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South-South Cooperation in Southern Africa: The Case of South Africa and the SADCC

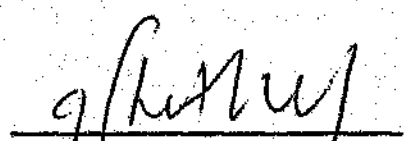
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Gordon Struthers Freer

Johannesburg, November 1995

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Finally, my eternal thanks and praise to Jesus Christ, my Lord and Saviour, without whom none of this would have been possible.

List of Abbreviations

AAF-SAP	African Alternative to Structural Adjustment Policy
ANC	African National Congress
CAF	Central African Federation
COMESA	Common Market of Eastern and Southern Africa
CONSAS	Constellation of Southern African States
EAC	East African Community
ESKOM	Electricity Supply Commission, South Africa
G-77	Group of 77
IMF	International Monetary Fund
MNR	Mozambique National Resistance
NAM	Non-Aligned Movement
PTA	Preferential Trade Agreement
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCC	Southern African Development Coordination Conference
SADF	South African Defence Force
SAP	Structural Adjustment Policy
UNGA	United Nations General Assembly
UNITA	Union for the Total Independence of Angola

Preface

Research for this thesis began in the anticipation of the SADCC's tenth anniversary. It proved to be an opportune moment to assess the organisation's achievements and to re-examine its goals.

In February 1990, F W de Klerk formally initiated a policy of domestic reforms that was to see South Africa re-accepted into international society. At the same time the southern Africa region was, for a variety of reasons, undergoing political and economic upheaval.

Speculation about joint ventures between the re-admitted South African state and the SADCC became increasingly popular amongst political commentators. South African businesses, stifled by years of isolation, began to view the region as a lucrative market, and the SADCC, sensing approaching stagnation and a loss of initiative, proposed a restructuring of the organisation.

The new organisation, the Southern Africa Development Community (SADC) was formally launched in August 1992. It has not been given the same adulation as that accorded to its predecessor, and in many respects is viewed with the same scepticism as other regional organisations in the developing world.

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INTRODUCTION AND RATIONALE

> "[E]conomic cooperation among developing countries, while being neither a pre-condition nor a substitute for the North-South dialogue and cooperation, is nonetheless an essential part of the efforts of the developing countries to create a new international economic order and more just relations among nations generally."[1]

Introduction.

The thesis examines the Southern African Development Community, (SADC), from the perspective of South-South cooperation.

The SADC has been influenced in its varying approaches to cooperation by integration attempts throughout Africa and by the integration experience of Western Europe. None of the SADC's attempts at cooperation have met with great success. The South-South approach identifies another option for cooperation for the southern African states to examine. In many cases, as will be illustrated, the political and economic reality of the region already follows a South-South path. The need is for the statesmen involved to formally adopt this approach, and abandon the more Euro-centric integration approaches that they have followed thus far.

Rationale.

The justification for choosing South-South cooperation as a framework within this thesis is as a result of the "correct" positioning of South Africa in the international context. Part of the SADCC's raison d'être was an avoidance of South African domination. Recent reforms in South Africa have increased the opportunity for cooperation between itself and the region. South Africa has now joined the SADC and has come to be regarded in the international community as a developing middle power with middle power capabilities. South Africa has a number of factors that are common to Third World states as well as a number of First World characteristics.[2] These factors were also present in other states that initially promoted South-South cooperation in the late 1970's and early 1980's.

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[1] Pavlic, B. (ed) (et al) The Challenges of South-South Cooperation Westview, Colorado (1983) p 3.

[2] South Africa's population growth rate in 1985-90 was estimated at 2.5% per annum, the Africa average being slightly higher at 2.9%. In the years 1980-89 South Africa had an annual Average GNP/capita growth rate of -0.8%,

The South-South framework allows the region to use its extensive r ces for its own benefit. This is not to argue that South-South cooperation promotes the utopian ideal of delinking the South from the North. As will be examined later, although extremist supporters of South-South cooperation favour delinking, South-South cooperation can be viewed as an attempt to promote self-reliance while continuing but reducing the influence of traditional economic ties. The strong influence of traditional integration theory on South-South cooperation will also be seen.

Traditional integration theory does not provide a suitable framework for analysis of the SADCC because of the organisation's avoidance of this term and its implied programme of action. Sectoral integration, an alternative tendered by the SADCC in 1980, has been exhaustively employed as an analytical approach over the last twelve years of the SADCC's existence.

The present analysis constitutes an effort to examine the southern African situation from a South-South perspective as described in the Brandt Commission Report, North South: a programme for survival.[3] In the introduction to the Report a number of ideas were outlined that seem to have been omitted by programmes promoting regional development in the Third World.

Broadly, the Third World followed two approaches to accelerate their own domestic development. The first is the approach that makes outside aid from the more developed Northern states. The second is the regional approach where developing countries look to their own regions, and exclude benefits from all others, in order to develop.[4] Neither of these approaches were recommended in isolation by the Brandt Commission and indeed both were specifically warned against. The Commission suggests a combination of both approaches.

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typical of the African average. South Africa life expectancy in 1990 was 63 years, slightly improved on the developing world average of 62.8 but well below the developed world average of 76.0 years. At the same time South Africa has one of the highest literacy rates in Africa at 76%, it has the most number of universities of any state in Africa, excluding Nigeria, and it is classified as a medium country, (rank no 57), in the United Nations Human Development Index (HDI) with a rating of 0.766. All figures from Africa at a Glance 1992 op cit.

[3] North-South: A Programme for Survival; report of the Independent Commission on International Development Issues (1980) Pan Books, London. Brandt headed a commission to examine the relationship between the states of the developed world and the under-developed world and to suggest possible solutions to any crisis that may be foreseen. It was through the publication of the findings of the Commission that the misnomers of 'North' and 'South' as descriptions for the different areas of development, gained popularity.

[4] The differentiation of the number of Third World assistance and self-help programs into only two schools is a little simplistic. The two approaches mentioned also tend to be mutually exclusive, the latter excluding benefits from all others, implies a policy of delinking. The Brandt Report, as can be seen by the following quotes, warns against such extremist actions.

> "Change and reform cannot take place in a one-way street: they must be supported by governments in both industrialized and developing countries...(Regional cooperation) does not imply that the South wants to dissociate itself from the North...Self-reliance does not imply autarky. [5]
>
> "Regional cooperation cannot be imposed; it must grow from within, on the basis of need. But it can be strengthened by external resources, and when countries make serious attempts to cooperate, they deserve major financial support." [6]

While the Brandt Commission report remains idealistic, the ideals it espoused have some merit and should not be disregarded totally. There are definite problems with the South-South approach to regional cooperation, and in some cases, these problems may seem insurmountable. There are also some proposed solutions to these various problems.

However, South-South cooperation is usually not applied within a regional context, being generally limited to bi-lateral relations between developing states. South-South cooperation is an optional policy for Third World states to follow towards development. This thesis seeks to take the idea of South-South cooperation and applies it to the southern African region, opening the doors of debate and identifying an alternative approach to the idea of regional cooperation.

Structure.

The thesis begins with an examination of South-South cooperation, which gained popularity in the 1970's. At present it is enjoying renewed attention as a possible beacon for Third World development. The South-South approach is particularly relevant in the light of the increased possibility of the North becoming more insular through the establishment of regional trading blocs.[7] Although this approach is normally used solely in analysing relations between developing states in different regions, this thesis has modified the approach in order to apply it to the southern African region.

The second chapter comprises a brief overview of the historical perspective of the southern African region. Such an overview is of importance because the common colonial past of the southern African states forms a blue-print for their present affiliations and relationships. This chapter then examines the Southern African Development Coordination Conference, (SADCC),

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[6] North-South: a programme for survival op cit pp. 10; p 134.

[8] ibid p 86.

[7] The trade taking place within these "islands" of Northern development represent the bulk of global trade.

its strategies and the circumstances surrounding its formation. The South-South approach examined in Chapter One is then applied to the SADCC.

Much has been written regarding the SADCC and, in Chapter Three, some of these published views are examined and criticised. Some of the problems and the shortcomings of the organisation are also examined as well as the allegations of South African military and economic destabilisation of the region. South Africa's role in the region is explored and matched against the organisation's faults. The shift of the SADCC from its plan of sectoral cooperation to a more standard policy of integration, in August 1992, is also briefly discussed. It is at this juncture that the SADCC transformed to become the Southern Africa Development Community, (SADC).

South-South cooperation, advocating the need for greater cooperation for economic growth between developing states, is applied to the region in the fourth chapter. This chapter also examines problems of implementing a South-South approach in the southern African region.

Chapter Five is made up of a limited sectoral examination which examines traditional indicative economic sectors such as trade, industry and transport and communications as well as sectors that are especially applicable to the region such as electricity and tourism. The roles of the national governments in promoting regional cooperation are examined. Some proposals for increased regional cooperation, including South Africa, and applying the South-South approach are given.

The thesis ends with a conclusion.

CHAPTER ONE

SOUTH-SOUTH COOPERATION

> "The essence of neo-colonialism is that the state which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality its economic system and thus its political policy is directed from outside."
>
> Kwame Nkrumah[1]

South-South cooperation owes a number of debts to both the integration theorists and to theorists within the dependency school. This section briefly traces the origins of development theory, problems within the theory and the emergence of South-South cooperation. South-South cooperation is highlighted and problems with this approach to development are considered.

Historical Background.

The emergence of the dependency school

The period of decolonisation at the end of the Second World War marked the beginning of a new era for the international community. New states, drafting foreign policies independent of those of their former colonial masters, initiated contact with other non-developed states in calling a conference in Bandung in 1955.[2] The convenors declared the purpose of Bandung to be to be the promotion of "goodwill and cooperation among the nations of Asia and Africa."[3]

Although the Bandung Conference established no political framework and no permanent, binding agreement, the 'Spirit of Bandung' developed a sense of community among the nineteen powers present. This marked the 'coming of age' of the leaders of the newly independent states. The agenda itself was adopted as the framework for many of the Non-Aligned Conferences for a

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[1] Nkrumah, K. Neo-Colonialism; the last stage of imperialism (1968) Heinemann, London. p ix.

[2] For a thorough investigation of the coalitions and divisions among the third world states from Bandung to the late seventies see Mortimer, R. The third world coalition in international politics (1980) Praeger, New York.

[3] Mortimer op cit p 7.

number of years afterwards, with an emphasis on decolonisation, development and the maintenance of world peace.

As the reality that political independence and economic independence were not one and the same struck home, there was a move in Africa to nationalise or 'indigenise' industries belonging to the multi-national corporations. This move ran concurrently, in some states, with a move towards socialism while other states nationalised industries in order to benefit from the income of the mainly strategic-linked enterprises.[4]

During the 1950's the United Nations Economic Commission for Latin America (ECLA) was established. Headed by Raul Prebisch, the Commission acted as the forum of what became known as the "dependency school". [5] It argued that traditional economic theory could not be applied to the under-developed states because the theory of comparative advantage did not hold true. [6] The Prebisch-Singer hypothesis grew from the assertion that the economies of the Latin American states were dependent on the export of raw materials to the industrialised North. Here the raw materials were processed into manufactured goods and exported for sale to the developing countries.

The demand for these raw materials was unstable in the short run and declined in the long run. Whereas there was a constant demand for the manufactured goods from around the world, the demand for primary products from the developing states was elastic. One of the results of this elasticity was a fluctuation in prices and an unstable and uncertain export market for those primary products. As a result, developing states were unable to efficiently budget their balance of payments accounts and payments for the importation of capital intensive goods, regarded as

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[4] Akinsanya, A. "Economic nationalism in Africa: illusion and reality" Transafrica Forum Winter 1989 p 51.

[5] It was here that the term *dependecia* originated. This states that "dominance and exploitation can be sustained without formal Empire and political control..." Brown C. "Development and Dependency" in Light, M & Groom, A. (eds) International Relations: a handbook of current theory (1985) Pinter, London. p 63.

[6] "A country has a comparitive advantage over another if in producing a commodity it can do so at a relatively lower opportunity cost in terms of the foregone alternative commodities that could be produced." Todaro, M. Economic Development in the Third World (1981) Longman, New York. p 521. The argument for it not holding true in this case is that developed states had imperfect competition for their goods, therefore being able to maintain or increase prices whereas the Lesser Developed Countries, (LDCs), had to compete with one another to sell their primary products, effectively lowering the price of the goods.

essential for development, was uncertain. Dependency theorists further argues that the importation of these capital intensive goods reinforced the established relationship of dependency between the developed and the developing states.

Import-substitution was one of the solutions proposed by the dependency school in order to resolve this underdevelopment problem. Industrialised goods would be produced in the LDC's under the protection of high tariff barriers. This however had its own pitfalls. Many developing countries had not reached a high enough level of industrialisation to control and promote their own enterprises. Thus, these states had to rely on the trans-national corporations (TNCs) based in the North, on whom they were already dependent, to assist in the development of the industrial sectors of their economies. Import substitution slowly became synonymous with relatively high-cost inferior goods and, due to the lack of competition, the fledgling industries never learnt to produce competitively.

Other problems arose, because of an "increased emphasis on the industrial capability of the state [which] led to shortages in more traditional areas such as agriculture." [7] Agricultural goods were often subsidised in order to satisfy the demand for cheap food by the urban workers. These workers had to be appeased because they were essential for achieving greater industrialisation.[8] The urban sector of the population was also the primary constituency for retaining political power. Leaders of developing states therefore often resorted to placating urbanised support to the detriment of the national economy.

A necessity for an economy is being able to sell the produce of the workers. Often as a result of over-industrialisation the developing, import-substituting states, would be unable to sell their goods. The domestic markets proved too small for efficient production capabilities. [9] Prices for these goods would often be too high, or the quality too low for international markets. Domestically manufactures goods could not find export markets and domestic consumers would often prefer

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[7] Seers, D. "Introduction" in Seers, D. (ed) Dependency Theory: a critical reassessment (1981) Frances Pinter London p 14. At one point a factory in the Ivory Coast, the main export of which used to be palm oil, had to import palm oil in order to run its soap factory, to supply its local and export market. du Mont, R. False Start in Africa (1988) Earthscan, London. p 61.

[8] Lancaster, C. "Africa's Economic Crisis" Foreign Policy no. 52 1983 p 153.

[9] Seers, D. "Rich Countries and Poor" in Seers, D. and Joy, L. (eds) Development in a divided world (1971) Penguin, London p 21.

imported goods. This resulted in import-substituting facilities running at a loss and being heavily subsidised, increasing government expenditure or having to close down.

Despite shortcomings, in pragmatism the dependency school marked a shift towards under-developed states' governments gaining at least partial control over the industry within their borders.[10] This is a move closer to attempted self-reliance and also identifies a move towards collective self-reliance among developing states or South-South cooperation. This shift initiated a perception that a self-reliant policy promoted by governments of developing countries needed government control of industry. A strategy such as this tends to be inefficient and, as will be shown later, has magnified the southern African states into problems of over-bureaucratization and inefficiency.[11]

From the NAM to The Agenda for Action

The Non-Aligned Movement (NAM) was formed in Belgrade under the leadership of Yugoslavia's Tito. At NAM conferences, issues of the day were discussed, but in most cases delegates failed to reach consensus or adopt resolutions regarding these issues. There was no formal structure or permanent body to enforce the adopted resolutions. The organisation did, however, find itself in a position where its members made up the majority of the United Nations General Assembly, (UNGA). Although the NAM had no formal structure or bureaucracy, it was observed that many of its resolutions found their way, in most cases unchanged, into the UNGA resolutions. [12]

In 1964, on the insistence of many of the developing states, a conference was held on International Trade and Development, (UNCTAD). It was at this conference, UNCTAD I, that a New International Economic Order (NIEO) emerged.[13] In order to bolster their voting power the third world states

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[10] Development theory has since had to be modified and some of its central tenets qualified. For an examination of this reappraisal see Sautter, H. "Underdevelopment through Isolationism" Intereconomics July/August 1985.

[11] Some aspects of cooperation between states need governmental control and assistance. The above argument does not repudiate this, but rather points to a danger of over-bureaucratization even in areas where government involvement is a necessity.

[12] Jackson, R. The Non Aligned, the United Nations and the Super Powers (1983) Praeger, New York.

[13] Among the demands were those for the reduction of tariffs, the stabilisation of raw material prices, more finance for development and the transfer of more of the invisibles of international trade such as shipping to the Third World.

aligned to form the Group of 77 (G-77). Despite an overlap in membership there was some tension between this newly formed group and the NAM.[14] The more enthusiastic members of the G-77 were seen as betraying the cause of the NAM. As Algerian foreign minister, Bouteflika said

> "The road of third world economic emancipation does not run through UNCTAD but rather through direct third world initiatives to reclaim control over their economic resources." [15]

In 1970, at the Lusaka Conference, the NAM made their own demands for the restructuring of the international economic order. Demands for urgent changes in the structure of the world economy were made in the Declaration on Non-Alignment and Economic Progress. Here the leaders of the underdeveloped states also identified, for the first time, the possibility of the linking of their own economies to provide a common front in response to the perceived unfair trade practices of the developed states. The declaration stated that,

> "The Heads of State or Government of non-aligned countries, united by common political and economic aspirations ... pledge themselves to cultivate the spirit of self reliance and to this end adopt a firm policy of organising their own socio-economic progress and to raise it to a level of a priority action program [and] to broaden and diversify economic relationships with other nations so as to promote true inter-dependence."

The governments also decided to

> "foster mutual cooperation among developing countries so as to impart strength to their national endeavours to fortify their independence." [16]

The representatives, further, adopted a plan of action to implement greater growth within their countries and called for increased 'horizontal' linkages between countries in the underdeveloped world. The ideals of South-South cooperation, although not verbalised as such, were becoming increasingly prominent.

In the early 1970's, the groupings of the NAM and the G-77 overcame divisions and formed a closer partnership in their insistence for economic reform. The NAM summit of 1973 crystallised this

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[14] Figures on how many states were members of both organisations with the important ones high-lighted.

[15] Quoted in Mortimer, R. op cit p 37.

[16] Third Conference of Heads of State or Government of Non-aligned Countries, Lusaka, 1970. Declaration of Non-alignment and Economic Progress Section A (i) & (vii) and B (i), (ii) & (iii).

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[16] Third Conference of Heads of State or Government of Non-aligned Countries, Lusaka, 1970. Declaration of Non-alignment and Economic Progress Section A (i) & (vii) and B (i), (ii) & (iii).

partnership. The blame of the Third World states' dependency and lack of development was placed firmly at the door of the developed world. Economic problems were seen to have resulted from a history of colonisation, and development aid from world financial institutions was perceived as a form of recolonisation. The international, external weaknesses of the global economic network and not the internal workings of the developing states were seen as responsible for the Third World's economic shortcomings. The NAM governments stated that imperialism and neo-colonialism accounted for

> "the considerable disparities which exist between the industrialized countries and the underdeveloped world." [17]

At this time, Third World governments, especially those in Africa, were more concerned with domestic political problems than dealing with international economic reform. Moreover there was no undisputed leader of the Third World states. These issues manifest themselves in a lack of solidarity and concern among the Third World states, with the end result that although the economic conditions within the states continued to worsen, less attention was paid to them and less attention was focused on prospects and plans for the developing world.

The 1970s also marked the rise of the Newly Industrialised Countries (NICs), which introduced a new economic hierarchy to the Third World relations. Conversely however, debate surrounding the ideals of self-reliance increased as the global economy began to contract and a number of Third World states were distanced from the developed states. Although the collapse of the Bretton Woods system left the whole international community to adapt to a new undefined and unregulated system as best it could, the developing states were particularly hard hit, especially following the OPEC oil increase of the early 1970s.

A resurgence of self-reliance debate occurred, illustrated by the renewed interest shown in the formation of regional economic groupings, especially within Africa. On an continental level the Lagos Plan of Action, (LPA), was unveiled in 1980. This was an indigenous, continent-wide response to the economic and development crisis within Africa. While the LPA was not a direct product of a South-South approach to development, some of the ideals it espouses are shared with

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[17] Fourth Conference of Heads of State or Government of Non-aligned countries, Algiers 1973. Economic Declaration Section 1 para 5.

South-South advocates. Shortly afterwards the World Bank released its proposals for African development in 'An Agenda for Action'. These two proposed solutions to the crisis follow markedly different paths, for development for the African states.[18] Shaw, who tends to favour a structuralist approach to international affairs observes that,

> "The alternative World Bank and OAU plans for Africa are based on different assumptions, expectations and projections; they also reflect distinct class preferences. *Agenda for Action* favours the bourgeois and NIC interests whereas the *Lagos Plan of Action* is based on more proletarian and peasant 'basic human need' characteristics of the periphery." [19]

It is around this time where the term 'self reliance' becomes more closely associated with and confused with 'self-sufficiency' and 'delinking'. Shaw quotes an example where the terms could be used almost interchangeably.

> "[The] call for national and collective Third World self-reliance efforts [is] to bring about indigenous or self-sustaining development. Unlike the 1960s development strategy, which emphasised Third World integration into the global economy, the new strategy's hallmark is a giant step back from full participation in the international economy."[20]

Later, in the 1980s, there was a move away from the commonality of these two terms[21], and it is in the following context that this thesis applies the terms. While 'self-sufficiency' implies the ability of a state's economy to continue independent of the rest of the world, 'self reliance' is not a synonymous term. The latter term allows for international linkages between economies, both North-South and South-South, but also permits the developing economy to rely on and develop its own resources for various stages of economic growth. Self reliance allows the developing economy the chance to promote its own resources while maintaining economic linkages with other states. In the event of an international economic contraction the developing economy could then at least partly depend on its own resources to carry it through any recession. Self-sufficiency would dictate that the economy had been relying on its own resources for economic stimulation and growth. The differences and

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[18] The contrast between these two continental plans for economic development is shown and debated in Shaw, T. Towards a Political Economy for Africa (1985) Macmillan, London.

[19] Shaw, T. op cit p 17.

[20] Barkenbus quoted in Shaw, T. op cit p 12.

[21] See the section dealing with the Brandt Commission and Nyerere's Third World Prize Speech, later in this chapter.

tensions between the usage of the two terms is shown in the OAU's support for the Lagos Plan of Action,

> "self-reliance ... is not to say that the continent should totally cut itself off from outside contributions. However...outside contributions should only supplement our own effort..."[22]

There are other distinct differences between the two plans for African development. Whereas the goal of the LPA was to form a continental common market by the year 2000, *Agenda* identified the twin goals of increasing African GDP per capita and of improving the infrastructure of the continental economy. The African criticism of *Agenda* was that while the LPA aimed at sustained indigenous development, the World Bank proposal aimed at improving the cost-efficiency of extracting raw materials from Africa. Critics also perceived *Agenda* as keeping the continent in a subservient position in the international political economy.

The proposed strategies of the two plans also differed. The LPA adopted the approach of collective self reliance, optimising resource use and partially delinking the African from the global economy. *Agenda* advanced the plan of increasing primary product exports from the continent and importing any manufactured goods necessary. In addition, *Agenda* foresaw that bi-lateral and multi-lateral aid would be granted and that this aid should be supplemented by private investment. Proponents of the LPA argued that *Agenda* made Africa subject to the economic whims of the international community and increased the continent's dependence on Northern investment, strengthening their case for delinking.

However, a number of shortcomings in the LPA were noted. While *Agenda* suggested a plan of action that would take immediate effect, the LPA supported more long-term solutions, with little direct consideration for the present crisis. The LPA plan to delink the economy ran in direct opposition to the need to export industrialised products to the developed world. These exports would be necessary in order to increase the continent's foreign exchange earnings and thus improve its chances of enticing investment necessary for further development. The chances of success for voluntary delinking are also very slim.

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[22] Shaw, T. op cit p 96.

Another LPA failing included the absence of financing for infrastructural developments. Due to Africa's extreme underdevelopment, the continent could not expect large sums of money to flow in to assist it in adopting a policy of "industrialisation". The first necessary improvement would be to rehabilitate and expand the physical infrastructure, but the LPA report refers only specifically to transport. Other sections of the LPA make vague suggestions as to what could be improved and often do not estimate the cost of the improvements. Various economic sectors are not linked together for improvement and no prioritisation of projects is proposed.

Planning ministers of the African states perceived *Agenda* as a paternalistic, neo-colonialist approach to solving African problems. It was also perceived as a plan to prevent Africa from penetrating the world economic stage other than in the role of a supplier of primary products. It was thus interpreted as having a severely limiting influence and was not widely accepted in Africa. The LPA, on the other hand, was indirectly responsible for the initiation of several regional groupings [23] and, although also not widely implemented or supported, was instrumental in re-focusing Africa's attention on its economic problems.

A point of agreement between the two plans was that the states within regions were encouraged to cooperate with one another. Regional groupings were seen by both plans as a development that would prove beneficial to the economic development of the African continent. Both plans argued that the involvement of regional groupings in the continental planning stage would be beneficial. The LPA emphasised a collective approach in almost every chapter.[24] *Agenda*, although recognising the potential for regional groupings, did not overemphasise it because of the proposal's concentration on immediate to short-term recovery.

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[23] Seretse Khama refers to the "Lagos Economic Summit" in "Introduction" in Nsekela, A. Southern Africa: towards economic liberation (1981) Rex Collings, London.

[24] See "Introduction to the Plan of Action" West Africa 19 May 1980 pp 870-872. The LPA divided Africa into sub-regions which, it argued, would develop as regional market bases, eventually combining to form a continent-wide common market. These regions included West Africa, East Africa and Southern Africa. See Leistner, E. "Prospects for regional economic cooperation in southern Africa" in Leistner, E. (ed) Southern Africa: challenges of the Eighties (1981) Africa Institute, Pretoria.

South-South Cooperation - the historical background

In a practical sense, South-South cooperation was initiated as a result of the rise of the Newly Industrialized Countries, (NICs) in the Third World.[25] It was these states, while looking for areas for investment, development and expansion in a recessionary world, established the practical implementation of South-South cooperation. [26]

During the 1970s, while the more developed North, (or core of the international political economy), was fighting a recession brought on by increased oil prices and run-away inflation, the NICs, looking to expand, examined their domestic economies and found that they possessed the skills for which they formerly looked to the North. These included skilled labour, technological advantage (in comparison to other developing states) and capital for investment. During their 'apprentice' years of the 1950s and 1960s these countries had learned import substitution and had an added advantage of paying much lower wages than in the West while producing quality goods, worthy of export. The NICs cut domestic production costs to a bare minimum, gaining the upper hand in the export market and becoming capital-exporting economies. As all capital-exporting economies have to do, they looked for areas of trade and investment expansion.

While the NICs were looking for areas of potential investment, the developed states were fighting the recession by increasing trade barriers and protecting local industry. Developing states however, were desperate for trade to service outstanding debt. These states were suffering as a result of the oil-price increases and, in many cases, had to expand their foreign borrowing to finance debt repayments. It was apparent that the labour markets in the South would demand a smaller wage than those in the North and so the exporting of industry through subsidiary companies became economically viable.

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[25] The term 'NIC' was a label applied by the World Bank to countries such as Brazil, Mexico, Singapore, South Korea and Taiwan.

[26] Wallerstein identified the emergence of the NIC's as a 'safety valve' in the global economic pressure cooker. He distinguishes two main camps in international economic relations, the core and the periphery. The great economic discrepancies between the two camps gave rise to the semi-periphery, or NIC's. He also argues that this in turn gave rise to the possibility of semi-peripheral advancement in the periphery, or South-South cooperation. Wallerstein, I. The Capitalist World Economy (1980) Cambridge, United Kingdom.

Although the East Asian NICs, because of their continued participation in the global economy, go some way to disproving the value of delinking, the idea continued to persist.[27] It was the emergence of the NICs that forced a re-evaluation of the international political economy.[28] Within the developing world a new "hierarchy" appeared. The oil crisis of the 1970s changed the structure of the developing world's 'fraternity' but the emergence of the NICs forced a reordering within Third World ranks.[29] Some analysts supporting a structuralist view, argue that the oil crisis in fact forced the emergence of the NICs as a semi-periphery in the global economy. They argue that the international economy was forced into a period of retraction and that the NICs were the 'pressure valve' allowing the developing core to retract and regroup. This 'new' division of states became known in structuralist thought as the "semi-periphery". [30]

The semi-periphery has certain characteristics which separated these states from the others in the developing world.[31] Firstly, it was a rather exclusive group, consisting of only a few member states, those with a more diversified industrial production capability and a higher degree of technical sophistication. The economic history of the semi-periphery is usually, but not necessarily, one that is built on import-substitution but this has gradually been extended to an export-led economy. In addition, a semi-peripheral state is usually a former member of the so-called periphery, or Third World, that has reached a more sophisticated level of development.[32]

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[27] The argument supporting delinking is associated with the unfavourably perceived Southern dependency on the North. The idea that the South in isolating itself from the more developed North would lead to its accelerated development is based on Frank's thinking that Latin America developed more keenly as a result of its isolation from the developed 'core' in the nineteen thirties and forties.

[28] Economists that favoured a classical interpretation of development needed to take the NICs into consideration as a result of their import-substitution developmental strategy, or the 'East Asian model'. Similarly, structuralists of the international political economy had to re-evaluate their model of the international community and devised a third stratum, the semi-periphery. For a structuralist view of reasons for the emergence of the semi-periphery, incorporating differing opinions, see Carlsson, J. op cit pp.24-28.

[29] Even before the emergence of the NICs in the 1970s, there is some debate as to the generalisation of the "developing world". Although these states tended to collaborate on global political issues, economically the group was already too diverse to speak meaningfully of the "developing world".

[30] See Wallerstein, I. op cit and Carlsson, J. op cit

[31] See Carlsson, J. op cit p 22.

[32] Carlsson, J. op cit p 20 does identify the possibility of a 'core' state becoming a member of the 'semi-periphery' but also points out that it has not happened.

It is these semi-peripheral states that form the vital link in South-South cooperation. According to South-South thinking, the initiative for bilateral relations between the southern states will originate from these states. Investment, trade opportunities and developmental options emanate from the semi-periphery into the more peripheral or developing states. It is these more developed and more advanced southern states that provide the impetus for development with other southern states that are in need of development.[33] In short, the semi-peripheral, southern state forms a minor developed 'core', being the more developed and advanced state.

There were several motivations for trade and expansion of trade within the South-South context. Anti-trust laws in the home state often made it difficult or impossible for a company to expand in direct relation to its profits. Often, the limited domestic market for the product had been saturated, leaving the company with declining domestic sales and the need to expand into new markets. The cost-factor of production also often influenced the decision to relocate industries to Southern states. The inherent risks of expansion were spread more evenly by trading with several other states rather than limiting the trade to a few historical trading partners. [34]

It became apparent that trade between the states of the South had other added advantages that had not been previously noticed. Technology transfer from one Southern state to another, might be more relevant to the recipient's economy and climate than imported technology from the North. [35] The technology exported from one southern state to another may also be more labour intensive than a technology imported from the North. There is also the added potential benefit of the southern technology being more ecologically viable than imported northern machinery. In the post-war era, technology had been exported to the South but, because of the lack of continued development, soon became out-dated. "The continent is now full of inappropriate and under-

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[33] Carlsson identified only two forms of South-South relations, (trade and capital flows, see Carlsson, J. op cit). As South-South thinking has grown in popularity, other forms of South-South relations have emerged. For numerous other examples of South-South relations see The South Centre Facing the Challenge (1993), Zed, London.

[34] Carlsson, J. "The emergence of South-South relations in a changing world order" in Carlsson, J. (ed) South-South Relations in a Changing World Order (1982) Scandinavian Institute of African Studies, Sweden. p 30.

[35] Simpson, M. "South-south cooperation: Africa's Brazilian option" in Akinrinade, O. and Barling, K. Economic Development in Africa (1987) Pinter, London. Here the example is given of African farmers preferring Brazilian tractors over similar models from Northern countries. These tractors had been tried and tested in conditions that were closer to African climate and soil than machines imported from the North. They were simpler to use, given the average level of education of the operator in Africa as opposed to the European operator. The Brazilian machines were also designed to be longer running, between services, because of a longer tropical harvest cycle.

utilised technology..." [36] The blame for under-utilised technology is usually laid at the feet of the directors of the trans-national corporations. However, part of the burden must be shouldered by the leaders of the African states themselves. Du Mont, an student of African economics states that,

> "...African elites are seduced by the idea of modern machines. It is difficult to convince them that agricultural progress does not depend on immediate and complete mechanization." [37]

Trade with a Southern state had added benefits for the host state, such as the possibility of increased exports and the building of cooperative ties with neighbours. Other benefits included the expansion of local industry through obliging investors to cooperate with a local partner. [38]

Within this context of South-South trade the idea of delinking the underdeveloped southern states from the developed Northern core continued to find fertile ground. The NICs, or semi-periphery, had invested in peripheral or underdeveloped states leading to their economic advancement. However, the NICs, during their developmental years and the states that accepted investment from the NICs during the 1970s, remained part of the global economy, [39] forcing an overdue reevaluation of the delinking argument. It is this reevaluation that has encouraged the reappraisal and re-definition of the terms "self sufficiency" and self reliance" as discussed above.

The Influence of the Brandt Commission

Since the publication of the Brandt Report there have been a number of attempts at regional cooperation in the developing world, as recommended, but they have fallen short of their goal for a number of reasons. The first reason is that the states' neglect of the Commission's recommendation that there is a continued need for cooperation among the different sectors of the international political economy, the North and the South. The states also failed to realize that one area of the economy cannot survive in isolation form the rest. Other more common problems are

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[36] Shaw, op cit p 63.

[37] du Mont, op cit p 58.

[38] Carlsson, op cit pp. 38-40.

[39] Carlsson points out that "This expansionism leads the semi-periphery to develop, not only its traditional contacts with the core, but also its commercial contacts with the periphery" op cit p 27.

the nationalistic squabbling among members of a regional organization and the breakdown in communication between members over ostensibly, minor issues.[40]

Other problems that have affected developing countries were also identified by the Brandt Commission and in some cases, the establishment of a regional organization was recommended.[41] These problems included the physical isolation of regions within individual countries and the lack of adequate infrastructure. Conditions within isolated areas have often acted as a drain on the limited economic capacity of the country.[42] Other problems faced by the Third World have been beyond their control, price instability of primary produce and lack of representation in international financial institutions.

The Report also recommended that certain areas of the economy, including agriculture and education receive priority attention over others. Over seventy percent of the population of the under-developed world live in rural areas and are directly dependent on agriculture for their survival.

A solution proposed by the Brandt Commission was that underdeveloped countries join forces and form a cohesive working front. The term encapsulating this suggestion was 'South-South Cooperation'. The Report states that,

> "The emergence of new opportunities and complementarities that exist among developing countries have increased awareness of the potential for promoting development through South-South cooperation."[43]

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[40] One example is quoted in Leistner, E. "South Africa's option for future relations with southern Africa and the European Community" Discussion Document commissioned by SACOB, October 1992, Africa Institute, Pretoria. p 20, fn 6. Here Malawi, Lesotho and Namibia, members of the SADCC, were involved in a dispute over which state was responsible for sea fisheries and tourism. Of the three only Namibia has a coastline.

[41] See North-South: a programme for survival op cit pp. 126-140.

[42] There have been a number of these problems to deal with. The most obvious include health problems, the spreading of disease and overpopulation. The problems that these then create; urbanisation, lower agricultural production and the breakdown of society. Problems that result from a straining economy, lack of education and an overburdening of resources; deforestation, soil erosion, drought, hunger and poverty.

[43] North-South: a programme for survival op cit p 134.

Another formal recognition of the concept of South-South cooperation was made by Julius Nyerere on his acceptance of the Third World Prize in 1982. [44] He outlined the need for cooperation between Third World states and suggested possible undertakings for the Third World as a whole. In addition, Nyerere referred to the problem of states seeing themselves as isolated units within the global environment, arguing that,

> "Economically and technologically we Third World countries are locked into the economies of the North...[M]oving towards self-reliance of the South, or of any member of it, does not mean pretending that the North is not there...[what is needed is] that we shift the emphasis of our development plans, and in the future decide to base them on our own roots and our own resources." [45]

In Nyerere's speech a number of goals can be identified; the central one being that the South reduce the dominance of the North in their domestic and foreign dealings thereby enabling the Third World to develop their own economies.

A goal proposed by Nyerere was that Third World states free themselves from economic and ideological ties to the North, for the purposes of development.[46] The possibility of the inter-linking of regions within the Third World emerged and Nyerere observed that

> "[By] developing appropriate sub-regional and regional co-operation the developing countries materialise a part of their self-reliant policies, which should not stop at a regional level but should allow for the implementation of the same policy at an interregional level as well."[47]

In order to achieve this goal Nyerere suggested a number of intermediary steps including; the need for unity among the Third World states,[48] the need for increased skills within the Third World, [49]

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[44] Nyerere, J. "Third World Lecture 1982: South-South Option" Third World Quarterly vol 4. no. 3 1982. pp. 435-8.

[45] Ibid pp. 435-8.

[46] This is another argument for delinking. The importance for this thesis, however is the formal recognition of South-South cooperation rather than the support for this concept.

[47] Cizelj, B. "Factors of Interregional and Regional Cooperation" in Pavlic, B. (ed) (et al) op cit p 16.

[48] This was necessary because of the discrepancies among the third world despite rhetoric to the contrary. The discrepancies are not only economic but also ideological, cultural and historic.

[49] A necessary requirement because of the need for a Technical Support Group that would identify the needs of third world states and introduce relevant technology to meet these needs.

and a need for the states to adopt a 'people-oriented' development policy that would not create separate First and Third World sectors within a single state.[50]

These steps are similar to the goals advocated by the SADCC in its founding statement, the Lusaka Declaration of 1980. In this proclamation, the SADCC sought to unify the states in opposition to South Africa, for the purposes of development. Proposed methods for achieving this goal included increasing the skills of their people, seeking a more equivalent distribution of benefits accrued from the region, and the reduction of economic dependence. South-South co-operation therefore, seems an appropriate framework within which to analyse the successes and progress of the organisation and its future in the region.

After the appearance of the Brandt Commission Report in 1980 and Nyerere's speech promoting the idea of Third World co-operation in 1982, the debate surrounding Third World integration and co-operation changed subtly, and a new area, that of South-South Co-operation, emerged. Amalgamation was now seen as the end goal of integration itself,[51] along with access to larger markets, increased intra-regional trade and improved regional development. South-South co-operation was seen as a means to achieve these ends.

There are definite problems with the very idealistic views adopted by both the Brandt Commission and Nyerere. However, their importance in this context is the identification and promotion of the South-South approach. The problems, insofar as they relate to the South-South approach, are dealt with below.

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[50] This proved to be a problem among those states that identified with the first developmental school, mentioned above. Certain sectors of the economy had borrowed heavily from the North to the detriment of other sectors resulting in the developed sector existing "in a sea of poverty, ignorance and disease." Nyerere op cit p 437.

[51] Deutsch clearly defines amalgamation as "the formal merger of two or more independent units into a larger unit, with some type of common government after amalgamation". He also states that "Integration ... precedes amalgamation". See Puchala, D. "Integration Theory and the study of International Relations" in Merritt, M. and Russett, B. (eds) From National Development to Global Community (1981) George Allen and Unwin, London. pp. 64-73. Haas, a founding father of modern integration theory and a functionalist, defines integration as "the tendency towards the voluntary creation of larger political units, each of which self-consciously eschews the use of force in the relations between the participating units and groups" Haas, quoted in Taylor, T. Approaches and Theory in International Relations (1978) Longman, London. p 237. Although Haas sometimes refers to integration as a process it is always to achieve the end goal through amalgamation to a greater political unit.

South-South cooperation - the background of integration theory

South-South cooperation is a by-product of the theory of integration and is indebted to the ideals of non-alignment. The political foundation of the theory is underpinned by the Non-Aligned Movement and the 'Spirit of Bandung' as outlined above. Its economic foundation is that of traditional integration theory the cornerstone of which is, undoubtedly, Joseph Viner's The Customs Union Issue.[52] However, with the emergence of developing countries, there have been some breaks with the original thinking, particularly since the call for a New International Economic Order was issued. Most of the differences stem from the fact that integration theory was 'designed' before the era of decolonisation. It therefore had developed countries in mind whereas South-South Cooperation, developed and implemented among the less developed states, is applicable to under-developed countries and regions. There are a number of economic and political factors that the original theory of integration takes as given, while South-South cooperation identifies dangers in indiscriminately accepting these variables.

Integration Theory.

Integration theory identifies four phases, each closer to the ultimate goal of complete economic and political integration than its forerunner. (See Table One) The four steps are:

- The Free Trade Area: Countries involved have agreed to eliminate trade barriers between themselves. Each country maintains separate tariffs against non-member states.

- The Customs Union: In a customs union member states permit the free movement of goods between themselves but have a common external tariff against non-members.

- The Common Market: In this model, states eliminate intra-market tariffs, allow for the free movement of goods and the free movement of all factors of production, labour, capital etc.

- The Economic Union: Members have common economic policies that bind them together. It has been argued that it is unlikely that any form of true economic union would occur without the initial political union of states.

[52] Viner, J. The Customs Union Issue (1950) Carnegie Endowment for International Peace, New York.

	Free Trade Area	Customs Union	Common Market	Economic Union
Free Movement of Goods	X	X	X	X
Common External Tariff		X	X	X
Free movement of Capital and Persons			X	X
Common Economic Policies				X

Table One: Attributes of the models of orthodox integration

The theory of integration has been extensively debated, with alterations being deemed necessary for the application of the theory at Third World level. [53] A number of factors are taken as given in economic theory with reference to integration among industrialised states. When applied in a context of less-developed states the given variables do not always hold. [54]

Some writers have argued that integration theory in the Third World should be regarded as a process of development rather than as an attempt at integration in itself. [55] Traditional, or orthodox integration theory,[56] with its concentration on trade presents problems to the developing world. The differing government structures, perceptions and expectations of the cooperation attempt,

[53] See Robson, P. Integration, Developmentand Equity: Economic Integration in West Africa (1983) Allen and Unwin, New York. Hazelwood, A. "The East Africa Community" in El-Agraa, A. (ed) International Economic Integration (1988) Macmillan, London. and Jaber, T. "The relevance of traditional integration theory to less developed countries" Journal of Common Market Studies vol 9 1970 - 71.

[54] For an argument invalidating the application of these variables in the third world see Jaber, op cit and Allen, R. "Integration in Less Developed Countries" Kyklos No 3. 1961. For a 'crude' comparison between variables in both the European Community and the East African Community see Nye, J. "East African Economic Integration" Journal of Modern African Studies vol 1 no 4 1963. pp. 477-9.

[55] See Allen, op cit and Meier, G. "Effect of a Customs Union on economic development" Social and Economic Studies 1960.

[56] Traditional integration theory is that which centres around the development of the theory in a Euro-centric context. Even within this school there are debates amongst different schoairs regarding the various attributes of integration. One of the more central disputes is whether integration is a process to reach greater efficiency of resources and larger markets or an end in itself. Although there have been adaptations of the theory for application in non-European situations, the roots and the related problems of the theory continue to create difficulties.

differences in government expenditure all prove problematic to an advocate of traditional integration theory Other problems also face the developing countries attempts at integration. Among them, the issue of sovereignty, a shortage of skilled manpower, lack of political will among participants and divergent political ideologies.

The result of these practical differences is that relevant factors of 'developed state integration theory' are not always applicable in the Third World. Nye comments,

> "As Haas points out, it is dangerous to claim validity for the 'European theory' in societies which do not reproduce 'the physical conditions, ideologies, class structure, group relations and political traditions and institutions of contemporary Western Europe.'"[57]

Integration theory, applicable to the Third World, has since been refined, and propositions have been made, that Third World integration would work if assisted by product diversification, balanced growth and import substitution.[58] However, in reality, practices recommend by this 'improved integration theory' have been nearly impossible to implement, or resulted in the establishment of inefficient industries. In addition to this, the World Bank and the IMF in a move to encourage co-operation among developing states were reluctant to give blanket approval identifying problems with import-substitution. Davies interprets this reluctance as,

> "Regional integration should thus not become a means of salvaging failed import substitution industrialisation programmes..."[59]

Other difficulties, however, have also been experienced with this 'improved integration theory'. Climatic, geological and agricultural factors limit the amount of diversification of primary products. A state needs diversification within its industrial sector in order to increase the range of its industrial products. Most Third World countries, on independence, inherited asymmetrically developed economies. Any industrial capability was directed to the export of raw materials or towards the

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[57] Nye, op cit p 476.

[58] In juxtaposition to this however, it is argued that the developed states' MNC's supported import-substitution only while they were following a policy of decentralisation. "[W]hen national markets and conditions deteriorated initially they welcomed partial nationalisation or 'indigenisation' and subsequently they neglected or abandoned their African investments." Shaw op cit p 93. In contrast to this argument see Akinsanya, op cit. Askinsanya argues that several multi-nationals did not abandon their African enterprises but, in fact, retained interest in them using various devices and loopholes. They also retained their control over them by using veto powers of minority shareholders.

[59] Davies, R. "Approaches to regional integration in the Southern African context" Africa Insight vol 24 no 1 1994 p 14.

minimal processing of raw materials prior to export. Balanced growth cannot be extracted from an economy exclusively dependent on primary products.

Capital investment is necessary to fund diversification of the economy. However, in the underdeveloped world there are domestic factors such as the Third World's reputation for political instability and, in pure economic terms, the very small size of the potential domestic market are not conducive to capital investment. Another impediment is a marked lack of institutions that allow for the channeling of domestic savings into producitve ventures. Other factors such as a limited and unreliable infrastructure have also had a negative impact on attracting investment, especially from the developed countries.

A possible solution to entice foreign investment would be to raise the tariffs of capital goods entering the country. However, this solution would attract criticism from the trading partners exporting these goods, and serve to further widen the foreign exchange gap. The inability of an LDC 's economy to develop a more efficient import-substitution sector also proves problematic. Reasons for this include the asymmetrical development of the state's economy, its shallow economic foundations, a lack of managerial and technical skills, insufficient local demand for the produced goods and a lack of fororeign exchange to import spares, raw materials and technology.

Despite these difficulties with the theory of integration and the practical difficulties of 'transplanting' a Euro-centric theory, the concept of integration between underdeveloped states remained popular among African leaders. These leader's perception of the economic prosperity of the Western European region was clouded by those states fledgling attempt at integration, resulting in the belief that the integrating of states and economies was the equivalent of ensuring development. In spite of these misperceptions, development through a from of self-reliance or collective self-reliance remains one of the options for the underdeveloped world. One of the paths for self-reliant development is South-South cooperation.

Broadly speaking, there are three divisions within integration theory. South-South cooperation, being heavily indebted to the theory of economic integration, makes use of these divisions. Differences between the South-South and the integration approaches emerge in their practical application as well as in identifying the end goals of the two approaches. As stated, the goal of

integration is the movement towards greater political and economic unity between two or more states, while South-South cooperation aims at development.[60] The three divisions of integration theory are:[61]

i) the market approach;

ii) the complex approach; and,

iii) the functional approach.

All three of these approaches have failings that will be identified. The purpose of distinguishing the three divisions and identifying their differences and failings is to identify which approach is most appropriate for the southern African context. This thesis favours the functionalist approach and later deals with the differences between functional integration and South-South functionalism.

The market approach

The first, the market approach, applies the classical concept of integration with little or no adaptation. Cizelj defines it as the "gradual merger of national markets through trade liberalisation".[62] As a result, in a South-South context, it again fails to meet the needs of developing countries attempts at cooperation in full. It is not an appropriate cooperation approach to apply to developing states.

The market approach argues that states, despite underdevelopment, should enlarge their markets through trade liberalization with their neighbors, ultimately forming a common market.[63] According to classical liberal economics, the formation of a common market should allow for the optimal allocation of resources. Such an allocation should be beneficial to a state, allowing money to be spent efficiently and offering the greatest opportunity of return. The effect of regional cooperation, therefore, would have a more beneficial effect on the regional economy than would protectionism

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[60] After the economies of states that have cooperated in South-South relations have developed, the states may begin to move towards closer economic and political relations - integration. In this case it would mean that South-South cooperation was a means to the end of integration. However the South-South goal of development would already have been achieved.

[61] For a guide to the three approaches see Cizelj, B. "Factors of Interregional and Regional Cooperation" in Pavlic, B (ed) (et al) The Challenges of South-South Cooperation (1983) Westview, Colorado. p 19-22.

[62] Cizelj, B. op cit p 21.

[63] This seeks to address a predominant problem of the African state's economy, the size of its domestic market.

towards the regional market. According to the market approach, the conditions for success of the approach are heavily dependent on classical integration.

As has been indicated above, problems arise when the classical interpretation of integration theory is used in the Third World. One of the principal difficulties relates to the distribution of benefits within Third World cooperation. Although the most efficient allocation of resources is often regarded as correct in traditional economic thinking, it is not necessarily the best option available for developing states, nor is such an allocation always possible. Among developed states integration theory holds that the efficient allocation of resources within the integrating community should lead to 'trade creation'.[64] However, in certain instances among developing states, 'trade diversion' may prove more profitable. As Kreinin clearly states,

> "In Europe, trade diversion is considered harmful because it implies misallocation of fully employed resources from more efficient to less efficient pursuits. But in developing countries, the domestic labour drawn into trade-diverting activities may have been formerly unemployed or underemployed, so that its opportunity cost is at or near zero."[65]

The market approach is also flawed in its lack of focus on the active preservation of state sovereignty. Although this failing can be found in the other approaches as well, it is more obvious here due to the market approach's concentration on economic matters. This approach ignores the necessity of political involvement between the participating states by over-emphasising the economic aspect of the debate. While upholding the sovereignty of a state may, in fact, prove more conducive to the state's involvement in the regional organisation, it may also prove problematic given that all states, (but especially those in the Third World), tend to be self-seeking and nationalistic at critical times. In a Third World setting the problem of sovereignty and

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[64] Viner, op cit, viewed integration and cooperation from the perspective of an economist. One of the goals of integration from this perspective was the maximisation of profit through the most efficient allocation of resources. Viner identified the creation and diversion of trade as economic mechanisms that would measure the beneficial or detrimental effects of integration. Trade creation can be defined as "a situation that occurs when ... there is a shift in the geographic location of production from higher cost to lower cost member state". Trade diversion "occurs when ... the locus of production of formerly imported goods ... shift from a lower cost non-member state to a higher cost member nation". Todaro, M. Economic Development in the Third World (1981) Longman, Essex. p 552. Viner argued that integration would be beneficial if the benefits of trade creation outweighed those of trade diversion.

[65] See Kreinin, M. International Economics: a policy approach (1975) Harcourt Brace Jovanovich, New York. pp. 385-6. See also Davies, R. "The significance of theoretical debates on regional cooperation and integration in the transformation of southern Africa". Paper presented at a Conference Development and Democracy in sub-Saharan Africa Sandton, South Africa, October 14-17 1992. pp. 3-4. Davies elaborates on this point in relation to developing southern African states in "Approaches to regional integration in the southern African context" Africa Insight vol 24 no 1 1994.

intervention is magnified given the indistinct differentiation between 'high' and 'low' politics. One observer, Nye, states,

> "In many underdeveloped areas...much that in the European context would be simple welfare politics becomes tinged with emotive and symbolic content that is usually associated with national security politics."[66]

When dealing with other states in a cooperation bid, some areas of sovereignty have to be surrendered. Especially within a Third World context the upholding of a state's sovereignty could mean the withholding of participation in a regional organisation. As a result, isolated national development may be favoured over cooperative development at a regional level.

The complex approach

While the market approach adopts the more orthodox, restrictive form of integration theory, the complex approach is more encompassing in its application. The complex appraoch is defined as

> "a process of and active establishment of a regional economy which calls for harmonization of economis and socail policies so as to achieve the establishment of an economic community or even an economic and political union." [67]

Advocates of the complex approach, recognising both the protectionist and the interventionist groups of the integration school, argue that economic policies must be harmonised on a regional level, actively establishing a regional market. The lifting of trade barriers and the establishment of a regional market obviously requires government intervention and the surrender of a certain amount of sovereignty. [68] It is further argued that development priority should be given to regional tasks and projects in order to benefit first the region, then the state. An advantage of the complex approach is that it recognises the problems of sovereignty that are obviously apparent within developing states cooperative attempts. As such it also recognises the need for an answer to this problem and moves towards suggesting some potential solutions.

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[66] Nye, J. "Patterns and Catalysts in Regional Integration" International Organization vol 19 1965. p 872.

[67] Cizelj, B. op cit p 21.

[68] The sovereignty that is surrendered may be of minimal importance, however the problem of 'high ' and low politics may become evident. See Nye, (1965) op cit.

Difficulties with this approach are that the continual, rigid focus on regional development may not invoke the spirit of participation in the states involved.[69] In economic terms, development in some states may be impeded, because plans for regional development would probably be initially designed to assist an already semi-developed area.[70] The advocates of the complex approach suggest the possibility of financial compensation for those states that are compromised, with the end goal being anti-polarization.[71]

The functional approach

The functional approach is the third of the divisions within integration theory. It adopts a more inter-disciplinary approach in its analysis and recommendations for the development of the region and is defined as

> "one of the developing countries' development strategies [that] is not limited to the unification of markets and it also need not strive for as high a level of integration as possible".[72]

As such, although a cooperation attempt's success or failure might usually be measured in tangible economic terms, the functional approach has a wider focus often involving areas that are difficult to measure successfully, including the improvement of health facilities, education, industrial and technical knowledge exchange and the like. It may be more difficult to measure an accurate success or failure of a functional cooperation attempt, and it is difficult for the results to be directly compared with the two former approaches.

It is argued that an increase in production of industries in the region, should lead to an increase in intra-regional trade and to an increase of regional economic interdependence. [73] An increase in

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[69] Many states may prefer to develop on a national basis first and then on a regional basis, but this may not always be possible, if regional cooperation is continually promoted. "We must first develop, at the regional level, the habit of inter-state coordination of major economic decision, in order to create the basis of trust and solidarity..." Seretse Khama "Introduction" in Nsekela, op cit p xiv.

[70] This problem contributed to the break-up of the East African Community in 1978. Kenya proved to be too well developed a partner in comparison to Tanzania and Uganda. See Nye, (1963) op cit and Lancaster, op cit and Krelnin op cit p 386.

[71] Although theoretically the paying of funds for compensation should result in the equal development of all the states involved, practice of this application shows otherwise. This solution also results in an unequal surrender of sovereignty, making some states more dependent on the regional organisation than others. See Blumenfeld, J. Economic interdependence in southern Africa: from conflict to cooperation (1992) Oxford U. P. Cape Town. pp. 61-3.

[72] Cizelj, B. op cit p 21.

regional production should, in economic terms, result in the increase of availability of goods in the region. This should promote the sale of local goods at a regional level, increasing the volume of intra-regional trade. The predicament that arises, and affects this cyclical logic, is that the goods produced within the region may not be goods needed in the region. A surplus capacity to produce would merely reflect the misallocation of resources of the region.

Although functionalists admit that, as in the complex approach, polarization between the more underdeveloped and the developed states could occur, they argue that such polarization could be overcome by the deliberate and systematic preferential treatment of less-developed states in the region. [74] Instead of pure financial compensation, direct investment and preferential aid are proposed as possible solutions. [75]

The functional approach, in common with the market and complex approaches, allows for the building of common institutions, further strengthening cooperation among the states. It reflects the need for extensive government involvement, proponents arguing that the private sector is to blame for the majority of problems outlined in the other two schools. This is not to say that the government is the most efficient proponent of regional cooperation, as will be clearly seen later. However the functionalists argue that Third World governments are in the prime position for overseeing and administering the cooperation process.

Conditions for the success of the functional approach are not reliant on either traditional or modern theoretical indicators, although some of these indicators prove to be accurate when used within the approach. Success is reliant rather on the states themselves and their response to factors in the process of cooperation. The approach is extremely flexible and

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[73] Simpson, M. op cit

[74] Possible options for implementing preferential treatment include the granting of supplementary developmental aid, or allowing for provision of extra assistance if necessary.

[75] This remains, for the most part, a theoretical nicety rather than a practical reality. One tangible example, however, may be the assistance given by South Africa to Lesotho in constructing the Lesotho Highlands Project. This project contained wholly in Lesotho, built with South African finance and expertise, is for mutual benefit; although it has been argued that this will make Lesotho even more dependent on South Africa.

"...provides flexible alternative instruments and mechanisms whose application the developing countries can adapt to the given conditions..." [76]

Functionalists argue that attention must be paid to certain conditions within developing countries if they are to benefit from the cooperation attempt,[77] however they ignore problems, some of which are dealt with in the following section. These conditions are:

- The introduction and implementation of the regional plan of cooperation as part of the national development program. Such a plan would assist in overcoming the nationalist perspective that dominates so many of the Third World cooperation attempts. By treating the regional plan as part of the national plan the two would become incorporated and compatible. It would also prevent the duplication of developmental projects.

- The production of locally consumable goods and the development of regional infrastructure should be an underlying foundation of the whole cooperation attempt. Liberalisation of trade between the members should be supportive of this solution, not unduly directing trade toward the infrastructural epi-centres of the region.

- A spirit of regional cooperation should be cultivated among the communities of the participating states. To this end, the proponents of the approach advise that as many social and economic events as possible should be organised on a regional basis.[78]

- Emphasis should be placed on the lessening of the developmental gap between the members through intra-regional trade, rather than through inter-regional trade.[79] An

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[76] Pavlic, B. op cit p 20. This tendency towards flexibility may be a weakness allowing for nationalistic tendencies that could derail the whole cooperation attempt. Without it, however, governments may feel forced into cooperating with neighbours. The flexibility provides a suitable 'out'. Traditional and historic ties are also a reason for the flexibility, especially in Africa, where neighbouring states often have extremely diverse historical backgrounds.

[77] See Cizelj, op cit.

[78] Deutsch mentioned this when he discussed the policy of 'creating a community' in order to reinforce the political actions of the leaders at a state level. Dougherty, J. and Pfaltzgraff, R. Contending Theories of International Relations (1981) Harper and Row, New York. pp. 424-7.

[79] In other words, an emphasis should be placed on trade between states of the region, rather than on trade between the region and other regions. This of course creates problems in the developing world, given the states' usual lack of trade complementarity.

emphasis on intra-regional trade would allow for development of economic specialisations within countries, complementing the cooperating economies.

- The harmonization of investment policies towards foreign investors. To the potential investor, the only differences between the member states should be factors beyond the control of the state; geography, climate, culture and natural resources, hypothetically equating the investment potential of each state. [80]

- Preferential treatment for the less developed members of the region. [81]

The functional approach of South-South cooperation is an interdisciplinary approach that is heavily indebted to the traditional theory of integration. Functionalism is used in both integration and South-South cooperation as the means to meet the end goal, but integration theory adopts the goal of the uniting of separate political entities[82] while South-South cooperation identifies development as the end goal. Although development according to the dictates of South-South cooperation may, in fact, promote integration within the region,[83] it is important to realise that the goal of the approach is development.

On a theoretical level both approaches have commonality in their means, concentrating on non-political components, including infrastuctural and communicative integration to achieve their end goals. However, in practice functional integration has tended to concentrate on trade,[84] perhaps as

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[80] If the investor sees potential returns throughout the region, but that these returns are not equal, investment will be directed to that area with the potential for the greatest return.

[81] In light of the above situation there would be a great need to equate the overall regional benefits especially among the poorer states. The problem lies in how to equate the intangible benefits of investment. These are abstract commodities that lead to further interest and possible increased investment in the area. Another problem is how to go about the process of equalisation. It could be done through monetary measures, through granting the lesser-developed state the first choice of the aid list, through greater preferential intra-regional trade, etc.

[82] The reader is reminded of Haas' definition of integration (footnote 51, above). Deutsch, a contemporary of Haas, defines integration as "the attainment within a territory of a "sense of community" and institutions and practices strong enough and widespread enough to assure, for a "long" time, dependable expectations of "peaceful change" among its population". Deutsch quoted in Taylor, T. op cit (1978) Longman, London. p 237.

[83] Integration in this case being a process rather than an end.

[84] It has been pointed out that within the context of southern Africa, the functional approach refers to regional cooperation *inter alia* in infrastructure, health, and research but not necessarily in trade. Interview with E. Leistner, 3 October 1995, Pretoria. Other studies, however, generally incorporate trade as one of the more central sectors

a result of the European Community having its origins linked to the European Coal and Steel Community. Functional South-South cooperation uses programmes such as the development of regional initiatives, whether in trade, security, education, politics or sport to further regional cooperation and, in so doing, further regional development.

Another central difference between the two approaches is that while the traditional functionalist approach has an overall regional focus, functional South-South cooperation tends to adopt a more bi-lateral view and needs adaptation to apply to a region.[85] In so-doing, South-South cooperation retains a more state-centric approach to cooperation and development and recognising the importance of the independence and sovereignty of participating states. Traditional functional cooperation has the ultimate aim of amalgamating political entities by concentrating specifically on non-political areas, such as trade. South-South cooperation is more inter-disciplinary recognizing trade and other more intangible areas of cooperation and development, such as sport, and socio-economic issues. However, due to its more state-centric view of development and cooperation, South-South functionalism also takes cognisance of political issues that sometimes have a higher priority in the developing world.

Although the two approaches are related, their main differences may be summed up as follows:

Traditional Functional Approach	*Functional South-South Cooperation*
• eventual devolution of power to a supra-nationalist body	• limited devolution of power
• long-term goal of political integration	• long-term goal of development
• overall regional focus	• tendency to focus on bi-lateral relations within the region.
• tendency to concentrate on intra-regional trade	• more interdisciplinary

for coordination. The African Development Bank markedly points this out by stating, "The case for economic integration rests on the gains that would be derived from ... expanding intra-regional trade. Appreciable benefits are also derivable from trade creation, from the expansion of cross-border investment and from regional exchange stability." Economic Integration in southern Africa (volume 1) ADB (1993) London. p vi-vii.

[85] South-South cooperation developed around trade between states that existed in different regions. One example of this is the South-South trade between Nigeria and Brazil. See Simpson, M. op cit. The necessary adaptation is dealt with in the following section.

South-South functionalism owes a large debt to the more traditional functional approach and draws heavily upon this relationship. With its focus on bi-lateralism, its end goal of development and taking cognisance of political issues[66], South-South functionalism has more flexibility to achieve its less ambitious goal. This flexibility allows the South-South cooperation to yield more easily regarding sovereignty of the states, making it more appropriate to developing regions.

Problems with the Functional South-South approach

The functional approach also poses a number of problems. The first is the argument for 'efficient' government intervention. Interpretations of what is 'efficient' can be ambiguous, and an economy may bear the label 'efficient' while acting in a nationalistic, anti-regional manner. Although a nationalistic act may be of benefit to the region in the long term, it is likely to provoke an anti-regional sentiment among the other states of the region. It may also result in the duplication of development plans and, therefore, the regional misallocation of development funding.

There is division within the South-South approach as to the efficiency of government involvement. Some supporters such as Altmann regard government involvement as so important that he argues that,

> "Though rarely expressed explicitly, dissociate or revolutionary South-South integration implies unequivocally favouring a specific economic order. If the influence of (capitalist) industrialized countries is responsible for biasing or obstructing development in the South, market forces must be deprived of their effect. Hence, only state intervention and state policy could guarantee the observation of an inward-oriented development process." [67]

Others, such as Abdulai disagree, arguing that

> "...sound macro-economic policies combined with judicious privatization provide the best basis for development....Yet this does not mean that the state has no role to play. On the contrary, by withdrawing from activities to which it is ill-suited, it should become capable of doing a better job where it is most needed."[68]

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[66] Traditional functionalism has usually attempted to avoid direct involvement in political issues. See Taylor, op cit p 240.

[67] Altmann, J. "South-South cooperation and economic order" Intereconomics May/June 1982 p 146.

[68] Abdulai, Y. "South-South cooperation: a horizon of hope" in The South Centre Facing the Challenge (1993) Zed, London. p 129.

The solution to this disagreement may lie in the more moderate, latter view. It is unlikely for any cooperation in the developing world to occur without government involvement, as some utilities such as water and transport usually remain within the realm of government control. However in the past the state has not proved the most efficient overseer of cooperative efforts.

The flexibility of the functional approach may also prove problematic. It allows for nationalist tendencies that could derail the whole cooperation attempt. In addition, the institutionalisation provided for by the theory, could be made redundant by its flexibility. There is a real danger, despite the intention to limit the devolution of power, that any institutions formed become bureaucratic mazes of red tape.[89]

Without the flexibility, however, governments may feel restricted in their cooperation with neighbouring states and effectively negate the agreement from the outset. The flexibility provides room to withdraw from parts or the whole of the cooperation agreement. Traditional and historic ties are also a reason for the flexibility, especially in Africa, where neighbouring states often have extremely diverse historical backgrounds and retain ties to their colonial metropoles.

Thinking nationally instead of regionally, remains an impediment to South-South cooperation. On the signing of the Lusaka Declaration, in 1980, Seretse Khama, president of Botswana pleaded for unity among the states, arguing that it was

> "...fundamental in this endeavour... [We] must mobilize collectively the creative capacities, resources, personnel and potential wealth of the region. Our unity cannot be an abstraction. It must be based on perceived mutual interests, embodied in concrete projects, and cemented through the experience of successfully working together." [90]

Although the possibility of a regional plan becoming part of a national plan may contribute to a lessening of tensions between national and regional supporters, the reality remains far removed from the theoretical base. The problem of 'high' and 'low' politics seems insurmountable, but could

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[89] This is a real problem in most inter-state relations. The signing of a treaty in no way guarantees the signatory's observance. However, the functional approach attempts to counter-act this, by allowing for great flexibility within the wider agreement.

[90] Seretse Khama, op cit p xv.

be overcome in the long term, by viewing the cooperation as a long-term solution and by not losing sight of the goal of cooperation for development.

The liberalisation of trade between members, as advocated by the functionalists raises a number of problems. One is that regardless of the good intentions of the members, new development and increased trade will flow to the industrialised epi-centres of cooperating members unless there is sufficient incentive for development to take place elsewhere. In an asymetrically developed region, this will only serve to increase industrail polarization. Such an imbalance will create tension among member states and may even lead to the dissolution of a cooperation attempt. In the case of the East African Community, Lancaster remarks that,

> "Such stresses have proved difficult to deal with [and contributed] to the breakup of the East African Community, with Tanzania claiming to be the short-changed party."[91]

The problem of polarisation is made more complex by the functionalists' wish to harmonize the policies towards regional investors. All things being equal, these policies would result in investors being attracted to the country with the most efficient and well-developed infrastructure, usually those with industrialised epi-centres.

Although ardent functionalists argue that giving development aid and preferential access to markets is a step towards equating the imbalance of the development gap between members, this is a little idealistic. If the cooperation attempt included only two members this action may have a greater chance of success but with cooperation attempts that involve more states, the number of potential variations increases. Member states may be at all stages of the developmental spectrum, therefore it may be more difficult to identify those states in need of concessions and preferential access. States in the middle of the developmental spectrum may also be resentful of having to grant concessions to weaker members, while perceiving that they do not gain as much benefit from the more developed members.

Differences in infrastructural and industrial capacity of states in the region raises other problems. Third World regions were often developed by colonial powers, content with using the colony as a

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[91] Lancaster, op cit p 161.

source of raw materials. As a result, there has been little or no infrastructure directed at establishing communication and trade with neighbouring territories. Any region interested in cooperation needs to place a high priority on improving local, national and regional roads, railways, port facilities, and other communication links. These will assist in organising the region politically and economically.

Increased domestic industrialisation and production should result in increased marketing to the domestic market if the goods are manufactured for local consumption. Local industries, however, face the possibility of their goods being perceived as inferior within the domestic market. This situation occurred in the newly industrialised countries of Taiwan, South Korea and Hong Kong in the early stages of their economic rise and is likely to be duplicated in other regions. [92]

The tendency of South-South functional cooperation to look to bi-lateral issues[93] rather than adopt an overall regional focus is also problematic. This view may lead to tensions in relations between states competing for in vestment from a semi-peripheral state. If these competing states are found in the same region an increase in tension in regional relations may not be beneficial. It could also lead to increased polarisation within the region, leaving islands of development in a sea of regional poverty. While this approach does allow for greater flexibility and retention of sovereignty among the developing states, an over-emphasis on bi-lateralism and flexibility, with no regard for regional development, could negate a cooperation attempt before it has begun.

Problems of South-South Cooperation.

The general application of South-South cooperation to the everyday practices of states raises a number of problems. Not least among them is the terminology employed by those advocating a 'dependency' approach. Blumenfeld identifies this problem and negates some inter-paradigm antagonisms. He argues,

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[92] This has already happened, to a limited extent, in the southern African region. See Hanlon, J. SADCC: problems, Projects and Prospects (1984) Economist Intelligence Unit, London. p 78.

[93] For examples relating to bi-lateral South-South relations see Simpson, M. op cit. Also see Ogwu, U. "Nigeria and Brazil: a model for emerging South-South Relations" and Lall, S. "Third World Multinationals: the Indian case" in Carlsson, J. op cit. Brautigam, D. "South-South Technology Transfer: the case of China and the Kpatawee Rice Project in Liberia" World Development vol 21 no 12 (1993).

> "...the strong ideological associations which dependence acquired with the neo-Marxist and neo-imperialist paradigms have sometimes been more of a hindrance than a help in analyses of international economic relations."[94]

The ideal instance of South-South Cooperation would be for Third World states that are in a position to assist one another to do so, rather than relying on the North for development. Some of the potential advantages of the application of the South-South Cooperation are:

- the possibility of cutting costs of production and therefore being more competitive in an export market,
- insulation from the North in times of fluctuating prices, and
- the improving of relations within the Third World.

In expectation of regional trading blocs, South-South cooperation tends to sequester developing domestic and regional markets, although theoretically this is only for a limited period of time. However, although no definitive time frame is identified there is a definitive goal. The approach dictates, naively, that once the states have developed there will be no further need for South-South cooperation, allowing the states to compete globally. A honeymoon period, giving the opportunity for the Southern economies to develop slowly, without global interference and competition, may allow the participating states the benefits of developing a competitive international economy. This is by no means an ideal situation and is likely, in the longer term, to lead to increased inefficiency and a lack of competitiveness in the global market.

South-South cooperation does not take into consideration the level of commitment of the states. Often, as soon as the experimental cooperation bears fruit, no matter how small or immature the fruit may be, the states involved withdraw from the project. When a modicum of self-reliance becomes manifest, governments may become overly-confident and try to develop independently of the rest of the region, partly due to a tendency to view the project as a short-term economic 'boost' rather than a longer term policy of overall, not exclusively national, development. Impatience to develop proves detrimental not only to the region but also to the exclusionist state when the short term 'boost' is exhausted.

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[94] Blumenfeld, J. Economic Interdependence in southern Africa (1992) Oxford University Press, Cape Town. p 68.

Surrendering of sovereignty is a problem, especially in the developing world. [95] Certain aspects of the national policy must be modified in order to benefit the region but, in the eyes of the officers of the state, it might mean a 'weakening' of the state. [96] This position is often falsely perceived, despite the long-term probability of an overall strengthening of the state's economy. Nationalism plays an important, and often destructive, role in Third World cooperation attempts, clearly illustrated by examining some Third World integration attempts. [97] Although a cooperation project may be on a sound economic footing, the circumstances surrounding the project may negate it. An example clearly illustrates this point. On examining imports and exports between two developing states Mead made the observation that,

> "Uganda's move would be rational from a national point of view, even though, from the point of view of efficiency in the region as a whole, it is a step in the wrong direction." [98]

Another problem with the concept of cooperation among Third World states is that when the cooperation is formalized in any way, the grouping tends to see itself as isolated from the international community. Apart from the inherent danger of delinking, this perception deludes the states into thinking that they can survive, isolated from the international arena. As a result, the grouping seems to expect the pace of international events to slow while the participating states gain economic ground. Alternatively member states may be of the opinion that cooperation in their region may lead to a tremendous boost in intra-regional trade, leading to increased foreign trade and investment. Groupings often perceive cooperation attempts as short-term boosters for national economic growth, negating the goal of regional development and the long term perspective that would show greater long term returns. In addition, the Third World has often had unrealistic expectations about the availability of unlimited and unconditional aid. These expectations came to

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[95] This problem is not limited to participants of Third World cooperation attempts, although it enjoys a higher profile here than in cooperation attempts in the First World. The European Cooperation attempt has been continually plagued with problems of surrendering state sovereignty. Certain issues within Europe seem to have a 'low politic' foundation while maintaining a 'high politic' profile. See for example Newsweek December 9, 1991.

[96] Here again, the contention over 'high' and 'low' politics is raised. Nye, (1965) op cit.

[97] Using the East African Community as an example Mead, D. "Economic cooperation in East Africa" Journal of Modern African Studies vol 7 no 2 1969. gives the example of Uganda establishing a car parts industry despite the fact that the best place to locate it may have been Dar es Salaam, Tanzania. Here national interest took precedence over the long-term interest of the region. See also Nye, (1963) op cit.

[98] Mead, op cit p 283.

an end in the late 1980s with the World Bank and the IMF imposing structural adjustment policies on certain African states.

A further obstacle is the promotion of trade between the states in the region. Third World states within the same region tend to produce and promote similar products, thus competing with neighbouring economies. Although competition such as this was identified by Viner as initially favourable, in a Third World context the obstacle is of gigantic proportions. [99] Possibilities do exist for trade between some of these states as a result of slight differences in economic development. Within some Third World groupings one state may have an advantage over another in the area of industrial technology, while a third may have the raw materials for fueling that industry. In such a case, trade for the maximisation of resources may take place, as long as historical ties and the absence of structural features such as trade links and infrastructure do not impede such a venture. There is a potential for states in the same region to improve their trade relations with one another, but this may take time. One problem, as will be seen in the southern African region, is that often importers are often not aware of products and markets that exist within neighbouring states.

Adaptation of South-South cooperation to apply to a region.

South-South cooperation is usually applied to the bi-lateral trade relations of underdeveloped states. The adaptation to make it applicable to a region lends strength to some of the components, but also raises some criticisms that must be answered.

The transference from a bi-lateral to a regional basis gives substance to some of the variables. The issue of relevant technology is one example. It is self-evident that technology exported from one state in the region will be of use in a neighbouring state. Discrepancies among states in some

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[99] Due to the competitive nature of the Third World's economies the value of trade diversion would be greater than that of trade creation. This would mean a misallocation of resources and the establishment of the 'wrong' type of customs union. In the EAC Tanganyika formed a protected market that misallocated resources and thus suffered Viner's criticism; Nye, (1963) op cit p 483. However, there has been a movement away from Viner's 'orthodox' approach of integration towards a more 'holistic' approach, viewing the economy as only one of the sectors to be integrated. This may allow for greater complementarity between competitive Third World economies. For a further criticism of the classical approach to trade creation and trade diversion, within the southern African context see Davies, R. "The significance of theoretical debates on regional cooperation and integration in the transformation of southern Africa". Paper presented at a Conference Development and Democracy in sub-Saharan Africa Sandton, South Africa, October 14-17 1992.

regions are not usually so diverse as to demand the introduction of other forms of technology. Common geographic conditions are largely applicable in regions.

Communication links and common infrastructure may already serve neighbouring states, allowing for easy access to neighbouring markets. As a result of Africa's divisive colonial past, regional infrastructural ties are not as well developed as they might be.[100] However, even a minimal amount of regional infrastructure will provide a basis for improved cooperation. It should be less expensive to conduct trade between regional markets than between states that are geographically separated.[101]

Criticisms that must be answered include the use of integration theory as applied to developing states. As discussed, South-South cooperation play a similar role in Third World development to that of integration and owes a debt to integration theory. A difference is that the latter has involved states in the same region whereas the former involved states some distance from one another. Why then should South-South cooperation have to be adapted to play a role in the regional sphere?

While the issues they deal with are similar and they have common roots, the theory of developing state integration and South-South cooperation remain separate and distinct. As illustrated above, referring to the functionalist approach, there are differences between South-South cooperation and integration theory. Both promote the development of the economy, but integration theory has a distinct history of problems associated with the seeming loss of independence, while South-South is viewed as allowing the state to maintain more of its sovereignty. Within the functional groupings of each, there are distinct differences. Perhaps the most important is the functional approach to integration theory recognising the eventual devolution of power to a supra-national body. South-South cooperation purposely avoids this eventual objective by identifying the approach as a means, not a goal and by recognising the inherent sovereignty of the developing state. South-South cooperation is usually invoked when developing countries cooperate with one another without

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[100] The transport and communications infrastructure in southern Africa is better developed than in most other African regions.

[101] This assumes the equality of access to markets and the absence of discriminatory tariffs and the negation of preferential access granted by treaties such as the Lome Convention.

separate institutions to govern and monitor them, and without a distinct declaration of intent. Often South-South cooperation takes place across large distances because states are not limited to trading with their immediate neighbours. Integration is usually applied when states within the same geographic area affiliate with one another to assist in their mutual development. With regard to these different approaches, Altmann states that,

> "The term integration goes further than cooperation, implying a lasting and comprehensive amalgamation of autonomous countries, whereas cooperation may well be applied to partial or temporary associations." [102]

Those promoting South-South cooperation have tended to concentrate on the possibility of the underdeveloped states breaking away from the developed countries and blazing their own trail in the international political economy. This tendency to 'delink' the developing region from the rest of the international community has unfortunately been reinforced by the use of rhetoric by statesmen in developing regions. The differences in the theory and the rhetoric surrounding the theory are explained earlier in this chapter.

Conclusion.

South-South cooperation has developed from a need to re-examine the international political economy after the emergence of the NICs in the 1970s. While in its initial stages of proclamation it tended to be the prodigy of the structuralist school, in recent years it has moved into a more central position in the inter-paradigm debate.

It continues to be one of the many strategies proposed for improving the economic status of the underdeveloped countries of the world, and has recently gained momentum, given the collapse of the Soviet Union and the dissolution of the "bi-polar" world. Also as the states of the developed world form trade blocs with their neighbours, the developing states realise that hey may be further marginalised in the international economy. South-South cooperation provides an opportunity for these states to develop given this threat.

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[102] Altmann, op cit p 143.

In its application to a region, South-South cooperation moves from a broader foundation to a more concentrated focal point. The majority of the strategies employed remain sound and in some cases gain validity.

The rest of the thesis examines the developing states of southern Africa and applies South-South cooperation to the region, taking the problems and criticisms raised in this chapter into account.

CHAPTER TWO

THE HISTORICAL CONTEXT AND THE FOUNDING OF THE SADCC

"The whole of my striving has been to ensure the knitting together of the parts of Africa, the parts of southern Africa which belong to each other; parts that must work together for a stable future on the continent of Africa."

Jan Christiaan Smuts[1]

Introduction.

This chapter briefly examines the groundwork allowing for the emergence of the Southern Africa Development Coordination Conference, (SADCC). The foundations of the organisation were laid during the colonial period. It was at this time the industries and the infrastructure of the region were initiated, the region not being restricted by modern political restraints.[2] In this light, the chapter briefly examines the development of the southern Africa after colonisation and argues in favour of regional cooperation.

The chapter will then examine factors influencing the establishment and the goals of the SADCC. Predicated on the history of the region, the chapter will make the case for the necessary inclusion of South Africa in any regional cooperation endeavour. It will also submit that any future

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[1] Quoted in du Plsani, A. "Ventures into the interior: continuity and change in South Africa's regional policy (1948 - 1991)" in van Nieuwkerk, A. and van Staden, G. Southern Africa at the Crossroads: prospects for the political economy of the region (1991) South African Institute of International Affairs, Johannesburg. p 5.

[2] Although the term infrastructure includes all forms of development such as rail, road and tele-communications as well as industrial development, power supplies and port facilities; the railway network was chosen as an indicator of the infrastructural development of the region. "The rail system is historically the most highly developed mode of transport." Nsekela, A. Southern Africa: toward economic liberation (1981) Rex Collings, London. p 82. The rail network was constructed as a direct access route to the main centres of industry and development. It was used extensively in the colonial and post-colonial era for mass-transportation, despite the development of air travel and the increase of private vehicle ownership. In fact, the development of the air transport network has, to a large extent, paralleled that of the rail network, covering the same routes with the same major stop-over points.

cooperation between these states is based on South-South cooperation. Some observers of the SADCC have suggested that the organisation has already followed a path of South-South cooperation. Chitala comments that,

> "Advocates of this [sectoral cooperation] trend have not been happy with the use of the term 'integration' but see a trend towards self-reliance among developing countries on a so-called 'South-South' basis...[To] that extent, collective self-reliance implies restructuring the links between underdeveloped and developed countries through the creation of new links among developing countries." [3]

Following a policy of South-South cooperation does not mean that the ideals favouring delinking, advocated by the Lagos Plan of Action in 1980, would hold true. The calls for the SADCC states to restructure their linkages with one another would automatically lead to a reforming, but not necessarily a severance, of ties with their already established, developed trading partners. It is important to reiterate that there is a distinct difference between the terms self-sufficiency and self-reliance.

Although some criticisms against the SADCC, especially those relating to its formation and its goals, are levelled in this chapter, those relating to its failures and shortcomings are dealt with mainly in the following chapter. The later chapter will also examine the restructuring of the SADCC to become the Southern African Development Community, (SADC).

The Historical Context.

The period under consideration begins after the British colonisation of the Cape Colony in the late eighteenth century. Before this date very little development had occurred and the region has been described as being,

> "...economically more underdeveloped, politically more inexperienced and culturally more backward than any of the greater colonies of settlement. After one and a half centuries the colony contained one town worthy of a name and five or six little villages." [4]

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[3] Chitala, D. "The political economy of SADCC" in Amin, S. (et al) SADCC: prospects for disengagement and development in southern Africa (1987) Zed, London. p 13.

[4] de Kiewet, C.W. A History of South Africa: social and economic quoted in Vorhels, F. "From colonial mercantilism to nationalism and socialism in Africa" South African Journal of Economic History vol 5, no 2. 1990 p 117.

The historical economic development of southern Africa is multi-faceted and has been influenced by indigenous factors as well as European colonialism.[5]

The colonial powers often cooperated in order to avoid conflict in the region which would disturb their economic interests. One example of this is the Anglo-German Treaty of 1890 which allowed German access to the Zambezi through the Caprivi Strip but stifled the German dream of 'Mittelafrika'. Another example is the Anglo-Portuguese Treaty of 1891, permitting telegraph communications between the colonies of Angola and Mozambique but preventing the establishment of a Portuguese land-bridge. [6]

When analyzing the region's development, the influx of settlers into the colonies must be taken into consideration. Settlement figures within South Africa by the Dutch, French and British immigrants were far higher than those of surrounding colonies.[7]

The German rationale for a colonial empire was that German immigrants were often "lost to their native country. The establishment of a colonial empire would enable them to retain their nationality and would increase Germany's importance as a world power." In spite of these attitudes, German colonies did not absorb many German immigrants. [8] In addition, a high financial cost was exacted from those German settlers leaving for the colonies. They received no government sponsorship as did British 1820 settlers and, as a result,

> "the German settlers went to the Americas rather than to the colonies, [and] German capital was attracted more quickly to the gold mines of South Africa than to the

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[5] Germanic influence is evident in parts of present-day areas of Namibia and Tanzania. Portugal played a role in the sub-continent in Angola and Mozambique. Britain, the most influential ex-colonial power controlled at its peak, the modern day areas of Botswana, Lesotho, Malawi, South Africa, Swaziland, Zambia and Zimbabwe.

[6] Davenport, T.R.H. South Africa: a modern history (1988) Southern, Johannesburg. This treaty (1891) also guaranteed rail access to the Mozambiquean port of Beira for British settlers in the interior and aided creeping British colonisation of the interior. The British government, therefore, gained better sea access to a greater area, treating the region as a whole instead of as individual territories. See Reinhardt, R. "Historical Setting" in Nelson, H. (ed) Mozambique: a country study (1984) American University, Washington.

[7] Axelson, E. Portugal and the scramble for Africa (1967) Wits University Press, Johannesburg. p 18.

[8] Henderson, W.O. Studies in German Colonial History (1962) Frank Cass, London. p 2. According to Henderson the majority of *bona fides* Germans in African colonies before the First World War were negligible in comparison to the total that left Germany. They totalled about 2.5% of 1 085 124 equaling approximately 27 000. Most of these were found in German South West Africa. Henderson, Ibid pp. 34-5.

> diamond mines of South West Africa, the trade of the parent country with the colonies amounted to one half percent of Germany's total trade." [9]

As a result of these asymmetrical immigration patterns, white settlement into southern African originated mainly from the Cape Colony. The spread of settlers was influenced by a number of factors including political discontent and the lure of mineral wealth.[10] It was mineral wealth that greatly influenced the development of a regional transport network. Nsekela observes that,

> "The railway system of Southern Africa was geared to the exploitation of mineral deposits for export to the outside world and the importation of consumer and producer goods from the developed countries - including in this region, [the] RSA."[11]

As settlers moved further inland, infrastructure was built to meet their needs, as well as those of the territorial administration and the (mainly) mining industries. The infrastructure tended to be initially connected with its point of origin, the British controlled coastline of South Africa. [12]

The advancement of the railways, financed primarily at British expense, stemmed from a British desire to advance into and colonise more of the interior.[13] In the absence of an efficient domestic infrastructural network, the railways were built to provide a regular service for both passengers and goods. For the service to be economically viable, lines had to be built toward the coast when it became necessary to find an additional port. In an attempt to overcome the constraints placed on the British interior by the coastal colonies of Portugal and Germany, Shepstone wrote to Herbert, the Under Secretary for Colonial Affairs, "You have now got the Transvaal...the Orange Free State

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[9] Ibid p 40.

[10] Students of southern Africa are familiar with the Afrikaner 'diaspora' of the Great Trek and the British influence in the Eastern Cape and Natal as a result of the movement of the 1820 settlers. The discovery of diamonds and gold in the interior encouraged further settler movement and 'creeping colonisation'. This contributed to the outbreak of the Boer Wars at the turn of the century.

[11] Nsekela, op cit p 82

[12] An exception to this is the railway line connecting the Mozambiquean port of Beira to the interior. The line was built at British expense for the financial gain of the British South Africa Company, (BSAC), after permission for its construction had been given by the Portuguese government in terms of the Anglo-Portuguese Treaty of 1891. Reinhardt, op cit p 23.

[13] Cecil John Rhodes' aspirations of a road to the North, his establishment of the British South Africa Company, (BSAC), and a yearning to 'paint as much of Africa British-red as possible' was in itself a driving force behind the British advancement and infrastructural progress into the interior. The area of operations for the BSAC, according to its Charter was, "the region of South Africa lying immediately to the North of British Bechuanaland and to the North and the West of the South African Republic and to the West of the Portuguese dominions." Axelson, op cit p 154.

must soon follow, but I hope that Delegoa Bay will follow first because it is the natural sea-port of this country, and must be had if possible." [14] Shepstone continued to support the idea of building a railway from the interior to Delegoa Bay until pressure from settlers in Natal, jealous of possible Delegoan prosperity, forced him to abandon the idea.

Regional political considerations often hampered the building of the railway lines on purely economic terms, although economic factors continued to play a role. [15] Secondary industries and settlements evolved around the mining enterprises of the interior and, together with the infrastructure, ensured sustained colonial development.

The British financed the bulk of infrastructural development in the region, with other colonial powers investing relatively little amounts. German entrepreneurs were reluctant to invest in the colonies because of the poor economic return, despite some German government subsidies. The Portuguese, in an attempt to develop the interior, imitated the British lead and chartered companies to "establish civil and military posts and develop agriculture." One of the companies was charged with "constructing railroads, roads and ports, settling Portuguese families, building schools and hospitals, and generally developing the area...(but)...disregarding...the Charter, the Company carried out only the construction necessary for its commercial operations." [16] Thus Britain, through colonial entrepeneurship and diplomatic persuasion, [17] colonised and developed a greater part of the interior, using the South African Colony as a base for its southern African ventures. Britain's influence in the region was strengthened by,

> "The Anglo-German and Anglo-Portuguese treaties of 1890-1 [which] kept open the southern extremity of the British road to the North, consolidating the territorial gains made by Britain through the proclamation of the Bechuanaland Protectorate in 1885 and the granting of the BSAC charter in 1889." [18]

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[14] ibid p 16.

[15] If economics were the sole consideration in the sub-continent, the line to from Johannesburg to Delegoa Bay, condemned by Shepstone, would have been built against the wishes of the entrepreneurs in Natal, because it would have been cheaper and more efficient to import and export through this port. It was later built in response to the economic boom of the late nineteenth century, linked to the discovery of gold on the Witwatersrand.

[16] Reinhardt, op cit pp. 37-38.

[17] The Anglo-German Treaty of 1890 and Anglo-Portuguese Treaty 1891 were the result of conflicting colonial aspirations. For the colonial powers to have entered into conflict over tracts of remote territory would have been extremely costly so these matters were resolved diplomatically.

[18] Davenport, op cit p 205.

All British exploits within the region originated from the South African 'hub'. Britain perceived the region as a single entity, rather than as 'parts making up a whole' evident in its dealings with the other colonial powers. This legacy of British imperialism proved extremely important, as the age of colonialism drew to a close.

German influence in the region had lessened after the First World War, with the confiscation and redistribution of its African colonies. Portuguese regional jurisdiction in the twentieth century was negligible after the Anglo-Portuguese Treaty of 1891 and after the Lisbon coup of 1974, limited mainly to a cultural influence.[19] Although the British influence in the region continued to be felt long into the twentieth century, the withdrawal of South Africa from the Commonwealth in 1961 and the Rhodesian UDI in 1965 signalled an end to extensive British influence in the region.

The period of decolonisation in the 1960's and the departure of Britain from the regional political setting, created a power vacuum in the region.[20] South Africa took on the mantle of the dominant regional power, its real power enhanced by the region's geographic isolation and the lack of significant opposition to its assumption of this role.

Different policies pursued by various colonial powers resulted in the asymmetrical development in the region, leaving an imbalanced infrastructural network.[21] This irregular network tilted the balance of development in favour of an already more industrially well-endowed South Africa.

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[19] There has been some Portuguese influence in the funding and training of the resistance movements in Lusophone Africa; the MNR and UNITA. Official government influence came to an end with the Lisbon coup. See Vines, A. Renamo: terrorism in Mozambique (1991) Centre for Southern African Studies, York.

[20] Although Rhodesia remained strictly, a British colony, British control over the territory was faltering.

[21] For illustration, the figures for completed railway networks in 1915 are:
South Africa 9 019 miles
Rhodesia 1 748 miles
Libby, R.T. The politics of economic power in southern Africa Princeton University Press, New Jersey. p 22. It was estimated in 1991 that South Africa controlled over 13 000 kms of railway line in comparison with the rest of southern Africa's total of 6 100 kms. Saasa, O. "The South African factor in the SADCC transport and communications systems" in van Nieuwkerk, A. and van Staden, G. (eds) Southern Africa at the Crossroads: prospects for the political economy of the region (1991) South African Institute for International Affairs, Johannesburg. p 248. Another source gives these figures as
South Africa: 21 244 kms.
southern Africa, (excluding South Africa) 15 356 kms. Africa at a Glance 1992 Africa Institute, Pretoria. p 106.

Factors influencing cooperation in Africa

During the decades of African independence there was great opposition within the newly independent states to any form of foreign control or investment. There was a move toward the nationalisation of some industries, which was at times surprisingly supported by certain multinational corporations.[22] However, as illustrated earlier, this move towards nationalisation did not amount to improving the economy but merely to the continuation of production of commodities.

Regional cooperation was one of the solutions aimed at resolving national economic problems that was acceptable to the leaders of the now independent states. The cooperation solution dove-tailed well with some of the principles of Pan-Africanism that were also popular among the same leaders.[23] Regional cooperation, sometimes under the auspices of Pan-Africanism, became a rallying point for self-improvement of the continent's underdeveloped infrastructure and economy. Although made after the 'hey-day' of Pan-Africanism, Samora Machel's comment encapsulated the ideals espoused by Pan-African regional cooperation.

> "Our economic plans must be conceived and prepared by ourselves. No-one knows our needs and our priorities better than ourselves."[24]

Another influence promoting the ideal of integration and cooperation as a means to development in Africa was the African leaders' perceived success of the European integration attempt. These leaders' perception of the economic prosperity of the Western European region was eclipsed by the lure of accelerated economic development. The attraction of larger markets and increased production and growth in the industrial sector obscured obstacles to the path of cooperation such as loss of national sovereignty, the lack of regional infrastructure and the limited industrial capabilities of the participating states. Larger regional groupings were also perceived as a method for giving individual states more global influence.

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[22] See Shaw, T. Towards a political economy for Africa (1985) Macmillan, London. p 63. In contrast to this argument see Akinsanya, A. "Economic nationalism in Africa: illusion and reality" Transafrica Forum Winter 1989.

[23] Hoskyns, C. "Pan-Africanism and Integration" in Hazelwood, A. (ed) African Integration and Disintegration; Nyerere, J. "A United States of Africa" in Mutiso, G. (ed) Readings in African Political Thought (1975) Heinemann, London; and Nye, J. Pan-Africanism and East African Integration (1965) Harvard University Press, Cambridge.

[24] Samora Machel quoted in, Hanlon, J. Beggar your Neighbours (1986) Catholic Institute for International Relations, London.

Post-independence Africa has witnessed a multitude of cooperation initiatives, varying from attempts at complete integration (East African Community), through cooperation aimed at specific development projects (The Mano River Project), to limited cooperation within specific sectors. Most regional groups were formed with specific projects in mind, or with the goal of improving each national economy on a regional level.

Factors influencing cooperation in southern Africa

In southern Africa, however, the situation facing states' cooperation attempts was different to that faced by other African states. Regional cooperation had been seen as an option for a number of years in southern Africa. It had been proposed that through cooperation, the states of the region could present a common front to adversaries, or improve their mutual economic lot. In the early 1920's South Africa had attempted to spread its influence by trying to persuade the Rhodesians to join South Africa as a 'fifth province'. The proposal was rejected in favour of loose ties with colonial power, Britain. British colonialists had similar ideas when they formed the Federation of the Rhodesias and Nyasaland.[25]

In an attempt to prevent Afrikaner influence in, and possible coalition with their more northern colonies, Britain formed the Central African Federation (CAF) in 1953 comprising of the two Rhodesia's and Nyasaland. The CAF was more of a political grouping than an economic one. It has been perceived as an attempt by Britain to re-establish control over the region in the wake of Afrikaner control in South Africa. Having lost the foundation of its activities in the region, Britain tried to mould another regional core. [26] The CAF could not be seen as a South-South cooperation attempt as it was imposed on the region by a colonial power, but together with the Southern African Customs Union, (SACU), it did reinforce the idea of cooperation in the region, and for this reason is of historical importance, as is its demise. Other cooperation attempts within the region include; the East African Community, and the colonial Portuguese 'economic union'. [27]

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[25] This Federation was at the prompting of the captains of industry in Southern Rhodesia, (Zimbabwe), who sought to import cheap labour from Nyasaland, (Malawi), as well as have access to the riches of the Northern Rhodesian, (Zambia), copper mines. Interview with E. Leistner, Pretoria. 3 October 1995.

[26] See Vale, C. A. The role of Britain as an intrusive power in the Genesis and Evolution of the southern African sub-system (1980) Masters Thesis, Stellenbosch.

[27] Seretse Khama "Introduction" in Nsekela, op cit p xii.

Southern Africa was the last region of Africa to undergo the process of decolonisation. Whereas the independence decades of Africa are often regarded as the 1960s, in southern Africa, states became independent from the 1960s through until the 1980s. As a result, some of the states becoming independent and others still being ruled by minority governments, a *cordon sanitaire* was placed around the white-ruled southern states by the newly independent states. This was also an attempt to isolate the white-dominated states of southern Africa. However, this policy meant that regional cooperation in southern Africa, involving all the states in the region proved problematic.

South Africa's regional role is pivotal, largely as a result of its colonial heritage. In terms of measuring economic components such as industrial capacity, technological development and transport, South Africa is the regional giant. The Frontline States, (FLS)[28], often accused South Africa of using this advantage to destabilise and dominate the region. [29]

South Africa, being the 'senior partner' in the SACU, has an added advantage over the BLS. The SACU is the product of the 1910 Customs Union agreement between the then Union of South Africa and the British Protectorates of Basotholand, Bechuanaland and Swaziland. [30] The origins of this agreement date back to the recruitment of migrant labour from the BLS states to work on the Reef mines from as early as the 1880s. The agreement was codified in the original 1910 agreement but some modern critics argue that it continues to reinforce the BLS dependence on South Africa by allowing South Africa to employ migrant labour to work the gold mines of the reef.[31]

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[28] The Frontline States (FLS) played a significant role in the formation of the SADCC. This role will be dealt with later in this chapter.

[29] This South African dominance and destabilisation included "direct war damage, boycotts and embargoes, and smuggling; and the consequences (to SADCC states) of extra defence expenditure, higher transport and energy costs, lost exports and decline in tourism, refugees and reduced production and lost economic growth. It is also a clear reflection of the extent of economic and military dominance of the South African states within the subregion." Mandaza, I. "Perspectives on Economic Cooperation and Autonomous Development in Southern Africa" in Amin, S. (et al) (eds) SADCC: prospects for disengagement and development in Southern Africa (1987) Zed, London. p 225.

[30] These are the modern states of Botswana, Lesotho and Swaziland, collectively known as the BLS states. The territories were also known as the High Commission Territories and fell under the protection of the British government. This protection was a result of the threat of Boer expansionism into the African interior, which was seen as a serious threat to British continental interests. This allowed Britain to secure her interests in the sub-region and repel any form of Afrikaner expansion. The original SACU agreement was reviewed in 1969 as a result of the BLS independence. For a concise overview of the SACU see Matthews, J. International Economic Relations for South African students (1987) Southern, Johannesburg. pp. 79-84. On occasion of its independence in 1990 Namibia became the fifth member of the SACU. After the South African elections of 1994, the SACU agreement was revised again.

[31] In 1982 South Africa formally still employed over 180 000 migrant labourers from the BLS territories. In 1983 South Africa paid over US$ 150 million to these labourers. See Libby, op cit pp. 36-40. With the establishment of a democratic

ensuring a high level of dependence of these territories on South Africa for capital, investment and technology. As a result, the BLS are regarded by some as the most dependant of the southern African states.[32] Mandaza, has argued that this dependence gives South Africa an undue leverage over these states.

> "The same countries [BLS] depend heavily on their membership of the South African Customs Union. [sic] Thus their economies are virtual extensions of South Africa's."[33]

Critics of this standpoint have argued that the smaller SACU members have always been free to leave the SACU if they have felt disadvantaged.[34] The BLS states rely heavily on the SACU as a source of income yet at times, being members of both organisations, the BLS states try to favour both the SACU and the SADCC for their own national benefit.[35]

On achieving their political independence, the southern African states, recognised the extent of their economic dependence on South Africa. They attempted to counter the South African economic hegemon by looking towards toward regional cooperation.

In 1979, in expectation of a combined economic front opposed to South Africa, the South African government proposed another regional grouping, the Constellation of Southern African States (CONSAS). This proposal involved South Africa; including all the homelands and self-governing areas, South West Africa, and the states involved in the SACU. The proposal was treated with contempt by the rest of the region and was not taken further than its initial suggestion. The SADCC's opinion of the proposal is explicitly stated in its statement,

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administration and their interests in cutting the domestic unemployment rate, the issue of migrant labour is one of the controversial points to be renegotiated in the SACU Agreement. Some argue that the dependency of the BLNS states on SACU for migrant labour employment is of lessening importance. Interview with E. Leistner, Pretoria. 3 October 1995

[32] Lee, M. SADCC: the political economy of development in Southern Africa (1989) Winston-Derek, Tennesee. pp. 33-4.

[33] Mandaza, op cit pp. 225-6.

[34] By way of illustration, for the period 1992/93 Botswana is estimated to receive approximately 24.3 % of its total government revenue for the same period. Similarly, Lesotho is estimated to receive 51% and Swaziland 39.5 %. Esterhuysen, P. (ed) South Africa in sub-equatorial Africa: economic interaction (1994) Africa Institute, Pretoria. p 60. At the time of writing the SACU agreement is under negotiation with the expectation that South Africa is likely to try to reduce its payments to the other member states.

[35] By way of example, Botswana is heavily dependent on the SACU, applies import levies on goods entering the country from outside the Union, (notably from Zimbabwe and Zambia), and yet the first Chair of the SADCC was the Botswanan President at the time, Seretse Khama. Libby, R. op cit p 132-3.

"Their object is clear, to tie the countries of the region into an irreversible dependence on South Africa; to turn the free states of southern Africa into little more than Bantustans. Constellation is simply apartheid as foreign policy." [36]

The death knell to the Constellation was the resounding victory of Mugabe in the Zimbabwean elections in 1980. The South African government could not be seen as working hand-in-hand with a leader characterised by Pretoria as a "Marxist terrorist". South Africa later acknowledged that

"The 'constellation' is dead. It died with Mugabe's victory." [37]

Factors influencing the formation of the SADCC

Three states in southern Africa, namely Botswana, Tanzania and Zambia, had earlier formed the Frontline States, (FLS), to provide a regionally united political opposition to white minority rule in the region. The organisation provided a focal point for the Western states to oppose minority rule and later South African regional policies as well as providing a foundation of solidarity for the member states' own opposition to the South African government and its apartheid policies. However the FLS remained a political organisation and was limited in its economic impact. Some saw the emergence of the SADCC as the Frontline states' 'economic wing'.[38]

As a result of the successes of the FLS in opposing minority rule in the Portuguese colonies and in Rhodesia, and in response to the economic dominance of South Africa, the SADCC was formed in 1980. The delay in forming the economic organisation was due to the key position of Zimbabwe in the region. This state formed an important link in the southern African geographical jigsaw. At a meeting in Ashura, Tanzania, in 1979, it was decided that "it would not have been sensible to hold the regional Summit before the Prime Minister of independent Zimbabwe could attend". [39] The importance of this linkage is clearly illustrated by the elaborate plans made by southern African states to avoid contact with Rhodesia after the UDI in 1965. Goods from the interior had to be shipped hundreds of kilometres out of their way to reach port facilities.

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[36] Kgarebe, A. (ed) SADCC 2 - Maputo (1981) SADCC Liaison Committee, Gaberone. p 12.

[37] Jaster, R. The Defence of White Power: South African foreign policy under pressure (1988) Macmillan, London. p 88.

[38] See Hanlon, J. Apartheid's Second Front (1986) Penguin, London. p 19 and Weimer, B. "The Southern African Development Coordination Conference (SADCC): past and future" Africa Insight vol 21 no 2 1991.

[39] Seretse Khama, op cit p xv.

After Zimbabwean independence, and with increasing international pressure on South Africa, the time seemed appropriate for a formal grouping in opposition to the regional economic hegemon. The FLS formed a distinct political opposition to South Africa, but there was no organisation emphasising the economic dependence of these states. The SADCC members realised that political independence was devalued without the supplementary benefits of economic independence. It was argued that their economies were tied so closely to the South African economy that it severely restricted their ability to pursue independent political policies.

"Economic liberation is, therefore, as vital as political freedom." [40]

Other factors that had an influential role in the formation of the SADCC ironically, were other regional organisations that had not been successful in achieving their original goals. In forming the SADCC the founders examined organisations within Africa whose members had attempted development through cooperation. Most of these organisations, in trying to achieve a general level of development, had opted for integration as their matrix. Most notably, because it involved Tanzania which was to become a SADCC member, founders of SADCC looked at the failure of the East African Community (EAC).

The East African Community was formed during the colonial era and consisted of a common market between Kenya, Uganda and Tanganyika (later Tanzania). The organisation failed for a number of reasons but primarily because of the dominance of the regional economy by Kenya. This dominance of a single state over the regional economy was the point of origin of the SADCC and so an obvious obstacle that the SADCC was determined not to duplicate. Similarly the founders of the SADCC examined other African attempts at regional cooperation and tried to avoid the pitfalls that had waylaid those organisations.[41]

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[40] The Lusaka Declaration; see Appendix.

[41] Zambia and Malawi had direct experience, both before and after independence, of the British-imposed Central African Federation, (CAF), which failed partly as a result of Zambian and Malawian nationalism, and partly as a result of these states' inability to match the development of Southern Rhodesia, (Zimbabwe). The BLS states' membership of the SACU was also taken into consideration, although the dominance of South Africa was seen as different to the dominance of Kenya in the EAC. In terms of the SADCC agreement the BLS states were permitted to retain their membership of the SACU.

While the negotiations for the formation of the SADCC were underway in the late 1970s, the United Nations Economic Commission for Africa, (UNECA) had been planning an organisation promoting regional cooperation within Africa, within the ambits laid down by the Lagos Plan of Action in 1980. The organisation eventually came to fruition as the Preferential Trade Area for Eastern and Southern Africa (PTA) in 1982. However, the formation of the two organisations within such a short space of time and with overlapping membership and similar goals would prove stressful both to the organisations and the loyalty of the members to these bodies. The two organisations were not seen as competitive in the initial stages of their existence, because of the different methods the organisations had of achieving their different goals. While the PTA concentrated on the formation of a common market, the SADCC was attempting, *inter alia*, to reduce dependence on South Africa. As the politics in the region changed, the international sponsors altered their demands and the politicians and statesmen that acted as founders of the organisations were removed from the regional political stage, so tensions between the SADCC and the PTA grew. These tensions will be examined in a later chapter, but for the moment Mandaza observes the beginnings of the tensions.

> "Herein lie the origins of that policy...of having to live with the two organisations side by side; of "harmonising" and "rationalising", in the hope that one day things would work themselves out...Not surprising therefore...there would arise such tensions as should be expected of such regional cooperation ventures in this era."[42]

The formation of the SADCC

In Lusaka, in 1980, the leaders of the now enlarged group of Frontline States met and issued the Lusaka Declaration, [43] the founding document of the SADCC organisation. In summary, the goals of the new organisation were:

- The reduction of economic dependence particularly but not solely on South Africa.
- The creation of a foundation for equitable regional integration.
- The mobilisation of resources to promote these policies.
- To secure international cooperation for the achievement of these goals.

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[42] Mandaza, I "The bases of the PTA-SADC dispute" Southern Africa: political and economic monthly March 1993 p 42.

[43] The goals of the Conference are more comprehensively set out in the Lusaka Declaration of 1980. See Appendix.

In identifying these as its goals, the newly formed body neatly side-stepped problems inherent to other African regional organisations that aimed at integration through the merging of markets as a goal.

The SADCC did not promote an attempt to integrate its economies, nor did it set a timetable for cooperation. Instead it allowed participatory freedom, taking into account the volatile domestic situation of some of it members. The tool it identified for cooperation was 'sectoral integration', which allowed for seemingly equal participation on the part of its members. These points together identified the SADCC as a unique developing world cooperation attempt. Statements from the SADCC organisation often avoided the mention of the term 'integration'. Instead, the organisation was seen to be taking the road to regional cooperation through the coordination of its facilities. National development was prioritised and, through the improvement of the national economies, a 'fabric of regional cooperation' would be woven. Masire, the Botswanan president, acknowledged the dependence of the organisation on its members by saying that the

> "...SADCC has grown out of a common awareness of common interests. Its immediate objectives are well defined and limited. SADCC exists only to the extent that the member states breathe life into its common programmes and projects."[44]

Despite the obvious rationale for the SADCC's goals, criticisms have been raised. The first is that South Africa is the only state specifically targeted as a state on which the organisation sought to reduce dependence. South Africa was seen as the hegemon of the region and, in addition, practised domestic policies that were unacceptable to the other states. This led to speculation as to whether the SADCC was, in fact an economic grouping with its primary aim the improving of regional links and development; or whether it was another embodiment of the political FLS, opposed to the political and economic dominance of the South African state.[45]

Another criticism of the organisation was that, while calling for regional economic self reliance, the states simultaneously justified their "right to ask for and receive practical international cooperation in

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[44] Quett Masire in Hanlon, (1989), op cit p 5.

[45] Hanlon argues that "[A]lthough there was a clear underlying political goal, that of reducing links with apartheid, the main thrust of SADCC was economic. The establishment of SADCC was not a precursor to imposing sanctions on South Africa, nor of totally, cutting links, but rather of extricating the independent countries of Southern Africa from the malign shadow of South Africa..." Hanlon, J. SADCC into the 1990's: development on the Frontline (1989) Economist Intelligence Unit, London. p 4.

our struggle for reconstruction, development and genuine independence." [46] This approach has been criticised as a substitution of dependencies. The SADCC states merely substituted their dependence on South Africa with dependence on developed northern states. It has been identified as a potential form of "collective neo-colonialism". The fear of dependence was partially realised in the allocation of funding by the international partners, where SADCC members were unable to advance their own national or regional development without funding from international sponsors. [47]

Criticism has, on rare occasions, also been levelled by supporters of the organisation, usually on its cooperating sponsors, mostly European states. Margaret Lee, an ardent supporter of the ideals of the SADCC, but not of their cooperation with international sponsors, argues that,

> "While South Africa viewed SADCC as a threat to its regional hegemony, the imperialist powers initially envisaged SADCC as a conduit for strengthening South Africa's declining political and economic power. So, in Phase I of the imperialist powers' response to SADCC, these nations, hoping that the apartheid regime could be saved as their global semi-periphery, attempted to persuade the SADCC states that regional development would not be possible without the involvement of South Africa. To prove their point, the imperialists provided SADCC with limited economic assistance and continued to assure Pretoria of their ongoing support." [48]

Potential dependence and a temporary changing of dependencies was justified by the leaders of the SADCC states by arguing that development in the region would "be achieved more rapidly and will be more effective if development takes place within the context of global cooperation." [49] It is also argued that the primary goal of reduction of dependence on other states will ensure that the dependencies are not substituted in the long term. Repia, the former Tanzanian ambassador to the UN, was quoted as saying,

> "We believe that if, in the process of freeing ourselves from South African dependence, we will pass a stage of being dependent to some countries in the West, we want the Western countries to know that that is not the final goal. Our aim

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[46] The Lusaka Declaration in Nsekela, op cit p 6.

[47] See Wagao, J. "Trade relations among SADCC countries" in Amin, S. Chitala, D. & Mandaza I. SADCC: prospects for disengagement and development in southern Africa (1987) Zed, London. p 163; and Sefali, M. "SADCC and the development of regional cooperation in southern Africa" in Sefali, M. and Bardill, J. (eds) Development and destabilisation in southern Africa (1983) Institute for Southern African Studies, Southern African Research Association, Roma. pp. 175-6.

[48] Lee, op cit p 243.

[49] Nsekela, op cit p 6.

is for them to realize that they should also help us to establish structures which will make the countries in Southern Africa economically independent." [50]

In its initial stages the organisation managed to avoid being labelled as merely another attempt at cooperation in the developing world. This was due not only to the unique form of cooperation espoused by the SADCC, but also because of the international opposition to South Africa and the focal point that the SADCC played in making South Africa the international pariah.

The Institutions and Workings of the SADCC[51]

The SADCC was established with a small Secretariat located in Gaberone, Botswana. The Secretariat had no decision-making power and performed a purely administrative function. Individual members were responsible for development of their separate sectors, the national governments' bureaucracies taking responsibility for the implementation of projects within their respective sectors.

The objective behind this decentralisation was to ensure that the projects and plans would not become entangled in excessive bureaucracy. It also allowed the member states certain freedoms within the set parameters of their own sectoral responsibilities. This promoted the contributory status of each member, and ideally, meant that no state was sidelined. Hanlon points out certain strengths to this approach

> "Responsibility for the execution of the project rests where there is the most to gain, in the country where the work is being done, not in some remote secretariat office."[52]

One of the drawbacks to such a decentralised system was that the members could act in their own independent interests on a project that may have been in the larger regional interest. There was no overall authority that could ensure that projects were being carried out in the interests of the region.

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[50] Paul Repla, former Tanzanian ambassador to the UN, quoted in Lee, op cit p 241.

[51] For a flow chart showing the workings of the SADCC see the Appendix. For a comprehensive guide to the workings of the SADCC see Hanlon, J. op cit pp. 4-8.

[52] Hanlon op cit p 5.

To ensure that there was overall regional coordination a summit meeting was held every year attended by the Heads of State. The Summit discussed and made policy decisions that were then implemented by the Council of Ministers which met twice annually. Each state headed a sectoral committee representing its own sectoral responsibility. These committees vetted then either approved or rejected the regional developmental projects proposed to them.

In addition to these administrative and policy meetings the SADCC also met annually with their international partners or donors in the Annual Consultative Conference. It was at this meeting that the intricacies of the funding of the various projects were worked out.

Strategies of the SADCC

Increasing the volume and value of intra-regional trade was not considered as a possible course of action in the initial stages of the SADCC. Trade was omitted partly because of the lessons learnt from other African development bids,[53] and the SADCC Summit contended that increased trade would follow as a direct result of improved regional services, particularly of improved infrastructure. It was argued that it would be fruitless to try to increase the trade between states when no supportive infrastructure existed.

The development of regional infrastructure that did not rely on South African expertise was seen as the most important priority. Two states in the SADCC had the potential to act as ports for the region, (Angola and Mozambique), but in both the infrastructure had been destroyed as a result of the civil wars in those territories. A number of Mozambiquean ports were identified as having the potential to handle an increased traffic load from the interior. These ports were also in closer proximity to the SADCC countries than South African ports. However, it was necessary to upgrade the road and rail links from the Mozambiquean ports to the interior before they could be used extensively.

[53] The East African Community collapsed partially as a result of tensions over intra-regional trade, investment and control of services. Conflict over trade and investment asymmetry, as well as disagreements over direct political control, were integral to the demise of the Central African Federation.

To expedite the infrastructural upgrading, a 'corridor' improvement scheme was adopted. Under this plan only essential areas within Mozambique, those important to the landlocked members, would be improved while other areas were neglected in their war-torn condition. This refurbishment of essential areas would ideally allow for greater regional improvement while, in Mozambique, the benefits would slowly permeate the surrounding areas in a 'trickle-down' effect. In time other areas of Mozambique would be improved.

The 'sectoral approach' was hailed as innovative and original when it was identified as the SADCC strategy for greater cooperation.[54] Despite the obvious strengths of allowing each member to play a leadership role in some area of the regional economy as well promoting decentralisation, this approach also had shortcomings. It tended to separate areas of the economy that should have been working in tandem. Whilst all sectors of the economy are linked, some have closer relationships than others. In terms of the Lusaka Declaration, agricultural research was the responsibility of Botswana, yet food security was entrusted to Zimbabwe. In a similar vein the forestry and wildlife sector was assigned to Malawi while Lesotho was accountable for a crucial component of this sector, namely soil and water conservation. Communication and coordination between the members would have assisted in ensuring that this division of labour did not hinder progress. However, for areas of the economy that are intricately involved, the lack of communication was a critical fault.

The allocation of the sectoral responsibilities proved to be an area of tension.[55] While the Lusaka Declaration waxed lyrical about identifying sectors which "working in harmony...can gear national

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[54] In terms of the Lusaka Declaration sectors of the economy were allocated to different members of the SADCC. Sectors allocated were as follows:

Angola	Energy
Botswana	Agricultural Research
Lesotho	Tourism
Malawi	Fisheries
Mozambique	Transport and Communications
Swaziland	Manpower
Tanzania	Industry
Zambia	Mining
Zimbabwe	Food Security

[55] These tensions showed later after the admittance of Namibia to the organisation. Namibia was finally allocated the Sea Fisheries Sector while Malawi was given responsibility for Inalnd Fisheries. See Leistner, E. "South Africa's option for future relations with southern Africa and the European Community" Discussion Document commissioned by SACOB, October 1992, Africa Institute, Pretoria. p 20, fn 6.

development to provide goods and services...and weave a fabric of regional cooperation and development", the reality was that some of the sectors were seen as more important than others. Indeed, the Lusaka Declaration points this out later by arguing that the key to the success of the sectoral plan was the transport and communications of the region. The importance of the Transport and Communications Sector (the responsibility of Mozambique) is obvious and it was given the highest priority in the ranking for project funding. The Fisheries Sector, for example, did not attract an equivalent amount of interest or funding.

Critisisms of the SADCC

During its existence, the SADCC surmounted a number of obstacles including a drastic decline of international prices for primary products produced in the region e.g. copper, tobacco and agricultural products.[56] The result of these declining international prices has been a slump in the regional economy. In addition, there has been a substantial growth in the population of the region[57] and two of the founder states have been continued to be plagued by civil war.[58]

Although the organisation survived until its transformation in 1992, these obstacles and resultant problems were not, necessarily, eradicated. The international slump of commodity prices and the resulting regional economic decline further magnified the lack of intra-regional trade. This trade proved difficult to increase partly due to the lack of diversity of production in the region. All of the SADCC members are heavily dependent on the production and export of primary products, leaving

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[56]

Commodity	Year	Price
Tobacco	1975	2367
	1983	2456
Copper	1975	1930
	1983	1744
Maize	1975	240.4
	1983	177.7

The prices given are in constant US$ / metric ton, using 1980 as a base year. Source: World Bank Commodity Trade and Price Trends (1985) World Bank Publishers, Washington.

[57] Based on 1985 figures the southern African annual rate of population increase is 2.5% (UN Demographic Yearbook 1985). More recent estimates place the figure closer to 3.1%. See Africa at a Glance 1992, op cit p 14.

[58] Namibia also bore the scars of a civil war while under the control of South Africa. When this state became independent in 1990 it joined the SADCC.

little opportunity for intra-regional trade.[59] Instead of negotiating trade issues as they arose, the SADCC states chose to ignore them. The longer these issues were overlooked, the more complex they became and the less inclined the states were to deal with them. As a result of a refusal to recognise the inherent trade problems and deal with them, intra-SADCC trade constitutes less than five percent of the total trade of the region.[60]

There was also intra-SADCC squabbling over seemingly m or issues, making deeper and more committed regional cooperation difficult. The impact of the arguments was compounded by regional competition for key manufacturing industries. Officials, fearing regional dependence on another SADCC member promoted national self-sufficiency.[61] The organisation was criticised for having no defin..., overall regional investor's code and no grand regional plan, preferring instead, to promote national projects.[62] There was little attempt to coordinate national and regional development plans. All of these problems detracted from the regional identity that the SADCC tried to promote.

Criticism of the SADCC by outside parties become more severe, especially since reforms began in South Africa in 1990. Awareness of the organisation's shortcomings and criticism of its present strategies as the Southern African Development Community (SADC) have become more widespread. The South African domestic reforms and the re-admittance of that country into the international arena, turned the world's support away from the SADCC states' attempts at promoting self-sufficiency. Towards the end of the 1980s the issue of regional cooperation including South

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[59] By way of example, 1992 figures show that 85% of Zambia's export earnings come from copper, 91% of Angola's from petroleum and 72% of Botswana's from diamonds. Africa at a Glance, Africa Institute, Pretoria. (1992) pp. 91-93.

[60] Hanlon, (1989), op cit p 59.

[61] One of the best examples of the promotion of national goals and self-sufficiency over regional improvement is the case of Zimbabwe which used development funds to build a coal-fired power station. This allowed Zimbabwe to exploit the Hwange coal fields while cheaper hydro-electricity was readily available from Zambia.

[62] The SADCC, in its initial stages, tried to steer away from obsessive bureaucratic control and too much future planning. Regional development projects, it was reasoned, could operate with minimum bureaucratic control. However, the absence of a definitive regional development timetable and plan remained a problem. The Conference dealt with the matter half-heartedly by putting priorities of communication before all else but the lack of a definitive plan led to unnecessary delays in development.

Africa was raised with increasing frequency and the advantages of such cooperation vigorously debated. [63]

The organisation has been described by international sponsors as a "moderate success". However, the strategy to pursue a regional economic solution in southern Africa, excluding South Africa on purely political grounds, and to try to escape what is the result of a colonial history is rudimentary and crude. If the region is to develop and become increasingly self-reliant, there is a need for the states in southern Africa to improve their economies, industry and infrastructure. This would prove less difficult and more assured of success if all regional states cooperated towards the same goal. The ideals, goals and plans espoused by the SADCC in 1980 may prove to be a suitable foundation for true southern African cooperation.

South-South cooperation applied to the SADCC.

In its initial deliberations, the SADCC decided to avoid actively promoting intra-regional trade. Any increased trade as a result of increased cooperation would be regarded as an unexpected bonus.

The SADCC, therefore, does not fit any of the formal models of traditional economic integration theory. All of the models are dependent on the initial foundation of the Free Trade Area, involving the dropping of intra-regional tariffs. The SADCC's deliberate avoidance of integration was initially seen as a failing and led to criticism of the organisation by first-world sceptics, who were wedded to the idea that any form of economic cooperation had to spring from a foundation of free-trade between states. The World Bank was among these and later retracted its initial criticism. [64]

The SADCC's avoidance of the orthodox approach to integration and cooperation stemmed from the failures of similar African attempts. One of the fears of the organisation was that the removal of internal tariffs would lead to increased industrial polarization of the region. Zimbabwe controlled the strongest economy of the organisation and other states feared that a elimination of internal tariffs

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[63] See, *inter alia*, Blumenfeld, J. Economic interdependence in southern Africa: from conflict to cooperation (1992) Oxford U. P. Cape Town; and Chery, F. The not so brave new world: problems and prospects of regional integration in post-apartheid southern Africa Bradlow Paper no 6, May 1992, South African Institute for International Affairs, Johannesburg.

[64] Hanlon, J. SADCC in the 1990's: development on the Frontline (1989) Economist Intelligence Unit, London. p 1.

would further strengthen this state. Another reason was the weak infrastructural linkages within the region. These weaknesses would not promote and advance free trade within the region. Within southern Africa, Nsekela observed that,

> "Trade does not automatically flow from absence of customs barriers, e.g. Botswana/Angola trade is blocked by lack of transport links even more effectively than by SACU. Therefore, to function, an economic coordination programme may need to include areas of policy well beyond common market creation." [65]

In avoiding the standard free-market, free trade area approach the SADCC adopted a policy of integration known as the 'sectoral approach'.[66] In order to spread the responsibility of the success of the organisation and, in an attempt to avoid the domination of the organisation by a single power, the workload of the SADCC was spread among members according to different sectors. The founders of the organisation opted to avoid the establishment of a strong Secretariat for fear that the implementation for plans for cooperation would be hindered by bureaucrats.

The Market Approach

With reference to the three approaches to integration mentioned in Chapter One, the organisation falls outside the boundaries of the market approach because of this approaches policies of trade liberalization. The SADCC has always maintained a policy of allowing regional trade to follow in the footsteps of regional infrastructural improvement, Seretse Khama arguing at the initiation of the SADCC that,

> "Intra-regional trade can increase without the creation of a free trade area or a common market. Each of our states in the SADCC has experience with those models of trade creation" [67]

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[65] Nsekela, op cit p 228.

[66] This is reminiscent of the functional approach to integration forwarded by Deutsch and Mitrany. Mitrany suggested that "the growing complexity of governmental systems had increased greatly the essentially technical, nonpolitical tasks facing governments. Such tasks not only created a demand for highly trained specialists at the national level, but also contributed to essentially technical problems at the international level, whose solution lies in collaboration among technicians, rather than political elites." Dougherty and Pfaltzgraff, op cit p 418-9. Here again the problem of high and low politics is introduced. On a purely technical level the essentiality of roads interlinking the southern African region is obvious. However, at a national political level problems appear; the ability for Third World leaders to delegate effectively, the financing of such a project, the need for the states to recognise the economic importance of cooperation and the distrust that leaders of these states have for their neighbours. These are some of the issues that the SADCC aimed to overcome.

[67] Seretse Khama, op cit p xii.

To emphasise regional trade on a free or almost free level between members of the region who imposed ideologically opposite forms of domestic economic policy, would be to invite division and tension in the region.

> "No form of free trade area or customs union is a desirable first step nor even a very promising medium term goal." [68]

The implications for the infant industry of an opening of borders and the lifting of restrictions on trade are far-reaching. Such actions can result in extreme competition between members, ruining domestic and therefore, regional economies.

The Complex Appraoch

The complex approach of integration demands that the states involved surrender certain aspects of their sovereignty while coordinating their national economies for regional benefit. Within the SADCC, the member states had vastly different approaches to national economy and planning. These varied from the centrally planned economies applied by Angola, Mozambique and Tanzania to the free market system of Botswana. The SADCC states agreed not to involve themselves in their neighbours' economies, thereby limiting their support of a regional economy.

> "At present neither homogeneity, knowledge, experience of working together, nor trust in the stability of relations are wide enough to allow a comprehensive economic integration community." [69]

Southern Africa is defined, at its narrowest, as the area of South Africa and its immediate neighbours, while at its broadest the region includes Madagascar, Tanzania and often the Comores. The SADCC approach was to argue that a

> "...broadly and flexibly defined region seems appropriate. Present links strongly suggest the inclusion of Tanzania. *This could imply later extension to include Rwanda and Burundi...over time the southern and eastern African regions may well merge and conceivably expand to include Zaire.*" [70]

The complex approach demands that regional development, as opposed to national development, occurs initially, presupposing the definition of a region. The flexibility of the SADCC towards a

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[68] Nsekela, op cit p 18.

[69] Ibid p 20.

[70] Ibid p 20. Emphasis added.

defined region, as illustrated above, clearly negates the complex approach's need to define a region.

The Functional Approach

However, the SADCC does not fall neatly into the third available approach of integration. The functional approach is broad and flexible and examines fields other than those of politics and economics.[71] The SADCC, while recognising the importance of all fields and interests within the state, placed an emphasis for development on some areas while regarding others as less important. The main area of concentration for initial development was that of transport and communications although heavy emphasis was also placed on the issue of food security. Railways and port facilities received the bulk of attention and funding from the states involved.[72] This imbalance in emphasis results from the

> "dominance of the Republic of South Africa [that] has been reinforced and strengthened by its transport system. Without the establishment of an adequate regional transport and communications system, other areas of cooperation become impractical." [73]

The SADCC fits the functional role more readily in the area of common institutions. It was initially proposed that the organisation be managed by a small staff that acted as overseers of specialist committees and groups. The institutions formed would place a special emphasis on regional development and deal with problems of a regional nature. They would be located within member states and might call upon any of the other members for assistance or advice if necessary.[74] The organisation also acknowledged the varying importance of sectors of development, recognising that some projects would greatly affect the region while others would have a very limited impact. The inequality between sectors was accepted in the expectation that the long run impact of the projects would benefit the states individually and the region as a whole. With a view to compromise the SADCC commented that it was not necessary

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[71] As stated in Chapter One, other fields that are examined within the functional approach include the improvement of health facilities, infrastructure, education, industrial and technical knowledge exchange.

[72] Kennedy, T. Southern Africa Transport - an analytical model (1990) Africa Institute, Pretoria. pp. 26-8.

[73] The Lusaka Declaration in Nsekela, op cit p 4.

[74] The Food Security Group which works almost exclusively in Zimbabwe, illustrates this point, as it deals with the regional issue of food dependency on South Africa.

"that each programme and project yield net benefits to each participating state. What is necessary is that each state perceives them as a group and evaluates their costs and benefits jointly as well as separately." [75]

Some proponents of the functional approach also call for the states involved in South-South cooperation to disassociate themselves from the market forces of the northern, industrialised states. As Altmann has argued

"If the influence of (capitalist) industrialised countries is responsible for biasing or obstructing development in the South, market forces must be deprived of their effect. Hence, only state intervention and state policy could guarantee the observation of an inward-oriented development process."[76]

This argument was clearly not supported by the SADCC members because of the organisation's call for international donor support as is clearly illustrated in their fourth goal of securing international cooperation and funding to achieve economic independence.

Functionalists have also criticised the role of inefficient state intervention within a cooperation attempt and critics have voiced their opinion regarding the role of the government in the SADCC's sectoral activities. For the member states to improve their efficiency in respect of their sectoral responsibilities might require the redistribution of a number of responsibilities. It may entail the private sectors of the respective members becoming more involved in regional planning.

While the foreign business interests within the private sector will continue to play a vital role for the members in the international market, another sector of the economy must fill the regional gap, implying that the local business sector become involved. Local businesses are likely to be smaller and, therefore, more flexible to adaptations, as the market demands. Regional reorganisation may also therefore mean the reorganisation of national economies, of the state reducing its direct interest in the regional economy and the people gaining a greater participatory role. Such steps may prove too difficult in the restructuring of the organisation. As has been observed by Weisfelder,

"Although SADCC leaders have embraced a larger role for the private sector, have endorsed the importance of the individual initiative, and have recognised the impact

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[75] Nsekela, op cit p 23.

[76] Altmann, op cit p 146.

> of excessive regulation upon production, they have not mollified the market-oriented critics who perceive the organisation to be a statist anachronism."[77]

According to the proponents of the functional approach, certain conditions have to be met for South-South cooperation to benefit all of the states involved. Among these conditions is a need for a regional plan of action. The SADCC regional plan of cooperation is clearly seen in the Lusaka Declaration, but in practice the problem arises of coordinating national development plans at a regional level. Although the Lusaka Declaration is by no means flawless, it does contain the necessary key elements of regional cooperation and a clear identification of goals. There is also an added element of cohesion because of the united opposition to a common enemy.

The SADCC also involved a number of levels of society in the cooperation attempt. At times the cooperation was not limited to the negotiations between governmental elites, but middle managers were involved in making decisions over which they had direct control. However, although this involvement of non-governmental officials was recommended by the SADCC, its true implementation was rare in practice. Various sectors of the economy were involved in order to allow for simultaneous cooperation and growth on a regional level.[78]

One of the idiosyncrasies of the SADCC, when compared with other Third World attempts at cooperation, was the minimal bickering over intra-regional trade due primarily to the SADCC's approach to trade, regarding it as a second priority to development. A central adage of the SADCC was that an increase in trade will naturally follow development. The rationale being the Conference's goal to move toward cooperation and development rather than integration. However, a reluctance to promote trade made this goal an idealistic burden rather than an economic encouragement. Tensions in trade relations and the unwillingness of the SADCC to deal with them may have forced the states apart, weakening their collective resolve towards their goals.

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[77] Weisfelder, R. "SADCC after apartheid" Transafrica Forum vol 8 no 3 1991 p 9.

[78] There have been problems in the harmonisation of sectors of the economy mainly because of issues fuelled by nationalist desire. In 1992 the duplication of regional routes by ten national airlines was a source of criticism from international sponsors as well as from internal sources. See Hanlon, (1989) op cit pp. 86-8 and Africa South Cape Town February 1992. pp. 29-36.

With its emphasis on the improving of regional transport and communications, the SADCC also fulfilled the functional condition that the development of infrastructure should be the underlying foundation of the cooperation attempt. It was argued that improved communication would, in turn, lead to the increase of domestically available and consumable goods. The SADCC did not, however, actively promote the liberalisation of trade between its members and saw it as a step away from its original goals of cooperation for development and a step towards a direct Third World integration venture.

The harmonisation of policies towards foreign investors has proved to be a weakness within the organisation, some of the members favouring foreign investment while others preferred to accept sponsorship without direct foreign investment.[79] However, it could be argued that the regional policy towards foreign investor was to involve a local industry in any investment prospect. Arguing that the organisation's primary goals are to lessen dependence and promote regional and national growth, the SADCC requested that foreign investors use local experts wherever possible in order for them to gain maximum exposure in the international field.

The SADCC, although not fitting the functional approach of South-South cooperation perfectly is closer to this approach than any other. The flexibility offered by the functionalists lends itself to the flexible strategies favoured by the SADCC countries. Each state was allowed to develop at a national level with an emphasis on regional development.

Problems with applying South-South cooperation to the SADCC

Although South-South cooperation could be applied to internal workings of the SADCC, regionally, it is necessary for the organisation to have a developed 'partner', regarded as a member of the 'South'. This state has to be regarded as part of the 'semi-periphery' and must be able to assist in the development of the region through bilateral relations. The SADCC did not acknowledge a relationship with such a partner and preferred to rely on the more developed Northern states for investment, technology and trade. South Africa could easily play this role of semi-peripheral power;

[79] There was also the problem of differing policies towards privatisation of the economy among members and the role of the public sector in the economy. Both these factors tipped the balance of outside investors in favour of the states with the more liberal economies

not as the industrialised saviour of the region, but rather as a partner in development enterprises. South Africa has a greater industrial and financial base than the SADCC and is in the prime position to assist the other members of the region, recognising that it also has domestic demands that take precedence over regional appeals.

Important questions are raised regarding the viability of such a cooperation attempt. The sustainability of the SADCC model has been scrutinised in the wake of reforms initiated in the South African Parliament in February 1990. The government of the pariah was replaced by a seemingly more accommodating administration, but cooperation with South Africa would not eliminate that country's domination of the regional economy. If South African domination is acceptable to the SADCC members the question must be asked whether the ultimate goal of the SADCC was to delink from a political opponent rather than an economic titan? If it is not acceptable, what role can South Africa play in the region given its relatively vast economic power and industrial capability?

South-South cooperation has always tended to focus on the constraints and possible options open to peripheral members. In the southern African region the peripheral members would include all the states with the exception of South Africa, which would play the role of the semi-periphery. However, viewed from an international perspective, South Africa becomes peripheral itself. The international standing of the state diminishes in direct proportion to the width of the scope of the study. To view South Africa from within the region is to view it as the hegemon. To widen the scope to the extreme limits of the international political economy, is to view South Africa as a small international player but an important part of the southern African region.

The application of South-South approach to regional cooperation in southern Africa is applied in the Fourth Chapter. It is suffice here to point out that the variables needed to apply the South-South model; peripheral states with a need for development and a more developed semi-peripheral state with an ability to assist in development, exist in the southern African region.

Conclusion - lessons from the past.

The chances of success for a southern African regional organisation excluding South Africa are slim. The inclusion of South Africa would not eliminate obstacles and problems on the road to successful regional cooperation, but would lessen the detrimental impact of the regions' future dealings with South Africa. Given the predictions of population growth and present commodity prices the region is facing a bleak future. It desperately needs to develop and industrialise to cope with these future demands. It also faces fierce competition with other areas of the Third World for foreign investment and aid.

There is an urgent need to eliminate the stubborn nationalism which has proved to be an extremely corrosive force. Instead, the modern southern African states should take time to learn from their history and they would see a region made up of interdependent units as well as independent states. This perception was reflected in the ideals of the colonial powers and in the infrastructure that they built. The colonial powers regarded southern Africa as a single unit but were hindered by their own imperialist goals from nurturing this ideal. The boundaries which they drew divided the territory into administrative areas but the actions of the powers and the deliberations between them belies the fact that partition was their goal.

There is a need for the states of southern Africa to present a common front to the international community and to offer stability and prosperous investment opportunities. Regional development and reconciliation as espoused by the region's historical mentors - the colonial powers, would assist in reaching this goal. In turn, southern Africa would be able to enter into the international economic community as a player, and not as a passive supplicant.

The SADCC's goals have also been re-examined in the last few years. In the past the organisation and its policies have been scrutinised from the theoretical perspectives of integration theory and regionalism. Unfortunately, this examination was never been thoroughly conducted due to the guise of the SADCC's opposition to South Africa. With the reform process in South Africa being formally initiated in 1990 the options available to the SADCC increased. South Africa was now free to join the organisation and did so in August 1994. If it were wholly true that the organisation was merely an economic embodiment of a political crusade, the SADCC would have terminated its operations.

In the light of these possibilities it became increasingly evident that a new organisation or a radically restructured SADCC was in the making. The following chapters examine the options available to the organisation to re-fashion using the foundation of South-South cooperation.

CHAPTER THREE

SOUTH AFRICA and the SADCC 1980 - 1994

"SADCC has grown out of a common awareness of common interests. Its immediate objectives are well defined and limited. SADCC exists only to the extent that its member states breathe life into its common programmed and projects."

Quett Masire[1]

Introduction.

The relationship between South Africa and SADCC has fluctuated throughout the SADCC's existence. This is due in part to fluctuations and events in the regional setting. The most significant change has clearly been the collapse of apartheid and the establishment of a democratic political order within South Africa. This, in turn, has opened the door for greater regional cooperation.

Changes that have occurred within the SADCC have been due largely to external forces. The disintegration of the Soviet Union and the end of the Cold War led to a change of attitude on the part of those states that had previously been unwilling to cooperate with South Africa. These events also played a part in the resolution of the Namibian crisis and the subsequent withdrawal of Cuban troops from Angola, although the resumption of the Angolan civil conflict continues to be an hindrance in the search for regional peace and stability.[2] The global trend towards democracy has also impacted upon the region. President Kaunda of Zambia and President Banda of Malawi were both defeated in their countries' first free and fair elections. The Mugabe government in Zimbabwe faces increased opposition, although is likely to hold onto power in the near future.

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[1] Quoted in Hanlon, J. SADCC in the 1990s: development on the Frontline (1989) Economist Intelligence Unit, London. p 6.

[2] See Botha, P. "Angola Update" Africa Institute Bulletin vol 33 no 2 1993.

This chapter will examine the relationship of the SADCC with the regional hegemon, South Africa. It will also analyse changes within the SADCC organisation and discuss those factors which lead to its transformation in 1992 when the SADCC became the Southern African Development Community, (SADC). The chapter will finally examine the inclusion of South Africa in the organisation.

South African hegemony of the region

In 1979 P. W. Botha of South Africa proposed the formation of a 'Constellation of Southern African States', (CONSAS).[3] This was seen as part of Prime Minister Botha's 'total regional strategy'. However, this strategy depended heavily on the cooperation of South Africa's immediate neighbours.

Following Zimbabwean independence in 1980, South Africa had to accommodate to the victory of Robert Mugabe over the South African favoured candidate, Bishop Abel Muzorewa. Mugabe made clear his feelings of economic cooperation with South Africa by joining the fledgling SADCC organisation, thereby snubbing the South African sponsored CONSAS initiative.

South Africa had incorrectly assumed that the threat of communism was as real to its neighbours as it was to Pretoria. The communist threat, it reasoned, would ensure support for the South African-dominated ideal of regional cooperation. "The second shock was when all three other non-FLS members also joined SADCC. Clearly, apartheid was seen as more evil than socialism." [4]

Some have argued that Zimbabwe did not have completely unadulterated "anti-apartheid" grounds for joining the organisation. "Though himself not yet subject to direct military pressures, Mugabe accepted the eventual possibility of his country sharing their fate at the hands of South Africa. Hence his strong interest in promoting the SADCC." [5] Rather than join the SADCC for the altruistic

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[3] CONSAS proposed to incorporate most of the southern African states, and include the TBVC homelands. It was critised as a South African strategy of regional domination.

[4] Hanlon, J. Apartheid's Second Front: South Africa's war against its neighbours (1986) Penguin, London. p 39.

[5] Legum, C. The Battlefronts of southern Africa (1988) Africana, New York. p 213.

reasons of regional cooperation and to oppose the international pariah, it is proposed that Zimbabwe joined the organisation to ensure that it did not stand alone to face possible South African destabilisation. Zimbabwe's often autarkic relations with other the SADCC members, may result from this reasoning rather than the ideals espoused by the Lusaka Declaration. The economic dominance of Zimbabwe over its fellow SADCC members, bears this out.

There can be no denying South African hegemony over the region in a number of different areas. Magnus Malan, then Minister of Defence, classified the South African power into four main groupings. [6] These were:

i) Security;
ii) Socio-psychological;
iii) Economic;
iv) Diplomatic.

Others argued that these four power bases were used in seven sub-divisions of destabilisation. These were identified as "direct military action including sabotage, clandestine support for banditry, assassination, espionage, economic sabotage, propaganda and disinformation." [7]

All of the four power bases were used in asserting South African dominance over the region. The diplomatic power base became increasingly ineffective as international pressure on South Africa grew. Although there was a minor departure from this trend in the mid-eighties with Botha's visit to Europe, [8] it ended finally in the early 1990's with de Klerk's domestic reforms. The remaining three foundations of South African power are inexorably bound together in their application within the region. All three assisted in the realisation of the others.

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[6] Hanlon, Apartheid's Second Front op cit pp. 41-4.

[7] Martin, D. (et al) "Zimbabwe: apartheid's dilemma" in Johnson, P. (ed) (et al) Destructive Engagement: southern Africa at war (1986) Zimbabwe Publishing House, Harare. p 43.

[8] This was partly due to the diplomatic 'coup' of the signing of the Nkomati Accord. "Suddenly P.W. Botha was *persona grata* in polite company. The press noted that such a visit would have been impossible six months before, and that it was due to the diplomatic thaw of Nkomati." Hanlon, Beggar your neighbours op cit p 37.

The security power base allowed South Africa to maintain a large military force and to use it in an anticipatory defence capacity. The socio-psychological base allowed the government of South Africa the excuse of exercising its security base in the face of international opposition, and the economic base allowed for the use of 'levers' to exercise South African industrial strength in a non-violent form of coercion. These levers varied in type from the use of coercive economics such as the withdrawal of locomotives lent to the Zimbabwean government, to the lowering of tariffs for the transportation of SADCC goods through South African ports. These, if necessary, were to be reinforced by the other bases of power.

The SADCC attempted to shape an opposition to the economic hegemony of South Africa, and at the same time, the South African government tried to ensure that the region would remain heavily dependent. While continuing to trade with states in the region, exercising the economic base, South Africa adopted other strategies to ensure the states' continuing dependence.

South African destabilisation of the region

The methods and tactics of the security power base and the events of destabilisation are well-documented.[9] Some have attempted to estimate the financial and human cost of destabilisation[10] but often omit the real, yet intangible, cost of time. The organisation had to provide an alternate infrastructural framework for itself. Time was an important resource because, while the region was destabilised, the economies of the member states were in decline. Alternative economic routes and frameworks needed to be identified and developed, in order to ensure the survival and growth of the SADCC states' economies.

In the 1980's South African military incursions into neighbouring states became more frequent. South Africa was often accused of using military operations in the region to counter its fear of losing its position as regional economic hegemon. However, other considerations must also be brought to

[9] See, *inter alia*, Hanlon, Beggar your neighbours, Lee, op cit; Legum, op cit and Johnson, op cit.

[10] Hanlon estimated that the cost of destabilisation at 1988 prices was over US$ 60 billion. This included the South African support of UNITA and Renamo. The cost in human terms as estimated by UNICEF is over one and a quarter million people, including all destabilisation-induced famine and wars. Hanlon, (1989) op cit pp. 156 ff.

bear when considering this military activity or what the opponents of the apartheid regime termed "destabilisation".

South Africa's domestic policy of apartheid centred on the perpetuation of white minority rule. When states to the North of South Africa achieved their independence, South African domestic policies were placed under increasing pressure. There was also an increase in international and regional coercion on South Africa to abandon its racist policies. When the two Lusophone colonies achieved independence and adopted pro-Marxist policies, the South Africa government perceived an intensification of pressure. Pretoria identified this increase in coercive pressure as the 'Total Onslaught'. Jaster has commented that,

> "South Africa's regional policy is not determined solely on the basis of its regional interests, however. Rather, it is the product of the leadership's shifting perception of its total security situation: in particular by the perceived security threat, internal and external; the state of Pretoria's relations with the Western powers; and domestic political imperatives." [11]

Thus, the SADCC was not the sole target of South African military action but rather a single representative of a greater enemy. South Africa saw its hegemony over the region as vitally important for the continued survival of its domestic policies. The SADCC was just one of the many opponents of this hegemony. The perception that the SADCC was the economic embodiment of the more political FLS reinforced Pretoria's perception of the "Total Onslaught".

There is further debate as to whether destabilisation was directed against the SADCC as an organisation, or whether it was aimed at the members in their separate capacities as opponents of the South African government. There are a number of examples of South African action taken against states in the region that are questionable in this light. Most authors seem to regard them automatically as actions against the SADCC itself rather than against the individual states. While the latter actions would undoubtedly adversely affect the SADCC, the question is whether this was the intention behind the initiation of the policies. South Africa used its transport network against the southern African states on a number of occasions. Botswana has a capacity for a strategic oil reserve of four months. In 1980 South Africa refused to pump enough oil to Gaberone to fill this reserve. In March 1980 South Africa recalled its locomotives lent to Rhodesia under the Smith

[11] Jaster, R. The Defence of White Power: South African foreign policy under pressure (1988) Macmillan, London. p 89.

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[11] Jaster, R. The Defence of White Power: South African foreign policy under pressure (1988) Macmillan, London. p 89.

administration, that the newly independent Zimbabwe was dependent upon.[12] In 1981 the pipeline that pumped oil from the Mozambiquean port of Beira to Zimbabwe, the Beira corridor railway and bridges were destroyed through South African means. In 1982, after its reconditioning, the oil termial in Beira was blown up.[13]

Although some of these events occurred before the formal formation of the SADCC, they no doubt impacted on the fledgling organisation. The question is whether these actions were directed against the SADCC or against the individual states? In the case of the Beira pipeline for instance, the country that sufferred and incurred cost as a result of its destruction was Zimbabwe.[14] Other examples are often used to discredit the South African state in its relations with the SADCC. It is accused of dramatically reducing it exports through Maputo, re-directing the exports to the South African port of Richards Bay, thereb causing a drain on the economy of the city.[15] It must be remembered however, that the SADCC was attempting to delink from South Africa and that this may have been a primary reason for the South African re-direction of traffic to Richards Bay. Inefficiency on the Mozambiquean lines was also a contributory factor,[16] as was the change of the size of transport containers. The Mozambiquean port was not equipped to deal with this logistical change, in comparison to the more modern South African ports.

The line dividing the two categories the destabilisation of the states and the destabilisation of the SADCC is exceptionally thin, but of extreme importance. If the strategy of destabilisation was directed at the SADCC then the organisation can blame the South African authorities for its shortcomings. If, however, the latter case is true, the SADCC, although taking the disruption of the South African policies into consideration, must look elsewhere for a cause of its failures and

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[12] Hanlon, J. Beggar your neighbours (1986) Catholic Institute for International Affairs, London. pp. 74, 188.

[13] See Hanlon (1989) op cit p 68. The pipline was targetted an additional seven times in the years 1983-5. Johnson, P op cit p 71.

[14] Direct costs incurred by Zimbabwe included the deployment of soldiers to protect the pipeline, indirect costs included lost revenue to the sectors of the Zimbabwean economy that were heavily dependent on petrol, such as tourism. Johnson, P. op cit p 71.

[15] See Martin, D. (et al) "Mozambique: to Nkomati and beyond" in Johnson, P (et al) (eds) Destructive Engagement: southern Africa at war (1986) Zimbabwe Publishing House, Harare. p 28-9.

[16] See, for example, Dr Moolman's comment in Leistner, E. "The African context of the regional challenge facing South Africa" Africa Insight vol 19 no 1 1989. p 13.

inadequacies. While the socio-economic consequences of destabilisation - even if directed at individual countries - obviously affected the overall performance of the organisation and exacerbated weaknesses in the SADCC; the inherent, intrinsic weaknesses of the organisation were present. It is these weaknesses that have often been overlooked in evaluations of the SADCC, due to the more obvious causes of the organisation's failings - South African destabilisation.

To totally shift the blame for the organisation's shortcomings onto the international pariah is too simplistic. South African policy towards the region actions promoted this view by fusing actions against the individual states with actions reinforcing the region's economic dependence on South Africa. There is no doubt that South African-sponsored terror through the likes of the MNR[17] caused disruptions in the SADCC's attempts to delink from South Africa through Mozambique; but a common fault is to emphasize these actions while ignoring the organisation's internal problems.

In addition, a distinction must be drawn between South African economic and military destabilisation. Although one may be used to attain the goals of the other, the two policies are not identical. Economic destabilisation indicated a desire on the part of the South African government to make the SADCC states, either individually or collectively, more dependent on Pretoria. This is in direct opposition to the SADCC's goals. Military destabilisation would have proved difficult to carry out effectively against the SADCC as an organisation, and was thus directed against individual members especially those states that gave sanctuary to ANC personnel. [18] South African "proxy forces" of UNITA in Angola and the MNR in Mozambique, were directed against the governments of those states rather than against the SADCC organisation or these states' membership of the organisation.[19]

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[17] The Mozambique National Resistance, (MNR), changed the name of the organisation to *Resistencia Nacionale de Mocambique*, (Renamo, a Portuguese acronym), in the early 1980's, in an attempt to gain greater legitimacy and bolster domestic and international support. For uniformity the former acronym, MNR, is used throughout, unless otherwise indicated.

[18] For an evaluation of South Africa's destabilisation raids against ANC bases in neighbouring states, see Jaster, op cit pp. 119-40.

[19] This distinction is easier to draw in the case of UNITA, given the MNR's record of railway sabotage. However, for a full evaluation of MNR activities and rationale see Vines, A. Renamo: terrorism in Mozambique (1991) Centre for Southern African Studies, York.

While not being overtly anti-South African, the SADCC attempted to weaken South Africa's industrial hold on the region. In so doing, it adopted an anti-South African stance. The SADCC should have abandoned this posturing and moved towards its identified policy goals of development and economic independence. Southern Africa's underdevelopment problems do not stem directly from the internal policies of South Africa, but rather from other factors, such as history and infrastructural inefficiencies. South Africa would be the dominant regional economic power no matter what internal policies it practiced. The following extract from the opening statement of SADCC 2 clearly illustrates the confusion and the merging of the issues of regional dominance and apartheid.

> "They [under-development and dependence] persist above all because of the dominance of the Republic of South Africa in so many fields of economic activity in our region. In varying degrees all of us are adversely affected by the unequal linkages which tie [us] to South Africa....So it comes about that the struggle for peace and progress for our peoples cannot be separated from the struggle to reduce our dependence...on this powerful neighbour whose racist policies are unacceptable not only to Africa but to the entire international community."[20]

Reasons for destabilisation

The reasons for the policy of South African destabilisation are complex. It has been argued that because of its internal polices South Africa wanted to 'protect itself' from Africa. From the perspective of the South African government, Africa was seen as the '*swart gevaar*' which threatened the continuance of white minority rule. In attempting to insulate itself, and in so doing, protect its government and policies, South Africa exerted economic and military influence. It has also been argued that the South African government realised the need to reform its internal policies but wished to do so while excluding the African National Congress. The government used regional destabilisation to create a "breathing space" to begin the reform process.[21]

Although African states were seen as sympathisers of the opponents of white minority rule, a similar policy may have been exercised towards Africa even if South Africa had been under the control of a majority ruled government albeit for different reasons.

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[20] Mmusi, P. S. in Kgarebe, A. (ed) SADCC 2 - Maputo (1981) SADCC Liaison Committee, London. p 31.

[21] See Alden, J. C. The South African state and regional apartheid: processes of change in state strategy under P W Botha (1993) PhD Thesis, Fletcher School of Law and Diplomacy.

The difference, is that under a majority government, the policy would not be practiced against Africa as the '*swart gevaar*'. It would rather be seen as safeguarding the sovereignty of the South African state, maintaining the dominance of the South African state in the region or the protection of the South African domestic economy. At present the southern African region is facing this dilemma, hoping to protect themselves from majority ruled, South African economic dominance. South African regional destabilisation was an attempt to protect the domestic policies of the apartheid government. South African regional dominance, however, does not stem from these policies or from the state's misguided attempts within the region to preserve its minority government. Reasons for a difference in levels of development between states in the region lie in the history of the region. South Africa has used both economic and military means to strengthen its inherited imbalance in the region. Martin supports this view, arguing that,

> "SADCC's principal significance is political, as the mirror image of South Africa's Consas (sic) idea. It is thus regarded with some hostility in Pretoria. Black rule in Pretoria would reduce, but not remove, its *raison d'être*."[22]

Other reasons for South African regional destabilisation include reinforcing domestic confidence in the South African government and raising morale of the South African armed forces.[23]

A number of tactics, both coercive and persuasive, were used by South Africa in its destabilisation of the region. These included the use of its own forces in direct military intervention as well as the funding and aiding of other organisations as "proxy forces". Pretoria also supplied military and logistical aid to these movements and opted for other tactics such as political assassinations, to weaken its enemies. At times the government chose to use 'economic persuasion'. These differing methods can be summed up in what O'Meara describes as the 'carrot and stick approach'.

> "Through the carrot of what can be termed as 'formative action', it sought to create a network of economic, political and security relationships that would persuade neighbouring states that it was in their interest to cooperate with Pretoria. However, the stick of destabilisation was used frequently against countries that would not cooperate. The adoption of any particular mix of formative and destabilising measures toward specific states between 1978 and 1984 depended on various

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[22] Martin, R. Southern Africa: the price of apartheid (1988) Economist Intelligence Unit, London. p 58. In fact, after the 1994 elections, South Africa has maintained a distance from the region, and has not become intrisically involved in regional affairs, although it has joined the SADC.

[23] "The popularity of cross-border attacks was shown in a 1982 opinion poll of South African whites, 80 percent of whom approved assaults on the sanctuary states." Jaster, (1988), op cit p 120.

factors, the most important of which were the rhythm of the struggle in the region and the pattern of internal relations within the target states." [24]

As a result of intense domestic upheaval within South Africa, and because of increased regional instability, the SADCC became an international focal point of opposition to the pariah state. It was the only regional economic organisation not dominated by the South African government.[25] This magnified the organisation's importance and paved the way for international sponsors to become actively involved in a constructive method of fighting the apartheid regime. Simultaneously international donors could contribute to the development of the states.[26] Participation by international sponsors resulted in their being 'selective' in their criticisms of the SADCC, blurring the realities of the successes and the shortcomings of the organisation.[27] The aid contributions from the international partners also created problems, which are discussed below, relating to the dependence of the organisation on outside countries.

The Nkomati Accord signed by South Africa and Mozambique in 1984 had important implications for the whole of the region. [28] It showed the South African regime to be the most powerful in the

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[24] O'Meara, D. "Destabilisation in Southern Africa: total strategy in total disarray" Monthly Review vol 7 no 1 1986 p 64.

[25] The Preferential Trade Area (PTA) had been established in 1982, but its membership extended outside the boundaries of southern Africa into the eastern and more northern reaches of Africa.

[26] This dualistic support for both the SADCC and South Africa has been regarded cynically by writers such as Lee, M. SADCC: the political economy of development in southern Africa (1988) Winston-Derek, Tennesee. Lee argues that the involvement of the Western nations was not, in fact, a constructive method of fighting the *apartheid* regime or for the development of the SADCC states. Lee holds that it rather maintained the region's semi-peripheral position in the global capitalist economy.

[27] On discussing the SADCC's shortcomings most criticisms, especially in early papers, disregarded them as teething problems of the organisation. In later papers mild criticism was offered. The majority of authors praised the SADCC, being partisan to it. Although admitting failures, the authors seemed reluctant to explore the reasons for these. In the later yeas of the SADCC, when it became obvious that South Africa was following a path to reform, critisism from the interanational sponsors was more focussed.

[28] The Nkomati Accord renounced the funding and harbouring of groups trying to overthrow neighbouring governments. A few months after this agreement was signed South Africa renewed its funding of the anti-FRELIMO, MNR. Although the debate is not clear on this matter, there may have been conflict between different branches of the South African bureaucracy. While the Department of Foreign Affairs supported the signing of the Nkomati Accord, the Department of Defence continued its support and funding for the MNR. See Vines, A. op cit. and Alden, J. op cit.

region, and fulfilled earlier government statements. [29] For the skeptics, it also showed the South Africa to be the military hegemon. President Masire, (of Botswana),

> "felt it, (Nkomati), could not be identified as a non-aggression pact since no neighbouring countries were aggressors; South Africa had bullied Mozambique into the Accord."[30]

Whether the Nkomati Accord could be declared successful for the SADCC is a contentious point. If the goals of the organisation are taken literally, then the Nkomati Accord was not an agreement that furthered the first goal. On the other hand, the agreement was limited to the military components of non-aggression and peaceful co-existence, unlike the secret Swaziland deal of 1982, the main aim of which was "to strengthen the already strong ties with South Africa". [31] Samora Machel, then president of Mozambique, regarded Nkomati as a success and disagreed with Masire, arguing that,

> "Our military victories and the success of the diplomatic offensive which brought about the international isolation of the apartheid regime... caused imperialism's option in favour of military destabilization to fail." [32]

Despite Nkomati being limited *de jure* to military components, the commercial implications were unavoidable. Maputo remains the natural port of the South Africa's industrial heartland and any thawing of relations between the two governments was welcomed by the business community. [33] South African business was called on to assist in the modernisation of the port. [34] In fact, South Africa and Mozambique had partially returned to the colonial agreement of the National Convention where Lourenco Marques handled the bulk of Transvaal industrial traffic. [35]

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[29] An example of this was P W Botha's Twelve-Point Plan revealed in 1979. "The eighth point expressed the government's hopes of establishing 'a peaceful constellation of southern African states'. The ninth declared South Africa's determination to defend itself 'against interference from outside in every way'". Jaster, (1988) op cit p 89.

[30] Maasdorp, G. SADCC: a post-Nkomati evaluation (1984) South African Institute of International Affairs, Johannesburg. p 90.

[31] ibid p 91.

[32] Samora Machel, quoted in Legum, op cit p 355.

[33] Maasdorp, (1984) op cit p 96.

[34] Valigy, I. and Dora, H. "The creation of SADCC and the problems of transport" in Viera, S. (ed) (et al) How fast the wind? Southern Africa 1975 - 2000 (1992) Africa World Press, New Jersey.

[35] Davenport, T. South Africa: a modern history (1987) Southern, Johannesburg. pp. 244 ff.

In 1985 P W Botha declared a domestic state of emergency in order to combat the rising rate of civil disturbances. It was alleged that regional states were harbouring ANC operatives who were then penetrating the South African borders. [36] The regional states argued that they had little control over the extremely porous borders and Lesotho, while suffering from

> "extreme military and economic pressure from South Africa, .. expelled large number of ANC members and refugees who, though apparently not guerrillas, were on South Africa's list of undesirables. Both Botswana and Zimbabwe have maintained long-standing policies of denying sanctuary to any but *bona fide* South African refugees, a position both governments have reiterated publicly from time to time. South Africa has not yet accused either country of departing from that policy, but rather of lax implementation." [37]

After a cross-border raid by the SADF on Botswana, killing sixteen people, the United States withdrew its ambassador from Pretoria. Limited sanctions were imposed by a number of western nations, but concern was expressed as to the effect of these actions on the SADCC. Supporters of sanctions did not often take into account the heavy dependence of the SADCC states on the South African economy. Swaziland refused to impose any form of sanctions and, in so doing, opened itself for 'proxy business' from those investors who responded to the call for disinvestment. In many cases, business conducted with South Africa could be done by pasting a label on the goods bearing the stamp of the Kingdom of Swaziland.

The reaction of most of the other SADCC states to the state of emergency and the cross-border raids was not as dramatic. With the exception of Angola and Tanzania, all of the members traded with South Africa to some extent. [38] Zimbabwe had a more sensational reaction. Mugabe threatened to cut all trade links with South Africa, but later reconsidered his outburst in the light of

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[36] "South Africa's State Security Council accused *all* the neighbours of harbouring ANC operatives and threatened them with retribution, thus implicitly acknowledging that South Africa could not be certain where ANC attacks originated." Jaster, (1988) op cit p 122. (emphasis in source)

[37] Jaster, (1988) op cit p 14.

[38] It was estimated that in 1980 about 43 South African companies held considerable sway in the Zimbabwean domestic economy. Chimombe, T. "Foreign Capital" in Mandaza, I. (ed) Zimbabwe: the political economy of transition 1980-1986 (1987) CODESRIA, Harare. p 128. Estimates in 1987 showed that 20% of all Zimbabwe's imports still came from South Africa. Stoneman, C. "The Impact on Zimbabwe of sanctions against South Africa" in Orkin, M. Sanctions against South Africa (1989) David Phillips, Cape Town. p 190. Real trade figures for trade between South Africa and other non-SACU states are unavailable, but some estimates are given in Africa at a Glance (1992) Africa Institute, Pretoria and Hanlon, (1989) op cit. Other estimates show that in 1984, the SADCC received 36.7% of its imports from and exported 9.3% of its trade to South Africa. Maasdorp, G. and Whiteside, A. Rethinking Economic Cooperation in Southern Africa: trade and investment (1993) Konrad-Adenauer-Stiftung Occassional Paper, Johannesburg. p 14.

the severe economic consequences.[39] Lesotho's reaction to the South African giant was one of defiance. The small kingdom had given sanctuary to ANC activists and relented only when the SADF carried out cross-border raids. In fact, it is well documented that the South African government engineered the 1986 Lesotho coup d'etat that ousted Chief Leabua Jonothan.[40]

The most important event in the region in the latter half of the 1980's was the resolution of the Namibian conflict. The war on the Namibian/Angolan border had been fought since the independence of Angola in 1975. The SADF had conducted military offensives into Angola for fifteen years. The resolution of the conflict facilitated domestic reforms in South Africa for the de Klerk government. These, in turn, have been instrumental in the change of attitude of the international community towards South Africa. An end to the Namibian issue eased relations between the SADCC and South Africa and marked a watershed of South Africa-SADCC relations and of the SADCC's relations with the international community.

Although South Africa played a destabilising role within the region for more than a decade, it is far too simplistic an approach to blame the failures of the SADCC solely on destabilisation. Other factors must be considered. Debating deliberate South African destabilisation, Green and Thompson maintain that

> "The question arises as to whether South Africa's strategy and tactics for regional hegemony form a seamless web of diabolically clever Machiavellian ...cunning; a wandering minstrel show lurching from one piece of crisis management to another; or a mass of internal contradictions and insoluble conflicts...The answer is probably none of the above by itself, but some of each combined."[41]

The demise of the SADCC.

Despite the opportunities afforded by international cooperation and aid, the SADCC has not achieved a high level of success. It has been described as a 'moderate success' and viewed with

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[39] Barber, J. and Barratt, J. South Africa's foreign policy: the search for status and security (1990) Southern, Johannesburg. p 335. South Africa received and exported an estimated 19.3 % of Zimbawean imports and 18.3% of its exports in 1984. Maasdorp, G. (et al) op cit.

[40] See inter alia Jaster, (1988) op cit p 121.

[41] Green, R. and Thompson C. "Political economies in conflict: SADCC, South Africa and sanctions" in Johnson, P. (ed) (et al) Destructive Engagement: southern Africa at war (1986) Zimbabwe Publishing House, Harare. p 43.

'cautious optimism'. The reasons are self-evident. Some restricting factors were beyond the control of the members, such as South African military aggression. On the other hand, the SADCC has suffered from similar ailments as have other developing countries' attempts at cooperation. The SADCC itself has stated that,

> "Progress towards the reduction of the region's economic dependence and economic integration has, so far, been very modest....Regional cooperation is yet to become a factor in the strategies of member states for national development." [42]

The SADCC managed to achieve some success owing to the original approach initiated by the members over a decade ago. These included the laying of a foundation for cooperation within the region, the focus on the region by the international community and the number of projects that the organisation launched and implemented in the twelve years of its existence. However, the initial momentum of the organisation seemed to evaporate after the South African domestic reform process began to take effect. The issue of whether the SADCC was a political or economic organisation was re-debated because the political opponent had vanished.

In 1989 a team was appointed by the Summit to examine the potential restructuring of the SADCC. Its report, delivered in March 1992, argued that the SADCC needed to formalize its integration policies. To do so meant an abandonment of the original goals and ideals of the SADCC and an adoption of policies that had failed elsewhere in Africa. The draft declaration states that,

> "Integration is fast becoming a global trend. Countries in different regions of the globe are organising themselves into closer economic and political entities. These movement towards bigger economic blocks will transform the world..." [43]

The Report continues to argue that integration in the formal sense would be advantageous to the region. When the SADCC adopted this declaration it moved diametrically from its original intent set out in 1980 which declared that the members

> "... collectively reject models which would lead to growing gaps between stronger and weaker states and to conflicts of interest which would seriously undermine mutual trust and contain the seeds of dissolution.... Our trade arrangements should not be at the mercy of free trade forces or foreign companies." [44]

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[42] SADCC: towards economic integration SADCC Internal Working Document, Gaberone. SADCC/SCO/4/91/4. p 2.

[43] SADCC, Towards the southern African development community, Draft Declaration, SADCC internal working document, March 1992.

[44] Seretse Khama "Introduction" in Nsekela, op cit p xii.

'cautious optimism'. The reasons are self-evident. Some restricting factors were beyond the control of the members, such as South African military aggression. On the other hand, the SADCC has suffered from similar ailments as have other developing countries' attempts at cooperation. The SADCC itself has stated that,

> "Progress towards the reduction of the region's economic dependence and economic integration has, so far, been very modest....Regional cooperation is yet to become a factor in the strategies of member states for national development." [42]

The SADCC managed to achieve some success owing to the original approach initiated by the members over a decade ago. These included the laying of a foundation for cooperation within the region, the focus on the region by the international community and the number of projects that the organisation launched and implemented in the twelve years of its existence. However, the initial momentum of the organisation seemed to evaporate after the South African domestic reform process began to take effect. The issue of whether the SADCC was a political or economic organisation was re-debated because the political opponent had vanished.

In 1989 a team was appointed by the Summit to examine the potential restructuring of the SADCC. Its report, delivered in March 1992, argued that the SADCC needed to formalize its integration policies. To do so meant an abandonment of the original goals and ideals of the SADCC and an adoption of policies that had failed elsewhere in Africa. The draft declaration states that,

> "Integration is fast becoming a global trend. Countries in different regions of the globe are organising themselves into closer economic and political entities. These movement towards bigger economic blocks will transform the world..." [43]

The Report continues to argue that integration in the formal sense would be advantageous to the region. When the SADCC adopted this declaration it moved diametrically from its original intent set out in 1980 which declared that the members

> "... collectively reject models which would lead to growing gaps between stronger and weaker states and to conflicts of interest which would seriously undermine mutual trust and contain the seeds of dissolution.... Our trade arrangements should not be at the mercy of free trade forces or foreign companies." [44]

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[42] SADCC: towards economic integration SADCC Internal Working Document, Gaberone, SADCC/SCO/4/91/4. p 2.

[43] SADCC, Towards the southern African development community, Draft Declaration, SADCC internal working document, March 1992.

[44] Seretse Khama "Introduction" in Nsekela, op cit p xii.

The SADCC realised that there was a need for restructuring given that South Africa, the common enemy of the 1980s, was likely to soon become the economic competitor of the 1990s. The organisation also had to consider the possibility of South Africa being a potential member of any regional organisation. In the light of competition between regional organisations, the SADCC had to make itself an attractive option. In addition, the threat of increased and internationally legitimate competition, (as opposed to illegitimate economic domination), from South Africa sounded the death knell for the raison d'être of the SADCC. The SADCC also saw itself as fighting regional trading blocs in the developed world.[45] In its document, Towards Economic Integration, a number of trading blocs are identified as possible competitors in the international market place. The collapse of the Soviet bloc was also identified as a cause for reevaluation, given that it deprived the organisation of an alternative source of aid and development. The SADCC states were urged, in the same document, to move towards a more trade oriented integration approach and place more emphasis on intra-regional investment than on regional infrastructural improvement.

The approaches adopted at the initial meetings of the SADCC, in the early 1980s, were relevant to the organisation at that time. Recent events in the region, most importantly the democratic transformation within South Africa, obliged the SADCC to modify its structure and, to a certain extent, its goals. It is important, however, that the organisation should not have lost sight of successes it has achieved and more importantly, the means it used to achieve them. Despite the need to reconsider options and paths, the overall plan should not be disregarded. For the region to adopt an approach that drifts towards orthodox integration and a set timetable could be ill-fated. Green points out that,

> "...only in transport and communications does progress really amount to operational indicative planning ... The regional economic survey is neither frequent nor in-depth enough to serve as a guide for national planners as to regional perspectives. Probably what is needed is not a grand design but a continued series of incremental gains." [46]

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[45] List of competitors of international trading blocs.

[46] Green, R. "Economic integration/coordination in Africa: the dream lives but how can it be lived." In Pickett, J & Singer, H. (eds) Towards economic Recovery in sub-Saharan Africa (1990) Routledge, London. p 117.

Political rather than economic steam drove the SADCC engine in its initial stages. Economic needs were expressed, but they were couched in a political, ideological framework. The economic guise did not cover the fact that,

> "SADCC is overtly political and has an explicit political project of economic disengagement for which it mobilizes external and domestic resources." [47]

As the region changed and reformed, the political opposition against the South African maverick died, but the need for regional economic development continued.

The restructuring of the SADCC

Despite its shortcomings, the SADCC must be viewed within the larger framework of the economic collapse of Africa. Common threads run between the continent at large and the region including:

- the steep decline of prices of primary goods on the international market,
- the slack fiscal policies of governments which have discouraged domestic savings and investment and
- the neglect of the agricultural sector, regarded as unimportant in the light of accelerated industrialisation programs.

These failings, together with other economically disruptive factors, have placed the continent, including the southern African region, in dire economic straits.

Internal restructuring of the organisation.

As a result of domestic and international events affecting the organisation, the SADCC put forward proposals to identify possible paths of future cooperation.[48] Issues that needed to be addressed included:

- bureaucratic and administrative barriers to increased regional cooperation,
- the non-convertibility of regional currencies,
- inadequate physical and economic infrastructure and

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[47] Green (et al), (1986) op cit p 248.

[48] SADCC: towards economic integration op cit p 22.

- the low effective demand and the incompatibility of regional economies

Proposed reforms included:

- a single regional market, the free movement of goods and services,
- the mobility of investment capital,
- the free movement of people within the region, and
- the equating of all SADCC citizens and companies.

These proposed reforms indicated a move towards orthodox integration theory. To effectively carry out these reforms, members needed to have some form of economic or industrial specialisation or a comparative advantage.[49]

The proposed reforms, not dealing directly with the problems that were identified also seemed to indicate a move away from the sectoral approach. As identified above, the sectoral approach to cooperation in the region was partly responsible for stagnation in the organisation and, ironically for the lack of coordination. These factors in turn affected the organisation's performance, slowing it down and making it appear less efficient. There are also a number of differences between the perception and implementation of 'sectoral cooperation' and the move towards free movement of goods and services.

The first, and most obvious, difference is that the sectors identified in the Lusaka Declaration did not all have equal contributory status. Transport and communications (the responsibility of Mozambique) is essential to intra-regional trade and is a long-term project. Similarly, tourism, (Lesotho), and food security, (Zimbabwe), are medium to long-term growth areas. Industry, (Tanzania), has the potential for immediate growth, although this demands intensive capital investment. Fishing, (Malawi and Namibia), and mining, (Zambia), are dependent on natural resources of a state and are extremely capital intensive. The allowing for the free movement of goods and services should permit all the states involved in the cooperation attempt the same time frame of opportunity to compete with one another and be measured against one another.

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[49] Comparitive advantage is defined as, "a country's ability to produce a good at a lower opportunity cost than another country". Craven J. An Introduction to Economics (1990) Blackwell, London. p 494. Also see Lipsey pp 424 and 451.

The second difference is that the states were 'allocated' their sectoral responsibilities in the light of the needs of the region, as interpreted by the Summit. Such an allocation did not allow the private or commercial sectors of the states to propose areas in which they regarded themselves as most competent or competitive. Sectors may have been allocated because of high profile status or merely because the Summit regarded that state as being in the best position to benefit the region. This method was certainly the case in the allocation of the transport sector to Mozambique. Only two other states were capable of handling port facilities (Angola and Tanzania). Neither were in as central a geographic position or had the transport infrastructure potential of Mozambique. In other cases however the allocation procedure was not based on geography or logistics. This was highlighted on the independence of Namibia. The newly independent state was allocated the responsibility of fishing, a sector that had been previously allocated to Malawi. In an attempt to ward off internal dissension responsibility for the sector was split between the two states, despite the fact that Malawi's shore is restricted to its exposure to an inland lake. By promoting the free movement of goods and services, member states would have to compete with one another for investment. The more financially attractive and more efficient state would win investments in the region.

The SADCC foresaw some problems in the organisation's future operations with the implementation of domestic reforms in South Africa. A strength of the region and of the organisation lay in its continued, unified opposition to South Africa. With occasional exceptions, such as the Nkomati Accord and the relations between South Africa and the SACU states, the SADCC managed to present a united front against Pretoria for over a decade. In so doing, it managed to mould itself as the international focal point for opposition to South Africa and attract aid from the international sponsors to assist in the development of the region. The introduction of South African domestic reforms may have tempted some of the member states to reverse this trend of opposition in anticipation of more cordial and more profitable relations with South Africa. Other members, during the SADCC decade, had grown used to, and in some cases relied on, the united front of the region. Hanlon castigated the turncoats, warning that,

> "The ending of apartheid will withdraw the common enemy which has been part of the glue that binds the SADCC. This will strengthen the hand of those bourgeois ... forces which have continued to support trade with, and dependence on South Africa, despite destabilisation. They would rather have luxury goods from South Africa than support the development of local industry making mass consumer goods

and intermediate goods. They will argue that the ending of apartheid removes the need for SADCC, and that it is sensible to allow South African economic dominance."[50]

The transformation to the SADC

In an attempt to prevent the possible disintegration of the united regional front, some of the SADCC members called for the reformation of the treaty. For these states, a relationship with South Africa would have proved economically disadvantageous, while for others the establishment of bi-lateral relations would be of benefit to their economies. A 'more-favoured' status of some members over others would direct interest and investment towards the preferred states, to the detriment of the remainder.

In order to analyse different options for restructuring, the original goals of the SADCC should have been re-evaluated.

Remembering the SADCC's original four goals,[51] the latter three concern the development of the region as a whole. The first is exclusionary, denying South Africa an active participatory role in the region and, in the light of regional cooperation, putting that state in a potentially antagonistic position. The first goal also undermines the integrity of the other objectives, because it ostracises an indispensable member of the region, leading to further division. In the search for regional cooperation and development, all players should be taken into consideration. South Africa's exclusion was initially motivated by political ends, but the only motivations that can now be advanced for excluding South Africa from a regional organisation, are those based on economic grounds. These motivations will be examined further in this chapter. South Africa has to be viewed as a member of the region and taken into consideration when contemplating future regional development.

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[50] Joseph Hanlon quoted in Davies, R. and Martin, W. "Regional prospects and projects: what futures for southern Africa?" in Vieira, S. (ed) (et al) How fast the wind: southern Africa 1975 - 2000 (1992) Africa World Press, New Jersey. p 338.

[51] The goals of the SADCC were: The reduction of economic dependence particularly but not solely on South Africa, the creation of a foundation for equitable regional integration, the mobilisation of resources to promote these policies, and to secure international cooperation for the achievement of these goals.

While mutual dependence within the region is not a thing to be avoided, unequal dependence is not desirable. An asymmetrical relationship between the region and the developed world was one of the obstructions to development that the SADCC was designed to circumvent. Only the second and third goals of the original four are, therefore, possible ends for the whole region to work towards.

In August 1992 the SADCC was transformed from an organisation that promoted regional cooperation to one that had, as its ultimate goal, the integration of its economies. The new organisation took on a new name and acronym, the Southern African Development Community, (SADC).

This new organisation has a number of inherent failings.[52] The revised agreement is idealistic and often impractical. In addition, the organisation seems to have no definitive plan of action other than to integrate the economies of the region. Support for the organisation, even among its alleged proponents is clearly negligible.

> "One Harare observer set even the foundation of the new SADC in a context of sour grapes: 'The decision of the PTA in August in Lusaka (to aim for the incorporation of SADCC) raised some eyebrows among SADCC members, so that when the heads of state met in Windhoek they decided to go ahead and launch their own community.' ... Zambian Foreign Minister Vernon Mwaanga is with the doubters ... 'So what is the point of SADC? ... It's no big deal and will have little impact on Zambia.'" [53]

The new organisation turns itself and the region towards the path of traditional integration, which had been so deliberately avoided only twelve years earlier. Problems within the traditional approach stem *inter alia* from the imbalance of the members' economies and the problems with trade balances. Traditional integration theory has tended to examine only economic factors while the functional school of South-South cooperation argues that all factors constituting the state should be considered in the light of cooperation.[54] South-South cooperation may also prove more

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[52] See Leistner, E. "SADCC into SADC: *Plus ca change*" Africa Insight vol 22 no 3 1992.

[53] "Eleven Countries in search of a community" Africa South and East ASE Publications, Johannesburg November 1992 p 10. Zambia is not the most ardent supporter of the SADC, favouring the PTA. Its vested interest lies in Lusaka's hosting of the PTA headquarters.

[54] The functional theory of traditional integration theory also takes other non-economic factors into consideration, however, economic factors remain the most persuasive idicators of integration. The focus of cooperation should not be limited to

flexible in that it also allows the participants to retain sovereignty while traditional integration theory marks an inescapable path to political unification and the loss of sovereignty in the political domain.

Paradoxically, although it looked to South Africa to join it in the future, the new organisation also recommended that it begin to compete with a 'new South Africa'.[55] Internationally the Cold War had ended with the collapse of the Soviet Union and the markets of the traditional trading partners of the SADCC states were beginning to consolidate into the European Union and the North American Free Trade Area. The threat of these states forming larger economic trading blocs further emphasised the impending marginalisation of the African continent. In this regard the Report commissioned by the SADCC to examine its formalisation, urged that the region must,

> "strengthen itself economically and politically if it is to become a serious player in international relations. No SADCC member State can achieve this status on its own. It is, therefore, important for the countries of Southern Africa to work out and adopt a framework of cooperation....There is, therefore, a critical need to develop among all the countries of Southern Africa a vision of a shared future."[56]

The goals of the SADC as laid out in Towards Economic Integration can be identified as,

> "..Deeper economic cooperation and integration on the basis of equity and mutual benefit, providing for cross-border investment, trade and a managed movement of factors of production - labour and capital over national borders; ..... common economic, political and social values and systems such as free enterprise, free elections and multi-party systems, respect for the rule of law and guarantee of basic human rights."[57]

In setting these as objectives the SADC shifted away from its original goal of sectoral cooperation. Instead it slipped into the matrix of traditional integration theory. Apart from the South African reforms, undermining the existence of the SADCC, the states assessed their performance to reduce dependence as "very modest" and realised that the process of cooperation was

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economic indicators, other factors should also be taken into consideration. However, often the more influential factors promoting greater regionalisation are intangible. In the southern African region these would include: illegal cross-border trade, illegal immigrants, trickle-down trade from legal migrant labourers, etc. In the light of improving relations between the states and the possibility of formalising such relations in an agreement, these 'intangibles' may act as both an impediment and a cohesive force to greater cooperation.

[55] SADCC: towards economic integration SADCC Internal Working Document SADCC/SCO/4/91/4, SADCC, Gaberone, Botswana. p 3.

[56] ibid p 4-5.

[57] ibid p 5.

"yet to become an instrument of economic transformation ... and part of the daily management of national affairs as envisaged by its founders."[58]

Report also pointed to other areas where the organisation did not live up to its expectations. e included omitting the regionalisation process from the mainstream of everyday life in the member states and the failure to include all sections of the state in the regionalisation effort. The tensions and duplication of the SADCC and the PTA were noted as well as the effect these had on the division of loyalties within the states. The SADCC also failed to mobilize its own resources for regional development and replaced dependency on South Africa with a dependency on the international partners. This was not admitted to in the Report but was alluded to in saying that

"...the over-riding priority of the member states has been attracting project aid for public programmes as opposed to creating necessary conditions for self-sustaining economic development."[59]

South Africa was seen realistically as the regional economic power that dominated and would continue to dominate the region after democratic elections. The country's economic benefits and technological abilities were seen as being potentially harmful to the SADCC unless a new South African government proposed a reform process that would permit a regional equalisation to take place. The probability of increased polarisation in an already underdeveloped region caused concern and a need was seen to propose changes to the existent trade arrangements in the region. These problems were seen as so ingrained in the region that they would "not go away without a planned structural transformation of existing trade relationships."[60]

The reorganization of the SADCC into the Southern African Development Community, (SADC), did not meet with the approval of the donor community. The "political platitudes of the past thirteen years" has resulted in their "waning readiness to provide funds and their growing outspokenness".[61]

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[58] ibid para 1.3

[59] ibid para 1.6

[60] ibid p 4. Emphasis in the original.

[61] Leistner, (1993) op cit p 3

Recognising the region's economic weaknesses such as its economies of scale, its asymmetrical infrastructure and its inflexible trading arrangements, the SADCC argued that it would be necessary for its members to cooperate more closely to survive in the post-*apartheid* environment. This has led it to the point of supporting greater integration of its members' economies. There is no doubt that in considering its restructure the SADCC felt the pressure from the rivalry of the PTA, which had placed an emphasis on greater intra-regional trade.[62] This rivalry and duplication of resources is dealt with in the following chapter.

However, the SADCC in restructuring, denied its original intention of sectoral cooperation to explore another form of cooperation viz. trade-centred cooperation. The Working Group chose to concentrate on the legitimation of integration by showing that it was the global trend, and by arguing that the original SADCC policy of development integration remained valid, while more attention had to be paid to trade and market integration.[63] The Policy Document argued in favour of attempting to increase the value of trade between members by creating a "single regional market within a framework which incorporates many of the elements of the development integration approach long supported by SADCC."[64]

The SADC acknowledged that lessons had to be drawn from the failures of other integration attempts in the region. It recognized that problems of distribution of benefits did exist in integration attempts that involved asymmetrically developed members and that political will and loyalty to the regional organisation on the part of its members was of importance. One factor that was overlooked was that a goal of the SADCC since the mid-1980s had been to increase the value of intra-regional trade but that the actual amount had not moved beyond five percent of total regional trade.

There is a need for the regional organisation, while maintaining the idealism of its original goals, to recognise the changing pattern of international and regional events and to move toward greater

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[62] Mandaza, I "The bases of the PTA-SADC dispute" Southern Africa: political and economic monthly March 1993

[63] Ibid para 2.2 In paragraphs 6.0 to 6.4 the SADCC does recognize varying approaches to integration including the sectoral approach or project integration that it adopted from 1980 to 1992. Ibid pp. 19-21.

[64] Ibid paragraph 7.7

cooperation. The factors that persuaded the SADCC to avoid traditional, orthodox integration are still present,[65] and the assurances to the Summit that these pose little threat to further regional cooperation are misleading.

Including South Africa in the SADC.

The SADCC repeatedly stated that a non-racial, democratic South Africa would be welcomed into the organisation. However, a fear of both the SADCC and the SADC was that South Africa would dominate the regional market. The democratic transformation of South Africa has done nothing to alleviate that economic fear, although politically South African leaders have reassured the region that South Africa would prefer a more equitable regional relationship.

The benefits of South Africa joining the regional organisation are obvious, but the direct benefits for South Africa, within the region, are less evident.[66] Even at the height of the sanctions campaign, South African goods were sold,[67] often with different packaging, throughout the SADCC area. South Africa does not stand to gain much in the areas of labour or technology from the region, being the regional giant in these fields. The question then to be posed is what will South Africa gain from a cooperative regional arrangement?[68] There are also direct problems with South Africa joining the organisation, given that it now holds to a more market-integrated approach.

Studies of other attempts at regional integration in the Third World have shown that a central cause of failure has been the presence of a more advanced member state, it being virtually the sole beneficiary because of its better industrial, technological and economic base. This would, almost

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[65] These factors include the actual and future potential domination of the region by South Africa, the lack of complementarity of goods, the lack of trade links between the member states, the poor infrastructural links between the members, etc.

[66] From an international perspective, South Africa can draw some favour as a result of now being perceived as a stabilising influence in the region. Also, as an industrial power in an underdeveloped region, South Africa provides the opportunity to be the "gateway" for international investment in the region.

[67] Some of the SADCC states had closer economic ties with South Africa than others, Botswana and Malawi being two important examples. Both countries sold goods either produced or distributed by South African companies. South African goods also found their way into the market through the informal sector. Goods were often bought in South Africa and through the 'trickle-down' effect found their way into the northern reaches of the SADCC region.

[68] Despite South Africa's present membership of the regional SADC the following scenarios remain valid. South Africa is still the most developed state in the region with its influence felt throughout sub-equatorial Africa.

certainly, be the case in southern Africa. Business concerns may be more attracted to South Africa's better developed financial and industrial base. South Africa may, therefore, have to abide by certain conditions levied by the regional organisation. Conditions may include economic and industrial concessions granted by South Africa to the SADCC for a specified period of time. Such concessions would allow other members access to South African technology at no additional cost, giving them time to strengthen their economies for future competition.[69]

South Africa holds the regional comparative advantage in the most areas of the industrial arena. This potential for domination affords South African manufacturers the opportunity to flood the regional market with their goods and establish a foundation for a pattern of buying and selling. The potential for excessive South African influence is one of the factors that has consolidated the other states of the region. This fear was recognised and partially addressed after South Africa formally joined the SADC when South African Deputy President Thabo Mbeki stated that

> "Measures had to be taken to moderate the imbalance between South Africa and other countries in the region ... after South Africa became the eleventh member of the SADC."[70]

South-South cooperation recognises the potential for imbalances within a region including a hegemon and recognises that equalising the imbalance may prove problematic. The need for a more developed "semi-peripheral" state is essential. In the southern African region, South Africa fills this position, being in a position to invest in the region and export its technology.

An opportunity that the region has to prevent domination by South Africa, is to take advantage of any weaknesses in the South African economic condition. Some observers have argued that South Africa is not as strong as it is perceived to be and others argue that the South African economy is only strong by comparison to the other regional economies. [71] It has been remarked that when the SADCC is measured against South Africa,

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[69] Business Day, Johannesburg, 2 September 1994 p 1.

[70] Steyn, G. "SADC seeks to moderate SA's power" Business Day, Johannesburg, 30 August 1994, p 1.

[71] It has been argued that South Africa may be too involved in its own internal affairs to "give much attention to regional issues." Cheru, F. The not so brave new world: problems and prospects of regional integration in post-apartheid southern Africa Bradlow Paper no 6, May 1992, South African Institute of International Affairs, Johannesburg. pp. 42-44. This is supported by recent statements made by the ANC regarding future regional cooperation. See Leistner, E. "SADC Donor Conference highlights problems of regional integration" Africa Institute Bulletin vol 33. no 2. 1993.

"South Africa looks like a rich country with plenty to offer. Measured against domestic expectations, South Africa cannot spare a penny." [72]

This has been reinforced by South African Foreign Minister Nzo who commented in 1994 that the region could not expect too much from South Africa, given South Africa's own domestic problems.[73]

South Africa holds a substantial share of the regional market despite being officially excluded on political grounds for over a decade. At times, this economic seclusion has proved detrimental to the economies of the FLS, as it has interfered with their ability to alleviate their trade imbalance with South Africa. In many cases the governments of regional states have been willing to import goods from the South African market surreptitiously, but have denied themselves the opportunity of making the most of their potential, by trading openly with South Africa.

The attitude of South Africa toward the region is also of extreme importance. The entrenched characterisation of South Africa as an aggressor in the region would not be beneficial to future regional relations, even under the auspices of a majority ruled government. The characterization of South African military dominance of the region has shifted to focus on the state's economic dominance.

For the most part, any South African-initiated improvements that are made in the region may be perceived as stemming from purely South African interests. They will also generally be perceived to be for purely South African benefit. With its expanse of infrastructure and industry, as well as technological advantages, South Africa will continue to dominate the regional economy and for some time it will be perceived as doing so by other states in the region. In the 1980s Zimbabwe was perceived by the other SADCC states as the organisation's economic hegemon. South Africa is now perceived as playing this role. Despite its obvious potential for domination some argue that it would be in the interests of South Africa to be a magnanimous hegemon. Cheru has argued that,

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[72] The Economist, London 3 November 1990 (Special Survey) p 3.

[73] Business Day, Johannesburg, 30 August 1994. p 6. Most of South Africa's concentration at present is on its internal restructuring of its economy through the Reconstruction and Development Programme. As a result its forces are directed towards alleviating housing shortages and improving schooling, literacy and health programmes etc.

"South Africa should be seen as promoting the material prosperity of its neighbours by encouraging investment in the region and by expanding commercial relations - not by planning to undermine the SADCC or the PTA."[74]

Conclusion.

Whatever role South Africa occupies in the region, it will be a vital one. The final outcome of any regional cooperation attempt will depend heavily on whether South Africa chooses to pay only lip-service to the ideal of regional cooperation, *de facto* leaving an economic vacuum for investment, or chooses to play a more active, participatory role. A power vacuum, in this case an economic power vacuum, is not easy to fill, nor is its filling steady and consistent. Outright competition, between regional states and South Africa, may prove to be financially devastating to the region and could not be beneficial. The southern African states need to cooperate with one another to secure a place in the international economy.

The inclusion of South Africa depends heavily on the attitude of the South African government towards the region. South Africa may be well-disposed to strengthening some ties in the region, but other areas of present cooperation may be weakened or broken. Although South Africa joined the SADC over the PTA in August 1994 the main strategies for development, as espoused by the SADC, remain problematic for effective regional development. A more market oriented integration approach will, with few exceptions, allow for South African dominance of the region. Despite the platitudes voiced by South African officials, the reality of an over-bearing South African economy is already being felt by the businesses in the region. If the goal of the SADC is to seek a more equitable regional order to ensure overall regional development, there is a need to re-examine the goals, methodology and implementation of policy within the SADC region. If necessary there may also be a need to retract some of the earlier policy formulations and move actively towards promoting a more equitable order.

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[74] Cheru, (1992) op cit p 29. See also Vale, P. "South Africa's new diplomacy" in Moss, G. (ed) (et al) South African Review 6: from Red Friday to CODESA (1992) Raven, Braamfontein.

The following chapter applies South-South cooperation to the southern African region and examines option for the states of southern Africa to achieve a more equitable order.

CHAPTER FOUR

IMPLEMENTING THE SOUTH-SOUTH APPROACH IN SOUTHERN AFRICA

> "Changing global, regional and domestic circumstances have made closer economic cooperation and integration an imperative for SADCC member countries. In many ways, the real question is not whether some form of regional integration project will be attempted in southern Africa, but on what terms and principles and the extent to which the people of the region will be involved in shaping it."
>
> SADCC[1]

Introduction.

Recent global changes have impacted on almost all aspects of international relations.[2] These changes have also been apparent in the southern African region and in particular, in South Africa. As has been illustrated in chapter three, these moves towards reform forced the SADCC to reevaluate its position in the region and consider restructuring.

> "The rhetoric of the past decade, economic as well as political, has been overtaken by events, notably the changed political mood and promises of reform in South Africa itself, Namibian independence, the advent of peace talks in Angola and Mozambique, and open intra-regional cooperation with Pretoria." [3]

Problems within the SADCC have stemmed not only from issues revolving around sovereignty and nationalism. Many problems have resulted from a lack of communication, a dearth of information

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[1] SADCC: towards economic integration SADCC Internal Working Document, (1991), Gaberone. SADCC/SCO/4/91/4. p 5.

[2] These changes include the collapse of the international communist system, the fall of the Berlin Wall and a tendency, especially in the developing world, to move towards democracy and accountability. The collapse of the USSR has had specific influence on the states that were dependent on the Soviets for aid. In southern Africa these states had to look to alternatives for support, one of which was the option of regional cooperation.

[3] Hawkins, A. "Economic development in SADCC countries" in Maasdorp, G. and Whiteside, A. (eds) Towards a Post-apartheid Future: political and economic relations in southern Africa (1992) Macmillan, London. p 106.

and the inadequacy of basic infrastructure. Economic factors, such as competition between the economies of member states and the lack of complementarity of resources have also exacerbated problems. Some difficulties were compounded by the exclusion of South Africa from cooperation attempts within the region and, in addition, some of the members of the SADCC had to cope with austere structural adjustment policies imposed or recommended to them by the IMF and World Bank. South African dominance of the regional economy is often emphasised as the major obstacle to regional cooperation. For many critics this dominance remains insurmountable and inhibits further discussion of cooperation in the region. While it is true that South African dominance could lead to regional exploitation,[4] South African economic leadership could conceivably strengthen the region internationally and promote regional development. The beginning of the reform process in South Africa and the end of apartheid may well have signaled an end to the SADCC, but it should not have done the same for the organisation's ideals and goals. Regional cooperation is still necessary and, if applied and monitored correctly, could prove beneficial to all the states in the region.

Acknowledging the need of the organisation to restructure while maintaining the idealism of its original goals, this chapter examines the regional potential for cooperation from the perspective of South-South cooperation. The chapter also examines problems inherent in the restructured SADC approach to regional cooperation.

As highlighted in chapter one, the market and complex approaches of South-South cooperation are not the most appropriate to apply in the southern African context. As a result, the functional approach to South-South cooperation remains and it is through this approach that the SADC will be examined. In this regional setting, a distinct advantage of the functional approach is that it recognises potential and actual difficulties that states have in surrendering sovereignty during cooperation attempts. The flexibility of this approach partially compensates for this impediment, and allows a slow but deliberate growth toward development. The approach also takes into consideration all aspects of the state, including social, political and economic facets, and argues for their inclusion in a cooperation attempt. However, the complexities of the southern African region do not neatly facilitate the wholesale application of the South-South approach. South Africa,

[4] The raison d'être of the SADCC was to escape the negative regional dominance of South Africa.

although the most industrialised and developed state in the region, may not be able to play the role of the semi-periphery without question. Within the region, the state has a history of domination to overcome, before it can be seen as an investor and benefactor. The newly formed government in South Africa has to deal with a multitude of domestic problems before turning its attention to the wider region.

The 'New South Africa' and the Region.

Although the South African democratic elections of April 1994 enable South Africa to now play a different regional role from that adopted by the Nationalist government, the new government, apart from joining the SADC, has not yet developed a dynamic regional policy. The focus of this section is to identify options and potential for a future policy for the region, incorporating South Africa.

Since 1990 South Africa jettisoned from an official policy of regional destabilisation and adopted a more conciliatory approach towards the region. The reform process, formally initiated in February 1990, prompted some commentators[5] to advance the possibility of regional cooperation between South Africa and the states of the region. The speculation, although not misplaced, may have been somewhat premature. As Davies argued,

> "... there is thus broad agreement across the political spectrum throughout the sub-continent that the end of apartheid should lead to closer economic cooperation between all the countries of the sub-continent, including South Africa, [but] the key question for the region ... has become on what terms and principles will future cooperation be built." [6]

The issue of South Africa's economic dominance over the region has been a major impediment from the outset.[7] A variable in this debate is the condition of the South African domestic economy. While in comparison to the rest of the region, South Africa may be a 'powerhouse', from an

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[5] See *inter alia* Blumenfeld. J. Economic Interdependence in southern Africa: from conflict to cooperation (1992) Oxford University Press, Cape Town.

[6] Davies, R. "South Africa joining SADCC or SADCC joining South Africa?" in van Nieuwkerk, A. and van Staden, G. (eds) Southern Africa at the Crossroads: prospects for the political economy of the region (1991) South African Institute of International Affairs, Johannesburg. p 238.

[7] There has also been a view that any reforms directed by South Africa towards the region were, in fact, merely to reinforce South African dominance on the region. See Vale, op cit pp. 425 ff. Also see Lee, M. SADCC: the political economy of development in southern Africa (1988) Winston-Derek, Tennessee.

international perspective the South African economy is not powerful. This prompts the question of whether South Africa will, in fact, be able to assist in developing the region. Although the region may benefit from South African economic strength, it would be unwilling to tolerate a politically forceful South Africa. On the other hand, a politically equitable and stable and economically prosperous South Africa may work to the advantage of the region.

The region may have overestimated South Africa's economic and technological might and the extent to which it is willing and capable of sharing its resources and abilities. South African regional aspirations may be forgotten in the face of domestic needs. The South African government may turn its focus inwards, resulting in a cooling of relations and the frustration of expectations between South Africa and the region. This dilemma between the perceived comparative wealth and poverty has been expounded by Gruber, who states that South Africa,

> "... as the biggest player in sub-Saharan Africa with a GDP three times greater than that of Nigeria, its nearest rival, and twenty-two times that of Zimbabwe, the next country in size in its own sub-equatorial region, ... is a giant among pygmies. ... Countries with ruined economies and poverty-stricken populations will expect aid from South Africa with its legendary wealth, and could well resent as parsimonious any support short of opening a cornucopia to their clutches." [8]

There are four basic scenarios for South Africa's regional role.[9] This chapter, however, is only concerned with one scenario and its two variations. The scenario is 'Will South Africa play an active role in the region?' Simplified, the first variation is whether South Africa will act as the engine for growth for the region. The second, more pessimistic variation, predicts that South Africa will continue to act as a dictatorial hegemon in the region, controlling the rate of flow of investment and trade. In this regard, Tjonneland has argued that,

> "It is feared that a ... likely outcome would be that a regional power like South Africa could block economic transformation, providing no new trade opportunities and syphoning investable resources away from the periphery and to the centre ...

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[8] Gruber, R "The dangers of regional hegemony - Germany and South Africa" South Africa International vol 22 no 4 1992 p 191.

[9] For a full discussion of the four scenarios, including the two intermediaries see Maasdorp, G. (et al) "The 1990s and beyond" in Maasdorp, G. and Whiteside, A. (eds) Towards a Post-apartheid Future: political and economic relations in southern Africa (1992) Macmillan, London. For other possible scenarios see Davies and Martin, op cit.

Underlying this variant is a tendency to view Southern African countries purely as passive victims." [10]

The first variation may be regarded as somewhat idealistic, and should be viewed with caution lest it be assumed that the path to the goal is too easy. The second scenario only strengthens the case for cooperation in the region, to ensure a more balanced equitable growth while avoiding regional dominance. If South Africa adopted a role of dictatorial hegemon in the region, the future of regional cooperation in southern Africa would be negligible. Therefore, reflective of the first scenario, the question to be asked is simply, "What role will South Africa play within a regional cooperation bid?"

To answer this question, two proposals have been advanced. The first is to liberalise trade within the region, where South Africa will take the lead, perhaps in the form of a common market. Other states in the region would then benefit in the long term through the standard "trickle down" effect. This proposal includes the possibility of South Africa acting as the conduit for further investment in the region. The second proposal is to allow South Africa access to the regional market while simultaneously obliging Pretoria to agree to some form of 'balanced economic interaction'.[11]

The 'South-Africa-as-conduit' Proposal

The first of these propositions is preferred within South African business circles.[12] However, while it is generally acknowledged that closer cooperation between southern African states is necessary in some fields such as power generation and the environment, other areas, such as multi-lateral trade relations, are deliberately circumvented. The intention here has been to avoid injury to political sensitivities. However, although there has been mention of a 'common market', the limits, benefits

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[10] Tjonneland, E. Southern Africa after apartheid (1992) Chr. Michelsen Institute, Norway. p 71. See also Blumenfeld, J. Economic Interdependence in southern Africa: from conflict to cooperation (1991) Oxford University Press, Oxford. This issue of assessing the region's dependence on South Africa is dealt with later in this chapter.

[11] See Davies, (1991) op cit. See also Davies, R. "Economic Growth in post-apartheid South Africa" Journal of Contemporary African Studies vol 11 no 1 1992.

[12] In a statistical survey of the BLNS states, Zimbabwe and Malawi, Maasdorp and Whiteside reached the conclusion that nearly 55% of the businesses canvassed were of the opinion that the SACU should become a common market. Of the same firms, 71.5% agreed that the SACU and the SADCC should merge. Maasdorp, G. and Whiteside, A. Rethinking Economic Cooperation in Southern Africa: trade and investment (1993) Konrad-Adenauer-Stiftung Occasional Paper, Johannesburg. p 38.

and obligations of such an entity remain unclear,[13] and are increasingly obscured through the duplication of resources between regional organisations. The southern African states, however, do not favour this approach to regional development, partially because of this long-term view, and partially because it may perpetuate South African dominance of the region. The other SADC states would instead prefer a development option that shows more immediate results and where they have a more participatory role.

A failing of this "South Africa-as-conduit" approach is that it tends to place the other southern African states in a position of passive supplicants. In so doing, it needlessly limits and restricts their sovereignty, promoting South Africa as a dominant and perhaps reluctant leader. Placing states in such an antagonistic position from the outset weakens the foundations and operation of any cooperation attempt. Even in the initial stages of cooperation, which may be more asymmetrical, there is a need for the involved players to acknowledge their partners' weaknesses and strengths and work towards the goals outlined by their cooperation attempt. Similarly, there is a need to recognise the realistic limitations of any attempt at cooperation. It is also necessary to be acknowledge that the interdependence of the region is heavily reliant on the domestic political functioning and willingness of all the participants. Political will is perhaps one of the most vital ingredients in cooperation endeavors in the developing world. Blumenfeld, has challenged the traditional preconceptions of both dependence and interdependence and has argued that

> "...any perceived political necessity for embarking upon dependence-reducing policies will depend upon the context within which the relevant economic relations are viewed. It is in this respect that a more satisfactory understanding on the part of the region's policy-makers of the nature of mutually dependent economic relations ... will be of particular value."[14]

The 'Balanced Interaction' Proposal

The southern African states, preferred the second approach of permitting South African participation in balanced regional economic interaction through trade. The organisation argued that

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[13] Tjonneland, op cit p 77. For criticisms of this view see Vale, op cit and Davies, R. "South Africa and the SADCC: regional economic cooperation after apartheid" in Moss, G. (ed) (et al) South African Review 6: from Red Friday to CODESA (1992) Raven, Braamfontein.

[14] Blumenfeld, J. op cit p 169.

South African business interests could be permitted access to SADCC markets, subject to certain conditions. This access could have involved a bargaining process, as outlined by the SADCC, where

> "South Africa is offered greater access to regional markets in return for agreeing to restructure, on a more equitable basis, its relationships with the rest of the region in such areas as transport, water and electricity as well as finding solutions to such problems as migrant labour..." [15]

The danger of adopting this approach, is that the SADCC assumed that it was in a strong bargaining position with regard to its markets and economic interests. In some cases this attitude was taken to the extreme even suggesting that South Africa was dependent on the states of the SADCC. Executive Secretary of the SADCC, Simba Makoni argued that "South Africa is so dependent on us that it wouldn't survive without us".[16] Attitudes such as this may prove damaging to future cooperation attempts. The SADCC could rather have acknowledged the interdependence of the region and the limitations and obstacles this carried with it.[17] This may have proved a better foundation for greater regional cooperation. The organisation may then have bargained from the stronger basis, acknowledging its weaknesses and limitations.

One strategy that has been postulated to limit South African economic dominance of the region is to boost trade between the former SADCC members, increasing the percentage of intra-regional trade between these states. This would not only increase the terms of trade in these countries favour but would also increase the reluctance of South Africa to harm ties with these states. In effect, by improving their terms of trade with South Africa and with one another, the states of the region would increase their true interdependence.

> "It is open to the more dependent country to seek to push the relationship in the direction of greater interdependence by engaging in new exchanges which will raise the partner's dissociation costs by more than it raises its own."[18]

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[15] SADCC: towards economic integration op cit p 23.

[16] Simba Makoni quoted in "The new southern Africa: visions and realities" Africa South March/April 1991, p 13. Stoneman makes a similar argument in Stoneman, C. "The impact on Zimbabwe of international sanctions against South Africa" in Orkin, M. (ed) Sanctions against Apartheid (1989) David Philip, Cape Town. pp. 189-197.

[17] Blumenfeld uses Arad's definition of interdependence in which "the cost of dissociation of both... is balanced in the sense that dissociation for one country is more or less as painful as it is for the other." Blumenfeld, J. op cit p 90. For a context-relevant examination of dependence and interdependence in southern Africa see Blumenfeld, J. op cit pp.147-155.

[18] Blumenfeld, J. op cit p 151.

South Africa has adopted a more constructive role towards the region. It has, throughout the last one hundred years, regarded the region as an adjunct to South Africa's varying needs. At different times the region has been perceived by South Africa as an area for political or economic expansion, a buffer zone or as a threat to the South African government's policies. The region is now perceived as a potential market and as a source of much-needed resources. As Gutteridge notes,

> "...there is little doubt that with new technical as well as financial input from South Africa, co-operative development projects would seem considerably more attractive to outside donors and investors." [19]

For the states of the region to interpret this as a threat, and act accordingly, would do irreparable harm, mainly to their own economies. The perception that South Africa plays an exclusive role as a deleterious economic influence in the region is damaging. Blumenfeld makes this point in his observation that the historic dependence of the regional states on South Africa,

> "played down...both the coherence and the interdependence of the regional economy and the benefits which accrued to the neighbouring states from their economic relations with South Africa. This led to a wholly negative view of almost any form of economic cooperation with South Africa..."[20]

The Comparative Advantage of the southern African states

Within developing regions, the lack of growth in intra-regional trade is often due, in part, to the lack of complementarity of economies, but also to the deficiency of regional marketing of goods and a scarcity of market availability within the region. The SADCC deliberately avoided an active policy of increasing intra-regional trade because of the heavy reliance of this approach on traditional integration arguments and for fear that a failure to increase intra-regional trade would be seen to be a total failure of the organisation. In reality, the SADCC's intra-regional trade increased by less than five percent during its twelve year existence.[21] What is frequently needed within the cooperation attempts of developing countries is a move away from the traditional, colonial trading routes and a

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[19] Gutteridge, W. "Prospects for regional security in southern Africa" South Africa International vol 22 no 3 1992. p 129.

[20] Blumenfeld, J. op cit p 156.

[21] See Hanlon, J. SADCC into the 1990s (1989) Economist Intelligence Unit, London. pp 59-61.

focus on the potential of trading with regional neighbours. However, studies and proposals on increasing intra-regional trade tend only to consider goods that are already produced within the states. Due to the competitive nature of the economies, there is often no market for these goods in the region. Therefore, there should be a move away from producing and trading goods that are available elsewhere in the region, towards producing items for which there is a demand and which states are capable of producing. Such a capacity would allow for export to regional as well as international markets. It would, in addition, allow some form of comparative advantage, while strengthening the domestic economies to deal with a changing international and regional economy. Comparative advantage is not limited to developed economies and, it has been noted by Durr that,

> "If we want t.. grow this [South African] economy we have to play our comparative advantages and have an export-led economy. If you want to export you have to ask yourself, what are your comparative advantages?" [22]

In contrast to this view, comparative advantage has been critisised by a number of advocates of cooperation between underdeveloped states. It has been argued that it is inapplicable to these states because it relies too heavily on classical and neo-classical approaches to integration. As Davies has observed,

> "The approach to the issue of 'trade creation' versus 'trade diversion' has been seen as static in that it refers to existing comparative advantages without considering the potentiality of regional cooperation to overcome obstacles and create new comparative advantages. More particularly, for these and other reasons, the neo-classical approach has been seen as inapplicable to 'third world' regions where the [traditional] conditions justifying the formations of customs unions generally do not apply." [23]

Comparative advantage, in the classical sense, is the ability of one state to produce items or render services at a lower opportunity cost than another.[24] Traditionally, only the industrial capability of a state is taken into consideration when estimating the cost of producing a item for consumption. When seen from this perspective, the comparative advantage of the southern African states in

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[22] Kent Durr qu ed in du Pisani, op cit p 218.

[23] Davies, R. "The significance of theoretical debates on regional cooperation and integration in the transformation of southern Africa". Paper presented at a Conference Development and Democracy in sub-Saharan Africa Sandton, South Africa, October 14-17 1992. pp. 3-4.

[24] Comparative advantage is defined as "a country's ability to produce a good at a lower opportunity cost than another country." Craven J. An Introduction to Economics (1990) Blackwell, London. p 494. Also see Lipsey pp 424 and 461.

relation to South Africa is negligible. Most of the southern African states' industrial capabilities are dwarfed by the extent of South Africa's industrial capacity. However, in examining the comparative advantage of the southern African states from a South-South perspective, all facets of the socio-economic setting should be taken into consideration. As a result, factors that are traditionally given a zero rating in the estimation of a country's worth will be examined.[25] Tourism, for example, becomes a viable option for increasing a state's comparative advantage. Rivers that were previously regarded as underdeveloped or under-utilised from a traditional economic perspective, take on new potential when viewed from the perspective of tourism. The potentiality of using these factors for increasing intra-regional trade will be examined in the following chapter.

Problems with the transformation of the SADC

The SADCC altered its approach because of a need to adapt to a changing regional and international setting. The organisation also found itself out-paced in a changing international environment that demanded more promising returns from the region. The transformation of the SADCC in 1992, from an organisation that emphasised sectoral cooperation to one that adopted a more traditional approach to integration, resulted in the SADC being confronted with a new set of problems.

In summary, some of the problems faced by the new organisation may be identified as follows.

- a more traditional, trade-oriented strategy,
- a duplication of strategies with existent organisations,
- the potential regional dominance of South Africa,
- the "high-politic" status of trade within the region,
- the issues of nationalism and sovereignty.

One of the weaknesses of the new organisation was its adoption of a more orthodox strategy for cooperation within the region. As has been discussed in earlier chapters, the successes of integration attempts are very limited in the African context and it is doubtful whether the southern

[25] The World Bank in 1995 released a new formula for estimating a countries worth and international standing that takes cognisance of non-traditional indicators such as environmental protection. The southern Africa countries' international standing did not improve dramatically when the new formula was applied.

African region has the wherewithal to prove otherwise. The region's infrastructure and trade complementarity are limited and its communication infrastructure does not lend itself to dramatically improve its intra-regional trade or its intra-regional dissemination of information in the short to medium term. As Blumenfeld aptly points out, in a discussion verifying the economic interdependence of the region,

> "...interdependence is not incompatible with ... conflict between the interdependent parties. Moreover, the standard forms of regional economic integration towards which the hypothesis of interdependence pointed such as common markets and customs unions, were not well suited to structural economic conditions in the region..."[26]

All the problems inherent to traditional integration in developing countries as expected to manifest themselves in the southern African region, including polarization and dominance of one power over others.

The move of the SADC towards more traditional integration also marked a duplication of strategies and resources within the southern African region. As has been illustrated in chapter three, the SADC found its new goals overlapping significantly with the original PTA/COMESA (Preferential Trade Area / Common Market of Eastern and Southern Africa) goals.[27] Despite an overlap in membership between these organisations this duplication of resources weakens both organisations and limits the potential success of both. Furthermore, it divides the loyalties of the member states between the two organisations, making both vulnerable to power-plays between the members. These weakening aspects of intra-regional relations are something that the region can ill-afford. As South African President, Nelson Mandela indicates,

> "We look forward to a mutual and beneficial association with both [PTA and SADC] of these important vehicles for promoting regional prosperity. At the same time we recognise that southern Africa cannot afford a proliferation of institutions or a duplication of efforts and that the challenges of the future will require considerable institutional development."[28]

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[26] Blumenfeld, J. op cit p 157.

[27] The PTA was established with the support of the United Nations Economic Commission for Africa (UNECA) and the Organisation of African Unity (OAU) in 1982. The PTA fitted the model for cooperation as outlined in the Lagos Plan of Action. In 1993 the PTA transformed to become COMESA. This organisation adopted a formal integration approach, aiming at a customs union within ten years.

[28] Mandela, N. "South Africa's future foreign policy" Foreign Affairs vol 72 no 5 1993 p 92.

The region also has to confront the reality of the present international situation. The end of the Cold War and the collapse of the bi-polar system as well as the increasing marginalisation of the African continent has meant that the southern African region, its states and organisations have to face the reality that they cannot sustain this duplication of resources in any way.

The duplication of resources was not welcomed by the donors. The international partners of the SADCC saw, in the South African reforms, an opportunity for reducing sponsorship of the organisation and making the region more inter-dependent. The SADC/PTA overlap further militated against continued international sponsorship of the organisation. Instead they began to view the SADC as a superfluous anti-*apartheid* opponent. Members of the SADC were well aware of this opinion in the international donor circles. Indeed, Zimbabwean President, Robert Mugabe observed at the SADC Consultative Conference in January 1993.

> "I will accept the observation that the international aid community is somewhat worried, perhaps bewildered, by the existence of two organisations which, on the whole, appear to be carrying out tasks in a duplicative manner."[29]

While the incorporation of South Africa into the regional organisation was a necessity after the reform process within that country, the motivation of the SADC in seeking the membership of South Africa is open to question. One of the original motives for omitting South Africa were the apartheid policies of the Nationalist government, so the other, less visible hesitancies for admitting the state must be examined. One central concern for omitting South Africa from the organisation was the fear of dominance of the South African economy. It has always been a relative giant within the region and the emergence of a democratically elected government did not alter this fact, so this reason for omission did not disappear. The fear of South African domination was still very present even at the accession of South Africa to the SADC treaty in August 1994. Denis Venter summarizes South Africa's attempts to allay this fear.

> "Foreign Minister Alfred Nzo went to great lengths to reassure the ten other members that South Africa does not intend to dominate its SADC partners: South Africa 'enters this new partnership as one player among many' and with "no desire to be the dominant partner'; also South Africa has 'no illusion of becoming the regional benefactor' -'such capacity...[South Africa does] not possess'"[30]

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[29] Robert Mugabe quoted in Mandaza, I. "The bases of the PTA-SADC dispute" Southern African political and economic Monthly March 1993 p 43.

[30] Venter, D. "Comment: Some thoughts on South Africa and southern Africa" Africa Insight vol 24 no 3 1994 p 158.

It has also been argued that the membership of South Africa was the much sought after "prize" of the SADC/PTA rivalry. South Africa joining either of the organisations would give that organisation increased influence in the competition for international sponsorship. In the case of the SADC, South African membership would also add considerable legitimacy to that organisation's structure and approach to regional cooperation. Considering the reaction of international sponsors to the organisation's transformation, it was imperative for the SADC to win South African support. Within South Africa there was much debate as to which grouping South Africa should lend its support and what the implications would be for the other organisation. Before South Africa joined the SADC, Davies was among those that astutely observed that,

> "The relative size of [South Africa's] economy compared to the rest of the region and the extensive economic ties it already has with other Southern African countries have led to South African involvement being widely seen as a potential catalytic event which could give new momentum to a programme of regional economic cooperation..."[31]

The sectoral responsibility granted to South Africa may create additional tensions within the organisation. South Africa was given the responsibility of improving the financial attractiveness of the region and to raise sponsorship among the international donors. While this is a immense responsibility, it has great potential for increasing tensions between members of the organisation. It is, undoubtedly, one of the more important sectoral responsibilities in the region. This importance is amplified given the competition between the two regional organisations, mentioned above. Regional fiscal responsibility easily attains a "high politic" status and as such, has the potential for high politic interference in the sovereignty of the members. The SADC, in opting for a more traditional approach to integration, should also have opted for a more low-key integrative process. Traditional functionalism emphasizes the need to concentrate specifically on non-political or more realistically "low politic" matters.

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[31] Davies, R. "Approaches to regional integration in the southern African context." Africa Insight vol 24 no 1 1994 p 11.

Proposals for restructuring the SADC.

While maintaining their individual sovereignty, the southern African states need a greater sense of regional community. Promotion of such an identity was easier with the united opposition to a common adversary, but even during the SADCC decade, parochialism and nationalism continued to plague the organisation. The emergence of a regional identity and the support of this from the involved governments would greatly assist any cooperation attempt. While nationalism can often be regarded as a domestically cohesive factor, in the case of regional cooperation it usually proves damaging.[32] States, especially those in the developing world, often perceive a loss of sovereignty as a loss of power. The issue of nationalism must be taken into consideration, when making decisions within and, when restructuring of the organisation. It cannot, however, be allowed to rule the decision-making process. The issue of a lack of defined regional identity, nationalism and the lack of political will within the regional organisation are all inter-linked and are likely to continue to interfere with the cooperation and development attempt.

With regard to South-South cooperation and its tendency towards bi-lateral relations, however, these issue may be resolved. Although bi-lateralism may create tensions and jealousy for those states omitted from any agreement, it has certain advantages for long-term regional relations.

In the first instance, bi-lateralism will favour those states that prove more attractive investment opportunities, making states in the region, more competitive and allowing for a more efficient allocation of resources. Any drastic polarisation that would cause an undue shift of resources, creating added tension,[33] could be off-set by allowing the disadvantaged states preferential access to aid funding or allowing them to compete within the region on more attractive and favourable terms. A bi-lateral approach, rather than a region-wide policy, would allow for more flexible solutions to issues such as these.

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[32] Mazzeo argues "The liberating role of nationalism in the Third World makes any discussion of supra-nationality unrealistic and counter-productive" Mazzeo, D. "The experience of the East African Community: Implications for the theory and practice of regional cooperation in Africa" in Mazzeo, D. (ed) African Regional Organisations p 161. Also see *inter alia* Jaber, T. "The relevance of traditional integration theory to less developed countries" Journal of Common Market Studies vol 9 1970 p 263.

[33] For example, an increase in investment within one state in the region may induce a surge in migrant labour. This would increase tension between the states involved and may heighten overall regional tensions.

Secondly, over the short term, bi-lateralism will improve direct infrastructural, personal and commercial ties within the region. Over the longer term these ties are likely to diversify and become more regional as companies and interested parties look to neighbouring states for investment opportunities.

Thirdly, a more bi-lateral approach to cooperation within the region allow the participating states to retain greater control over their sovereignty. States can choose to enter into bi-lateral relations and, in so doing, are more likely to support these agreements. Governments that have played a participatory role are also more likely to encourage and enforce a bi-lateral agreement than a more general and loosely-termed regional agreement.

However, the bi-lateralism inherent in South-South cooperation presents some difficulties in the southern Africa region. These difficulties are intensified, given the problems between the SADC and the PTA. As a result of the organisations' differing approaches, members may encounter difficulties in entering into bi-lateral relations with one another. Although bi-lateral relations between the member states of one organisation should present no difficulty, the overlap in membership between the SADC and the PTA may prove troublesome. SADC members who are also members of the PTA should have no difficulty in entering into bi-lateral relations, but bi-lateral relations between South Africa, Botswana and a member state of the PTA may raise dilemmas. Hanlon while commenting on the relationship between the SADCC and the PTA observed that

> "In reality, the legal position of bi-lateral intra-SADCC agreements between PTA members is most unclear."[34]

Given that the PTA and the SADC are now direct competitors, the situation between members and non-members is likely to be even more complex. Some observers are of the opinion that the SADC may rule against dual membership of the organisations in the near future.[35] A ruling such as this may prove disastrous for one of the organisations as the members would be forced to choose between them. The more long-term implications of a decision such as this falls beyond the scope of this examination.

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[34] Hanlon, J. op cit p 67.

[35] Interview with E. Leistner, Africa Institute, Pretoria. 25 October 1995.

Regional cooperation within southern Africa is viewed by most commentators as a necessity. However, statesmen need to recognise that the region is, a relatively unimportant player in international relations, with a desperate need to develop. Although the desire for national development must be taken into consideration, desires for autarky must be diminished. To assist in this, national and regional development plans could be coordinated to an extent. In so doing, the duplication of development efforts may be eliminated to a degree.

Within regional cooperation attempts, nationalism, as a detrimental force, is especially evident in official regional and national circles. In everyday life the ordinary people of the region, provide a contrast to this wrangling.[36] Under colonial rule and post-independence, these people might have identified themselves as Malawians or Zimbabweans. Presently, however, the trend seems to be reversing. While the national boundaries continue to play a role in the greater international world; within the region, boundaries are only rivers or invisible lines that can be crossed in a canoe, ferry or by foot. Border and customs posts are the official markers of international frontiers for officials and tourists. The nationals of the separate states are, *de facto*, inhabitants of a region and recognise this fact. This informality extends itself to all areas of life, including communications and trade between states, and could be used to build up a 'spirit of regionalism' and regional identity as mentioned in the Lusaka Declaration. The people of the region remain the SADCC's most under-utilised resource, leading the Executive Secretary of the SADCC, Simba Makoni to comment,

> "[The] agenda must be, how do we put the people as a whole - not the Ministers, not the Heads of State and Government, not the Secretariat but the people - at the centre of the movement towards regional integration."[37]

Other analysts have also promoted a more inclusive approach to regional development, moving away from government-to-government negotiations and towards a more regional-wide, inclusive method. Although there are admitted difficulties with this, among them the need for the governments involved to secede some of their control to other national players and the fact that international trade does not lend itself to grassroots decision making, other, more competent players within states could participate freely and effectively in the regional market. One of the problems that the SADCC experienced and that continues to plague the SADC is that the

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[36] See Cheru, F. The Silent Revolution in Africa (1989) Zed, London.

[37] Makoni, S. op cit p 12.

commitment to cooperation within the region is not encouraged beyond a central governmental level. Ndulu notes that

> " The experience of the 1980s for the SADC and the PTA countries has been that business organisations have played a passive role in the design and implementation of economic cooperation arrangements in spite of the fact that ultimately these are the principal agents of cooperation."[38]

In this light Davies argues that the process,

> "must enhance "triple democracy" - democracy in the political, economic and social spheres - and that organisations such as trade unions should be involved in shaping the process. In this sense the issue of sovereignty is seen as relevant, but no longer in a narrow national sense. Rather the issue is now seen as how to assert the sovereignty of peoples against the pressures of trans-national corporations. The point also has to be made that only if peoples are involved will the process of integration gain the legitimacy to ensure that it is sustainable and effective."[39]

A sense of regionalism and commitment to cooperation is paramount to ensure the political will necessary for any cooperation bid. The lack thereof is the most insurmountable obstacle to a cooperative effort. This need for a common regional vision was alluded to again in the debates leading up to the transformation of the SADCC were it was mentioned that there is,

> "a critical need to develop among all the countries of Southern Africa a vision of a shared future." [40]

This "spirit of regionalism" can be developed in a number of ways. To strengthen other regional connections between official and business circles, and to assist in the building of "a vision of a shared future", regional economic and social events could be organised. Trade fairs have already been organised and held in Zimbabwe, where representatives and companies from various SADCC states displayed their wares. At present, sport is being used as a social adhesive within the region. An increase in the frequency of events such as these could only assist cooperation within the region.

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[38] Ndulu, B. "Regional cooperation in southern Africa: a comment" In Baker, P (ed) (et al) South Africa and the World Economy in the 1990s (1993) David Philip, Cape Town. p 227.

[39] Davies, R. "Approaches to regional integration in the southern African context." Africa Insight vol 24 no 1 1994 p 15.

[40] SADCC: towards economic integration op cit p 5.

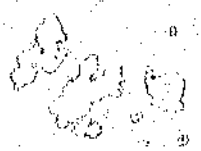
A large degree of the trade conducted by the SADCC states with South Africa is as a result of personal and business contacts that have been built up over the years. Much of the regional contact has been bi-lateral, but without a regional focus. An improvement in the existing state of affairs could be the refocussing of business on the region, while increasing and improving their bi-lateral ties. To ask the private sector to focus on something as ethereal as "the southern Africa region" would probably have a negative impact. However, to ask them to improve existent ties and then develop these with the neighbouring states provides a focus and a starting point.

The involvement of the various national governments in the regional development process is a constant risk, given their continual petty politicking, nationalistic tendencies and their "high politic" sensitivity over "low politic" issues. However, national governments cannot be excluded from the cooperation bid. It is unlikely that any form of regional cooperation would take place without government involvement. Although functional South-South cooperation calls for efficient government intervention, as illustrated, governments of developing states tend to be too involved in a cooperation attempt. Any process aiming at restructuring the SADC would need to take cognisance of this, perhaps allowing government to "jump-start" bi-lateral connections as necessary and then partially withdrawing and allowing other national players to take a regional role.

The southern Africa region has attempted various forms of development, both on a regional and national. South-South cooperation is another example of a regional development attempt. Although not without faults, this approach may prove flexible enough, while giving sufficient structure to promote development through out the region. There are difficulties with all approaches to cooperation in the developing world. South-South cooperation allowing for bi-lateralism, within a regional context promotes ties between individual states and advances the development of the region as a whole. Davies concludes his article on "approaches to regional integration", recognising that one approach to cooperation or integration does not have all the answers.

> "Under these circumstances, the options for promoting the kind of closer regional economic relationship, now almost universally held to be potentially advantageous to all parties, cannot be seen in terms of polarized choice between cooperation and integration. *The real issue is rather to identify that combination of cooperation,*

coordination and integration, realistic and feasible under prevailing conditions, which can best advance the goals of contributing to growth and development."[41]



[41] Davies, R. "Approaches to regional integration in the southern African context." Africa Insight vol 24 no 1 1994 p 16. Emphasis in the original.

CHAPTER FIVE

SECTORAL REVIEW.

Introduction.

The previous chapters have set out a theoretical framework for possible paths to greater cooperation in southern Africa. This chapter aims to provide some factual background to this framework, by examining certain sectors of the regional economy and the roles played by the southern African states, especially South Africa.

The choice of South-South cooperation is applied to selected areas where there have been shortcomings within the SADCC, as illustrated in previous chapters. The end result is that South-South cooperation, while not without fault, could play a more constructive role than other theoretical approaches toward cooperation in southern Africa. Traditional sectors of the economy, such as trade and industry, have been identified, while other sectors, such as tourism, have also been examined because of their specific relevance to the region. In order to highlight the benefits of increased regional cooperation more clearly, various sectors of the regional economy are examined separately. It must, however, be clearly understood that all sectors of the economy are interlinked. There can be no increased trade in the region if there is no increased communication. Similarly, an improved communication infrastructure is useless if it is not utilized.[1]

Transport and Communications.

The development and layout of the southern African railway network has been asymmetrical.[2] There is a substantial development of line inside the borders of South Africa, whereas the links north of the Limpopo become increasingly rare.[3]

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[1] An example of the interdependence of the sectors is the recent export of South African maize to southern African states. While there was a definite demand for the maize and an import capability of meeting this demand, the infrastructure of the region proved totally inadequate to move the imported maize from South African ports to the north. Business Day Johannesburg, 12 February 1992.

[2] See Appendix.

[3] The Tazara railway line running between Lusaka and Dar-es-Salaam, is one exception. It was built by the Chinese after the era of decolonisation and completed in 1975. The port facilities at the end of the line, however, are inadequate to meet the needs of the sub-continent. These facilities, and the line itself are subject to an upgrade which is expected to be

The SADCC placed considerable emphasis on improving the transport and communication network of southern Africa. One of the reasons for this prioritization was the necessity for the people of the region to be able to communicate with one another, effectively and efficiently. [4] It is reasoned that more communication between the countries regarding the availability of commodities would elicit an increase in the tendency to trade within the region.[5] This argument, however, presupposes a number of variables. Among these factors are existent trade relations with neighbouring states, the complementarity of the national economies and the availability of the goods in the neighbouring states.

The SADCC argued further, that the development and improvement of infrastructure and an increase in trade between the states would also promote greater interdependence. The infrastructure that was developed, or improved upon, in the twelve years of the SADCC's existence was directed at the greater exportation of the SADCC's produce to the developed world [6] rather than meeting the articulated goal of increasing the intra-regional trade.

The fact that intra-regional trade did not increase dramatically within the SADCC decade does not negate the organisation's reasons for wanting improved communication facilities between the member countries. The need for this very necessary foundation persists, but the members' trade policies towards the region need to be re-evaluated.

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finished in 1995. Zambia decided to switch all mineral exports to the line in 1986. The distance from Zambia to the port is two-thirds of the distance to Port Elizabeth, but it took almost double the time to cover this distance on the Tazara line. See Martin, R. Southern Africa: the price of apartheid (1988) Economist Intelligence Unit, London. pp. 76-79.

[4] Deutsch's views of traditional integration theory and the necessity of efficient communication for successful integration are clearly consistent. "Communication is the cement that makes organisations. Communication alone enables a group to think together, to see together and to act together." Dougherty, J. and Pfaltzgraff, R. Contending Theories of International Relations (1981) Harper & Row, New York. p 424.

[5] Studies conducted in Botswana have indicated that the economic benefit of access to a telephone in a rural area is eight times greater than the revenue generated by the payphone. Development Bank of Southern Africa, Assignment "Strengthening Multi-sectoral linkages and cooperation in southern Africa: a framework towards attaining regional economic integration." 30.8.93 p 11.

[6] Projections of road and rail traffic in 1990 within the region estimated that SADCC would export 912 000 t/y to fellow members. Exports from the region to the international market for the same time period were estimated at 3 864 000 t/y. See Hanlon, J. SADCC in the 1990s: developments on the Frontline (1989) Economist Intelligence Unit, London. pp. 137-8.

Communication Infrastructure and Economy

The emphasis of the region's continued dependence on the South African infrastructural network as a negative factor will, in the long term, fade as Pretoria's begins to play a more active, contributory role. However, the SADC also needs to change its development plans for improvement of the proposed infrastructural links. The majority of these proposed improvements relegate the region to the position of supplier of raw materials undermining the position of the region and not reflecting its true interdependence. Delinking the regional economy from its international partners by disregarding the existing infrastructure is not the answer, but the region should not reinforce its adverse dependence on the developed world. [7]

There are two levels of infrastructure in the region. The first allows the region access to the developed world through the railways and ports. The second level is the internal, regional infrastructure that permits states within the region to trade and communicate with one another. Some of the infrastructure doubles as both internal and external links, but as can be seen by examining the map,[8] there is a deficiency of infrastructure relevant to trade within the region and specifically between the SADCC states. Although exports shipped to the ports contribute to the growth of the port cities, they do little to enhance the regional economy, ignoring a negligible 'trickle-down' effect on the area immediately surrounding the port.

The externally-oriented, first level infrastructure has led to the region's increased dependence on the developed states. Initially, this dependency was of benefit to the territories. During the colonial era, it ensured that the economy of the region was involved in the world economy at large. The external infrastructure allowed for some areas of the region to develop but were beneficial only as long as the colonies had a metropole on which to rely for continued economic involvement. After independence, the external infrastructure allowed for some economic growth in the region, especially in the 'boom' years of the 1960's. A sharp decline in primary product prices revealed the weaknesses of relying solely on primary product exports and the external infrastructure. First level

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[7] See Lee, M. "SADCC and the West" in Lee, M. SADCC: the political economy of development in southern Africa (1989) Winston-Derek, Tennessee. This chapter discusses the need for the SADCC to develop, but identifies the contradiction of the region achieving this goal while depending on the West.

[8] See Appendix.

infrastructure catered primarily for the export of low-cost, high-volume goods and ensured the region's continued dependence on the developed states. [9]

The benefit of improved national infrastructure should be obvious to any government. It allows for faster and more efficient access to all areas of the country and also encourages the growth of the economy on a national basis. If the SADC wishes to increase interdependence through intra-regional trade, the organisation should concentrate on regionally-oriented, second-level infrastructure. However, Kennedy has argued that "Infrastructure projects have been overemphasized at the expense of maintaining transport systems..." [10] The over-emphasis has been on those projects which link the region to the developed world. Of all the construction projects listed under the heading of Railway Projects at the SADCC 2 Conference in 1982, only seven dealt specifically with the improvement of internal infrastructure, the remainder focusing on first-level infrastructure. [11] Within the southern African regional context, the infrastructure that links the states to the developed nations - the first level of infrastructure - is safeguarded because of the continued dependence of the states on foreign exchange earnings.

Blame for the SADCC's failings in improving regional transport and communications is often laid at the feet of the organisation's international sponsors. However, in rendering assistance, they theoretically followed the guidance of the SADCC Secretariat with regard to projects to be implemented, as well with respect to prioritisation. The need for internal infrastructural development was not emphasised to international sponsors, a fault which must be accepted by the Secretariat. Some essential regional projects, such as the building of a bridge over the Zambezi at Kazangula, although mentioned, were not publisized sufficiently to draw enough attention and funding to them. Funding for the Zambezi bridge was only being negotiated at the 1992 Summit of the SADCC in Maputo. [12]

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[9] For selected African states' exports and main trading partners see Africa at a Glance 1992 (1992) Africa Institute. Pretoria. pp. 91-5. See also Kennedy op cit pp. 66. ff.

[10] Kennedy, op cit p 1.

[11] Kgarebe, A. (ed) SADCC 2 - Maputo (1981) SADCC Liaison Committee, London. pp. 200-1. Recently Zambia has announced plans to fill one of the transport gaps in the regional network. It intends to build a rail-link from Livingstone, in the southern part of Zambia, to Grootfontein, in northern Namibia. See Business Day Johannesburg, 14 May 1993 p 1. While this line is a second-level, (i.e. regional) link, care must be taken that it is used as such, and not merely as a branch line to Walvis Bay.

[12] SADCC Conference, Maputo 29 - 31 January 1992. Transport and Communications Documents "Roads" p 50.

Accountability for the lack of internal development must be shared by the individual SADCC members for almost exclusively promoting the improvement and upgrading of the external infrastructure. Members argued for improvements in order to relieve crises in their own national economies. More efficient external communication resulted in increased trade with those states that were capable of paying in hard currency. An increase of such trade ensured a improved foreign exchange situation, and a stronger position in the international economy. In practice, it meant that Zimbabwe and Botswana would argue for the improvement of the port of Maputo in their own interests, because an improved Maputo line would give both states an increased capability of exporting goods, while avoiding the use of South African infrastructure. A similar argument can be made for the Zimbabwean interest and protection of the Beira Corridor.

Nationalistic attitudes such as these partially account for the lack of infrastructural development in the region. These attitudes will have to be reformed if there is to be any regional improvement in the future.

Suggestions for reform of the transport and communications network

The situation which the southern African states face is one of an asymmetrical network, with few or no connections between states of the region. To increase trade between the states, the improvement of the transport network is a necessity. According to the South-South cooperation one of the first variables that needs to be filled is the promotion of a regional development plan that will embrace individual, national ideals. Communication and transport are essential links in this plan. There have been attempts at a regional standard for communications and transport links, but in many cases these have not been implemented or ratified by the participating states.[13]

South Africa, adopting the role of the more developed semi-peripheral power in the region, already has an advantage in promoting improved regional transport and communications. Transport and communication links already exist between South Africa and most of the other states of the region.

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[13] All the states in the region are linked by telephone lines through the PANAFTEL protocol, but are not linked by satellite, increasing costs. There are difficulties regarding the use of long-distance vehicles through out the region. The PTA has passed a protocol that has not been ratified terminating the need for regional citizens to apply in advance for visas to another member state. See Maasdorp, G. and Whiteside, A. Rethinking Economic Cooperation in Southern Africa: trade and investment (1993) Konrad-Adenauer-Stiftung Occasional Paper, Johannesburg. pp. 21 ff.

South Africa has also frequently played the semi-peripheral role, even during the apartheid years by allowing the SADCC states access to both transport equipment and technical expertise.[14]

Trade opportunities between most southern African states are mistakenly perceived as negligible and, as a result, any initiatives to promote and improve the regionally-oriented infrastructure in southern Africa are negated.[15] It is argued that infrastructure supports trade but this relationship between infrastructure and trade must be seen to be mutually supportive. The Development Bank of Southern Africa illustrates the essential linkage between trade and communication infrastructure by stating,

> "Regional cooperation on transport is a prerequisite for economic integration. Effective transport linkages are vital for foreign trade as well as for the movement of people. In adequate cooperation on transport matters is often a major non-tariff barrier to regional trade."[16]

The SADCC maxim of "let production push trade" could be further extended to read "and let trade push the development of regional infrastructure". However, there is a cyclical logic that affects this argument. If production pushes trade, nothing will be traded unless it is produced. Following from this, nothing will be produced unless there is a demand and demand for regional goods is unlikely, unless communications and transport between the producers and potential consumers improve. Similarly, no development of infrastructure will take place unless there is a demand for it. One way of assuring this demand is through the promotion of intra-regional trade. However, if there is little chance of ensuring supply from another state in the region because of inadequate infrastructure, people will look elsewhere for goods. Therefore no regional demand for goods is created and no development of infrastructure takes place.

The improvement of regional infrastructure should emanate from the need for producers and consumers to trade. People trade when they see that their needs can be met. The goal, therefore, should be greater communication between the states as regards production capabilities and consumer needs. This aim, however, can only be realised through commitment from the

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[14] South Africa companies have also expresed interest in assisting in the developemnt and improvement of the telecommunications systems in the southern African states. See The Weekly Mail Johannesburg, April 24 1992. p 17.

[15] Opportunities to improve intra-regional trade are dealt with below.

[16] Development Bank of Southern Africa, op cit p 13.

governments involved. Although there has been some commitment to this goal during the SADCC decade and although regional trade fairs have been encouraged, there is still room for improvement.

Improvement of the regional infrastructure must be planned on a regional basis. To develop infrastructure on a national or sub-regional basis is to negate the idea behind a regional transport and communications network. National airlines are one example of regional infrastructure that has been planned on a national basis and resulted in an overall waste of resources. Attempts to eradicate discrepancies and to increase the communications and cooperation between the members regarding regional flights have been fruitless. The flight tables of the regional airlines are duplicated and yet no regional airline flies at capacity. Duplication has led to altercations between the airlines, the majority of which are government controlled. This, in turn, has lead to increased tensions between governments. To solve this issue in an amicable and economically beneficial manner, there needs to be a change of attitude and goals on the part of the airlines' controlling bodies.[17]

Investments in inefficient national airlines could be employed more efficiently elsewhere. Individual national airlines in the region do not have the depth or the experience to challenge international carriers on an equal footing. The national airlines may be able to do so within the region, if they act as a cohesive whole. Rescheduling flight times and destinations as well as allowing regional airlines equal access to facilities is one option which has been suggested.[18] However, hitherto a desire for national autarky has been favoured over economic rationality. The "*Southern African Economist*, has called for a joint SADCC airline as a way of saving money and generating new traffic, but national pride means 'SADCC Air' is just a pipedream." [19]

One of the future dangers of improvements on a non-regional basis will be the dominance of the South African infrastructure. The SADC states may feel obliged to compete with their more

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[17] Hanlon, op cit pp. 86-8.

[18] See Africa South February 1992.

[19] Hanlon, op cit p 86.

developed neighbour and, in so doing, undermine transport plans within the region. Before South Africa joined the organisation the SADCC stated that,

> "The SADCC transport and communications systems must openly and more fiercely compete with the South African system, and only the more efficient of the two will attract traffic." [20]

Statements such as these imply an "all-or-nothing" approach to potential cooperation in the region, and protectionism that promotes nationalism and division. Transport and communications is one sector of the economy in which a number of states in the region stand to benefit. It is also an area where the need for cooperation is obvious. Instead of promoting inefficient national competition, the SADCC should be encouraging cooperation to its best economic advantage. States should not be offering to cut prices on transport costs, undermining the transport sector of their neighbours, but should rather be improving efficiency on their lines to attract more clientele. [21]

Trade.[22]

Trade has been identified as one of the essentials for intra-regional development but was given an elevated status somewhat belatedly in the SADCC's program of development. At the beginning of the SADCC era it was proposed that, although increasing intra-regional trade was a significant goal, the path taken to achieve this goal was more important. At the first meeting of the SADCC it was argued that strategies,

> "... which leave the peripheral capitalist mode of production in the regulatory hands of transnational corporations - e.g. so called free trade areas and laissez-faire common markets - can hardly lead to reduction of overall dependence even if they do increase regional trade. Further, they are likely to maximize inequality in division of gains thus creating contradictions which erode, rather than build, regional co-ordination." [23]

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[20] SADCC: towards economic integration op cit p 3.

[21] For a comparison of the efficiency of the various SADCC and South African routes see Kennedy, T. Southern African transport - an analytical model (1990) Africa Institute, Pretoria. p 50.

[22] This section deals with reasons and potential for improved trading relations, rather than identifying specific cases or examples for increased trade.

[23] Nsekela, A. Southern Africa: towards economic liberation (1981) Rex Collings, London. p 226.

Such criticism overlooks the potentiality of regional transnational corporations. There are a number of companies in both South Africa and the SADC states that are capable of doing business throughout the region.[24] To restrict the regional access of these companies would be harmful to the regional economy, yet initially, the SADCC had not even identified the possibility of using its internal, domestically located companies as vehicles for increasing intra-regional trade. Instead, it looked to the developed world as the bearer of equal development. Although this omission was probably influenced by both the SADCC's avoidance of functional integration's emphasis on trade as well as overlooking their own natural commercial capabilities.

Discrepancies in development among states in southern Africa should, according to functional South-South cooperation, be equalized partly through the promotion of intra-regional trade. In the southern African case, the danger of the economic hegemony of South Africa is apparent. According to the South-South approach, South African dominance could, however, be neutralised through preferential treatment for the less developed members.

There are distinct advantages to keeping trade 'within the region'. These, *inter alia*, include:

- the development of the region;
- the transfer of relevant technology;
- the possibility of avoiding the use of valuable foreign exchange;
- greater political stability through greater cooperation;
- increased attraction for foreign investors as a result of an potentially increased market base.

Difficulties concerning trade

The dependence of the southern African states on the developed North is obvious. Goods are often purchased from the North when an item of equivalent quality is available for less from a state

[24] Since the reforms in South Africa, the amount of business conducted by South African businesses in the region has increased significantly. See The Weekly Mail Johannesburg February 12 1993 p 21 and "Investing in Africa" The Economist 12 August 1995. pp. 19-21.

with in the region. The problem is compounded by other factors, including, the extreme shortage of foreign exchange within the region, the lack of knowledge of [illegible]s and materials available from other states in the region and 'ear-marked' aid from the developed states. Other barriers to increasing intra-regional trade included the high cost of production of goods, over-valued exchange rates, the lack of political will and government macro-economic policies.[25]

One of the overarching difficulties experienced in increasing intra-regional trade is the shortage of readily available foreign exchange. The dependence on foreign units of exchange is illustrated by the predicament faced by the states in their purchasing of petroleum products, one of the essentials needed by the states in the region to ensure survival of their economies.

The international petroleum market uses the US dollar as the unit of exchange and the southern African states are forced to comply. For example, the product is transported from the port of one state, (Beira in Mozambique), to the market of another, (Botswana), and payment is demanded immediately in US dollars. Trade is listed in these terms and is not always in the best economic interests of the regional states. Payment imbalances are often corrected through restriction of future trade rather than through an adjustment of exchange rates or through an increase of exports to the creditor state. As Cheru mentions,

> "[T]he majority of sub-Saharan African governments are completely broke. All governments in the region have been hit by falling terms of trade and a rising international debt burden."[26]

The countries of southern Africa, particularly the BLNS states, are heavily dependent on South African facilities for the importation of their oil needs. All petroleum must be imported. There are only two departures from this norm: Angolan oil, which is too heavy a grade for local consumption, and the South African SASOL plants that convert solid fuel (coal) into liquid fuel (petroleum and oil). Zambia imports oil from Dar es Salaam and processes it in its own refinery. Zimbabwe can import about 80% of its oil needs through the port of Beira in Mozambique, when the pipeline is in working order, but otherwise relies heavily on South Africa, especially for the importation of aviation fuel.[27]

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[25] See Maasdorp (et al) op cit pp. 14-24.

[26] Cheru, op cit p 44.

[27] "Notes on South African initiatives in intra-regional railway transport" in Leistner, E. and Esterhuysen, P. (eds) South Africa in southern Africa: economic interaction (1988) Africa Institute, Pretoria. p 143.

South African dominance of intra-regional trade is another obstacle to increasing the level of trade. South Africa holds considerable sway in intra-regional trade, due partly to its membership of the SACU. It also has significant trade with other, non-SACU members and an overall trade surplus with the rest of Africa, estimated at US$ 1.7 billion.[28] Commenting on this regional dominance, Muirhead observes that,

> "... a review of intra-regional trade substantially becomes an essay on South African exports to its politically reluctant, but in most cases economically realistic, neighbours" [29]

There has been a dramatic improvement of South Africa's official trade with the rest of Africa since the initiation of political reforms.[30] South African business had been excluded from what, under other circumstances, would have been the natural market place for its produce. South African companies have established 'regional depots' in order to expedite greater trade with the region and it has become increasingly obvious that the South African business community recognises its natural market to be the African continent, disregarding the politics of the individual states. Commenting on this 'invasion' of the African market place, Davies asserts that the

> "... removal of the final barriers to full acceptance on the continent, which the installation of a more representative government can be expected to bring about, could open up the possibility of significant increases in South Africa's extremely

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[28] Africa at a Glance 1992 op cit p 96.

[29] Muirhead, D. "Trade and trade promotion" in Leistner, E. and Esterhuysen, F. (eds) South Africa in southern Africa: economic interaction (1988) Africa Institute, Pretoria. p 90.

[30] It is estimated that South Africa's exports to the rest of the continent increased by 40% in 1989 and by a further 22% in 1990. Davies, "South Africa and the SADCC" op cit p 436. Other figures for South African exports to Africa in millions of Rand are:

	Excluding BLNS	Including BLNS
1990	4 008	13 578
1991	5 065	16 459
1992	6 130	18 809
1993	6 931	21 942

Source: Interview with E. Leistner, Africa Institute, Pretoria. 25 October 1995

modest existing share of continental markets. ...'The long term potential for increased commerce is large.'" [31]

Another impediment to trade is the problem of states being unable to afford the capital equipment necessary to solve the problem of lack of complementarity of economies. Capital equipment would increase diversification within the region and, therefore, the potential for intra-regional trade in complementary goods.[32] Here, cooperation with South Africa would be beneficial to the region. Capital equipment imported into the region from South Africa would not necessarily have to be paid for in US dollars, but rather, states could make use of a facility similar to that of the PTA Clearing House.[33] Paying in a 'local' currency would assist in alleviating the regional foreign exchange crisis, and the balance of trade surplus that South Africa has with the region. Another advantage is that the delivery time for the equipment, maintenance and customer service would be far less than if it were imported from a developed state.

The competitiveness of the national economies in the region also proves problematic. Many of these economies are dependent on primary products and competition does not enhance efficient or effective trade between the states. The obvious path to take, therefore, is to diversify the economies of the states. However, diversification of the economy has become a synonym for import substitution. Capital technology is imported in order to manufacture goods that are normally supplied by trading partners. Import substitution in southern Africa has not been coordinated on a regional level and frequently neighbouring states have used national autarky as justification to import technology. States have often constructed capital intensive plants that their economies cannot support, producing goods that no one in the region wants to buy, that are too expensive to export and that, in some cases, contribute to the regional surplus of such goods.

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[31] Davies, R. "Economic Growth in a Post-Apartheid South Africa: its significance for relations with other African countries" Journal of Contemporary African Studies vol 11 no 1 1992 p 55. With regard to South African business' increased African 'exposure' see "Investing in Africa: a new scramble" The Economist 12 / 8 / 1995.

[32] A recent World Bank report has indicated that there is moderate complementarity of goods between the import needs of the PTA states and the export goods of South Africa. See Davies, R. (et al) Reconstructing economic relations in the southern African region: issues and options for a democratic South Africa Discussion report prepared for Macroeconomic Research Group, Centre for Southern African Studies, University of the Western Cape. (1993).

[33] The issue of using the PTA Clearing House is dealt with later in this section.

A pc diversification of the regional economy that should be examined is one that uses the technology and abilities already present in the states of the region. To import expensive, inappropriate technology in order to improve the national economic position is to promote false expectations. The southern African states need to examine their resources as a region and promote those areas of the economy that are most economically viable.

Many of these non-economic barriers to trade could be solved with greater communication between the regional producer and the regional consumer and between markets within the region. The markets of the region need to eb more interactive, essentially "funcitoning" markets. This lack of communication tends to encourage barriers to intra-regional trade that could be eliminated quite easily. Other, more tangible barriers include: [34]

- the limited or non-availability of desired goods;
- poor knowledge of availability of goods and/or opportunities for marketing;
- perceived or real inferiority of local goods;
- uncertain payment schedules;
- delays in delivery.

Options for financial reform within the region.

The issue of South African dominance proves troublesome, even if regional trade access is limited., With the possible exception of the Botswanan Pula, the South African Rand is the most favoured regional currency. An improved regional foreign exchange situation may enhance the Rand's popularity further, placing it in a stronger position in relation to its regional counterparts. Foreign investment may flow through South Africa, giving this state more influence within the region.[35] Regional currencies would be linked to the stronger currency and the governments may, therefore, lose some sovereignty over their own fiscal and monetary policies.

The establishment of a regional form of exchange does not promote the extreme of delinking. Advocates of delinking fail to recognise the inherent interdependence of the globe geographically

[34] SADCC: towards economic integration, op cit p 27.

[35] This is further reinforced by South Africa's recent sectoral responsibility within the SADC, that of coordination of regional financial matters.

as well as economically. However, for the region to trade internally in a currency over which they have no control, handicaps them in the international political economy.

There are a number of alternatives within this solution of a regional form of exchange. Three of these alternatives are:

- to trade in local currency, either bi-laterally or multilaterally. The potential exists to use the PTA sponsored Clearing House, in Harare.

- to use the counter-trade method. One bi-lateral counter-trade agreement exists in the region.

- to favour other regional states in any foreign exchange transactions, thereby ensuring greater cooperation within the region.

Using the Clearing House

The PTA Clearing House located in Harare, Zimbabwe, was established as part of a drive to eliminate tariff barriers in the PTA region. Although members are permitted to trade in their own currencies, the balances must be settled every two months in US dollars. This is because of extreme fluctuation of the regional currencies, stemming from the slack fiscal control exerted by the governments. Difficulties in meeting the bi-monthly settlement is part of the reason for the low usage of the Clearing House by PTA members. In addition, hard currency payments are demanded for certain commodities, (oil and petrol), putting undue pressure on the member states' foreign exchange holdings.[36]

Members of the SADC that are also members of the PTA may make use of the Clearing House but all this serves to do is highlight the overlap of the two organisations and the failing of the SADC to match its changes in strategic policy with institutional changes. If the SADCC chose to make use of

[36] "The PTA has enjoyed some success in that the Clearing House is handling about 50 per cent of intra-PTA trade, while the proportion settled in hard currency has decreased from 87 per cent in 1985 to 47 per cent in 1989." Leistner, E. South Africa's options for future relations with southern Africa and the European Community Discussion Document commissioned by SACOB, October 1992, Africa Institute, Pretoria. p 6.

a similar financial centre, some organisational reforms would have to be introduced and a similar centre may duplicate the existent PTA facility.

Another option for the financial reform of intra-regional trade is the use of multiple-exchange rates. Multiple-exchange rates would allow more buyers greater access to a larger selection of markets in the region, improving the competitiveness of the national markets and increasing the comparative advantages of the members of the region.

A method favoured within South-South cooperation for improving intra-regional trade is for the involved states to improve their bi-lateral trading relations. However, there are some inherent potential liabilities with adopting this approach unreservedly. Bilateral arrangements within the region could prove to be damaging to overall regional relations if they were to constitute the totality of intra-regional trade. They would automatically exclude states that fell outside the arrangements. Such relations may also prove to be exclusionary to the extent of creating an 'inner circle' of states in the region, probably including South Africa, Zimbabwe and Botswana.[37] States with complementary production facilities would trade to the exclusion of others, which may result in the possible duplication of development projects in the region, under-utilisation and misallocation of resources. Exclusive bilateral arrangements may not be the most beneficial trading arrangements for the whole region. South-South cooperation recognises these problems and attempts to overcome them by granting the weaker states preferential access to investment opportunities.[38]

Counter-trade

A counter-trade agreement exists between Tanzania and Mozambique. The attraction of such an arrangement is its freedom from a dependence on foreign exchange. Counter-trade allows states to participate in regional trading agreements, if only in a limited capacity. Members can actively contribute to the regional trade balance, while building a greater regional trading capacity. Involving states in this manner prevents them from being side-lined in the negotiations leading to future regional trading agreements. Counter-trade also provides an opportunity for domestic industries to

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[37] Maasdorp proposes a similar categorization of 'inner circle' or core states, but this classification is not dependent on the principle of bi-lateralism. Maasdorp, op cit p 209.

[38] This potential for exclusion may be unduly pessimistic, but remains valid within the context of bi-lateral relations. The option exists for the expansion of these bi-lateral relations to include other states, but by definition the agreements then become multi-lateral.

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look towards the region as a potential market place. It also gives the participating states some opportunity to improve their regional comparative advantage, if only in a limited selection of areas.

Counter-trade also has limitations that restrict its application within the southern African region. One of its severe limitations is that imbalances have to be corrected after short intervals, (every two months), creating a certain degree of inflexibility within the trading arrangement. Another limitation results from this inflexibility. States, often those that trade heavily in agricultural goods, sometimes have nothing to trade with for a period of time as a result of the seasons, or climatic changes. Another drawback of counter-trade is that it can promote inefficiency in production because the discipline of price and quality related competition is likely to be absent. A fourth disadvantage of a counter-trade arrangement is that it is difficult to initiate multilateral agreements and demands strict managerial and financial control. As is pointed out by the UNIDO,

> "The potential complications multiply exponentially as the number of products, enterprises and countries increases."[39]

Counter-trade therefore, is, at best, only a partial answer to increasing intra-regional trade in the region.

Trade in technology

The issue of the trade in appropriate technology is especially relevant within the southern African region. Goods and technology, to meet regional needs, are often available within the region and may prove to be of greater use than technology imported from the developed states. In avoiding South African produced goods, and in an attempt to replicate the production of these goods within the region, the SADCC has developed an inefficient pattern of trade.[40]

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[39] Industrial Cooperation through the Southern African Development Coordination Conference (1985) United Nations Industrial Development Organisation. p 158.

[40] Although the intention of the SADCC was to boycott South African goods, the effect was similar to that of trade diversion as originally identified by Viner. It has been further argued that trade diversion is a sign of unsatisfactory economic integration in developed states and would prove even more so for underdeveloped states. In juxtaposition to this, it is alleged that, in certain cases, trade diversion in underdeveloped states, would be of assistance to the states' economies. See Kreinin, M. International Economics: a policy approach (1975) Harcourt Brace Jovanovich, New York. pp. 385-6. However, in the southern African instance, the argument is negated, given the present exchange of labour within the region and the untapped potential of South Africa's participation.

Local conditions play a large role in the exportation of technology to the regional market. Most of the states of the region have similar weather patterns and agricultural potential for similar crops. Technology used for maize farming in South Africa would, therefore, be of use in Zimbabwe and Zambia. All of the states in the region, including South Africa, experience severe droughts that impact on crop harvests. Technology used in combating drought and crop shortages would be mutually beneficial, as would the increased coordination in agricultural research.[41] In addition, the development of community and self-help programs would ensure a more capable and, therefore, more economically viable population benefiting individual states' economies and the region as a whole.

Zambia has used South African mining techniques for some time and recent South African investment in that country will ensure that the Copperbelt continues to employ similar technology as used on the Witwatersrand. States such as Botswana and Namibia, have a very dry climate similar to the northern part of the Cape Province of South Africa. Cooperation in fields such as agriculture, technology, transport, water, power etc. due to similar climatic conditions would make economic sense. With regard to the importation of relevant technology, Segal points out that,

> "Economic growth in Africa can only be incremental as farmers increase yields, reduce post-harvest losses, and get crops to market faster. High-cost imported technologies are neither affordable nor workable." [42]

Low-cost housing technologies have potential for relevant technology trade because of shortages in housing in all states in the region. Throughout South Africa there have been various experiments in low-cost and informal housing that could be used elsewhere in the region. The use of readily available low-cost materials is of importance. Most imported, low-cost, housing experiments are limited in their implementation due to the high cost and delay in importing the necessary materials. Communities should be directed towards materials available locally, according to local conditions.

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[41] For a discussion of options to improve cooperation within southern African regional agriculture see van Rooyen, J. "Prospects for Agricultural Cooperation and Trade in the southern African region" Paper presented at a Development Bank of Southern Africa Workshop Strengthening Multi-sectoral linkages and cooperation in southern Africa DBSA, Midrand. 4-5 October 1994.

[42] Segal, A. "Appropriate Technology: the African experience" Africa Contemporary Record (1987/8) p 59.

Another example of trade in relevant technology within the region is the opportunity for the states to cooperate in their manufacturing and production processing of tractors and spares. Although three states in the region, Tanzania, Zimbabwe and Swaziland, produce tractors there is little or no cooperation between the producers. All three produce equipment that is more appropriate to the larger commercial farms and none produce a more viable, but smaller engined model for the small-holder. To complicate matters further, there are various makes of tractors in the region, which require the importation of different spare parts. The three states concerned could cooperate with the production of their models of tractors and still compete effectively with any other manufacturers wishing to enter the regional market.[43]

Informal sector trade

The regulating of intra-regional trade is perhaps more problematic in a region where the informal sector and unrecorded trade has been "booming". National boundaries restrict the official flow of trade between states but cannot contain the informal trade between the people of the region. The importance of the informal sector cannot be ignored as is apparent in Spicer's comment.

> "There is not a country in sub-Saharan Africa (South Africa included) in which there is not a significant informal sector...It has been estimated that half of black Africa's total economic activity takes place in the underground economy - making nonsense of the official statistics of the World Bank and the United Nations." [44]

The existence of this 'underground economy' has a number of implications for regional bodies contemplating cooperation. The first is that the figures released concerning trade between the states of the region reflect only the official trade statistics. The second is that trade already exists between all the states of the region, despite attempts to reduce trade between South Africa and the region. The informal trade should be regarded as an encouragement to the regional bodies. The people of the region recognise their interdependence, demonstrating an existent foundation for promoting official cooperation among the nations. The acknowledgment of unofficial trade between

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[43] See Harris, B. The Political Economy of the southern African Periphery (1993) St Martins Press, London. p 207 ff.

[44] Spicer, M. and Reichardt, M. "Southern Africa: the international community and economic development in the 1990s" in Benjamin, L. and Gregory, C. (eds) Southern Africa at the Crossroads? (1992) Justified Press, Johannesburg. p 261. See also Maasdorp, G. (et al) op cit pp. 16 ff.

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states does not, in any way, negate the official boundaries of the state, but would do much for admitting the interdependence of the region.

Governments have paid lip-service to regional interdependence while reserving their options for greater commitment and cooperation. The citizens under their political control have meanwhile, followed official government policy regarding regional cooperation. The problem is how to bridge the gap between the official government policy and the informal trading reality. How can governments include this informal initiative in official regional cooperation attempts? To try and stifle informal trade would harm the official goals of cooperation, and to try and regulate it through excessive bureaucracy would stifle it on the surface and probably drive it further underground.

An attempt at economic growth and cooperation that focuses on only one aspect of the economy will inevitably lead to an imbalanced economy. This has been one of the shortcomings of African development generally, and of the SADCC's attempts at development specifically. Although areas of the economy can be developed at disparate rates, the whole of the regional economy should be undergo some process of development simultaneously.

Industry.[45]

If the SADCC had managed to increase intra-regional trade, the sector most likely to be responsible for the increase would have been manufacturing and industry. The reason for this is that the dependence of the southern African states' economies on agricultural and mineral goods allow for little complementary intra-regional trade. In fact, manufacturing's contribution to the region's output actually fell by 1.1 percent over the first eight years of the SADCC's existence.[46] There are a number of reasons for the decline in industrial output, including the lack of cost-efficient production and the inability of manufacturers to break into foreign markets. There has been an acute shortage of skilled personnel in the region, especially in states that are in a prime position for industrial location and a lack of education and industrial training for potential candidates exacerbated the

[45] In standard economic analyses the industrial sector tends to be divided into a variety of sub-sectors; the mining industry, the manufacturing industry, etc. Constraints have prevented this from being done here, and as a result, this section concentrates primarily on the manufacturing industry.

[46] Hawkins, A. "Economic Development in the SADCC countries" in Maasdorp, G. and Whiteside, A. (eds) Towards a Post-Apartheid future: political and economic relations in southern Africa (1992) Macmillan, London. p 109.

problem. Other reasons for the drop in manufacturing output include, poor management of personnel and the lack of knowledge of educational opportunities elsewhere in the region.

The potential for cooperation in the manufacturing sector in the SADCC region is enormous. There are opportunities to export steel within the region, allowing the importing state's resources to be directed to other areas. Steel manufacturing is an expensive, capital-intensive industry and domestic markets are small but the regional market has untapped promise. Zimbabwe's exports of steel in the early 1980's were almost the same as the rest of the region's steel imports,[47] but this opportunity for increasing intra-regional trade was ignored, with Zimbabwe's steel exports being sold to non-SADCC markets.

The SADCC did attempt to address recognised shortcomings in the regional industrial sector in an economic survey.[48] The survey broadly outlined three strategies for improving the trade opportunities of the region. They are the short, medium and long-term strategies.

- The short term strategy involves identifying the under-utilized capacity of industries already located in the region, making use of misallocation, (non-allocation), of resources and matching it to the needs of the region. This strategy also includes specialisation agreements between some of the countries that already produce competitive products, allowing the industries to compete in parallel fashion, through a specialisation in different areas of the same industry.

- The medium term strategy is to rehabilitate existing industries in the region, for which capital investment is vital. An important consideration here is the order in which the rehabilitation projects occur, which must match the needs of the region. The result would be, that those industries that do not meet the immediate or medium-term needs of the region, should not be rehabilitated immediately. Instead, the much needed investment could be directed to more important areas.

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[47] Industrial Cooperation through the SADCC op cit p 80.

[48] SADCC Regional Economic Survey 1988 (1989) SADCC Secretariat, Gaberone.

- The long-term strategy of the SADCC is to build new plants, when they are needed, taking the needs of the region into consideration.

Despite these broad plans, there remain specific problems within the region and the national industrialisation policies that need to be addressed. These three strategies depend heavily on government involvement at a national and regional level and are anachronistic in the present regional climate of liberalisation.

Problems of increasing intra-regional industrial cooperation

States involved in cooperation attempts often need to legitimise continued cooperation by showing the fruits of cooperation on a national basis. This is usually done by boosting national industrial growth, even at the expense of duplicating regional efforts. This issue has manifest in the SADC's regional bid. A second problem is the SADC states' regional competition over a small consumer market. Comparative advantages of the SADC states have not been fully explored, with governments preferring to opt for national autarky than for regional coordination, illustrating their lack of political will. South Africa's recent accession to the SADC treaty also highlights the potential problem of industrial polarisation within the region. The absence of a regional investor's code is another omission dating back to the origins of the SADCC. The assurance to foreign and regional investors of the regional accountability of their funds would greatly enhance the attractiveness of southern Africa for foreign capital.

Potential solutions to increase intra-regional industrial cooperation

The problem of polarisation of industry and investment is probably the most threatening obstacle to greater cooperation in the southern African region.

One proposed solution[49] to the problem of polarisation is accelerated access to regional markets for the more underdeveloped states. This proposal assumes that these states have goods to sell on the regional market. The same proposal argues further that the disadvantaged states could phase in regional economic reforms and obligations at a slower rate than other states in the region, and that development grants would be made to these members on more favourable terms.

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[49] Industrial Cooperation through the SADCC op cit p 23.

The need for conditions similar to these is not in question, but the economic reality of the region would obviously not allow for such a generous approach to the disadvantaged states. However, the potential of South Africa cannot be overlooked merely because of possible problems of industrial dominance. In attempting to equalise an already imbalanced regional industrial sector, such a step would be a mistake. In five years, the SADCC's industrial polarisation grew more distinct despite a regional policy to equalise it,[50] perhaps because there was no obvious industrial, regional leader to take the initiative.

The incorporation of the lesser developed states of the region into projects where they play an influential role could be done using the states' comparative advantage, taking into consideration all the features of the state, including geography, climate, etc. This approach fits the functional South-South argument and is likely to be more beneficial to the weaker states. The Lesotho Highlands Water Project is an example of one such project. In financing and building a dam inside the borders of Lesotho, South Africa is not only ensuring that state an income for a number of years, but is also contributing to the economic viability of that state. This utilisation of resources involves using different advantages of each state concerned; the finance and engineering expertise of South Africa and the geographic features of Lesotho.[51]

Another area of coordination necessary for industrial growth is that of investment. The SADC could greatly enhance its marketability to foreign investors as a region by strengthening the coordination of national regulations governing investment policies, essentially establishing a regional investors' code. The recent accession of South Africa to the SADC and the responsibilities awarded to this state may indicate a step in this direction. In the light of South Africa's membership of the SADC there is also a need for a coordinated policy of regional investment to guard against the industrial imbalance tilting increasingly in South Africa's favour. Such a policy would ensure that more underdeveloped areas in the region get a fair share in any development options available. One way of ensuring equity is through a regional investors' code that would make investing in areas of extreme underdevelopment more attractive. Such a code could also coordinate investment in the

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[50] Ibid pp. 82-3.

[51] Some have argued that this cooperation is not mutual, but rather an attempt by South Africa to extend its hegemony over the region. Maasdorp, op cit p 209.

region, avoiding duplication of development projects. Clauses could be included that would make provision for the investor to relocate within the region at minimal cost and bureaucratic inconvenience. Coordinating regional investment policies would ensure that the members planned cooperation, which would play an important role in the stability of the region and would add an attractive inducement for potential investors.

However, competition for investment between states could enhance the attraction of the region to potential investors, by playing one state off against the other. Green argues that vying for investment under these conditions would be detrimental to the region.

> "Until a uniform code is signed, international capital can play one economy against others..." [52]

Ultimately, to ensure greater coordination in the industrial sector, the states need to look to their own resources and their utilisation. The attitude of the region's governments has been to industrialise rapidly promoting national self-sufficiency and trying to compete in international markets. This has meant that a small section of the population of the state and, therefore of the region, has had the benefit of accelerated development. Such an uneven policy cannot be sustained over the long term because the effects of limited, rapid industrialisation are soon felt in the rest of the nation.

Cottage industry

An area of industry that is often neglected usually because of the macro-viewpoint of analysts is that of the small manufacturer. Cottage industry produces goods for the immediate market with occasional spill-over into other markets. These are the entrepreneurs and manufacturers on whom the African economy has relied for centuries, and whom economists and regional planners have often overlooked.

Two resources that are abundant in the region are labour and the initiative of the small manufacturer. By incorporating these manufacturers and traders into the regional market and by encouraging the development of small-scale industries around the region, two problems can be

[52] Green and Thompson, op cit p 267.

resolved. Communications and trade between consumers and producers within the region would be improved, and in some cases, between areas of the same state, profiting not only these parties but also their governments. Policies promoting the small manufacturer corresponded with the SADCC industrial objectives which operate "on the basis of decentralisation and minimum bureaucracy." [53]

Small-scale industries have been overlooked by the SADC, to the organisation's detriment. Regional cooperation has been perceived as a large-scale, government-initiated and regulated endeavour. While governments, large-scale businesses and mining houses have a definite role to play in regional cooperation, the smaller operations should not be overlooked. Some analysts have opposed traditional World Bank thinking, promoting the smaller business as a tool for greater regional cooperation.

> "The types of cottage industries [Seidman] proposes would include those producing both capital and consumer goods. Thus nations would build their economies from the bottom up to address their economic needs, thereby reconciling industrialisation and development" [54]

The World Bank has since changed its reasoning, and now acknowledges that,

> "Cottage and small scale industry should be thinking first of serving the local market, by this I mean local province or region. Look at handicrafts you may say. Indeed I am delighted by the success in this area, but in a fiercely competitive and fickle international market, Philippine handicrafts will be in fashion today and [gone] tomorrow. The bread and butter and the basis of a modern manufacturing sector will always be at home." [55]

Recognising the limitations of small-scale industries when placed in a huge regional market, the benefits of such enterprises are exceptional. The financing and encouraging of small-scale industries are low-cost and should involve little administration. Most of the costs and risks are carried by the entrepreneurs themselves and their greatest advantage is that they are in immediate touch with the demands of the market. One of the more important advantages of small-scale business is that it is able to meet the needs of the immediate area. Within the domestic economies

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[53] SADCC: investment policies and mechanism of SADCC countries (1986) SADCC Industry and Trade Division, Tanzania. p 5.

[54] Harris, B. op cit p 207.

[55] David Steel, World Bank official, quoted in Broad, R. and Cavanaugh, J. "No more NICs" Foreign Policy no 72 1988 p 103.

of the BLS states such opportunities have often existed but have been ignored due to the more lucrative export market to South Africa.[56] The detrimental side-effect of this marketing strategy has been the need to re-import the goods from South Africa in order to meet domestic demand, proving an unnecessary drain on foreign exchange reserves.

The small-scale entrepreneur does not have reservations regarding the national autarky of the state, nor of the possibility of the state losing a fraction of its sovereignty. Similarly the state does not perceive the small-scale entrepreneur as a threat to national sovereignty and may feel more comfortable encouraging these enterprises. These reasons make the promotion of small-scale industries within the southern African region one of the more attractive and potentially prosperous experiments to encourage regional cooperation.

Disadvantages and obstacles to this approach include the need for the liberalisation of trade within the region to promote effective small-scale intra-regional trade. A total and immediate liberalisation of trade would prove disastrous to southern Africa, given the dominance of South Africa in industry. In an attempt to avoid this dominance, trade could be liberalised for small-scale companies only, but again the experience and the commercialisation of the South African small businesses, could out-perform those of the rest of the region. Balance has to be restored to these traders in the region, and could be done so through a process of gradual liberalisation.

Convincing the South African traders on this issue, may be a little difficult. The informal sector in South Africa has grown at a tremendous rate recently, due partially to a relaxation of municipal by-laws, the poor domestic economic climate and an influx of immigrants from other southern African states. The people of the region are treating the regional economy as a whole, rather than as separate national economies. In the South African informal sector Ansell notes,

> "The main actors in these pavement wars are indigenous hawkers...street sellers from Zimbabwe, Zambia and especially francophone Zaire and Ivory Coast ... In Kinshasa, hyper-inflation has made it profitable for entire neighbourhoods to accumulate funds in order to send people to South Africa just to buy goods."[57]

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[56] Industrial Cooperation through the SADCC op cit p 94.

[57] Ansell, G. "The crazy pavement wars go on" Africa South and East November 1992 op cit p 27.

Regional cooperation, in the small-scale industries, could greatly assist in the adaptation and importation of indigenous regional technology. The 'Readyboard'[58], is just one example of regional exportation of appropriate technology. A small improvement such as this could have very wide implications for the rest of the continent. Communication for the exchanging and categorising these adaptations is necessary.

Ultimately, industry will be the flagship of improved cooperation between the states of southern Africa. Trade figures are the indicators of increased communication and travel and an increase in cooperation in the industrial field will lead to increased trade between economies that have the potential to be complementary. However, states must not make the mistake of looking only to established industries for an improvement of these figures but also to the small producer, whose part in the regional industrial jigsaw will prove to be invaluable.

Energy.[59]

The SADCC's energy sector was placed under the control of Angola because of that country's oil producing capabilities. The SADCC maintained that the energy sector had been a great success. However, considering the potential generating capacity of the region and taking the civil wars in Angola and Mozambique into consideration, the reality was disappointing. Other areas of proposed potential energy cooperation involved the use of the region's vast mineral resources. In practice, cooperation did not prove successful. A excellent opportunity for increased cooperation and efficient allocation of scarce financial resources was ignored, when Zimbabwe initiated and built a coal-burning power station at Hwange, utilizing Zimbawean coal resources, instead of importing cheaper hydro-power from Zambia.

Electrification is seen as being a vital step in directly improving the living quality of the population of the region. It also increases the variety of industries that are capable of relocating to the region.

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[58] The "Readyboard" is an ESKOM innovation, fitting low-cost housing with immediate potential to use an electricity supply. The "Readyboard" solution is inexpensive and can be easily fitted to existing structures although the main thrust is to install the fitting in new houses.

[59] While the energy sector of an economy incorporates a large variety of possible sources of energy, this section concentrates on hydro-electricity as a source of cooperation because of the region's great potential in this area.

A main area for increased cooperation within the energy sector is in the field of hydro-electricity.[60] The region has a vast potential of 'clean', renewable power that has not yet been exploited. The SADCC could have concentrated on this source of energy generation, but because of the large amounts of capital needed to develop hydro-electric schemes, this source was largely neglected. The region is also prone to drought which affects the generating capacity of some hydro-electric schemes. A possible solution to the climatic problem lies in the pumped storage schemes employed by the Electricity Supply Commission (ESKOM), as well as the alternate, seasonal use of hydro-electric and coal fired stations throughout the region.[61]

Examining a map of the existing and potential power lines [62] of the region shows a reverse situation to that of the transport network. The sub-continent has the potential to produce more than enough power to look after its own people and industry. South Africa, at most times, generates a power surplus [63] but will need increasingly more electricity to power its industrial sector in the future.[64] In order to meet this increased demand South Africa may choose to switch from domestic, coal-burning electricity to cleaner, regionally imported hydro-electricity, freeing it coal reserves for export to the world market. Similarly, Zimbabwe may follow this plan, exploiting Hwange, one of the richest known coal reserves in the world, for export.

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[60] About 69% of the SADCC's generated energy in 1986 came from hydro power. Fair, D. "The regional interchange of power supplies" in Leistner, E. and Esterhuysen, P. (eds) South Africa in southern Africa: economic interaction (1988) Africa Institute, Pretoria. p 173.

[61] Pierre Rubbers, a planning manager for ESKOM argues, "since coal-fired electricity is more expensive but more reliable than hydro electricity there is great incentive to interconnect the two systems to exchange electricity on a large scale. For example the northern [hydro-electricity] could import energy from the southern [coal-fired electricity] system during periods of drought and the opposite could take place when the dams along the Zambezi are full." Ruffini, A. "Optimising Africa's Electricity Potential" Engineering News November 5 1993 p 7.

[62] See Appendix.

[63] It is estimated that South Africa produces about half of the continent's total generated electricity, despite being in a poor location to exploit hydro-electric potential. Africa at a Glance 1992 op cit p 108. In 1991 South Africa was, in fact, a net exporter of power to the SADCC countries. It exported R 155.5 million to six SADCC states and imported R 11.3 million from Namibia. Davies, "Economic Growth in a Post-Apartheid South Africa" op cit p 58.

[64] According to some sources South Africa's electricity demand in 2020 will be 648% of its 1988 total energy demand. Dutkiewicz, R. "Energy in Southern Africa" Report prepared for the Development Bank of southern Africa, June 1994, pp.18-20.

Mozambique and Zimbabwe produce less power than they consume but have the potential for producing far more. An increased capacity would be more than welcome [65] and an improvement of regional links would secure the states guaranteed exports for the medium term. For a number of states, a specialisation in the power sector could lead to a stronger national economy and a greater regional role. [66]

The possibility for cooperation in installing and using a regional electricity grid is more realistic than many other areas. The SADCC put a high priority on the cooperation for power sector, realising that without the capacity to produce power, investors would not be attracted to the area, and industrial capacity and trade would not improve. Electricity has other indirect benefits such as education and health. Much of the ground-work for the implementation of a regional grid has been done, but the existent grid needs more connections before reaching its full potential.

In the southern African region there are a number of rivers that are presently under-exploited in terms of hydro-electric potential. Among them are the Zaire River, the Zambezi, the Cunene, the Okavango and the Orange. In most cases, in order to make use of the potential, it would be necessary to build a dam and then install turbines in the wall of the dam. In some cases, necessary infrastructure such as the dam already exists and it may only be necessary to replace the turbines with modern and more efficient equipment.

South African plans for electrification

National South African plans for greater electrification are a large 'push' factor in improving regional relations. In South Africa there is at present a large drive towards the electrification of the densely-populated urban townships and, in some cases, of out-lying rural areas. There are plans afoot for ESKOM to electrify three million homes by 1996. [67]

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[65] Mozambique should be a net exporter of power to South Africa but as a result of sabotage of the Cahora Bassa, is a net importer of power. In 1986 Mozambique imported fifty-four percent of its total electricity from South Africa. Hawkins, op cit p 120. The Mozambiquean hydro-electric scheme has a purported generating capacity of 2 000 MW but at present is producing less than one one-hundredth of that amount. See also Dutkielcz, R. op cit pp. 15-20.

[66] There is a great opportunity in the trading potential of electricity among southern African states. In 1986 only eight percent of the 19 gigawatts produced in sub-Saharan Africa was traded between states, despite a demand for more. The reason for this was lack of cooperation between neighbouring states. World Bank, Sub-Saharan Africa: from crisis to substantial growth (1989) p 132.

[67] Theron, P. "Electrification and the environment" New Ground no 9 1992. p 26.

Various plans have been adopted to ensure that this goal will be met. As a result, innovations such as the ESKOM 'Readyboard' are being used. Ingenuity of designs such as these would assist in the electrification of the whole of the southern African region. ESKOM's "Electricity for all", although at present a domestic South African catch-phrase, has broader implications for the region.

The reasoning for ESKOM's move towards mass electrification is resultant from a number of factors.[68] Within South Africa there is a great need for domestic electrification. Social upliftment of communities is necessary to promote a healthier economy, and opportunities for improved teaching and industrial capabilities are enormous. The semi-privatisation of ESKOM has been important in its research into the proposed regional cooperation. It already has an over-generating capacity and an increase in electrification is predicted to increase the demand for electrical appliances.

To ensure a continuing supply in the face of a boom of demand for electricity, [69] the ESKOM management is looking increasingly at importing electricity from potential sites in the region. Some sites, apart form the obvious ones such as Cahora Bassa and Kariba, are attracting interest. In 1991 ESKOM signed an agreement with its Zairean counterpart, SNEL, to assist in the development of power lines from the Zaire River to other southern African states. [70] It is estimated that a site at Inga in Zaire has the capacity to produce over 100 000 megawatts of power, by simply placing the turbines into the mainstream flow. [71] Through these plans, much of the groundwork for a future regional electricity grid has already been laid. [72] ESKOM recently reached agreement with Zimbabwe regarding cooperation in electricity production. In May 1993, the two countries agreed on the establishment of a grid reaching from the northern Transvaal, through Botswana, and into

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[68] See Kotze, D. "Reply to the SAIEE President's Invitation lecture" Elektron September 1991 p 6.

[69] It has been estimated that South Africa's electricity needs will be in excess of 300 000 gigawatt hours. In order to generate this amount by itself, South Africa would have to make efficient use of all its non-renewable energy resources, or increase its use of nuclear power. Midgley, op cit p 162.

[70] Nebor, T. "ESKOM signs power deal with SNEL" Mining Mirror August 1991.

[71] McRae, I. "A strategy for power and water transfers in Southern Africa" Africa Insight Vol 21 no 1 p 16.

[72] For a more detailed report on the potential of different sites for hydro power in the greater sub-region the reader is directed to Hydrological Research Unit Report 5/80 Cooperative water resources development in southern Africa.

Zimbabwe. The grid is expected to be completed in the near future and plans are being made to involve Mozambique in any future negotiations.[73]

The recognition of the region as an interdependent unit is reinforced when it is clearly illustrated that one sector of society can benefit by assisting another. ESKOM management views the potential for cooperation in a most favourable light, and is willing to commit its resources to improving the electricity technology of the region. It also recognises the importance of cooperation and consultation in trying to implement this idea. As the former Executive Director of ESKOM, Ian McRae, argues,

> "...if a regional grid is to function efficiently it must be planned and coordinated by a regional body comprising representatives of all countries involved. Eskom (sic) is willing to supply any technical and administrative support required, provided that political obstacles are removed and capital investment raised."[74]

Difficulties concerning regional electrification

There are obvious benefits to be derived from regional electrification and a regional power grid, but certain basic problems would have to be overcome. The most obvious is the financing of projects.

Although the majority of the generating plants in the region are already operational,[75] there is, in most cases, a need for them to be improved and for some equipment to be replaced or upgraded. Some of the more obvious sites do not have generating stations. The construction of these stations would also mean building the necessary infrastructure, (roads, telephone lines, sanitation, hospitals, schools, etc.) The expense of training staff may also seem prohibitive, but should be viewed over the long-term.

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[73] See Hartnack, M. "Power grid deal forges closer ties" Business Day, Johannesburg, May 17 1993, p 3. Funding for this project to the value of almost US$ 50 million was obtained from NORAD and the EC. Business Day, Johannesburg. 18 November 1994 p 1.

[74] McRae, op cit p 15.

[75] There are a number of coal-fired plants that have been constructed and have either never been fully utilised or that are operating well below full potential. See New Ground Johannesburg. no 9 1992. One of the most 'infamous' coal-fired stations is the Mmamatsuwe power station in the former Bophuthatswana. The station cost R700 million ar.' has never been operational. Sunday Times Johannesburg, November 22 1992, p 11.

None of the governments that would be involved have the ability, financial resources or, in particular cases, the inclination to finance a regional project of this magnitude. The political pay-back time for such a project is too long for governments in power to gain much advantage from it. One consolation is that the construction of such a grid would give the region an economic boost, both during construction and at completion. However, the World Bank and the IMF may not readily grant development finance because of the multi-lateral extent of the project. These institutions would look closely at a number of events in the region in the recent past and take these into careful consideration before giving their consent and financial support to such a project.

The multi-lateral approach to the project is necessary but also discouraging, in the light the past record of participating governments. Although some of the states have given much for regional cooperation in the past, the extreme underdevelopment and instability of a state like Zaire, could jeopardise the whole operation. Further, the reluctance of the SADC to admit Zaire in to membership is a political issue that will have economic consequences for projects of this nature. The continuing political instability in Angola and, to a lesser extent, Mozambique is a further potential obstacle to large-scale regional cooperation in this field.

Despite these difficulties particularly the shortage of funding for large-scale projects such as these,[76] enthusiasm for the project, in some circles, remains high. General Manager of Planning for ESKOM, Mr. Messerschmidt, has stated that if the project were properly managed, "the IMF and the World Bank should have no problems advancing the money."[77]

A final but prohibitive complication for the effective implementation of a regional power grid is the extreme lack of qualified and trained personnel. South Africa has a network of trained engineers, technicians and management but it is unlikely that this staff could adequately service the region. Many of the skilled personnel that managed and maintained the generating projects in the former Portuguese colonies emigrated at the outbreak of the civil war. The resulting shortage of trained personnel has never been addressed.

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[76] See Dutkiewicz, R. op cit pp. 29-31.

[77] The Star Johannesburg, 4 May 1991 p 11.

The implications of a regional power grid

While the building of a regional power grid may be a visionary goal, the implications for the region will be as far-reaching.

A regional power-grid would establish southern Africa as a net exporter of power. The first step of the ESKOM Africanisation project is to export power to the rest of the African continent; and step two, after establishing generating plants in appropriate places throughout the continent, is to export power to Europe.[78] While this is an extremely long-term project, its potential implementation demands that negotiations begin now and the foundations for this scheme be laid. The whole operation can only be achieved through the regional cooperation of the various states involved.

Secondly, there would be immense economic and industrial benefits. Regional health, education and industry would be revolutionised as a result of a wider and improved service. It has been suggested that the introduction of the benefits of electricity to the region would 'kick-start' the regional economy. Greater availability of electricity in outlying areas may also lead to a decentralisation of industries in the core PWV area of the region, which may benefit the other states.

In the majority of African states with electricity networks, the collection of payment and arrears has proven to be time-consuming, disruptive and expensive. Relevant technology, developed in a similar environment, could be of assistance. While the developed world is exploring the possibilities of reading electricity meters faster and more efficiently through radio signals, Africa has to deal with a host of other problems. The progress made in South Africa in dealing with problems such as payment collection, meter monitoring and electricity pilfering may be of use elsewhere in the region.[79] Cooperation between the states on the basis of South-South cooperation could address the problem.

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[78] See Electrical Review vol 211 no 15 1992. pp. 24-5.

[79] See New Ground, op cit

The bulk of the generated power would be non-polluting, hydro-electric power which will dove-tail with the increased tourist potential of the region. As the tourist industry grows it would be erroneous to try to meet the tourists' first-world expectations at the expense of the Third World industry and environment. The potential increase in the tourist trade in the region is also a latent source of conflict over water that will be dealt with more fully in the following section.

The power-generating industry should be able to provide sufficient power to meet its needs while still observing environmental concerns. Only where there is either an obvious lack of water or an over-abundance of other fuel, or where such a power station already exists, should a carbon-emitting power station be operational.[80] Other reasons such as the flooding of valuable farming land or the need to relocate communities may also influence the building of hydro-electric schemes at potential sites. Here South Africa may be able to illustrate adequate compensation methods as a result of experience in the Lesotho Highlands Project.[81]

An added advantage of the establishment of a regional power grid would be the standardisation of technology and the more efficient use of capabilities that, at present, are going to waste.[82] The standardisation of equipment would reduce the cost of maintenance and would mean that the education and training of technicians could be a regionally controlled responsibility.

Maintenance of generating plants has become a concern in the majority of African countries as a result of the lack of skilled personnel and the unavailability of parts. An added expense is incurred when the parts are imported. In many cases, the capital intensive equipment and the hydro-capability of the existing dams has deteriorated beyond repair. In southern Africa, Cahora Bassa

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[80] One of the prime sites for a coal-burning generating plant is the Hwange area of Zimbabwe. The Hwange coal-fields are purported to be the richest in all of Africa and among the richest in the world. To cut back on coal consumption by reducing the capacity or possibly closing the generating plant would have serious implications for the economy of Zimbabwe and indeed the region. As mentioned, however, Zimbabwe may opt for importing cheaper hydro-power while exporting its coal. Another option may be the alternate, seasonal use of hydro-electric and coal-fired stations.

[81] Compensation in Lesotho was paid for the loss of farming land, habitat and income on the basis of self-help and sustainable development rather than as a once-off payment. The compensation plan was "designed to ensure an augmented income stream over the life of the project and to replace lost food crop and fodder production with food and fodder rather than cash." World Bank, Lesotho Highlands Water Project (Report No 8853-LSO) (1991) p 51.

[82] It is estimated that generating plants in Zaire are producing at less than 25 percent of their capacity. World Bank, Sub-Saharan Africa: from crisis to substantial growth op cit p 132.

has survived thus far only as a result of expatriate skeleton crews.[83] The transmission lines from Cahora Bassa to the regional network have recently been repaired, after being damaged by MNR sabotage.

The linkage of all power stations into a regional grid would have an added benefit of reducing the unit cost of electricity. It is estimated by some sources that the cost would be the lowest per unit of power in the world. [84] A cheap unit cost of electricity would have significant implications for any industries that make extensive use of electricity and may just be the final attraction to tip the balance in favour of the industries establishing themselves in southern Africa.

Ultimately, there is a need for the states of the region to cooperate at a very basic level to ensure that the benefits of such schemes will be shared. The states must realise their comparative advantage and use it to their benefit, especially in the selling of hydro-potential. McRae has reiterated this point, saying that,

> "It is a known fact that all Southern African countries provide South Africa with manpower. The logical step would be to sell something more lucrative than unskilled labour: water and power....[S]uch cooperation would produce a further important spin-off, namely, that the benefits deriving from this cooperation would accrue to the indigenous peoples of Southern Africa."[85]

In the implementation of a regional power grid, South Africa can again play the role of the semi-peripheral state in a South-South equation, as a result of its expertise and technological capabilities in the field of electrification. The country's advances in electrification at a basic level are internationally renowned and the resultant technology is appropriate for many non-electrified communities in the region. South Africa also possesses the technological capacity to supply the necessary equipment for upgrading existing power generating facilities. ESKOM's continued maintenance of the region's generating facilities even during the years of destabilisation lend great

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[83] Interview with Ms Dana Gampel, ESKOM Research and Intelligence Officer, Megawatt Park, Johannesburg; 16th April 1992 and 10th June 1993.

[84] See McRae, op cit

[85] Ibid p 18.

credence to this point. South Africa has the future capability to train regional personnel in the management and maintenance of power stations, as its past track record shows.[66]

South Africa's proven record in attracting international financial backing for the Lesotho Highlands Project indicates its ability to perform similarly in other generating projects, in spite of the reservations of international financial institutions expressed earlier.

South Africa also has a history in performing this semi-peripheral role with other states in the region. The Lesotho Highlands Project is the most obvious undertaking. Another cooperation bid, the Komati Basin Accord, exists between Swaziland and South Africa and is expected to incorporate Mozambique in the future.

Tourism.

Tourism, as a potential foreign exchange earner, has only recently been realistically acceptable in the region, given the political unrest in some of the southern African states. The stigma of political instability has made the region, as a whole, a tourist back-water for a number of years. Some countries in the region, have however, committed themselves to supporting a growing tourist industry. They have benefited nationally, but no regional tourist industry has been developed. Recently, tourism has been given a new lease of life. An increase of international attention to environmental issues suggests that a coordinated regional conservation policy, would increase the region's tourist potential. The region itself has no shortage of acceptable tourist attractions and the annual tourist capacity of the region, excluding South Africa, is estimated at 13 million bed-nights.[67]

Although tourism is low on the agenda as a contributory factor towards an increase in intra-regional trade, the opportunity for closer cooperation cannot be denied, given that the targeted market for

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[66] Dutkiewicz, R. op cit p 33. At a recent regional conference the possibility of using a Zambian site at Kafue Gorge as a regional training centre was aired. See Engineering News November 18 1994 p 14.

[67] SADCC Regional Economic Survey 1988 op cit p 261.

southern African packages are tourists from the developed world. [88] Selling regional instead of national tourist packages would provide a greater variety of tours as well as a more efficient use of overseas tourist offices. However, an obstacle that may be more difficult to overcome is the attitude of foreign tour operators. The SADCC has acknowledged this difficulty.

> "Tour programmes confined to [the region] hardly exist in European tourism brochures though both Zambia and Zimbabwe are often treated as single tourism destinations. The BLS states tend to be included as part of the South African market while Tanzania is usually features in close association with Kenya. Malawi is frequently treated as an "add-on" country."[89]

Tourism is an activity where there is little imbalance in potential viability between members of the region. Each state has diverse and distinct travel options ranging from the Okovango Delta of Botswana, the Victoria Falls of Zimbabwe and Zambia and the mountain splendour of Lesotho. South Africa, Mozambique and Tanzania can offer coastal resorts and other pleasurable attractions. Diversities do exist, however, in the standards available to tourists. Countries in the more southern reaches of the region record higher standards in areas such as room service, the stocking of beverages and reliability of service.[90]

A number of private companies have taken advantage of the diversity of the region and offer packages that cater for all income and age groups. What is needed on the part of the national tourist boards is more cooperation and coordination of packages. A recent example of regional cooperation is the plan of extending the Kruger National Park, eastwards into Mozambique. Other game park extension plans involve the governments of South Africa Botswana and Zimbabwe. [91]

While there is an imbalance in the location of the amount of tourist accommodation in the region,[92] there is little imbalance in the tourist potential for each state. Coordination of tourist transport could

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[88] The majority of the population of the region do not have sufficient disposable income to be classified as targets in marketing tourist packages.

[89] SADCC Regional Economic Survey 1988 op cit p 263.

[90] Ibid

[91] James Clarke "Huge international game park planned" The Star Johannesburg, 19 January 1993.

[92] Estimates give Tanzania and Zimbabwe more than 40% of all tourist accommodation in the region, excluding South Africa. SADCC Regional Economic Survey 1988 op cit p 262.

assist in stabilising the imbalance, because the lack of coordinated regional transport is an impediment to greater, more profitable tourism in the region.

The opportunities for improvement

In 1980, Lesotho was given responsibility for coordinating the tourism sector. It listed the sector's five priorities as follows:

- qualitative and quantitative improvements of the industry; diversification of the industry, away from wild-life toward a more multi-product approach;
- a better geographical spread of tourist receipts;
- diversification of market appeal;
- improvement of foreign exchange earnings.

Shortcomings of this list of goals include their generality and that they were not placed in priority order. In addition, the second goal listed, the diversification of the tourist sector, would demand massive capital investment and offer a slow return on that investment. The third goal is unrealistic, given the political situation in at least two of the organisation's member states, Angola and Mozambique. As a result of these, and other problems, little action was taken on a regional basis, with states improving their tourist potential on a national level. In an attempt to improve coordination of the tourist sector, and specify goals, the SADCC, later, identified four areas where greater cooperation was necessary in order to improve the regional tourist industry.[93] These were listed as:

- transport,
- international marketing,
- education and training, and
- tourism statistics.

Improved intra-regional transport would greatly assist in the coordination of plans and packages sold to tourists. The mode of transport, however, is more likely to be by air rather than by road or rail connections. As has already been illustrated in the section dealing with regional transport, the improvement and coordination of regional air communications has proved troublesome.

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[93] ibid

The second revised goal, of coordinated international marketing, would be economically viable. However, a sense of regionalism is needed before it would be properly implemented. While the upgrading of tourist facilities, to cater to more sophisticated tastes, may take some time, the region could be marketed initially as a 'wild-life paradise'. As such, First World facilities could be kept to a basic minimum, while the foreign exchange earned could be used to continually upgrade existing facilities and prepare the ground for new facilities.

The third area for coordination, education and training, may prove to be the most practical. The tourist industry is labour intensive. Training facilities are available in South Africa and expertise could easily be exported to the region, while incorporating local interests and areas of specialisation. At the same time, an exchange of personnel would lead to a more regionally aware tourist official, and would impact on the second goal of a more coordinated marketing strategy.

Another problem that has had to be countered is the unsatisfactory performance of the Southern African Tourism Council. This body is based in Blantyre, Malawi, and includes South Africa, Malawi, Lesotho, Swaziland and the Comores. It has not achieved much in the past, due partly to the peripheral location of its headquarters, and limited membership. Plans are afoot to phase out the Council and replace it with a more centrally-located and representative body. There has also been mention of the establishment of a regional tourism bank, directed specifically at financing the improvements of the regional tourist industry. [94]

The regional coordination of training would not only assist in setting a regional standard but would also prove beneficial in exchanging ideas and opportunities for tour operators and their staff. As a result, the tourist industry could offer a more efficient and enlightened service to their clientele.

The role of South Africa

South Africa is again in the position to play the role of the semi-peripheral power in the region. South Africa's expertise in the tourism industry has been developed and refined over many years and it has tourism training facilities for personnel, both on a national level and with individual private

[94] See Cohen, T. "SA spearheads bid to set up regional tourism body" Business Day 14 May 1993 p 3.

tourist companies. These facilities could quite easily be used for improving the regional tourism standard.

South Africa's national airline has been judged the best in Africa by international standards. Although SAA flies to most regional destinations, the coordination of regional flight and departure schedules with other national airlines, is likely to be fraught with issues of national pride. While it would be economically sound to coordinate these schedules, national considerations must be taken heeded in the interests of greater regional cooperation for development.

The international reputation of South Africa in the fields of wildlife and conservation may also serve a greater regional purpose. Even during the years of destabilisation South Africa assisted many of its neighbours in improving their conservation and anti-poaching methods.

Conclusion.

The southern African region has suffered through almost three decades of strife-ridden conflict and mistrust which, in itself, has led to the marginalisation of the region. The international community is, presently, preoccupied with issues which have drawn its attention away from the region, both as an area of conflict and as one for future investment. This re-direction of attention has several implications for the region, not least of which is the need for greater regional cooperation.

The SADC realised that it had to restructure in order to meet new challenges. Unfortunately, it did so in a way that can only lead to increased rhetoric and lack of authentic action. The issue that it must face is not, 'How to attract foreign investment in order to industrialise and advance the national and regional economies?', but rather, 'How to make best use of the factors that are present in the region for regional benefit?'

Some options that could enhance cooperation have been identified above. A few of these need considerable government involvement while others need very limited or no government involvement. Some show promise of great returns while other plans will provide returns initially at a lower but more sustained rate.

The issue of government involvement is of vital significance. For governments to become involved in all aspects of regional cooperation often overwhelms the cooperation attempt in administrative and technical debates. Cooperation is a multi-faceted and complex matter, and essential government involvement covers only a very small area. While cooperation may result in the surrendering of certain aspects of sovereignty of the state; the governments must recognise that areas of control, such as administrative jurisdiction over domestic issues, must be freed from excessive control. Achieving this goal may prove exceedingly difficult.

The perspective of cooperation is not a short to medium-term goal with immediate results, but rather one of continual building, adjustment and re-direction. Permanent economic growth takes place over the long-term and long-term strategies are necessary. Bearing this in mind, the states must not be misled into believing that their developmental problems will be solved in the near future. Rather, for the region to work as separate, isolated, national units is for them to fail. To ensure the states' continued and increasingly effective participation in the international economic and political community, they need to cooperate with each other, and to develop the region as a whole.

South-South cooperation is one of the methods available for the states to achieve these goals. Even during the years of destabilisation, South Africa often for its own ends, adopted a role similar to that of the semi-peripheral power in South-South cooperation. The difference now is that South Africa is in a position to assist in the development of the region, both for its own ends and to further the development of the region.

CHAPTER SIX

CONCLUSION

"A regional development that does not include South Africa is not merely Hamlet without the Prince. It is Hamlet without the plot."

Conrad Strauss[1]

"South Africa is now, and will continue to be, the economic colossus of the region after apartheid. However, it is a vulnerable colossus, one which should be sensitive to its neighbours' needs, not out of altruism, but out of self-interest...If discussions on issues of common interest are initiated expeditiously, the general joy at the demise of apartheid can be matched with a hope for a vital regional political economy."

Barron Boyd[2]

Even since the colonial period regional cooperation in southern African has been viewed as a necessity. The European powers recognised the natural interdependence of the colonial territories and negotiated between themselves to cooperate within the region. Territories that were under the control of a single colonial power were linked by their colonial administrators, reinforcing the interdependence of the region. When they achieved independence the newly sovereign states, with a few exceptions, vigorously pursued a policy of autarky and self-sufficiency. The new rulers, for their own reasons, denied the interdependence of the region that had been obvious to the colonial powers. This path led, in some instances, to the dissolution of established organisations of cooperation. Nevertheless, the need for cooperation and interdependence in the region and the mutual benefits that could be derived from this, remained a reality.

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[1] Strauss, C. South Africa in a southern African context (1990) Occasional Paper, South African Institute of International Affairs, Braamfontein. p 6.

[2] Barron Boyd, J. "South Africa and its neighbours continuity and change in the post-apartheid era" Politikon vol 19 no 2 1992.

After a decade of failing at autarkic attempts, the concept of cooperation again became fashionable in development circles and was promoted by various international development agencies. States of the region pursued various paths to cooperation, usually following the well trodden path of integration as defined and interpreted by the European experience.[3] However, as has been illustrated, this path has certain obstacles that are difficult to overcome in the context of developing states.[4] These difficulties forced a re-evaluation of the cooperation debate and the SADCC, in 1980, adopted the 'sectoral approach'. This was seen as more flexible than the more orthodox paths to cooperation, but failed to meet with great success due to inherent flaws of members of the grouping. Not least among these flaws was the varying levels of dependence of the member states on South Africa. This asymmetry was revealed in various forms, ranging from trade figures to political rhetoric. Some of the members attempted to prove their independence through the latter put succumbed to realising their dependent nature by continuing to trade with the international pariah. The inability of these states to break free from South Africa, depicts the web of interdependence that exists in the region.[5]

Apart from undermining the raison d'être of the SADCC, the reforms in South Africa also opened the door for closer cooperation with the regional hegemon. In an attempt to bolster their diminishing status, the SADCC states reformed their organisation and fell into step with the more traditional approaches to cooperation.[6] This new approach was diametrically opposed to their previous commitment. Lessons learnt from the SADCC experience are valuable. These lessons include:

- the organisation's attempts to limit and restrict the bureaucratic wranglings of the states,

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[3] This would incorporate the move from a free trade area to an economic (and possibly political) union.

[4] These obstacles are generally a result of the economic backwardness of the lesser developed states. More specifically the obstacles include: size and linking of markets, efficiency of industries, capital investment in the greater region, asymmetry in industrial development, complementarity of economies and the potential for trade creation. Opposition to political cooperation usually involved the unwillingness of the participating states to surrender some aspects of their national sovereignty.

[5] This is not withstanding the argument of South African destabilisation of the region, in some cases forcing the states to continue their trade relationship with the hegemon.

[6] It is expected that the SADC will propose and sign a free trade agreement at the SADC Summit in August 1996. This will bring with it the problems and complications of compensation, dominance and inequality. See Leistner, E. "SADC's 1995 summit: Business as usual" Africa Institute Bulletin, vol 35 no 5 1995. pp.1-3.

- the slow developmental approach to greater cooperation,
- the more diversified approach to regional development and the flexibility of participation accorded to the members.

The SADCC experience also had its shortcomings, but the value of the lessons learned should not be squandered in launching another cooperation bid, based on more traditional approaches to integration. Whereas the SADCC attempted to exclude South Africa from its developmental process, becoming increasingly dependent on other, non-regional states, the new organisation incorporates South Africa. The SADCC failed in its attempts at self-reliance largely because of its exclusion of the most economically powerful state in the region. The SADC has adopted a more orthodox approach to integration and is unlikely to successfully integrate because of inherent flaws within the composition of its national economies.

> "...regionalism cannot get far unless the participating countries deal effectively with their own economic, political and social problems - problems such as population growth, health and education services, fiscal discipline, oversized bureaucracies, corruption in public life or transparency and accountability of government. Given the circumstances facing most African countries, they often find it extremely difficult to take the needed steps. In the view of the immensity of heir problems, countries all too often seem to despair of overcoming them and, instead, pin their hopes on regional integration as a way out. SADC's record to date is a case in point."[7]

The South African reform process and membership of the SADC permitted the region to be viewed from the perspective of South-South relations. The regional hegemon no longer occupied a position of dictatorial power, but filled a participatory role. The two main components for South-South cooperation were now present in the region: a state playing the role of the semi-peripheral power and a number of other more peripheral states in need of development. The South-South approach regards the inclusion of South Africa within development experiments as essential to the development of the region

Since the inclusion of South Africa in the SADC, studies of the region have tended to examine tensions between organisations in the region, the potential dominance of South Africa over the region and proposed solutions, usually incorporating a union of two or more of the regional organisations. The majority of economic analysis tends to look only to the various forms of

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[7] ibid p 3.

orthodox integration and the problems that these approaches bring with them. South-South cooperation on the other hand, allows the region to be treated within an applicable context; that of a more advanced and lesser developing states relying on one another for development.

Using the South-South model, the industrial and technological capability of South Africa becomes a element for greater cooperation rather than a divisive factor. With its basis being founded on the cooperation of states at different levels of development, it is suggested that South-South cooperation is more appropriate to southern African than other cooperative models that have been proposed and implemented in this region.

APPENDICES

LIST OF APPENDICES

- Country Data of the SADC states
  Source: African Development Bank Economic Integration in southern Africa (1993) African Development Bank.

- Stuctures of Production and Percentages of GDP of SADC states
  Source: African Development Bank Economic Integration in southern Africa (1993) African Development Bank.

- The Lusaka Declaration
  Source: Nsekela, A. Southern Africa: towards economic liberation (1980) Rex Collings, London. pp. 2-7.

- SADCC Organisational Structure
  Source: Hanlon, J. SADCC into the 1990's (1989) Economist Intelligence Unit, London.

- Map of Southern African Railways
  Source: Gibb, R. "Imposing Dependence: South Africa's manipulation of regional railways" South Africa's Foreign Policy Dossier (no date, no publisher) Jan Smuts House Library, University of the Witwatersrand.

- Listing of Mozambiquean Rail Projects (1986)
  Source: SADCC-2 Maputo (1982) p 200-1.

- The Power Lines and Potential Link-Ups in the Region.
  Source: McRae, I. "A strategy for power and water transfers in Southern Africa" Africa insight vol 21 no 1 p 17.

Country	Populations (millions) mid - 1990	Total Land Area '000 sq kms	Population per sq km	Urban popualtion % of total	GNP (1990) US$ millions	GNP per capita 1990 US $
Angola	10.0	1,247	8	28	-	-
Botswana	1.3	582	2	28	2,499	2,040
Lesotho	1.8	30	60	20	888	530
Malawi	8.5	118	90	12	1,803	200
Mozambique	15.7	802	20	27	1,227	80
Namibia	1.8	824	2	28	2,029	-
Swaziland	0.8	17	47	-	679	810
Tanzania	24.5	945	28	33	2,220	110
Zambia	8.1	753	11	50	3,340	420
Zimbabwe	9.8	391	25	28	5,842	640
Total excl SA and Mauritius	82.3	5,709	-	-	20,427	
South Africa	35.9	1,221	29	60	97,667	2,530
Mauritius[1]	1.1	2	550	41	2,474	2,250
TOTAL	119.3	6,932			120,668	

Country Data for the SADC region

Source: African Development Bank Economic Integration in southern Africa (1993) ADB.

[1] Mauritius joined the SADC in October 1995

Country	Agriculture	Industry[1]		Services[2]
		Manufacturing	Other	
Angola[3]	13	4	40	43
Botswana[3]	3	6	51	40
Lesotho	24	14	16	46
Malawi	33	14	6	46
Mauritius	12	24	9	55
Mozambique	65	-	15	21
Namibia[3]	11	5	33	50
South Africa	5	26	18	51
Swaziland	-	-	-	-
Tanzania[3]	59	10	2	29
Zambia	17	43	12	29
Zimbabwe	13	26	14	47

Structure of Production, Percentages of GDP, 1990

Source: African Development Bank Economic Integration in southern Africa (1993) ADB.

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1 Industry comprises value added in mining, manufacturing, construction and electricity, water and gas.
2 This includes unallocated items.
3 Figures are for year other than 1990.

The Declaration by the Governments of Independent States of Southern Africa made at Lusaka on 1 April 1980

We, the undersigned, as the Heads of Government of majority-ruled States in Southern Africa, offer this declaration to our own peoples, to the peoples and Governments of the many countries who are interested in promoting popular welfare, justice and peace in Southern Africa and to the international agencies who share this interest. In it we state our commitment to pursue policies aimed at the economic liberation and integrated development of our national economies and we call on all concerned to assist us in this high endeavour.

Dependence in Context

Southern Africa is dependent on the Republic of South Africa as a focus of transport and communications, an exporter of goods and services and as an importer of goods and cheap labour. This dependence is not a natural phenomenon nor is it simply the result of a free market economy. The nine States and one occupied territory of Southern Africa (Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe) were, in varying degrees, deliberately incorporated—by metropolitan powers, colonial rulers and large corporations—into the colonial and sub-colonial structures centring in general on the Republic of South Africa. The development of national economies as balanced units, let alone the welfare of the people of Southern Africa, played no part in the economic integration strategy. Not surprisingly, therefore, Southern Africa is fragmented, grossly exploited and subject to economic manipulation by outsiders. Future development must aim at the reduction of economic dependence not only on the Republic of South Africa, but also on any single external State or group of States.

Liberation: Political and Economic

While the struggle for genuine political independence has advanced and continues to advance, it is not yet complete. We, the majority-ruled States of Southern Africa, recognize our responsibilities, both as separate nation States and as a group of neighbouring majority-ruled African countries, to assist in achieving a successful culmination of our struggle.

Our urgent task now is to include economic liberation in our programmes and priorities.

In the interest of the people of our countries, it is necessary to liberate our economies from their dependence on the Republic of South Africa, to overcome the imposed economic fragmentation and to co-ordinate our efforts toward regional and national economic development. This will be as great for Namibia as it is for all the independent States of the region.

Southern Africa is a focal point of conflict. How can it be otherwise when a racist regime holds Namibia under military occupation, grossly exploits the people and the economies of the independent states and is a major barrier to our national development? It is not the quest for liberation, but the entrenched racism, exploitation and oppression which is the cause of conflict in Southern Africa. The power behind this is in large measure economic. Economic liberation is, therefore, as vital as political freedom.

We, the majority-ruled States of Southern Africa, do not envisage this regional economic co-ordination as exclusive. The initiative toward economic liberation has flowed from our experience of joint action for political liberation. We envisage regional co-ordination as open to all genuinely independent Southern African States.

In this spirit we call on Governments, international institutions and voluntary agencies to give priority to increasing financial resources to support Southern African efforts toward economic liberation and independent economic development.

This we believe is the route to genuine interdependence and represents the best hope for a just and co-operative future for the region as a whole.

Development Objectives

The development objectives which we will pursue through co-ordinated action are:

1. the reduction of economic dependence, particularly, but not only, on the Republic of South Africa;
2. the forging of links to create a genuine and equitable regional integration;
3. the mobilization of resources to promote the implementation of national, interstate and regional policies;
4. concerted action to secure international co-operation within the framework of our strategy for economic liberation.

Strategies and Priorities.

We will identify areas in which, working in harmony, we can gear national development to provide goods and services presently coming from the

development.

Key to this strategy is transport and communications.

The dominance of the Republic of South Africa has been reinforced and strengthened by its transport system. Without the establishment of an adequate regional transport and communications system, other areas of co-operation become impractical. The economic liberation of Namibia, following its attainment of genuine political independence, will require the creation and operation of adequate transport and communication links with its natural partners to replace the artificial ones which currently bind it to the Republic of South Africa.

We will therefore create a Southern African Transport and Communications Commission to co-ordinate the use of existing systems and the planning and financing of additional regional facilities.

The ports of Mozambique serve four States in the region and with the genuine independence of Zimbabwe can be developed to serve two more. Zambia uses transport facilities in five regional States. The development of Mozambican, Tanzanian and Angolan ports and the co-ordination of facilities more effectively to meet requirements of the land-locked States are necessarily of regional concern. Transport and Communications will be a major focus of regional action. The co-ordination of transport facilities to meet the needs of land-locked States is crucial. With the attainment of genuine independence in Zimbabwe it is urgent to restore transport routes linking it to the Indian Ocean through Mozambique. Additional areas in which co-ordinated action will be needed include major new projects such as a possible railway from Botswana through Namibia to the Atlantic Ocean, thereby creating an alternative route to the sea for Botswana, Zambia and Zimbabwe; the co-ordination of airline schedules so that movement within the region is practicable; the study of existing and proposed micro-wave and ground satellite facilities to identify how they can be interlinked, possibly through the Rift Valley Station. The Commission will be located in Maputo and serviced by a small technical unit. It will co-ordinate transport and communication links among participating States. The Commission will seek participation of all genuinely independent States in the Southern African region. In addition, in many fields, notably in transport, observer status will be open to Liberation Movements wishing to participate in anticipation of genuine independence. Similarly, in man-power development and research, the involvement of Liberation Movements is essential to amass the knowledge and train the personnel necessary once political liberation is achieved.

Regional co-ordination must be operational—it must result in concrete programmes and projects. This will require both domestic and external finance. Present estimates, for example, show that in excess of US$1.5 billion will be needed to finance urgent transport and communications projects over the next decade.

We emphasize the importance of additional resources being made available to assist efforts to co-ordinate regional economic development projects. In the first instance, we intend to use the Regional Transport & Communications Commission to mobilize finance for urgent projects in priority sectors by holding ad hoc pledging sessions with existing bilateral and multilateral funding agencies. As economic co-operation develops, a Southern African Development Fund will be created and research to this end is being initiated. Its scope would be subsequently broadened and it might prove desirable to create a separate regional development bank. We therefore urge the friends of Southern Africa to pledge financial support to this Fund.

Concerted Actions

Regional co-operation in the field of transport and communications is seen as crucial to economic liberation and has therefore been given the greatest attention. In other sectors, similar programmes of concerted action are envisaged.

For trade development we recognize that many of us have existing bilateral and multilateral trade and customs arrangements. But even within these constraints we believe that there is room for substantial increases in trade among ourselves. To this end existing payment systems and customs instruments will be studied in order to build up a regional trade system based on bilaterally negotiated annual trade targets and product lists.

A majority of the people of Southern Africa are dependent on farming and animal husbandry. Their future livelihood is threatened by environmental degradation and in particular by desert encroachment as well as recurrent drought cycles. Even today few of the States of the region are self-sufficient in staple foods. Both environmental protection and food security are major challenges both nationally and regionally. We, therefore, urge that the International Centre for Research on Agriculture in the Semi-Arid Tropics (ICRASAT) should set up a Southern Africa Regional Centre in Botswana.

We further urge the development of the existing facilities in Botswana for production of foot and mouth disease vaccine to provide for the needs of all of the majority-ruled countries in Southern Africa. The spread of this disease currently threatens Angola, Botswana, Namibia, Zimbabwe, Swaziland and Mozambique. A co-ordinated approach to its control and elimination is urgently needed.

Likewise, we will undertake concerted projects in order to exploit natural resources, in particular those of common hydrological basins.

It is a matter of urgency to identify ways in which the co-ordination of research and training as well as the exchange of information can strengthen programmes to protect our environment and increase food production. In

the field of food security the possibility of the co-ordination of national reserve policies and the facilitation of interstate exchanges will receive priority attention.

We have decided to give special attention to the sharing of training and research facilities.

We have further decided to stimulate the exchange of information aimed at achieving a concerted policy in the fields of mining, industry, energy and agriculture. In particular, consultations among those States requiring petroleum products and electricity on the one hand and those with petroleum refining capacity and electricity surpluses on the other must be undertaken to achieve regional solutions.

The effort for economic development is an essential condition to free the Southern African States from the exploitative migrant labour system.

External Co-operation

We are committed to a strategy of economic liberation. It is a strategy which we believe both needs and deserves international support. Southern African regional development must be designed and implemented by Southern Africans. It will, however, be achieved more rapidly and will be more effective if development takes place within the context of global co-operation.

International bodies and States outside Southern Africa are therefore invited to co-operate in implementing programmes towards economic liberation and development in the region.

This preliminary identification of aims, strategies and sectors illustrates both the magnitude of the task facing us and some of the broad areas within which outside assistance will be welcomed.

It is envisaged that Southern African Development Co-ordination meetings of member Southern African States and other invited participants should be held annually. This will provide a mechanism for surveying results, evaluating performance, identifying strengths and weaknesses and agreeing on future plans. Economic liberation and development in Southern Africa cannot be attained either easily or speedily. What is therefore needed is sustained co-operation.

We view this declaration as a statement of commitment and strategy. Under-development, exploitation, crisis and conflict in Southern Africa will be overcome through economic liberation. The welfare of the peoples of Southern Africa and the development of its economies requires co-ordinated regional action. It is our belief that in the interest of popular welfare, justice and peace, we in Southern Africa have the right to ask and to receive practical international co-operation in our struggle for reconstruction, development and genuine interdependence. However, as with the struggle for political liberation, the fight for economic liberation is neither a mere slogan to prompt external assistance nor a course of action from which we can be deflected by external indifference. The dignity and welfare of the peoples of Southern Africa demand economic liberation and we will struggle toward that goal.

JOSE EDUARDO DOS SANTOS
PRESIDENT OF THE PEOPLE'S
REPUBLIC OF ANGOLA

SERETSE KHAMA
PRESIDENT OF THE
REPUBLIC OF BOTSWANA

SAMORA MOISES MACHEL
PRESIDENT OF THE PEOPLE'S
REPUBLIC OF MOZAMBIQUE

JULIUS K. NYERERE
PRESIDENT OF THE UNITED
REPUBLIC OF TANZANIA

KENNETH D. KAUNDA
PRESIDENT OF THE
REPUBLIC OF ZAMBIA

MABANDLA F. N. DLAMINI
PRIME MINISTER OF THE
KINGDOM OF SWAZILAND

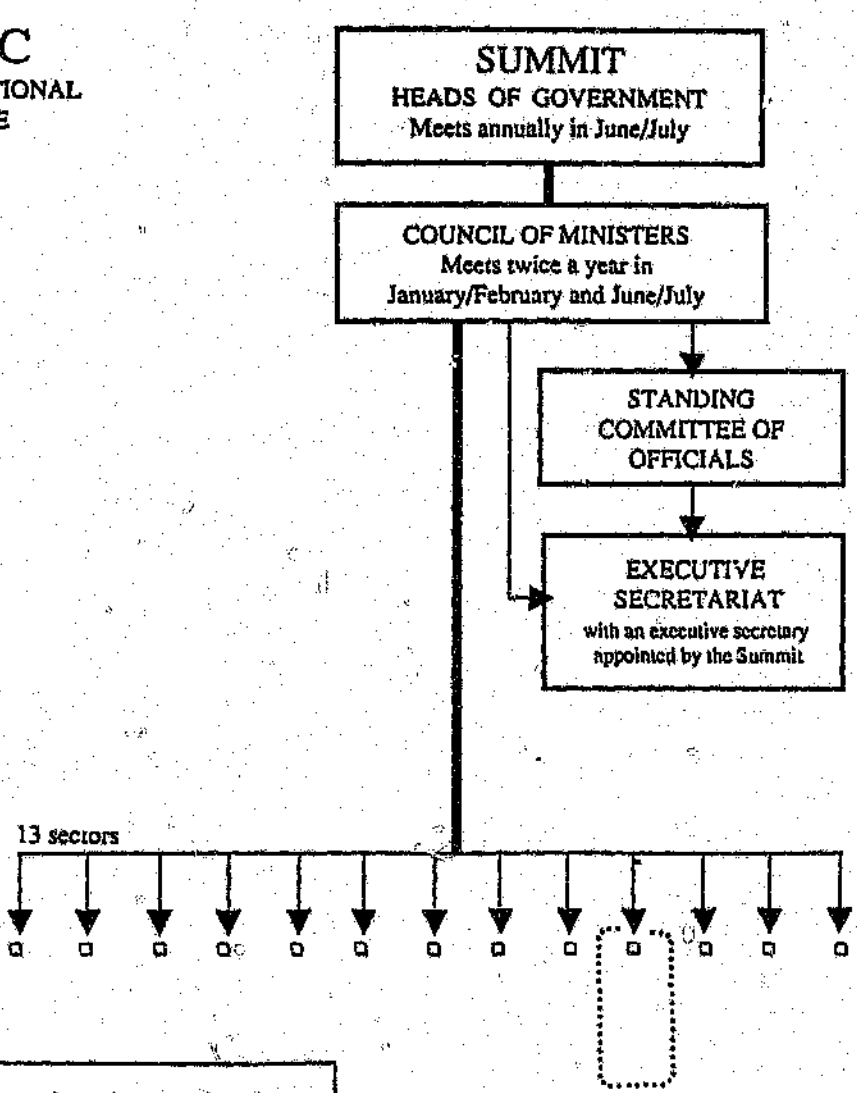
ROBERT GABRIEL MUGABE
PRIME MINISTER
ZIMBABWE

MOOKI V. MOLAPO
MINISTER OF COMMERCE, INDUSTRY,
TOURISM AND LABOUR
THE KINGDOM OF LESOTHO

DICK TENNYSON MATENJE
MINISTER OF EDUCATION
REPUBLIC OF MALAWI

This Declaration is produced in ten original copies, eight in the English language and two in the Portuguese language. All are equally valid.

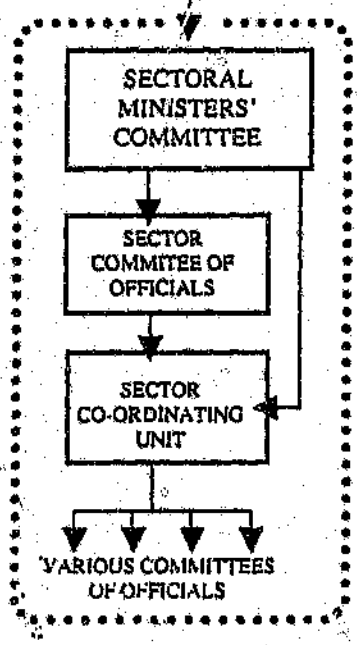
SADCC
ORGANISATIONAL STRUCTURE

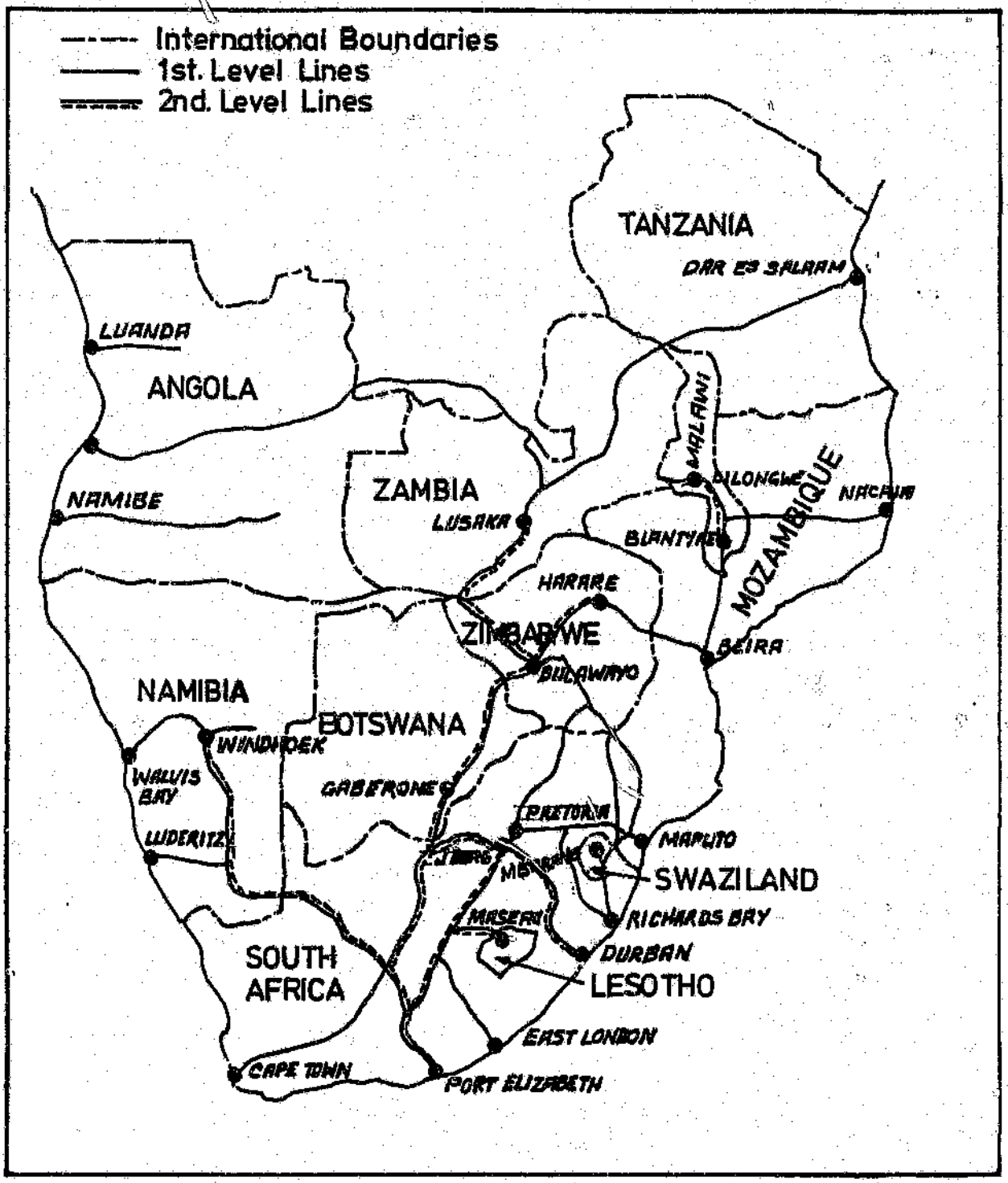


The 13 sectors and member countries responsible:

- ENERGY (Angola)
- AGRICULTURAL RESEARCH (Botswana)
- ANIMAL DISEASE CONTROL (Bouswana)
- TOURISM (Lesotho)
- SOIL AND WATER CONSERVATION (Lesotho)
- FISHERIES, FORESTRY AND WILDLIFE (Malawi)
- TRANSPORT AND COMMUNICATIONS (Mozambique)
- MANPOWER (Swaziland)
- INDUSTRY (Tanzania)
- TRADE (Tanzania)
- MINING (Zambia)
- FOOD SECURITY (Zimbabwe)
- OVERALL COORDINATION OF FOOD & AGRICULTURE (Zimbabwe)

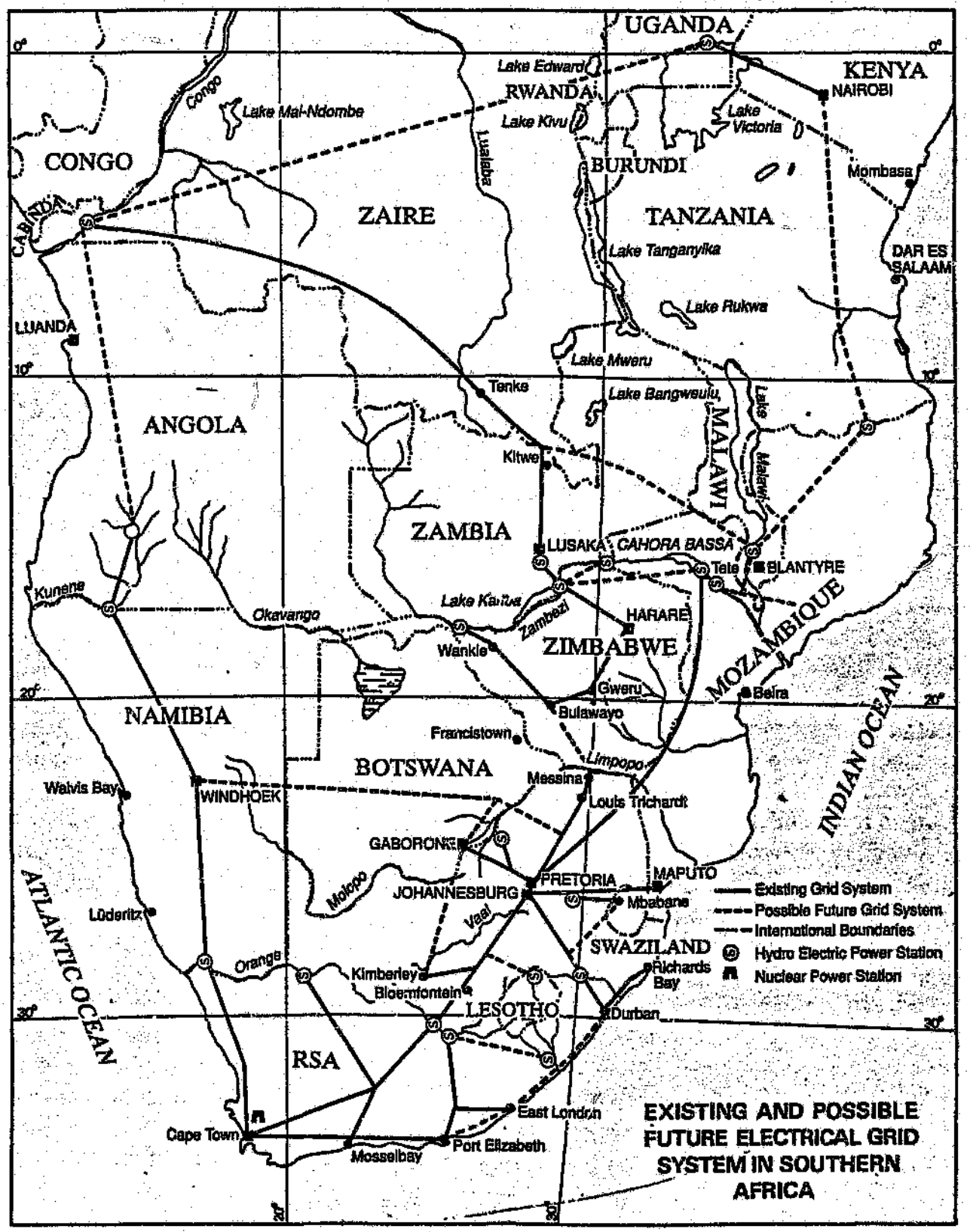
Each of these 13 sectors is structured thus




International Boundaries
1st. Level Lines
2nd. Level Lines
TANZANIA
DAR ES SALAAM
LUANDA
ANGOLA
NAMIBE
ZAMBIA
LUSAKA
MALAWI
BLANTYRE
MOZAMBIQUE
HARARE
ZIMBABWE
BULAWAYO
BEIRA
NAMIBIA
BOTSWANA
WINDHOEK
WALVIS BAY
LUDERITZ
GABERONES
PRETORIA
MAPUTO
SWAZILAND
MASERU
RICHARDS BRY
DURBAN
SOUTH AFRICA
LESOTHO
EAST LONDON
CAPE TOWN
PORT ELIZABETH

Listing of Mozambiquean Rail Projects (1986)

Project No.	Country	Title	Est. Cost US$ million
2.5.1	Mozambique/ Swaziland	Rehabilitation of Maputo/Swaziland (145 km)	30.0
2.5.2	Mozambique/ Swaziland	Rehabilitation of border station	3.3
2.5.3	Mozambique	Rehabilitation Almada-Machipanda on the Beira Zimbabwe railway (100 km)	20.0
2.5.4	Mozambique	Rehabilitation of 67 km of the Beira-Malawi railway	22.4
2.5.5	Mozambique	Rehabilitation of the Nacala-Malawi border line (615 km)	200.0
2.5.6	Mozambique/ Zimbabwe	Feasibility study for the electrification of the Salisbury-Maputo and the Maputo-Swaziland railways	0.7


UGANDA
KENYA
NAIROBI
Lake Edward
RWANDA
Lake Kivu
Lake Victoria
Congo
Lake Mai-Ndombe
CONGO
Luapula
BURUNDI
Mombasa
CABINDA
ZAIRE
TANZANIA
Lake Tanganyika
DAR ES SALAAM
Lake Rukwa
LUANDA
Lake Mweru
Tenke
Lake Bangweulu
Lake Malawi
ANGOLA
Kitwe
MALAWI
ZAMBIA
LUSAKA
CAHORA BASSA
Tete
BLANTYRE
Kunene
Lake Kariba
Okavango
Zambezi
HARARE
Wankie
ZIMBABWE
MOZAMBIQUE
Gweru
Beira
NAMIBIA
Bulawayo
Francistown
Limpopo
BOTSWANA
Messina
Walvis Bay
WINDHOEK
Louis Trichardt
GABORONE
PRETORIA
MAPUTO
Motopo
JOHANNESBURG
Mbabane
Lüderitz
Vaal
SWAZILAND
Orange
Kimberley
Richards Bay
Bloemfontein
LESOTHO
Durban
RSA
East London
Cape Town
Port Elizabeth
Mosselbay
ATLANTIC OCEAN
INDIAN OCEAN
Existing Grid System
Possible Future Grid System
International Boundaries
Hydro Electric Power Station
Nuclear Power Station
EXISTING AND POSSIBLE FUTURE ELECTRICAL GRID SYSTEM IN SOUTHERN AFRICA

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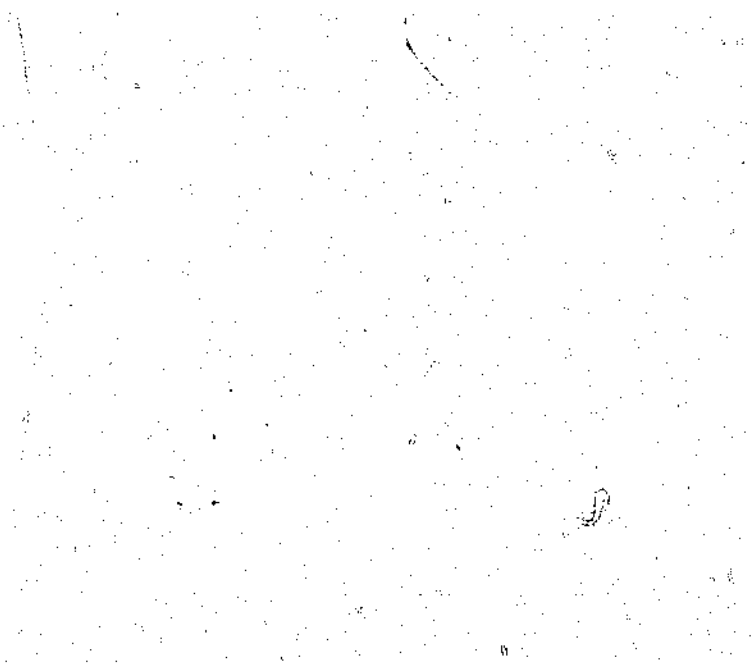
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