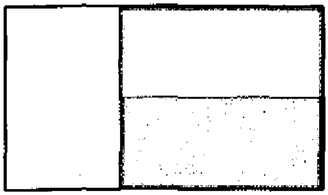
Country Reports

Madagascar

Avoidable Disaster, Test Case for African Diplomacy



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Madagascar: Avoidable Disaster, Test Case for African Diplomacy

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Madagascar: Avoidable Disaster, Test Case for African Diplomacy

Ross Herbert[1]

While international debate has focused on the unfolding calamity in Zimbabwe, Madagascar in the first half of 2002 moved from disputed presidential elections to low-grade civil war. It became in the process a test case of the new African Union (AU), and an illustration of the still widely divergent diplomatic approach to African crisis adopted by African and developed nations.

Although the bitter eight-month crisis ended in July and the risks of civil war abated, it brought disastrous consequences politically, economically and socially. In a display reminiscent of the people power that ousted Slobodan Milosevic from the Serbian presidency, hundreds of thousands of people stayed on the streets of the capital, Antananarivo, for weeks. Their aim was to defend political upstart Marc Ravalomanana, who claimed that incumbent president Didier Ratsiraka had changed the count in the first round of presidential voting on 16 December 2001. Ravalomanana, a self-made millionaire and the popular mayor of Antananarivo, argued that since Ratsiraka had stolen the first round, he would surely steal the second round to remain in power.

With massive support from the public, Ravalomanana declared himself president two months after the crisis began. The contenders for the presidency set up rival governments, which threatened to divide Madagascar into two competing nations, while wreaking untold economic damage. Ratsiraka's forces slowly collapsed, he eventually fled to exile and Ravalomanana took complete control. With the corrupt and ailing Ratsiraka

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looking like yesterday's man and Ravalomanana apparently commanding much wider popular support, in early July all the major western powers officially recognised Ravalomanana as the legitimate president, while the African Union (AU) rejected him.

For advocates of the AU and New Partnership for Africa's Development (NEPAD), who argue that both institutions are part of a drive to abandon the passivity of the old Organisation of African Unity (OAU), Madagascar represents both a crucial test case and a potential embarrassment.

Tragically, the battle for control of Madagascar underscored the devastating, long-lasting effect that political instability has on economic development. It not only reversed a promising economic turnaround, but also did grave damage to Madagascar's (previously highly successful) efforts to secure dozens of foreign direct investments in textiles and low-tech manufacturing.

To put the crisis in context, this report will examine Madagascar's tumultuous politics since independence, the political situation of the past year, the economic reforms under way before the crisis, the damage caused by it, and prospects for the future economically, politically and regionally.

Madagscar Overview Map

Geography and History

Madagascar is the world's fourth largest island. Its separation from mainland Africa about 120 million years ago left the island with many unique species of plants and animals (notably lemur species found nowhere else on earth) that are the island's principal tourist attraction. Madagascar is composed of three main ecological zones: low plains and plateaus in the west, with savannah and dry forests; a high central plateau that is the agricultural breadbasket; and a narrow wet eastern coastal strip.

Madagascar had about 13.7 million people in 1997.[2] Roughly half the population is under 20 years of age. The island was originally settled by ocean-faring people from the Indonesian archipelago, who have subsequently formed into 18 officially recognised ethnic groups. The nation's Indonesian roots are apparent across the island. However, strong Polynesian features are more pronounced in the central highlands among the Merina, while coastal areas show the greater influence of more recent immigration by Arabs (slave traders), Africans, Indians, and people from Mauritius and Comoros. Roughly half of the island's population follows traditional religious beliefs, and the other half follows Christianity.

Throughout the 19th century, the Merina dominated much of the island under a strong central kingdom with a trained army and modern administration. Opposition to the Merina, particularly among coastal people, has been a consistent aspect of Malagasy politics, as it was in the 2002 crisis. Ravalomanana is a Merina from Antananarivo. Ratsiraka, who comes from the coastal port city of Toamasina, provoked anti-Merina violence and looting during the crisis. Ethnic tensions also played a key role in mobilisation against Ratsiraka in both his first and second reigns.

Madagascar's first encounter with Europeans came in 1500, with the arrival of the Portuguese. At various times the Portuguese, Dutch and British attempted to establish permanent stations, and from the 17th century pirates used Madagascar as a base. In 1820 the British recognised Madagascar as an

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2 Malagasy National Institute of Statistics.

independent state, but an 1890 Anglo–French treaty ceded control to the French. The Merina queen was forced from power four years later, and Madagascar was made a French colony.

Prelude to Crisis: A History of Political Turmoil

The 2002 crisis in Madagascar follows a post-colonial history marred by mass protests sparked by deep economic problems, major swings in policy, ethnic tensions and frequent, bitterly contested constitutional revisions. The island's colonial master, France, first opened up the political sphere in 1946 by allowing the Malagasy people to elect deputies to the French parliament. Massive political and ethnic violence in 1947 left some 80,000 people dead before France restored order.

Madagascar achieved full independence from France in 1960. School teacher Philibert Tsiranana served as president of a one-party state until 1972, at which time he relinquished power to General Gabriel Ramanantsoa, the army chief of staff. Ramantsoa embarked on a radical political shift, opening relations with the Soviet Union and mainland China, and adopting a Marxist economic programme. This included nationalisation of much of the economy and of French economic interests. His policies resulted in an abrupt, massive withdrawal of French farmers, businesses and technical skills.

An attempted coup in 1974 was followed the next year by the transfer of power to Colonel Richard Ratsimandrava, who was assassinated six days later. A rebel army group announced a takeover, but was routed by loyalists of the former government. General Gilles Andriamahazo assumed power and declared martial law, imposed press censorship and suspended political parties. Five months later, Andriamahazo was replaced as head of state by Lieutenant-Commander Didier Ratsiraka, whose brutal, autocratic rule dominated politics in Madagascar for the next 18 years.

In the late 1970s, Ratsiraka attempted more disastrous Marxist-inspired social and economic changes, including severing ties with France and courting the favour of Communist nations. His tenure during the 1970s and 1980s was marred by waves of civil disturbances, riots, urban violence, student protests, famine, agrarian revolts, violent attacks and looting directed at Asian traders, allegations of high-level corruption and economic decline. The production of all food and export crops except cotton stagnated or declined after Ratsiraka took power. In 1980 the budget deficit was 18.4% of GDP. By 1981 many suppliers to the government were refusing to grant it further credit, and by the mid-1980s government debt had reached a crushing $680 million. Co-operative societies and state collective farms were imposed on peasants as part of a doctrinaire socialist economic plan. Madagascar began to suffer heavily from shortages of spare parts, insecticides and fertiliser. Rural roads and railroads decayed. The island was also hit by typhoons and periodic droughts.

In the wake of the collapse of the Soviet Union, Madagascar suffered from acute economic problems which were compounded by the withdrawal of Soviet aid and its own mismanagement, corruption and orientation towards state ownership. In 1988, the Soviet Union, the island's major supplier of petroleum, stopped deliveries due to unpaid bills of some $240 million. Like much of Africa at the time, Madagascar was under diplomatic, economic and domestic political pressure to open up to multi-party democracy. From the early 1980s, Ratsiraka's government sought debt relief and, with few other financing options, agreed to a series of International Monetary Fund (IMF), World Bank and International Development Corporation structural adjustment loans throughout the 1980s. These required fiscal austerity, privatisation, trade liberalisation, several major currency devaluations and civil service reforms.

Although desperately needed to stem gross macro-economic imbalances and to cut unsustainable government deficit spending, the austerity came at a growing political cost. Broad political opposition began to intensify in 1989, as Ratsiraka was elected to serve a third seven-year term. Critics challenged the election results and riots erupted in the aftermath. An attempted coup was put down in 1990. Dissent crystallised in the form of a broad but loose coalition of opposition parties known as the Forces Vives (FV or Living Forces). Led by medical professor Albert Zafy, the FV called for major constitutional reforms and the ousting of Ratsiraka.

In scenes similar to those seen in the Ravalomanana-Ratsiraka struggle, the FV, with massive public support, in 1991 declared a provisional government that began taking over government buildings. Ratsiraka declared a state of emergency, but the army and police took no action to enforce it. Zafy and three of his 'ministers' were abducted and taken to army camps, while several FV leaders were murdered. After the release of Zafy's ministers, protestors peacefully marched on 10 August toward the president's residence. There soldiers fired into the crowd, killing 100.

In response to the massacre, France cut off military aid. Donor pressure for a settlement increased. The general strike continued for seven months, ending in October. An accord was signed on 31 October calling for the creation of an interim government effectively led by Zafy, with Ratsiraka serving merely as a symbolic head of state.

In March 1992, the interim government scheduled a national conference to redraft the constitution. The conference hall was attacked, and attempts were made to assassinate Zafy. A new constitution was drafted and a referendum planned for June 1992. This was postponed because FV supporters refused to accept that Ratsiraka could stand for re-election. After violent public protest in favour of Ratsiraka, an accord was reached and elections were held on 25 November. Zafy won 45% to 29% for Ratsiraka. Zafy won the second round of presidential voting on 10 February 1993 with 67% to 33% for Ratsiraka.

Despite the deep unpopularity of Ratsiraka, Zafy was widely considered as having been a disastrous president. He fought continuing battles with those who should have been allies in parliament, and would neither reject IMF-backed liberalisation (for want of fiscal options), nor create alternatives to secure political support for his policies. Zafy presided over eight governments in three years, which reflects the extent of the political infighting and chaos. After only four years of rule, he was impeached and removed from office.

Ratsiraka again stood for elections in December 1996, and narrowly defeated Zafy (51% to 49%). Crucially, Ratsiraka's support was based more on rejection of Zafy than a general desire for a return to Ratsiraka's style of leadership and the autocratic past. Spoiled ballots and abstentions accounted for 52% of the ballot, which meant only 25% of the electorate actually voted for Ratsiraka.

Appointing a government consisting largely of technocrats, Ratsiraka took early steps to reassure the donor community that he would abide by the IMF agreement and continue on a course towards market-oriented liberalisation. However, political discontent with Ratsiraka arose over delays in securing IMF and World Bank funds.

The 2002 Presidential Election Crisis

One remarkable facet of the recent crisis was the dramatic swing in the nation's political mood. Six months before the 2001 elections, Ravalomanana denied presidential ambitions. There was little excitement over other contenders for the presidency, and the press and public outwardly showed little emotion about either the coming election or politics.

However, the ultimate conflict was presaged by much public conjecture over Ravalomanana's intentions. A successful businessman who had made a fortune in dairy processing and trade (linked to South Africa) outside the reaches of presidential patronage and crony capitalism, Ravalomanana had made a successful transition to politics as the elected mayor of the capital. He began energetic efforts to clean up the city and ease its notoriously continuous traffic jams by removing illegal shacks, houses and trading establishments, among other measures.

Ravalomanana's rise in business was a classical rags-to-riches tale. He was educated by protestant missionaries in the village of Imerikasina, 25 kilometres outside Antananarivo, and later attended secondary school in Sweden. He began making yoghurt at home and selling it on the street from the back of his bicycle. Within two years, and with the help of the Protestant Church, he had secured a World Bank loan to purchase his first factory. He developed his business, TIKO, into the island's largest non-foreign owned business, which has an effective monopoly on dairy and food oil products.

In three years as mayor of Antananarivo Ravalomanana developed a reputation as a hardliner who gets things done. He launched a campaign against 'filth and anarchy' and cleaned up the streets, reportedly bulldozing more than 100 houses because they were too ugly. His business gave him the financial muscle to run his own aircraft, helicopters and a radio and television station. His wealth, aggressive posture as mayor and youthful good looks made him a dashing politician. He was also the only politician on the scene not tainted by the gross economic mismanagement, infighting and corruption of past administrations. In a country where the road and rail network is extremely poor and limited, his aircraft and wealth gave him rare ability to conduct a national campaign. He frequently flew into isolated towns with several helicopters, said a few words and flew on, in an airborne whistle-stop tour.

Well before Ravalomanana declared his intention to run for president, speculation that he would run was rife. Ratsiraka had taken quiet moves against him, and rumours circulated of potential threats to Ravalomanana's life.

Economically, Ratsiraka had a reasonable case to take to the voters, particularly after the chaotic rule of Zafy, when 172% inflation had gutted the nation's purchasing power, wiping out years of economic progress. Despite the hard-line Soviet economics of his earlier administrations, Ratsiraka generally accepted and implemented the reformist austerity measures demanded by the IMF. Prices stabilised, government deficits shrank, and the country experienced brisk economic growth on the back of strong improvement in foreign direct investment, much of it concentrated in textiles and designed to take advantage of Madagascar's qualification for the trade preferences granted by the American Growth and Opportunity Act (AGOA). The government's export processing zone (EPZ) programme attracted dozens of investors from Mauritius, Singapore, India and other nations that saw AGOA qualifications, tax concessions and relatively cheap hard-working labour as major advantages.

In the manufacturing sector, production increased nearly 20% in 2001 in the EPZ areas, and in the cement, tobacco, and food processing sectors. The construction industry recorded robust growth of 13% and the transport, banking, and trade sectors grew an estimated 7% according to the IMF.

Despite the return to macroeconomic stability and growth in industry and the EPZ sector, Ratsiraka was seen as a reluctant reformer who had engineered the 1998 constitutional changes to restore the autocracy of his first reign. The changes were made through a referendum, disputed by the opposition, and passed with 51% of the vote. They gave Ratsiraka greater control of the judiciary, the right to run for two additional terms in office and the right both to dissolve parliament unilaterally and to appoint a cabinet and prime minister without parliamentary consent. They also set up a federal state with provincial and local level governments. The opposition attempted to disrupt the referendum with motions of censure and impeachment, both of which passed, but without the required two-thirds majority. Under the new constitution, legislative elections were held in May. Because the rules favoured larger parties, Ratsiraka's AREMA party won only 25% of the vote but captured 150 seats, 63% of the total. Another 19 seats were won by government coalition partners, giving the government a majority.

Ratsiraka had also engineered the electoral processes for the new local and provincial governments to give himself overwhelming control. Many Ratsiraka relatives and members of his extended family won local and provincial seats, giving him tight, personal power over what were supposed to be elections designed to empower local people to direct their own development. In indirect elections, those officials chose the members of the newly restored Senate in March 2001 (the Senate had been brought back in the 1992 constitution, but elections had never been held). Control of the Senate gave Ratsiraka unchallenged power to amend the constitution. The 1998 constitution allowed Ratsiraka to choose 30 of the 90 Senate members, and the elections gave his AREMA party 49 of the remaining seats.[3]

At 65, Ratsiraka's health was poor due to diabetes, and his rule continued to be plagued by allegations of pervasive corruption. While the more sophisticated manufacturing operations of the EPZ areas were relatively unaffected by graft, with swift approvals and few bureaucratic obstructions, other old-line industries faced problems with licensing and corruption. A Transparency International report on how corruption was perceived locally showed that 60% of households and 65% of companies believed that it was rife in government. The survey of 1,140 households and 819 companies concluded that 'corruption in a general sense, and the practices linked thereto,

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3 Marcus R, 'Madagascar: Legitimizing Autocracy', *Current History*, May 2002.

are unfortunately a phenomenon which one can qualify as endemic in Madagascar'.[4]

Bitter memories lingered over the many instances in which Ratsiraka's government had brutally suppressed protests in the past. Prior to the crisis, international financial institutions and donors had privately expressed significant doubts as to whether Ratsiraka would truly follow through on the more difficult reforms he had promised to clean up customs administration, national budgeting and expenditure controls.

Beneath the surface of economic reform, the political opposition remained bitterly hostile to Ratsiraka. After waiting so many years for genuine democracy, they had found the chaos and infighting of the Zafy presidency a great disappointment. The unfulfilled hopes for democracy and pent-up anger over past misgovernance contributed to Ravalomanana's support.

The Madagascar constitution requires a second round of presidential voting between the top two candidates if no candidate receives more than 50% in the first round. According to the results released by the Interior Ministry for the December 2001 poll, Ratsiraka won 40.59% of the vote to 46.59% for Ravalomanana, which would have required a second round of voting. However, Ravalomanana accused the government of manipulating the totals to block his outright victory. Local observers claimed that the results from 25% of polling stations were lost, and the results of the other 75% gave Ravalomanana the nod, with 50.5% of the vote.[5] No regional or OAU election observers monitored the election, and were thus unable to comment on the allegations.

Beginning in early January 2002, hundreds of thousands of Ravalomanana supporters turned out for peaceful protests that continued for weeks, with crowds sometimes estimated to reach 500,000 people. In late January, the High Constitutional Court recounted the votes, reaffirmed the government's figures

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4 'MADAGASCAR: Ministers get pay hike as Ravalomanana tackles corruption', *IRIN News*, 22 July 2002.

5 'Opposition disputes presidential election results', *IRIN News*, 9 January 2002; 'Fourth day of protests peaceful', *IRIN News*, 10 January 2002.

and rejected Ravalomanana's call for the government figures to be reconciled with opposition tallies. Ravalomanana again called his supporters to the streets for an indefinite general strike. The IMF and World Bank estimated the strike was costing the country between $8 million and $14 million a day.[6]

The government called for a second round of elections on 24 February. A 10-person team, five from each side, met to negotiate procedures for new elections with the UN, OAU, EU and others pledging logistical and other support to ensure fairness. However on 22 February, Ravalomanana proclaimed himself president in a public ceremony and began forming a government.

Ratsiraka declared martial law effective from 1 March, but the military declared itself neutral in the dispute, and did little to enforce Ratsiraka's decree.[7] Troops guarding government buildings did nothing to stop Ravalomanana supporters from taking over the premises and installing ministers. In response five of the island's six provincial governors declared support for Ratsiraka, and moved to set up a rival capital in the port of Toamasina. Faced by overwhelming popular street protests and a divided military, Ratsiraka abandoned Antananarivo for Toamasina, while his supporters set up blockades at roads and bridges leading to Antananarivo.

Violent clashes continued through March, and an estimated 20 people died in various incidents. Soldiers loyal to Ratsiraka fleetingly tried to retake the parliament building, but tens of thousands of protestors erected barricades and stood their ground. The soldiers retreated without major violence. Sporadic violent clashes raised fears of a larger civil war, as both sides sought to consolidate their positions. Posters and flyers saying 'merina leave'[8] were distributed in towns under Ratsiraka's control, while Merina-owned shops were looted, all of which pointed to deliberate efforts to stoke ethnic tensions to shore up Ratsiraka's support.

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6 'Francophone countries send mediation team', *IRIN News*, 7 February 2002.

7 The country has about 13,000 soldiers and 8,000 police in all. 'Soldiers clash as leaders refuse to talk', *IRIN News*, 3 June 2002.

8 'Madagascar's political-ethnic strife', *BBC Online News*, 14 May 2002.

A variety of diplomatic interventions from the OAU, Indian Ocean Commission, EU, and UN failed to resolve the crisis. On 22 March, Ratsiraka called for a new round of voting, but Ravalomanana rejected the idea.

In April, as African leaders met in Senegal to discuss NEPAD, Senegalese president Abdoulaye Wade brokered the first face-to-face talks between Ratsiraka and Ravalomanana. Both men agreed to a recount and, if no clear winner emerged, to permit another round of internationally supervised voting. They also agreed to set up an interim government, with Ravalomanana appointing the ministers of interior and finance. The two rivals would jointly choose a prime minister, and each man would name half of the remaining ministers.

Although the deal seemed reasonable and fair to outside mediators, both sides came to the agreement reluctantly. Ratsiraka's pledges to dismantle the economic blockade and stop dynamiting bridges were not honoured. The High Constitutional Court recounted the votes from the first round and declared on 29 April that Ravalomanana had won 51.46% of the vote to his opponent's 35.9%. Ratsiraka rejected the result as biased, and also told negotiators that the court did not have the legally required number of members to form a quorum.

After Ratsiraka's rejection of the court's findings, the OAU called for a referendum to choose between the rivals, but Ravalomanana refused. Governors supporting Ratsiraka threatened to declare independence from Antananarivo. This threat and the increasingly ethnic character of the violence that ensued raised concern that full civil war was not far away.

However, by June Ravalomanana had steadily enlarged the territory under his control and began moves to capture Mahajanga, a small port in the north-east which would enable him to break the fuel blockade. A second round of face-to-face talks brokered by Senegal failed on 9 June, but by then the advantage was steadily shifting to Ravalomanana.

Ratsiraka's fate was effectively sealed on 26 June, when the United States recognised Ravalomanana. France followed on 3 July. By 5 July Ratsiraka had fled into exile in France.

Despite continued efforts by Ratsiraka's forces to stoke ethnic animosity, once he fled the thuggery and violence against civilians stopped. When Ravalomanana entered some of the formerly Ratsiraka towns he received a vocal public welcome. Although some members of Ratsiraka's administration were arrested, Ravalomanana publicly said that the country should forget about chasing enemies and concentrate on rebuilding.

The Economy and Prospects for Recovery

Madagascar ranks 147th out of 173 countries in the United Nations Human Development Index (HDI).

Human Development Indicators		
	Madagascar	*Sub-Saharan Africa*
Life expectancy at birth (2000)	52.6	48.7
Net aid disbursements as % of GDP (2000)	8.3	6.2
Adult literacy rate	66.5	61.5
Female adult literacy rate as % of male rate	81	77
Combined primary, secondary and tertiary school enrolment rate (1999)	44	42
GDP per capita 2000 (PPP USD)	$840	$1690
Women as % of lower house of parliament	8	
% living with HIV age 15–49 (2001)	0.29	
% of population under-nourished (1997–99)	40	
% of population using adequate sanitary facilities	42	
Physicians per 100,000 people	11	
Health expenditure per capita in USD	$5	
% of population living on less than $1/day (1993 PPP USD) (1983–2000)	49.1	
Source: *UN Human Development Report*, 2002		

In April 2002, the UNDP—assuming an end to the crisis in May, instead of its actual end in July—predicted that 2002 would see a 9.6% fall in GDP, which now looks like a highly optimistic estimate. The portion of people living in poverty, which had been declining, had been expected to drop to 65.3% of the population. Now they are likely to hit 73.7%, which will effectively bring Madagascar back to its 1997 levels.

2002 UNDP growth forecast#		
	Rate of growth before the crisis	*Forecast growth after the crisis*
Primary Sector Agriculture Livestock & fisheries Forestry	4.5 %	3.8%
Secondary Sector Food, beverages & tobacco Energy; EPZs; Other	8.5 %	-13.1 %
Tertiary Sector Transport; Construction; Retail & wholesale; Government; Other services	5.7 %	-15.9 %
# Estimates conducted April 2002 assuming crisis would end in May rather than actual end in July.		

The UNDP estimated that the crisis resulted in 120,000 to 140,000 jobs lost by May. At the peak of the crisis, exports were completely blocked for months. Only a few vehicles were able to pass the blockades after paying 10 to 20 million Malagasy francs in bribes ($1,500 to $3,000 at 2001 exchange rates). Hardest hit was the previously fast-growing textile and clothing industry, where reliable delivery and rapid turnaround times are crucial to buyers in the developed world. Most factories in the EPZs closed entirely, and many clothing contracts were lost. Rebuilding confidence and winning back major buyers will take years, according to clothing industry players.

The tourist business, another major foreign exchange earner, suffered badly from the crisis, with a near total cancellation of foreign bookings. In recent years, tourism has grown briskly, with the number of arrivals rising from 86,681 in 1996 to 160,071 in 2000. Restoring consumer confidence will take many months. New promotional efforts, for which there are as yet no substantial funds, will be required.

At least eight major bridges were dynamited around Antananarivo, where most of the island's industry is clustered. Mud slides also buried the road from the capital to the main export port of Toamasina.

National accounts and prices in Madagascar#						
	1996	*1997*	*1998*	*1999*	*2000*	*2001*
Real GDP growth at market prices	2.1	3.7	3.9	4.7	4.8	6.7
Average consumer price index	19.8	4.5	6.2	9.9	11.9	5
Government deficit excluding grants	-9.1	-7.7	-8.1	-4.8	-4.2	-8.2
Goverment deficit including grants	-4.9	-2.4	-4.7	-1.2	-0.6	-3.7
Export growth, f.o.b.	4.6	1.7	4.3	11.3	47.6	14.3
Imports growth, c.i.f.	7.2	-3.7	0	7.4	45.2	14.6
Terms of trade (deterioration)	-17	5.6	5.9	-24	18.5	8

\# Annual% change, unless otherwise indicated.
Source: Figures based on IMF and Malagasy estimates as quoted in IMF Public Information Notice (PIN) No. 01/124, 13 December 2001.

Factors Supporting Recovery

Three factors offer support to the recovery effort. First, donors have lent decisive support to the new government. A so-called Friends of Madagascar Group, which includes the US, France, the EU, the G-8 countries and the World Bank and the IMF, pledged $2.3 billion in aid in late June. Comparatively this is far more generous and rapid than what was offered to the Democratic Republic of Congo or Angola.

A World Bank statement explained the purpose of the aid:[9]

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9 'MADAGASCAR: Donors pledge US$2 billion in aid', *IRIN News*, 29 July 2002.

> First, and most important, are emergency programmes to assist the poorest in the country. These activities include urgent nutritional support to the neediest, temporary employment creation through public works programmes for those having lost their jobs, and measures to improve the delivery of basic education and health services.

Second, Ravalomanana's personal business skills and no-nonsense, can-do approach have been well received by business, and offer the right message to restore confidence dented by the crisis. Shortly after Ratsiraka fled, the daily newspaper *L'Express* reported Ravalomanana as saying it was time to 'stop chasing men and devote ourselves to development'.[10] His first major decision after taking total control of the island was to announce a 10-fold pay increase for ministers—to $3,500 per month—to eliminate the incentive for corruption. 'What the Malagasy need now is discipline,' he said, demanding that ministers would now 'have to be more rigorous in their work'.[11] The World Bank praised the move, and affirmed that the government could afford it. The next step, according to Ravalomanana, is to extend pay raises to the rest of the civil service and fight corruption aggressively, sentiments which will undoubtedly strengthen his support from aid donors.

By the end of July, Ravalomanana had not offered much precise information about his economic plans. Given the depth of the economic damage, triage rather than long-term planning is likely to dominate the early months of his reign. In negotiations over the $2.3 billion package, he pledged to continue to strengthen the control of public finances as agreed under an earlier IMF structural adjustment agreement. That included computerised control systems for spending, taxes and customs as well as greater transparency in public decision-making.

Third, Ravalomanana pledged to organise new parliamentary elections and to continue the public consultation phase of the country's Poverty Reduction Strategy Paper (PRSP). Both are likely to bolster his public mandate, which

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10 'MADAGASCAR: Focus on economic recovery and national reconciliation', *IRIN News*, 15 July 2002.

11 'MADAGASCAR: Ministers get pay hike as Ravalomanana tackles corruption', *IRIN News*, 22 July 2002.

should help reassure investors who are concerned that the divisive politics of early 2002 will continue.

The challenges ahead are far more managerial than macro-economic in nature. Before the crisis, the IMF structural adjustment regimen had done a great deal to stabilise the economy after the chaotic, overspending socialist era that lasted until the end of 1996. Inflation had remained low and stable in the last two years of Ratsiraka's rule, ranging from two to 4%, with significant deflation in food prices (down 14%) in 2001.

The Malagasy franc has remained stable over the past three years, ranging from 6,400 to 6,900 to the US dollar between 1999 and the end of 2001. The Malagasy franc actually appreciated against both the euro and the dollar in the first half of 2001, owing in part to strong growth in manufacturing and significant inward investments. However, as a result of the crisis and a dispute about which administration controlled the central bank, the country's main foreign currency reserves, which are held in the US and France, were frozen. As a result virtually no foreign currency was publicly available between February and June 2002.

Despite the solid pre-crisis fundamentals and the positive factors already mentioned, there is reason for caution about Madagascar's recovery. This is the second politically-driven collapse of the economy in a decade. In 1991 Ratsiraka faced mass opposition demands for democracy, and massacred civilians to restore order. The turmoil continued until he was ousted in the country's first competitive election in 1993. Economically Madagascar had not fully recovered from the 1991 crisis when the most recent political debacle occurred. By 2001 buying power was 17% less than it had been in 1993. Budget deficits stayed over 8% of GDP from 1992–1997, which resulted in an inflation rate of 172% from 1992–1996. Inflation wiped out 15% of rural buying power and 27% of urban buying power during the period. While the export boom saw an 18% rise in urban buying power from 1997 to 1999, rural households continued to decline, with a further 5% fall. Looking at smallholders, the effect was worse: they suffered a 26% decline compared to a 4.7% gain in buyer power for large land holders.[12]

A number of factors could limit growth if not managed effectively. Madagascar's transportation infrastructure is both limited and in poor condition. Roads are in poor shape and are often damaged by the hurricanes that frequently batter the island. There are only 16,000 km of tarred and non-tarred roads, and vehicle transport access to many parts of the country is expensive and time-consuming. (Prior to the crisis, the government was considering turning road repair and maintenance over to private contractors to be funded by a road levy.) Most export and manufacturing capacity is concentrated around the capital, and transportation to the country's only major port at Toamasina (known also by its French name Tamatave) is costly, slow and unreliable. The rail network extended for only 800 kms, and has been very poorly maintained. Shipping costs are high, and port management is inefficient. Air freight capacity is both limited and expensive.

Electricity is adequate in the capital, but far more limited in other locations. Businesses report increasing outages and voltage fluctuations, which have increased the demand for back-up generators.

The costs of telecommunications services and electronic communications are high and bandwidth limited, although the deregulation and privatisation of the fixed line telephone operator could ease the situation. The advent of mobile telephones has begun to reduce the cost of voice communications. In addition to the 58,000 Telma lines, there are four mobile operators, with a total of 85,000 lines: TELECEL Madagascar (AMPS standard), SACEL Madagascar (GSM), *Société Malgache des Mobiles* (GSM) and MADACOM SA (GSM).

Limits on banking and credit also impede economic growth. Although the interbank rate of 9% before the crisis was modest by African standards, half of the firms surveyed by the World Bank reported finance as a major problem. Short-term credit is difficult to obtain, in part because of an uncompetitive

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[12] UNDP, 'Dévelopment économiques récents et Conséquences de la crise politique actuelle sur l'économie et les conditions de vie des malgaches', *UNDP Report*, May 2002.

oligopolistic banking market that relies on high transaction charges and foreign exchange fees. Long-term credit is more difficult to obtain. Since the judicial system is weak and ineffective, creditors have difficulty enforcing contracts or seeking legal recourse in court. Because foreign banks cannot legally obtain title to land, collateral has limited value as surety. By September 2000, the World Bank reported that more than half of all domestic credit was going to the public sector, which was effectively crowding out private investment in a market with limited domestic savings.

The Success of Export Processing Zones

One of the success stories of recent years has been the EPZ programme, also known as the zone franc programme. Although the programme began in 1990 and grew slowly until 1996, and grew rapidly thereafter. Total EPZ exports grew from $92 million in 1995 to $329 million in 2000—a 30% growth over five years. At the same time, value added per worker has grown at 4% a year. The total number of EPZ firms operating rose from 77 in 1995 to 160 in 2000, although most remain small, and three firms account for 30% of the 2000 exports. By 2001 EPZ enterprises accounted for 40% of total merchandise exports. According to the association of EPZ enterprises, EPZs accounted for an estimated 100,000 direct jobs and about one-third more indirect jobs, out of a total industry employment of 250,000. Firms qualifying for EPZ status can be located anywhere in Madagascar, although most are clustered around Antananarivo. About 80% of EPZ workers are women, who have consequently been hit hardest by the crisis-induced collapse of EPZ employment.

The value of EPZ exports grew by 43% in 1998, 20% in 1999 and 25% in 2000. About 91% of value and 88% of employment are in textiles and clothing. In 1999, firms invested about $51 million in clothing and textile firms, $9 million in agro-processing, $6 million in wood processing and $3.1 million in data processing.

France accounts for 38% of EPZ investment, but Madagascar has also benefited from the relocation of entrepreneurs from Mauritius, which has built a successful textile business but which is affected by wage rates that have risen as rapidly as the nation industrialised. Indeed clothing and textile exports from Mauritius have fallen as rapidly as Madagascar's have escalated. Other businesses from Singapore, Taiwan, Sri Lanka, India and Hong Kong have relocated to Madagascar to take advantage of its inexpensive labour and, since April 2001, its qualification for duty free exports to the US under the American Growth and Opportunity Act. AGOA exports grew 73% between the first half of 2000 and the first half of 2001, reaching $65 million (compared to total 2000 GDP of $3.87 billion). These include contracts to supply The Gap, a major US clothing chain.

The EPZ programme offers a five-year waiver of corporate income taxes. After that EPZ firms pay 10% compared to the normal 35%. Firms also receive a reduced dividend tax on expatriated earnings, a waiver of customs and import duties and a refund of value-added taxes, although the latter system has been criticised as cumbersome.

The success of EPZs has helped Malagasy exports to grow at twice the global rate of export growth. *Between 1992 and 1999, Madagascar achieved a 109%* growth in exports, as compared with the global increase in exports of 58.6% during the same period.[13] Even so, Madagascar's national income per capita remains substantially below the sub-Saharan African average, and its population is growing faster than Africa's average. However, economic and export growth have both exceeded population growth, while foreign direct investment was rapidly increasing prior to the crisis.

Despite its successful past, the EPZ segment of industry will have difficulty recovering. The textile and clothing orders upon which most of it is based are seasonal, which means the crisis forced buyers to find new suppliers that they may not wish to abandon to return to Madagascar. The business also faces stiff worldwide competition for orders, and requires the capacity to fulfil orders rapidly.

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13 *Ibid.*

Unit labour costs in garment production			
	Avg number of shirts per machine operator per day	*Monthly wage*	*Unit labour cost index#*
Ghana	12	30-45	0.022
Madagascar	14-15	55-65	0.023
Kenya	77050	60-65	0.026
India	16	70-75	0.027
Mozambique	76985	40-50	0.029
Lesotho	18	82-95	0.035
China (EPZ)	18-22	150	0.04
South Africa	15	255	0.05

\# Based on assumed 26 work days per month except in Madagascar where a 21-day month is assumed. ULCI = w/q x p/I

Source: WTO, *Integrated Framework Report for Madagascar*; and IMF interviews with African garment producers.

Selected National and Continental Statistics					
	1996	*1997*	*1998*	*1999*	*2000*
Exports of goods and services (% of GDP)					
Madagascar	20	22	21	25	25
Sub-Saharan Africa	30	29	28	29	32
FDI net inflows (BoP, current US$)					
Madagascar	$10 mn	$14 mn	$17 mn	$58 mn	$83 mn
GDP (current US$)					
Madagascar	$3,99 bn	$3,54 bn	$3,73 bn	$3,72 bn	$3,87 bn
GNI per capita, Atlas method (current US$)					
Madagascar	$250	$250	$260	$250	$250
Sub-Saharan Africa	$530	$540	$510	$490	$470
Population growth (annual %)					
Madagascar	3.09	3.09	3.09	3.09	3.09
Sub-Saharan Africa	2.79	2.82	2.56	2.48	2.43

Source: World Bank online data query.

Privatisation

Under Ratsiraka, Madagascar launched a privatisation drive as part of its structural adjustment programme. IMF conditions require completion of the promised privatisations. To ensure continuity in the complex preparation and bidding processes, Ravalomanana has retained Ratsiraka's minister of privatisation, Horace Constant. Despite Constant's reappointment, the remaining privatisations will probably be delayed, as policy is evaluated and potential bidders reconsider the repercussions of the crisis on business conditions. The following are the most notable planned and completed privatisations.

- The Solima oil company has been privatised and sold to Galana-Gulf, Shell, TotalFina Elf, Jovenna-Mobil, Vitogaz and Mocoh.
- The South African firm Comazar, partly owned by the SA parastatal Transnet, was granted a concession in 2000 to run the economically crucial northern rail network linking the capital to the main port at Toamasina. It also included the Moramanga–Ambatondrazaka and Antananarivo–Antsirabe side lines. The track and equipment were in poor condition, and an inventory of assets was obtained by the company only at the end of 2001, so investment plans are not yet final. They are likely to result in $30 million to $40 million being spent on rehabilitation, roughly two-thirds for track rehabilitation.
- The *Société Malgach de Transport Maritime* (SMTM) and Secren, a shipbuilding and repair company, are to be privatised. Ratsiraka's government had floated the idea of privatising management of port handling at the main Toamasina port, and also mooted the idea of setting up independent management bodies for secondary ports. Ports have been poorly maintained and inefficiently managed. Little progress was achieved on this broad plan before the onset of the political crisis.
- In July 2001 the government issued a call for bids for the purchase of the state telecommunications company, TELMA, and was expecting to announce the winner in December. However, the winner has not been announced to date. The firm has about 58,000 subscribers.
- A call for bids for HASYMA, the state cotton company, was prepared in late 2001, but has been postponed owing to the crisis. HASYMA has a de

facto monopoly, accounting for 75% of national production (38,600 tons in 1998) as opposed to 25% for small independent planters and other entities.

A privatisation strategy for the state sugar company SIRAMA was being developed in 2001, and the Ratsiraka government had pledged the IMF that it would begin privatisation in 2002. The firm claims $9 million a year in foreign export earnings under ACP and US quotas, in addition to catering for domestic consumption.

Prior to the crisis, management restructuring and network rationalisation were under way at Air Madagascar to prepare it for privatisation. However, the crisis hit the airline's operations hard, causing significant accumulated losses. At the height of the impasse, Air Madagascar lost about €312,000 per week. In March the company cut the number of flights to Europe and Asia by half, but still had only a 40% occupancy rate, endangering its ability to even cover the fuel and running costs. Privatisation will be complicated by these losses, as well as by a still powerful political reluctance to sell off the state airline.

Agriculture

Despite the strong growth in industry and manufacturing, these contribute only a modest 12% of GNP. Agriculture continues to account for three-quarters of employment and 30% of GDP. About 70% of agricultural output is in rice, with Madagascar the world's largest per capita consumer. However, rice output has grown only at 1.2% per year since the 1980s, and has never surpassed 2.1 tons per hectare. Total annual rice demand locally is about 1,650,000 tons, with rice imports rising from 57,000 tons in 1997 and 1998 to 115,000 in 2000 and 207,000 tons in 2001. With Madagascar's population growing at more than 3% a year, domestic production stagnating and no real improvement in farming productivity, food security is likely to be a significant long-term concern.

Breakdown of Madagascar exports, 2000	
France	37.1
Other EU	7.8
US	19
Japan	2.9
Other Asia and Middle East	13.3
Mauritius	3.1
Reunion	2
Other African countries	4.7
Other countries	9.3

Breakdown of Madagascar imports, 1998*	
France	24.1
Other EU	16.1
Other Europe	1.6
US	4
Japan	6.2
Iran	7.1
China	4.7
Other Asia and Middle East	9.8
Mauritius	1.1
Reunion	0.1
South Africa	6
Other African countries	1.1
Other countries	18.1

* Imports for 1998 are the most recent available because of problems in classifying export zone activity in 1999 and 2000

Source: *IMF Country Report No. 01/219*, December 2001.

Fishing represented 13% of export revenue in 2001, with shrimp aquaculture an increasingly important segment. Shrimp cultivation grew from 9,200 tons in 1990 to 12,500 in 2000. The value of aquaculture exports was estimated at €90 million in 2001, making aquaculture one of the country's largest foreign exchange earners.

Coffee, cloves and vanilla have long been the main export cash crops, but in all three areas Madagascar has been losing market share to other competitors.

Between 1997 and 2000 production of cured vanilla was between 1,100 and 1,200 tons, which earned approximately $15.3 million in 1998, $26.4 million in 1999 and $57.8 million in 2000. The world market for vanilla is around 2,000 tons, with Madagascar supplying between 60 and 65%. Prices per kilogram ranged from $19.90 in 1999 to $52.18 per kg in 2000.

Production of cloves has declined from 13,500 tons in 1998 to 12,500 tons in 1999 and 11,800 tons in 2000, but world prices have increased from $0.91 in 1998 to $3.01 in 2000. Total clove revenue grew from $9 million in 1998 to $67.2 million in 2001.

In coffee, Madagascar has suffered along with other producers, due both to the glut in world supplies and the 70% collapse in world prices in recent years. Its coffee earnings fell from $38 million in 1998 to $27.5 million in 1999, $8.12 million in 2000 and $5.45 million in 2001.

Government Finances

The political crisis has done grave damage to state finances. The collapse in exports due to the blockades slashed income taxes. The blockade also halted imports and thus customs collections, which represent a major source of state income. Another effect of the crisis was to delay privatisation, which may have caused potential investors to decline or postpone investment. The government had counted on privatisation proceeds to meet its IMF targets. The fighting itself will have budgetary consequences additional to the significant costs of repairing dynamited bridges and electrical pylons.

The $2.3 billion donor aid package will help tide the government over. Indeed it is unlikely that the government will be able to spend most of it for several years. It is too soon to estimate how quickly exports and tourism will rebound, and how soon the government will regain its previous tax collection levels. Textile exporters estimate it will take two years to reclaim lost export contracts.

Madagascar has made progress in improving its tax and customs collection capacity: its own non-aid revenues increased from 8.7% of GPD in 1996 to 11.4% in 1999 and 11.7% in 2000. Before the crisis, Madagascar looked set to miss its IMF target of revenue to GDP for 2001 by at least half a percentage point. Even before the crisis, Madagascar was heavily aid dependent, receiving aid equal to 8.3% of GDP, according to the 2002 UN Human Development Report.

Top five South African exports to Madagascar, 2001 (rand million)	
Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	112
Mineral products	55
Base metals & articles of base metal	55
Pulp of wood or of other fibrous cellulosic material; waste & scrap of paper or paperboard; paper & paperboard of paper or paperboard; paper & paperboard & articles thereof	48
Products of the chemical or allied industries	41

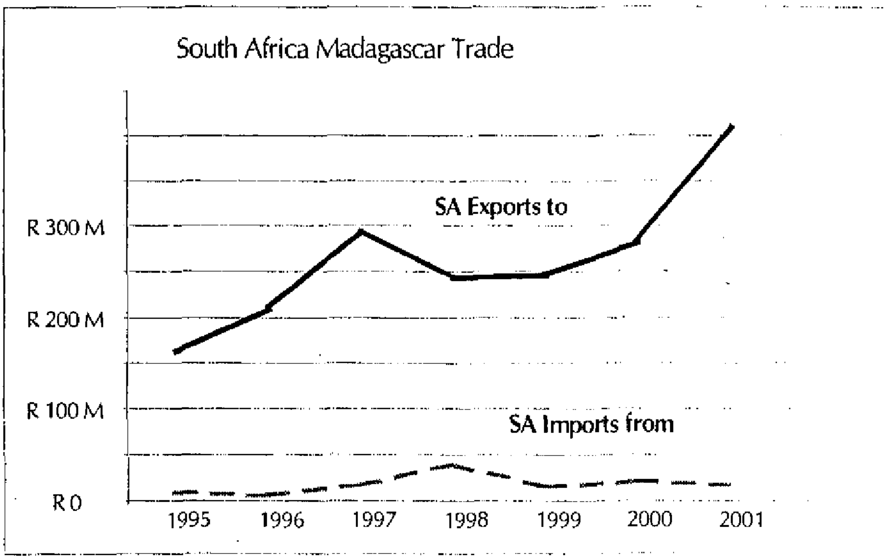
Top five South African imports from Madagascar, 2001 (rand million)	
Vegetable products	6.8
Textiles & textile articles	4.4
Live animals, animal products	1.3
Raw hides & skins, leather, furskins & articles thereof; saddlery & harness; travel goods, handbags & similar containers; articles of animal gut (other than silkworm gut)	1.2
Wood & articles of wood; wood charcoal; cork & articles of cork; manufactures of straw, of esparto or of other plaiting materials; basketware & wickerwork	0.8
Source: SA Customs and Excise	

Madagascar had a total external debt of $3.123 billion at the end of 2000: equal to 106% of its GDP, according to the IMF.[14] Ratsiraka's government had qualified for debt relief under the IMF's Enhanced Highly Indebted Poor Country initiative, but delivery of actual debt relief awaits the completion of agreed structural reforms. At the start of 2001, the government anticipated

[14] IMF, Selected Issues and Statistical Appendix, *Country Report 1/219*, December 2001, p.75.

that debt relief would free additional spending resources equivalent to 1.1% of GDP.

Madagascar–South Africa trade			
.	*SA exports to Madagascar (R million)*	*SA imports from Madagascar (R million)*	*Total (R million)*
2001	458.6	17.1	475.7
Jan-May 2001	176.4	4.9	181.3
Jan-May 2002	159.8	5.3	165.1
SA trade with Africa, 2001	-	-	41209.6
SA trade with Mozambique, 2001	-	-	5964.2
SA trade with Zimbabwe, 2001	-	-	6806.3
Source: SA Customs Service			



Diplomacy and Regional Prospects

The political events in Madagascar in 2002 highlight some essential weaknesses in African conflict resolution. Despite a wide variety of diplomatic initiatives to resolve the crisis, none were successful. The crisis was ultimately resolved by the balance of forces on the ground and Ratsiraka's subsequent flight. It is fortunate that only about 120 people were killed, and that calm returned quickly after Ratsiraka's departure. Although the crisis did not escalate into a full-scale civil war, it might have turned out very differently, which should stir some sober reflection in the AU.

AU leaders have spoken often about the need for early warning and swift action, but the very obvious warning signals given by Madagascar did not translate into greater diplomatic effectiveness. The early efforts by the OAU were conducted at the modest level of permanent representatives to the OAU. The OAU secretary general was not directly involved until crucial weeks later, and heads of state became involved later still.

Getting Ravalomanana to take part in a second round of voting would have required both intensive pressure and solid pledges by the region and developed world that a second election could not be stolen. This would have required intervention by key AU/OAU heads of state and a co-ordinated effort to enlist France, the US and the UN. All three of the latter did engage, but African diplomacy was slow to engage and frequently overtaken by events. Diplomatic interventions gradually escalated up the OAU chain of command. Very swift African presidential intervention might have impressed the protagonists in the Malagasy political crisis sufficiently to bring about an early resolution.

As described earlier, Senegalese president Abdoulaye Wade led two intensive rounds of face-to-face talks between Ratsiraka and Ravalomanana. The first appeared to reach a workable negotiated solution based on conducting a recount and then new elections. However, once the recount found that Ravalomanana had won in the first round, Ratsiraka rejected the recount on grounds that the court that conducted the recount was partisan and lacked the necessary quorum of members. Ravalomanana rejected OAU pleas not to declare himself president after the recount, and inaugurated himself in a public ceremony. Equally intransigent, Ratsiraka refused to honour his promises to dismantle the economic barricades around the capital despite humanitarian protests that shortages of food and medicine could have a devastating effect.

Diplomatic efforts focused on Madagascar also suffered because other African countries were preoccupied with preparation for the G-8 summit on NEPAD in June, preparation for the launching of the AU in July, major diplomatic efforts on the DRC, Angola and Sudan, and lesser efforts on Somalia and the southern African famine.

The African response to the crisis was also affected by Madagascar's isolation from the continent. As an island, Madagascar is physically separated from Mozambique by several hundred kilometres of open ocean. The country never developed meaningful African trade ties and remains tightly tied to France in economic matters. At the same time, its largely Indonesian ethnic roots contribute to a political and cultural separation from Africa. In the late 1990s, Madagascar considered joining the Southern African Development Community but ultimately did not see much advantage in membership.

Relations with South Africa have been cool for some years. South Africa opened an embassy in Madagascar in 1991, but closed it in the mid-1990s. The lack of South African representation is a sore point, both because it makes bilateral trade more difficult and because Madagascar supported the ANC before 1994, allowing it to make ANC radio broadcasts from the island. To visit South Africa on business, Malagasy citizens must first fly to Mauritius to obtain a visa before travelling onward to South Africa. Trade between South Africa and Madagascar is a mere 8% of the value of South African trade with Mozambique. However, the proximity of the two countries makes South Africa a natural potential source of tourists and investment from the well-developed South African tourism sector. In addition, Madagascar has a major need for infrastructure and construction, fields in which South Africa is strong both in management and provision of materials. Nearly all of Madagascar's cement and building materials are imported.

As the Malagasy crisis reached its apex during the AU summit, Malagasy officials thought they might have some leverage to resolve the South African embassy question because they believed South Africa desired the AU summit to go smoothly. Madagascar threatened to withdraw from the Union if Ravalomanana's government was not accredited to the summit. Although Senegal and Mauritius lobbied for the inclusion of Madagascar, the AU decided, with broad support, to freeze Madagascar's seat until a new round of presidential elections had been held.

Although resolving the problem of the lack of South African diplomatic representation in Madagascar would potentially help open up substantial Madagascar–SA trade, the issue looks set to remain hostage to the broader diplomatic impasse the island has reached with the AU. Ravalomanana argues that he conformed with the OAU-brokered deal that brought about a new ballot count. But the AU majority holds that his appropriation of power violated the AU ban on unconstitutional changes of government. In part because of its past reputation for embracing dictators, Africa faces pressure not to be seen to be accepting Ravalomanana. This ostensibly principled position contrasts badly with the continent's embrace of the dubious election results in Zimbabwe and its total silence on the violent ouster of an elected government in Congo-Brazzaville by Denis Sassou-Nguesso, who recently staged elections in which he stood unopposed.

After the strong statements backing exclusion of Madagascar uttered at the AU summit, it would be a major diplomatic embarrassment for the AU to back down. AU resolve on the matter is likely to be tested, as Ravalomanana's government intends to take up its seat in the UN. South Africa hoped in August 2002 to send foreign minister Nkosasana Dlamini Zuma to Madagascar to present a letter from Thabo Mbeki to try and resolve the matter. The letter was not presented to Ravalomanana but to the foreign ministry, which was requested to arrange meetings with its 'highest authorities'. As a result of such wording and the AU's prior actions, Ravalomanana's government refused to acknowledge the request for meetings, noting that Zuma was welcome as a representative of South Africa but not as a representative of the AU.

Although Ravalomanana remained outside the AU as of October 2002, the UN did invite him to participate in the World Summit on Sustainable Development, held in Johannesburg in August 2002. There he met briefly with

President Mbeki and other heads of state. Some observers saw this as a half-step toward African recognition but the impasse remains unresolved.

Despite the diplomatic wrangle, Ravalomanana has strong sympathies with South Africa. As a businessman, he has been a very frequent traveller to South Africa and relies on it as a major source of goods and expertise, unlike most Malagasy businesses, which look to France or Mauritius for capital, expertise and markets. The top staff members at his company, TIKO, are South African. Earlier, he attempted to import large numbers of South African dairy cows to serve his growing dairy and yoghurt business, a venture blocked by Ratsiraka. He also investigated directly purchasing South African dairy operations to boost his dairy processing interests.

The contrast between AU policy on Madagascar and Zimbabwe, among other troubled states, points to a powerful AU bias in favour of incumbent leaders, and its acceptance of legalistic arguments put forward by obviously corrupt or undemocratic governments. In a political sense, Madagascar's diplomatic fate will remain tied to that of Zimbabwe. African leaders feel themselves under pressure to take a principled stand somewhere, to offset their impotence over Zimbabwe. In effect, Madagascar is the easiest country that Africa can use to set an example. Ravalomanana's equally firm refusal to hold new elections makes it likely that Madagascar's exclusion from the AU mainstream will be a lengthy one.

The contrast between the hard line that African leaders took on Madagascar and the realpolitik practiced by the US, France and other Western countries also demonstrates that the AU and NEPAD do not yet represent a meaningful diplomatic partnership between Africa and the developed world, promises made at the G-8 summit notwithstanding.

Malagasy Timeline	
1946	France allows Madagascar to elect deputies to the French parliament and two main Malagasy political parties are formed, the predominantly Merina *Mouvement pour la Rénovation Malagashe,* which favours immediate independence, and the *Parti des Déshérités de Madagascar* (PADESM), predominantly comprising coastal *côtier* people, which opposes rapid constitutional change in Madagascar.
1947	Violent ethnic and partisan clashes leave 80,000 dead. France suspends all political activity.
1956	New constitutional arrangements are introduced by France to allow renewed political activity. *Parti Social Démocrate* (PSD) is formed from elements of PADESM, and becomes the dominant party.
October 1958	Madagascar becomes a self-governing republic within the French community.
1959	School teacher Philibert Tsiranana is elected president.
26 June 1960	Full independence is achieved. Tsiranana practices a pragmatic socialism generally favourable to French interests. Most former rival politicians join the government, except the left-wing Merina-based *Parti du Congrès de l'Indèndance de Madagascar* (AKFM).
1971	A serious agrarian uprising and student protests begin after a period of economic decline.
1972	Tsiranana stands as the only presidential candidate, winning 99.9% of the vote, which result masks deep public discontent. In May he relinquishes power to the army chief of staff, General Gabriel Ramanantsoa, a Merina. He ushers in a period of radical change in politics, including withdrawal from the Franc zone, the establishment of diplomatic relations with the Soviet Union, China and Arab states, and renegotiations of French co-operation agreements. These lead to the withdrawal of French air and naval bases.
31 December 1974	The mainly *côtier* mobile police force attempts a coup in protest against Merina domination of the armed forces, sparking a prolonged crisis.
February 1975	Ramanantsoa transfers power to Colonel Richard Ratsimandrava, who is assassinated six days later. General Gilles Andriamahazo assumes power and declares martial law, imposes press censorship and suspends political parties.

Malagasy Timeline (continued)	
June 1975	Andriamahazo is replaced as head of state by Lt-Commander Didier Ratsiraka, who forms a military Supreme Revolutionary Council. The financial sector, shipping, the petrol refinery, minerals and the leading French-owned trading company are all nationalised. Ratsiraka proposes a 'non-aligned' foreign policy friendly to the Soviet Union, agrarian reform, a one-party state and the transformation of the army into an 'army of development'.
December 1975	Ratsiraka's proposals are approved in a referendum and the 'second republic' is proclaimed.
1978-80	Severe drought sparks outbreaks of violence in rural areas.
1982	Following further deterioration of the economy, Ratsiraka accepts measures advocated by the IMF. In November Ratsiraka is re-elected with 80% of the vote. His opponent Monja Jaona denounces the results as fraudulent and calls for a general strike. Rioting ensues.
1984	Urban political violence increases through the 1970s and 1980s, with groups of the unemployed extorting money from people. Vigilante groups practising kung-fu form and fight with other groups, leading to a ban on kung-fu and further rioting by its adherents. There are 50 street deaths.
August 1985	Further disorder erupts as security forces attack the headquarters of kung-fu adherents and an estimated 50 people are killed.
1986	Disturbances arise over severe famine in the south. Violent demonstrations erupt around Toamasina, the country's main port, over food shortages and port reforms.
1987	Disturbances and political protests occurr caused by proposed reforms to higher education. These lead to arrests of student leaders, continued unrest on campus and finally the withdrawal of the reforms. Indian and Pakistani traders are attacked and 14 are killed, while property is burnt and looted.
January 1989	Ratsiraka wins a third term in elections that have been postponed a year. He receives 62% of the vote, with more open opposition to his rule within the ruling party.
December 1989	Calls for reform and the end of what is effectively one-party rule culminate in constitutional changes that open the way in March 1990 to multi-party politics and freedom of the press.

Malagasy Timeline (continued)	
13 May 1990	A group of armed rebels seize the radio station in the capital and proclaim Ratsiraka has been overthrown, but security forces suppress the revolt.
1991	Calls for further constitutional reforms intensify. A loose alliance of opposition groups known as the Forces Vives (FV) demand constitutional changes and Ratsiraka's resignation. When Ratsiraka does neither, FV launches a sustained general strike, shutting down the economy, with broad public support. In July FV, led by medical professor Albert Zafy, declares a provisional government that begins taking over government buildings. Ratsiraka declares a state of emergency, but the army and police take no action to enforce it. Zafy and three other of his 'ministers' are abducted and taken to army camps, while several FV leaders are murdered.
33459	After the release of Zafy and his ministers, protestors peacefully march on the president's residence, where soldiers fire into the crowd, killing 100. France cuts off military aid and donor pressure for a settlement increases.
September–October 1991	The general strike continues effectively through September and October. An accord is signed on 31 October calling for the creation of an interim government effectively led by Zafy, with Ratsiraka serving as merely a symbolic head of state.
1992	In March the interim government schedules a national conference to redraft the constitution. The conference hall is attacked and attempts are made to assassinate Zafy. A new constitution is drafted and a referendum planned for June, but is postponed because of calls for Ratsiraka not to stand. After violent protest in favour of Ratsiraka, elections are held on 25 November. Zafy wins 45% to 29% for Ratsiraka.
10 February 1993	*Zafy wins the second round of presidential voting by 67% to* 33% for Ratsiraka. Zafy becomes president of the 'third republic'.
1993–1996	Despite Zafy's margin of victory deep discord continues over the declining economy and the refusal of many factions to accept the austerity conditions demanded under a proposed IMF agreement. Allegations of corruption and battles between the president and parliament escalate over the government programme and choice of prime minister.

Malagasy Timeline (continued)	
26 July 1996	After four chaotic years in power, Zafy is impeached by parliament by 99 votes to 34 over various violations of the constitution.
29 December 1996	Ratsiraka wins the second round of presidential elections, defeating Zafy by 51% to 49%.
1998	Calls for constitutional change continue. A referendum, passed with 51% of the vote, shifts substantial powers away from parliament to the president, weakens the judiciary, reverts to a presidential rather than prime ministerial system, allows Ratsiraka to run for two additional terms in office, and establishes three tiers of local government: provinces, regions and communes.
December 2000	Elections are held for a new system of local government intended to give the six provinces control of their own development. Ratsiraka's AREMA party wins in most cities, aside from Antananarivo, after the opposition calls for a boycott because the system is not properly explained to the people. About 70% of voters stay away.
February 2001	Parliamentary opponents of Ratsiraka form the Crisis Unit for the Defence of Democracy following the jailing of MP Jean-Eugene Voninahitsy for insulting the president and for cheque fraud.
18 March 2001	After years of delayed elections called for in the 1992 constitution, the government finally holds elections for the Senate. It officially opens in May, after 29 years in abeyance. Ratsiraka loyalists control most seats.
37240	The first round of presidential elections is held. Opposition candidate Marc Ravalomanana claims President Ratsiraka changed vote counts to deny him outright victory in the first round of presidential voting.
January 2002	Hundreds of thousands of Ravalomanana supporters launch mass protests and a general strike, paralysing Antananarivo. The OAU mediate, urging that a second round of voting be delayed.
February 2002	Brushing aside OAU mediation and warnings not to declare himself president, Ravalomanana declares himself president in a packed football stadium. Within days, violence breakes out. Ratsiraka imposes martial law, but police and the army show little enthusiasm for enforcing it.

Malagasy Timeline (continued)	
March 2002	Sizeable parts of the military express support for Ravalomanana. Military loyal to Ratsiraka attempts to storm parliament, where Ravalomanana has invested his government, but thousands of Ravalomanana supporters barricade the area. Governors of five of the six provinces support Ratsiraka, and declares their intent to form a new capital in Toamasina, Ratsiraka's home town and the island's main port.
April 2002	Economic crisis deepens as food, fuel and medicine stocks reach extremely low levels in Antananarivo. The Supreme Court annulls the results of the first round of elections and calls for a recount. In OAU talks brokered by Senegal, Ravalomanana and Ratsiraka agree to abide by a recount, and if no clear winner emerged, to hold new elections.
29 April 2002	The High Constitutional Court names Ravalomanana as winner of the December polls after a recount. Ratsiraka rejects the verdict.
June 2002	Ravalomanana publicly declares his intention to form a unity government, but diplomatic talks end in failure. Hope for a diplomatic solution dim as Ravalomanana names a 30-member cabinet under hardline prime minister Jacques Sylla. Forces loyal to Ravalomanana gradually extend their areas of control. Sporadic fighting occurs. Ratsiraka supporters uses captured Ravalomanana supporters as human shields and engage in anti-Merina looting and violence.
9 June 2002	The second round of face-to-face talks in Dakar, Senegal, fail to reach agreement. After the first round, Ravalomanana has not disbanded his government and Ratsiraka refuses to dismantle the economic blockade around Antananarivo, both in breach of undertakings made in the first round.
26 June 2002	In a letter from President Bush, the US recognises Ravalomanana as the legitimate leader of Madagascar. Senior members of Ratsiraka's government quietly flee.
1 July 2002	Ravalomanana forces advance on the northern province of Antsiranana, one of two provinces still held by forces loyal to Ratsiraka.
3 July 2002	France recognises Ravalomanana and signs four bilateral agreements with him. Analysts predict he will soon control the whole island.
5 July 2002	Ratsiraka and family flee into exile in France.

Malagasy Timeline (continued)	
11 July 2002	The AU refuses to recognise Ravalomanana on the grounds that he came to power by unconstitutional means. The AU calls for fresh elections.
18 July 2002	A week after the AU decision to exclude Madagascar, Senegal breaks ranks and recognises Ravalomanana as president.

Sources

For a narrative summary of diplomatic attempts at diffusing the 2002 crisis, see the Report of the OAU Secretary General on the Situation in Madagascar to the OAU Council of Ministers.

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