⁷⁰ With regard to party organisation, in all the parties it is business-as-usual: no internal democracy, leadership struggles, weak ideologies and programmes, centralised management and funding, a single big-man's supremacy, etc. In a mature democracy the issues now being championed by civil society would be addressed by both sides in parliament. In Malawi, however, politicians largely stand in the wings as ill-equipped NGO activists take the lead.⁷¹

Already the 2014 election is distracting most politicians from doing the business of governing. Jockeying for power in the major parties⁷² consumes energies. President Mutharika's insistence that his brother Peter retains a high profile and is seen as successful at governing – e.g., by making him Minister of Foreign Affairs – affects government's handling of national issues. Also, the president's side-lining of potential opponents keeps the political pot boiling. The succession drives the agenda at grassroots⁷³ and affects international relations⁷⁴ as well as domestic affairs – from the date of local elections to public service appointments. The DPP's credibility and support nationally have declined radically since its 2009 victory.⁷⁵ Yet without a strong and unified opposition, the DPP could win the 2014 election. And if the last year is anything to go by, the 2014 campaign is likely to be violent. Youthful DPP Cadets have

⁷⁰ Any DPP revolt has more to do with internal party politics than disagreements about issues. E.g., lawyer Henry Phoya (DPP MP) openly opposed the Injunctions Bill, and has since been side-lined.

⁷¹ There have been reports of some opposition leaders telling civil activists that they are ready to stand in if there is 'regime change', which has led the activists to distance themselves from politicians.

⁷² Peter Mutharika vs. Chimuntu Banda (speaker of parliament), Goodall Gondwe, and Henry Phoya in DPP; Friday Jumbe vs. Atipule Muluzi (son of the former President) in UDF; and John Tembo vs. any newcomer in the MCP. Mutharika has removed Vice President Joyce Banda from DPP, as he thought she had want to run for President in 2014; she has since launched her own Peoples' Party.

⁷³ Chiefs and tribally based organisations have become embroiled.

⁷⁴ Wikileaks shows that donors highlight it in their missives home, which the President abhors.

⁷⁵ A telling sign was the DPP candidate losing a by-election on 6 September.

been activated, civil society has proven it is willing to take to the streets and the police have confessed to an inability to manage unrest.⁷⁶

4.3 Development and accountability

Getting the country back on track with the IMF⁷⁷ would make it easier for other donors to resume their general budget support. By October 2011 it seemed unlikely that government was going to be able to raise sufficient revenues on its own to fund its Recurrent Budget; in fact, there were unconfirmed reports that it had turned to local banks for credit, which may well distort the economy and slow growth further. If government holds to its budgetary philosophy as outlined earlier in the year, donor funds in the future will need to be directed to the Development Budget and perhaps projectised. If that is the case, new negotiations about aid delivery mechanisms will be needed. If government relents and agrees to take budget support again, then it needs to comply with donor requirements beforehand – adjusting the kwacha-dollar rate, and improving its human rights record, especially. Without more funding from some source, public goods delivery (from medicines and fuel to justice and infrastructure) will continue to deteriorate.

In many ways civil society's demands to fix the nation's economic problems are easier to implement than those concerned with governance. For instance, getting the Anti-corruption Bureau (ACB) to investigate a sitting president and ministers is practically impossible, as is getting the president to explain how he became a rich man on a civil servant's salary, with Ndata Farm to show for it, within the space of a dozen years.⁷⁸

Some of the demands are easier to tackle, given the political will to do so: e.g., holding Local Council elections, reviewing and reversing recent regressive legislation and unpopular laws, reinstating the four professors and verbally endorsing academic freedom,⁷⁹ annulling the First Lady's contract and repaying her salary (US\$7000+ per month) to government, etc. But is the political will to compromise and make such changes evident? First, doing such things runs counter to the current logic of how power is obtained and retained in Malawi's political system. Second, the president generally acts as though he believes he is personally under attack, only his viewpoint is correct, compromise displays weakness, and he knows best what Malawi needs. That his associates kowtow to him and he has no coherent, articulate opposition parties to interact with exacerbates this tendency. At 78 years old he is unlikely to change.

The hope, then, is that others will lead change. In the best of all possible worlds, civil society's activism – informed, organised and channelled properly⁸⁰ – would have the potential over the medium-term to identify public needs and choose leaders to address them through governance and development campaigns.⁸¹ But NGO leaders are not politicians and their vigils cannot replace the domestic political process. The 2009 general election showed that

⁷⁶ They say they do not have riot equipment and have run out of rubber bullets.

⁷⁷ It is still off-track, largely due to the kwacha-dollar rate, though it has been allowed to fall by 10% recently.

⁷⁸ He is also reputed to own new properties in Portugal and Australia.

⁷⁹ Government announced that the four were reinstated by the President on 25 Oct 2011 (see 'Bingu Swallows Pride to Reinstates Lecturers, Open Chanco', *Nyasa Times*, 25 Oct 2011). It appears, though, that reopening Chancellor College will take some time.

⁸⁰ E.g., a new social contract is being forged around people paying higher taxes while demanding a more effective use of revenues.

⁸¹ For instance, when government once again refused to file a report on the status of human rights in Malawi with the United Nations Human Rights Committee, the Malawi Human Rights Commission did and its leaders went to Geneva to discuss the issue. 'Report to the United Nations Human Rights Committee on the Status of Human Rights in Malawi in line with International Convention on Civil and Political Rights (ICCPR)', n.d. (25 Oct 2011).

Malawians are no longer voting simply along regional lines and are prepared to support candidates who appear to prioritise development. This has the potential of weakening the neopatrimonial logic driving the structure and behaviour of political parties. The larger and more attuned middle class is also likely to ensure that the rule of law and civil rights protections stay high on the agenda. Its apolitical members will at least keep demanding an improved standard of living, which has enormous political implications. Together these may incentivise the formation of political parties based around programmes not personalities, and of a National Assembly comprising MPs selected not because of patronage but because they deliver public goods.

5 Conclusion

Thus far and in spite of the strengthening middle class, the nature of Malawi's political parties has not changed. Those five or so parties now active are still centred on personalities rather than issues, and are sometimes staffed at senior level by individuals with documented histories of corruption and worse. Some of them are on record as having experience of orchestrating electoral violence and cheating. Thus far middle class and peri-urbanites' frustration seems only to have fuelled civil society activism. The violence unleashed in July 2011 portends further unrest during the run-up to the 2014 election. Between now and 2014 the citizenry is likely to become increasingly angry about fuel and power shortages, which government has not been able to resolve,⁸² and the on-going use of state resources for prestige projects and politicking. In addition to the deteriorating economic situation, the political climate – where only very slow progress is being made on the twenty demands, where attacks on civil society activists are increasing, and where government and its security forces offer little expectation of either reform or protection – can easily result in Malawi becoming a truly fragile state.⁸³

Aspects of the underlying, long-term political economy offer little hope either: from 1994 multiparty elections have incentivised politicians' misuse of state resources to gain and retain power. At the same time democracy has been slow in creating the institutions needed to rein in such abuses. Thus, clientelism, corruption with impunity, and non-meritorious hiring and advancement in the civil service, are still successful avenues for attaining wealth and power.

Tackling Malawi's deeply-rooted economic constraints requires a well-implemented, long-term vision. But two-term presidencies, introduced at the transition, in an environment where political parties are centred around big men and not issues, make it difficult for a development vision and programme to emerge in the first place, and make it harder to keep and implement a programme consistently across regimes. Furthermore, fiscal and programmatic discipline is still considered dispensable given the right motivation – such as winning elections or placating politicians. The institutions that would ensure steadfastness of policy, compliance, and predictability are therefore undermined by powerful people's need to be flexible and unaccountable. The last few years have also shown that a more disciplined environment – which is required for economic growth – can, under the wrong leader, transmogrify into authoritarian tendencies.

⁸² 'Government Clueless on Current Fuel Scarcity: It's More Complicated Than we Thought – Ken Lipenga', *Malawi Voice*, 25 Oct 2011, citing the newly appointed Minister of Finance.

⁸³ Definitions of the term fragile state vary, but here it is meant to include states that 'lack the capacity and/or will to perform a set of functions necessary to the security and wellbeing of their citizens'; that are 'perceived as likely to generate (or not cope adequately with) poverty, violent conflict, terrorism, global security threats, refugees, organised crime, epidemic diseases, and/or environmental degradation'; and that donors consider 'difficult partners' (Cammack et al., 2006: ix).

While Mutharika's autocratic leanings have been obvious since his first term, when he ignored the law and court rulings and began to centralise power, his economic successes then dazzled donors and voters. APPP researchers were also hopeful that some trends noted in 2009 – sound economic policies, more discipline and compliance within the civil service, reduced tolerance of corruption and more control over the abuse of government resources – would guide and spur long-term growth. We hoped to see him contain the forces that undermine developmental patrimonialism, but we have been disappointed.

Succession politics in a neopatrimonial environment has undone Bingu wa Mutharika's good work. The desire to see Peter Mutharika and the DPP get into power in 2014⁸⁴ has created a need for large (and expensive) cabinets and perks for ministers, corrupt deals that pad the pockets of clients, nepotistic civil service appointments, politicisation of public policy-making and stalled decentralisation. Old devices that are back in fashion include forms of ethnic politics that fuel national divisions. Where in 2009 voters supported Mutharika because he delivered development, in 2014 they will remember the nation's ubiquitous shortages and his autocratic legislation and decrees, which are too much like President Banda's for Malawians to forget. Who succeeds him in 2014 will depend less on development outcomes than on the strength of the opposition and the fairness of the electoral process. That the situation has already turned violent does not auger well for free and fair elections.

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⁸⁴ To ensure DPP continuity, which could benefit the nation if good development policies were unchanged and civil service reforms supported their implementation. But continuity may be sought less for developmental reasons than to ensure the Anti-corruption Bureau is not used to prosecute Mutharika as he has used it to cripple the UDF and Muluzi.

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Washington, DC: World Bank.