A critical analysis of regional integration in southern Africa

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A CRITICAL ANALYSIS OF REGIONAL INTEGRATION IN SOUTHERN AFRICA

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To my son Tatenda

Abstract

The collapse of state communism in Eastern Europe during the second half of the past decade and the subsequent demise of autocratic regimes in Africa presented the people of Southern Africa with new challenges that have become increasingly entangled in issues relating to democracy, freedom and choice.

In Southern Africa, poor economic performance by individual countries coupled with the destabilisation policies persued by a dominant apartheid regime in South Africa encouraged black independent states in the region to establish mechanisms through which their dependence on South Africa could be reduced. These efforts took the form of setting up the Southern African Development Coordination Conference (SADCC) and consolidating the Preferential Trade Area (PTA). But, how successful have these attempts been in achieving their goals? If not, are there any alternatives that can be explored in future? Will the political changes currently in the making in South Africa have a significant effect on Regional Integration in Southern Africa? Answers to these questions are not easy to find. Nevertheless, there is a growing realisation among academics and politicians in the region that unless these questions are faced head-on, it could be a long time indeed before the region begins to benefit from the New International Political and Economic arrangments that the end of the Cold War have given rise to.

It is in this context that I undertook the present study, the primary aim of which was to critically examine regional integration in Southern Africa with the goal of unravelling the historical and contemporary realities that make economic and political integration in Southern Africa a lucrative 'pillar' for current development programmes in the region. It is argued that in spite of their ambitious goals, the governments of Southern Africa will have to address their regional problems more realistically before they can succeed in putting in place a viable mechanism for regional integration. There is evidence that this realism is beginning to seed, giving some a new-found optimism that could steer the region into more fruitful debate and pragmatism.

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CHAPTER ONE

INTRODUCTION

For much of the 1980s, Southern Africa seemed to be trapped in a web of conflict and anarchy. However, by the start of the 1990s, many of the regional conflicts and civil wars that had defied resolution for many years suddenly seemed to be less intractable. 'Conflict resolution', 'interdependence' and 'democratization' became the new words to characterize the region. Issues like Marxist-Leninism, sanctions against South Africa and one party rule were overtaken by new realities. The policies that are being adopted now and in the immediate future, of which the political changes in South Africa are the most obvious, are destined to transform the region politically as well as economically.

The signing on 17 August 1992 of the treaty to transform the Southern African Development Co-ordination Conference (SADCC) into the Southern African Development Community (SADC) was symbolic of that change but it has evoked divergent reactions. Though SADC was hailed as one of the "pivotal events in the history of Southern African setting for years to come",[1] others have criticized the move as a "futile face lift"[2] It could indeed prove to

[1] The Herald, Harare, 19 August 1992, p. 6.
[2] Business Daily , Johannesburg, 19 August 1992, p. 8.

be an historical event if the ten signatories had the political will to put into practice what they have signed. Regional co-operation and closer political union are essential if the countries of Southern Africa are to realize their economic potential. What SADC envisages goes well beyond co-operation and closer intra- regional ties. The region's leaders have committed themselves to economic and political integration by the year 2034. Though SADC's progress towards its proclaimed goal will be slow and uncertain, the racial dimension to the conflict has been removed. It leaves the member states to ensure that South African membership of either SADC or the PTA will not harm the present members but to create conditions that will benefit all the states of the region.

In fact, the source of Southern Africa's economic difficulties and the problems they cause for intra-regional economic relations are much wider and deeper. Moreover the political and racial conflicts that have pervaded the region for the past thirty years have reinforced the historical legacy of underdevelopment. One precondition of achieving a full comprehension of the web of economic relations in Southern Africa is to try and understand the historical development of economic exchange relations in the region. The contemporary tendency to focus primarily on the destabilization years of the 1980s is not enough for a region whose exchange relations span over a period of a hundred years.

Different authors have characterized Southern Africa differently. For example, Vale (1989) calls the region a "basket case" from the outside because of the level of integration that exists. When looking at the development of the regional economy, it is clear that the region has witnessed a large degree of economic interdependence. I would agree with Hanlon (1987), and Tostensen (1982) who see this interdependence as highly asymmetrical and heavily in favour of South Africa. Though the studies by Libby (1987) suggest that the degree of structural dependence upon South Africa by Botswana, Lesotho and Swaziland (BLS states) has been considerably reduced, Maasdorp (1991) argues that dependence on South Africa by the rest of the SADCC countries had actually deepened in the light of the recent developments.

For the purpose of this study Southern Africa is defined broadly as South Africa plus the ten SADCC countries. These are Angola Botswana, Malawi, Mozambique, Lesotho, Swaziland, Namibia, Tanzania, Zambia and Zimbabwe (see Figure 1.1. overleaf). The main focus of the study is to make a critical analysis of regional integration in Southern Africa between 1980-1992 and to critically evaluate its results from the perspective of its impact on the participants' development as well as to the economic and political stability of the region.

Source: Blumenfeld (1991). Economic Interdependence in Southern Africa, Pinter Publishers, p.16.

The study begins with an examination of the general political and economic conditions which first promoted increasing integration of the regional economy earlier in the century into what Vale (1989) refers to as an "organic unity" and later disintegrated into potential economic warfare. It will be argued that economic co-operation has fared best in periods where there has been overriding political interests and potential benefits among the community at the time. Though the white community in the different territories had different political interests they were not serious enough to threaten their common economic interests. It will be shown that in circumstances where white supremacy was threatened in the region by the rise of African nationalism, the white community acted in concert. But the struggle for self determination threw the whole region into chaos in the 1960s and 70s and followed by destabilization in the 1980s. These events reveal the interaction between political and economic developments which threatened the socio-economic and political fabric of the whole region.

The second part of the study focuses on the political and economic difficulties of the 1980s. This leads to an analysis of the role of two important developments; the formation of SADCC in 1980 and the intensification of the anti-apartheid struggle. The advent of SADCC in 1980 generated hopes of a significant restructuring of economic relations in the region. As an organization dedicated to the achievement of economic liberation, SADCC, could not avoid reinforcing the tensions over economic and political relations. The ambitions of the black states of Southern Africa were relatively more modest. They viewed the SADCC programme of integration as an instrument for reducing dependence from South

Africa as well as an instrument for the modernisation of the member countries by attracting foreign aid. Furthermore they did not dismiss the possibility of simultaneously building a larger economic integration scheme among themselves. They felt that this was a very long term projection and depended on the more immediate and urgent goals of development and reducing dependence on South Africa.

The third part of the study will evaluate the role of SADCC in areas of intra-regional trade, transport, communications and migration. The sectoral description seeks to determine the scope of the programme by observing how many sectors and how much of each sector was affected by the SADCC integration scheme. In the fourth part of the study, the relationship between SADCC, SACU and the PTA as parallel organisations in the region will be examined. In the last part of the study, it will be argued that economic integration in Southern Africa would lead to tangible economic benefits and political stability.

Southern Africa has been one example of an ongoing effort towards development through a policy of regional co-operation by a group of countries that are underdeveloped. The evolution in development thinking has inspired a whole range of different and conflicting policy prescriptions for third world governments.

Firstly, soliciting and fostering the closest of ties to aid, trade and investment with Western industrialised countries; secondly the total disengagement of these ties; thirdly the revolutionary overthrow of the capitalist systems as dictated by the Marxist dependency theory. A large body of literature exists which called for the disengagement of Black African states from their ties not only with the Western industrialised countries but also with South Africa[3].

My interests are different. I am more interested in the forces that caused integration historically as well as disintegration in the region to see if lessons can be learnt for the full economic integration of the region. I have relied mostly on published material as it is acknowledged throughout the study. The study draws from history, economics, as well as political science within the context of regional integration. In its broadest sense regional integration fits most closely the approach to development called collective self-reliance. Collective self reliance involves co-operation among developing countries on a South -South basis in order to achieve a fundamental redistribution of world production, control over the production and allocation of surplus in developing countries, and the power of these countries to

[3]See, for example T.M. Shaw, 'Southern Africa: Co-operation and Conflict In an International Sub-System'. Journal of Modern African Studies, 12, 4, 633-655.

make their own decisions on matters affecting their own societies (Axline, 1979).

The scope on which collective self reliance may be pursued varies from the near universality of the group of 77 (now numbering over 130) to the African and Caribbean and Pacific countries who as a group negotiated the 'Lome Convention' with the European Community to groups like the organization of Petroleum Exporting Countries (OPEC). SADCC fits into this type of loosely organised grouping of states. The choice of any given country to participate in one or more of these organisations depends on a number of factors including considerations of history, politics, geography and resource endowment. There are also contradictions which may arise between various forms of collective self reliance and potential conflicts of overlapping membership in different co-operative efforts. SADCC offers this interesting complexity with some members in SACU as well as being involved in the PTA.

The region's exchange relations have not always been conflictual since the beginning of this century. Although the minerals discovery of the late ninetieth century was followed by a period of upheavals as the interested parties were taking control of the areas of influence. The countries and territories of Southern Africa enjoyed a period of peaceful coexistence after World War One until the 1950s. The underlying structures of economic relations were both consolidated and elaborated in a manner that generated a substantial degree of functional unity and coherence in the regional economy. In the remarkable changes that are taking place in the region there is a belief that Southern Africa may be at last in sight of political peace and prosperity. The states of Southern Africa have been constrained in their economic relations by the fear of apartheid and South African dominance. But now they may be on a course for an era of natural constructive co-operative economic relations.

The message of this study will be to try and show that divergent political interests can seriously hinder economic relations even in a region so intertwined as Southern Africa. Apartheid and white colonial interests in the region constituted the core inhibition for closer economic relations. The racial dimension is very important to the analysis of the region's conflicts. Military conflicts intensified when the black states excluded South Africa from SADCC. As a result SADCC was seriously flawed as an organization for economic development in the region because of the exclusion of South Africa in that development process.

CONCLUSION

There are many possibilities concerning the future form of economic integration or co-operation in the region. Decisions of this nature have a political content and the process of integration is usually a slow one as the experience of the EC has shown. Pragmatism is important, and a start would be made by building on the institutions which have been functioning for some time like SACU or the talked about merger between SADCC and PTA. Southern Africa, with its history of interdependence and its network of communications, has functioned with some community characteristics. But we cannot use some previous historical experience which involved some notion of community as an argument for the re-emergence of coherent economic relations. It is important to ensure that strong regional institutions are created with sufficient powers to ensure that effective economic policies are followed.

CHAPTER TWO

THE ORIGINS OF INTEGRATION IN SOUTHERN AFRICA

INTRODUCTION

Effective exchange relations among states demands the development of certain sectors that would increase the contacts among the states. A regional infrastructure is necessary in order to achieve a certain level of integration. Southern Africa does have a regional infrastructure which has enabled exchange economic relations which involve trade, labour, transport and communication to take place. The main features of the regional economy were put in place long before the national economies existed in their current form.

In many respects, the region functions as a coherent economic region with South Africa as its hub. Yet in the past, political priorities and considerations have divided these states. Southern Africa is a clear case which shows that divergent political interests can place limits on the capacity of common economic interests to lead to cumulative political co-operation and economic integration. This chapter examines the political and economic conditions that prompted increasing integration in the region since the turn of this century and subsequently caused disintegration and economic and political warfare.

The case of Southern Africa presents a challenge to the functionalist theories of integration. According to the functionalist perspective, economic co-operation should create the requisite institutions and behavioural conditions that necessitate political co-operation[4]. During the early part of this century, there was no lack of common economic interests in Southern Africa, but Cecil John Rhodes' plans for a much enlarged sub-continental state never materialised. For example, in 1923, the settlers of Southern Rhodesia rejected Union with South Africa and continued to defend their independence from South Africa and Britain. In the 1960's the BLS states (Botswana, Lesotho, Swaziland) opted for political independence but still retained their membership of the Customs Union and the Monetary Area with South Africa.

In the 1960s and 1970s, the increasingly bitter racial dimension to the conflicts in the region aggravated the inherent tension among the countries of Southern Africa. Co-operation over economic interests was apparent but security issues were characterized by hostile transitional military coalitions. At the national level, there were conflicts between economic groups largely along racial lines. The white establishment was excluded

[4]P.C. Schimitter, 'Three Neo Functional Hypothesis About International Integration', International Organisation, 23, Winter, 1969, p.166.

from continental African forums and retained its rather restrained relations with Europe.

The newly African independent states became members of the Organization of African Unity (OAU) and identified with African values of national liberation and self determination. This suggested that functional co-operation in the region was unlikely to lead to political and social integration until the composition of regional governments was more homogeneous. Although economic relations between and among Southern African countries persisted at relatively high levels in the face of growing confrontation, there was never any doubt that on balance, this atmosphere was destructive to economic prosperity in the region and caused conflict and potential disintegration of economic relations.

BACKGROUND

The development of the Regional Economy originated during the nineteenth century with the industrial centres located in South Africa and Rhodesia. The capital investment in the mining industry and its supporting infrastructure created transportation, communication, farming and land use patterns that constitute the basis of the regional economy today. External control, particularly British colonial rule, played a major role in shaping the development of the regional economy.

Diamonds were highly valued commodities in the West. They were discovered at Kimberly in 1867 and gold was discovered in the then Boer republic of the Transvaal, on the Witwatersrand in 1886 (Blumenfeld, 1991). The exploitation of South Africa's mineral wealth was made possible by large scale capital investment from Great Britain. Foreign capital flooded into the Witwatersrand accompanied by a large number of skilled immigrants, speculators, and traders from all over the world. The minerals discoveries in the interior of the region created an urgent demand for efficient and reliable regional transportation.

This provided the impetus for a rapid expansion of railway construction which began in 1876. The Cape provincial Government financed railway lines linking the Kimberly mines with the ports of Cape Town, Port Elizabeth and East London (Libby 1987). The Transvaal Government financed the construction of a railway line from the gold mines to Lourenco Marques (Maputo). By 1897, the British South Africa Company (BSAC), constructed rail lines from Kimberly to Bulawayo. By 1899 another line of rail was constructed from Beira to Salisbury and Victoria Falls. The BSAC also financed rail lines linking Katanga (Zaire) to the copper belt in Zambia and to Salisbury and Bulawayo in 1909 (Libby, 1987).

The way in which these colonial Governments constructed the lines of rail showed how strongly these governments shared their common economic interests. This enabled them to lay what is to the present day the basis of the region's transportation system. The railway system also profoundly influenced European settlement patterns and urbanisation in the region. Agricultural development was essentially tied to the mining centres and to the line of rail for the purposes of exporting commodities overseas.

THE IMPACT OF THE MINERAL DISCOVERY

The centre of gravity shifted decisively to the Witwatersrand. It was in, and from, the Witwatersrand that the primary impulses for development emanated. The shortage of skilled labour created an unprecedented demand for unskilled labour, which led to the large scale recruitment of African labourers. This turn of events affected the traditional society which underwent transformation into a modern industrial society. The Africans were co-opted into the cash economy in a manner which generated gross inequalities (Shaw, 1974). Even the distribution of economic activities conformed to the pattern determined largely by the geographical locations of mineral resource endowments and discoveries. This partly accounts for the different levels of industrialisation and development in the region. The minerals discovery also encouraged the British to extend colonial rule over much of Southern Africa, a fact which had significant implications for the development of the region.

POLITICAL DEVELOPMENTS

Economic relations between states cannot be considered in isolation from their non economic context, particularly the political context. The political, military and strategic climate in which international economic relations take place both affects and is affected by the economic linkages themselves. Just after World War One up to the 1950s, the political factors largely exercised an integrative influence over economic relations. The political factors also tended to be responsible for the emergence of differing national interests which led to conflicts. These political developments were mainly; the extension of British colonial rule over the region; the Federation of the two Rhodesia's and Nyasaland; and the Unilateral Declaration of Independence (UDI) by Southern Rhodesia in 1965.

Impact of British Colonial Rule on the Region

The roots to the early differentials in industrial development lay in the interplay between the colonial politics, the settlers, the workings of the colonial systems and the existing material conditions. The minerals discoveries enabled the extension of British colonial rule over the whole region. At the same time the Portuguese were already in Mozambique and Angola, the

Germans were in Tanganyika and South West Africa and also the Boer republics in South Africa were seeking to extend their own areas of influence in Southern Africa.

By 1855 both Basutoland (Lesotho) and Bechuanaland (Botswana) became Crown protectorates. By 1889 British jurisdiction had been extended across the Limpopo river into Southern and Northern Rhodesia through the BSAC. By 1891 Nyasaland (Malawi) was made a British protectorate After the Anglo-Boer War of 1899-1902 Britain established its control over the Transvaal and the Orange Free State (Blumenfeld, 1991). At this stage most of the region was under British control except for the Portuguese colonies of Angola and Mozambique and the German ruled Tanganyika (Tanzania) which was later added during the first world war. A unified and stable political framework now existed for economic development in the region.

There was no fundamental differences over questions of broad political and economic interests between the BSAC, the Crown and the settlers. But the primacy of local political interests was vividly clear when the new union of South Africa became a self governing dominion in 1910. By 1920 South Africa also acquired formal jurisdiction of South West Africa (Namibia). The two Rhodesias also remained out of the union with South Africa though they were speculations that Southern Rhodesia might join the Union of South Africa. By 1923 Southern Rhodesia

(Zimbabwe) acquired the status of a self-governing colony and defended its political and economic interests from South African total domination. Even at this early stage no country was interested in political unification. As the national boundaries of the different territories became more and more pronounced and clearly defined they began to acquire greater political significance in the conduct of economic relations. The system of regional exchange relationships was transformed into fully fledged inter-state economic relations.

When the economies of Southern Africa began to undergo early industrial development in the late 1920s, South Africa was in the lead and Rhodesia second, Zambia because of its copper came third. Nyasaland (Malawi) became the weak sister behind the two Rhodesias, attracting few settlers. Having no minerals and almost no manufacturing, Nyasaland served the region with cheap labour only. Zambia remained a mining enclave (Burdette, 1990). No effort was made by the colonial governments to create balanced national economies in the region. The unevenness of regional development was compounded by the events of the post war era and the creation of the Federation between the two Rhodesias and Nyasaland.

The Federation Period 1953- 1963

The Federation proved to be a disastrous attempt at political union among the countries in the north of the Limpopo river. Politically it was supposed to lay the foundation for the rule by racial partnership between the Africans and the whites. Economically the Federation was promoted as a way to expand the market, to widen the resource base, increase employment and the level of investment. In the early years the negative aspects of the Federation were not so apparent. There was considerable growth in all sectors of the economies. The Federal Tariff protected the infant industries in all members of the Federation (Burdette, 1990). From its inception the Central African Federation was riddled with dissension over the extent to which political rights should be granted to blacks. In addition, there was deep resentment in the other two territories, Zambia and Malawi at the perception that the economic benefits of Federation accrued predominantly to white Southern Rhodesian interests. The political institutions of the Federation were also controlled by the settlers in Southern Rhodesia and this qualifies the argument that most of the revenue from Zambia's copper was poured into Southern Rhodesia for infrastructural development.

Resistance by the African people in all three areas to the imposition of Federation was the core element in the development of African nationalism, even though some

Africans in Southern Rhodesia supported the Federation to a certain extent. Nevertheless the Federation was eventually destroyed leading to the majority rule for Malawi and Zambia and the long bitter war of liberation in Zimbabwe. The first to opt out of the Federation was Nyasaland in 1962 followed by Zambia in 1964. In November 1965 the settler government in Southern Rhodesia staged a unilateral break-away from Britain. This ruined any possible political unity among the countries north of the Limpopo river.

The Unilateral Declaration Of Independence (UDI)

UDI created a difficult phase in the political and economic development of Southern Africa. UDI was followed by United Nations mandatory economic sanctions against Rhodesia. Sanctions had a political objective of effecting political change or a change of government as well as economic consequences. In the case of Rhodesia and the region as a whole they had both long term political and economic consequences. Sanctions effectively altered most of Rhodesia's and many of its neighbours trading and international economic relations. This was especially true of relations involving Zambia, Malawi, Mozambique and South Africa.

The geography of the region is important in determining the impact of sanctions upon the structure of economic relations in Southern Africa, because of the landlocked nature of some of the countries. Prior to UDI some 80% of Rhodesia's overseas trade passed through the ports of Beira and Maputo in Mozambique (Blumenfeld, 1991). In addition the bulk of Zambia's overseas trade especially its exports of copper travelled via the Rhodesian railways to and from the same ports. After the imposition of sanctions the Rhodesian and Zambian overseas trade utilised the South African transport system. Zambia was Rhodesia's largest single export market and quite a substantial source of imports. South Africa was its second largest source of imports after Great Britain. Rhodesia had also trading relations with Malawi and Botswana.

Sanctions disrupted all these transport and trading relations. Portugal, like South Africa refrained from applying any of the internationally imposed sanctions. They shared the same policies of maintaining white supremacy in the region. However the British naval blockade of Beira forced the rerouting of much of Rhodesia's goods to pass through the more distant South African routes. The increased reliance on South Africa was reflected also in more extensive penetration of all sectors of the Rhodesian economy by South African capital and services. In the early days of the sanctions growth of the economy was derived from the expansion of trade with South Africa. The two economies had been said to be competitive rather than complementary (McKinnell, 1969).

But in the new era of military assistance and close ideological compatibility, new arrangements were acceptable. Nevertheless the Rhodesians did not wish to surrender their independence of economic action to an Afrikaner dominated society with a more rigidly applied system of apartheid. A period of import substitute industrialisation began in the manufacture of consumer goods in Rhodesia.

A major consequence of sanctions was thus to generate much closer economic links between Rhodesia and South Africa. Rhodesia was forced to rely on South Africa for all its foreign trade transactions including its critical imports of oil. Zambia also severed its economic relations with Rhodesia even though it was at a very high cost for the newly independent country. However, this pushed Zambia into close economic ties with South Africa, which replaced Rhodesia as the supplier of many imports for Zambia. Moreover the British naval blockade of Beira, through which the greater part of Rhodesia's trade previously passed, forced the rerouting of much of the remaining traffic. Some of this went to Lorenco Marques, but because of capacity constraints, much of it had to be routed to the more distant South African ports. By 1975 as Mozambique's independence approached, the operational efficiency of its ports and railways had decreased sharply, because of disruption by guerrilla warfare.(Blumenfeld, 1991). Finally in 1976 the new

Mozambican government closed its border with Rhodesia. However it did suffer substantial economic losses because it lost its invisible earnings from the carriage of both Rhodesian and Zambian trade.

To summarise, it is apparent that at the beginning of this century the political factors exercised an integrative influence over economic relations. At the same time political factors like the break up of the Federation were the first signs in the decline of local interstate co-operation. Nevertheless the non-conflictual political interests enabled a range of close economic linkages between national economies. Sanctions against Rhodesia caused a shift in many of these relations resulting in some countries depending more on South Africa for transportation and imports.

ECONOMIC DEVELOPMENTS

At the beginning of this century Southern Africa was being forged into a coherent economic entity, with South Africa exercising a dominant role. There was common and mutually beneficial cross border trade in goods, services, labour and capital. Despite the lack of a move towards political coherence, the region functioned well as a regional economy. The importance of geography cannot be overlooked here. The BLS states, Bechuanaland (Botswana), Basutoland (Lesotho), Swaziland, Nyasaland (Malawi) and the two Rhodesias (Zambia and Zimbabwe)are landlocked. There only access to the coast is through South Africa, Mozambique and to a lesser extent Angola.

Trading Relations

The most obvious subset of interstate economic relations comprises of trading relations in the form of exports and imports of goods and services. None of these activities can take place in a political or legal vacuum. The national political context is of critical importance in facilitating or inhibiting the development of interstate exchange relations. At the beginning of the century, Southern Africa did not seek to formalise to a greater extent their trading relations into an institutional framework. Integration was only formalised in the South African Customs Union (SACU) and the Rand currency Area. In 1903 the political situation in Southern Africa did not allow for the creation of institutions for shaping and managing economic relations except for SACU. This was because the states of Southern Africa except South Africa were extensions of the colonial powers and their economies. They served only as sources of raw materials and as markets for the expanding industries of Europe.

Most of the countries in the region had diverse extra regional relations (Shaw, 1974). Britain had been South Africa's and Zimbabwe's major trading partner. The break up of the Federation at the end of 1963 increased South

Africa's exports to Africa. The federal tariff had acted as a strong inducement for Northern Rhodesia and Nyasaland to obtain their imports from Southern Rhodesia rather than from South Africa (Guelke, 1974). The collapse of the Federation ended this inducement and South African goods became more competitive on the Zambian, Malawian and Rhodesian markets. The proportion of South African exports which went to the rest of Africa also grew rapidly.

Industries in Southern Rhodesia needed larger markets in order to expand their production. The establishment of a Federal Government regulating a single regional economy had a significant impact on Rhodesia's manufacturing industry. During the Federation Britain was Southern Rhodesia's principal trading partner supplying 45% of the imports. South Africa was the second important trading partner and then Zambia. Sanctions against Rhodesia after UDI led to a substantial decrease in trade with Great Britain as well as with Zambia and a corresponding increase in trade with South Africa, the far East and Europe.

Labour

For much of this century the South African mining industry has been based on cheap migrant labour from the neighbouring colonies. As the labour needs of the mines became manifest during the 1930s and 1940s, cross-border migration of labour reached significant scales throughout the region. Thousands of migrant workers were recruited annually to the mines and farms of South Africa. Labourers flocked from Mozambique and Nyasaland into Southern Rhodesia. By 1951 it was estimated that 420,000 foreign migrant workers were in South Africa in the mines as well as in the farms. It was not only South Africa which recruited migrant labour, the two Rhodesias were also major recruiters. For countries like Mozambique and Nyasaland, the export of labour became their largest single source of income. This in turn implied that living standards in these countries were determined to a large extent to the fluctuations in the level of their export of labour. As a result Basutoland, Nyasaland and Mozambique acquired a strong economic orientation towards South Africa. An orientation which still exists even today.

Until 1970 the largest group of foreign labourers was the Mozambicans. Their number exceeded 100,000. Then in the early 1970s Malawians also exceeded 100,000; a clear mark of the improved relations between Malawi and South Africa at that time (Hanlon, 1987). The number of Malawians fell dramatically in 1975 when President Banda banned their recruitment after a plane crash. For Lesotho more than half of all its workers are in South Africa and their remittances have been said to be 40% of the GDP. Thus many of the workers in Botswana, Swaziland and Lesotho have no place in their home economies. They look to South Africa as their source of income. Because of this, the neighbouring states were woven into a complex web of economic relationships with South Africa involving migrant labour, transport, trade and foreign investment.

Capital Investment

Though much of the region's economic development continued to be financed by capital from overseas, locally owned capital also helped to knit the regional economies more closely together. South African capital became involved in developing farms, mines, industries and services on a growing scale in every country in the region. For example the Anglo-American corporation of South Africa regionally has substantial interests in Botswana, Zambia and Zimbabwe. Its roots are in gold and diamond mining. The increasing density of this network of regional economic relations led to the development of further and more sophisticated inter linkages. This led to the creation of regional service centres to provide the complex financial, legal, business and professional services necessary to sustain and develop such links. Two British banks Barclays and Standard of which South Africa is a shareholder are still active in the neighbouring states until today.

In some sectors such as trading, Southern Africa became an economically integrated region with the development of banks but the region continued to lack the basis for political cohesion. Another point of particular importance was that except for Angola and Mozambique all the countries in the region were part of the British sterling monetary area. Though several countries developed their own currencies these were assured of full convertibility with the result that cross border transactions were not subject to any exchange risks. All these aspects made Southern Africa function almost like a common market but the trade relations among the countries were never formalised except for the South African dominated SACU.

The South African Customs Union (SACU)

Only within SACU did economic integration reach an advanced stage. The origins of integration between South Africa and the High Commission Territories goes back to 1889, when the Cape colony and the Orange Free State declared that it was desirable that there should be a general customs union between all the colonies and states of Southern Africa. The customs union provided for free trade between the colonies and a common external tariff (Robson 1967). The customs agreement was re-negotiated in 1910 between Bechuanaland, Basutoland and Swaziland and the union of South Africa. By 1915 South West Africa was included. All these countries shared a common currency and a common monetary policy. The South African Reserve Bank acted as the central banker to all the SACU members (Blumenfeld 1991). This facilitated the extension from South Africa of modern banking facilities to the more peripheral countries and reinforced the dominant economic role which South Africa played in the wider region.

As a result of the customs union, and partly for geographical reasons the three High Commission Territories were closely linked to South Africa. South African goods dominate their markets. Part of Bechuanaland's imports came from Rhodesia, facilitated by a customs agreement which was concluded between the former High Commission Territories and the Federation in 1956 (Robson, 1967). The other link between the Territories and South Africa was communication and services. In Swaziland road haulage was undertaken mainly by South African railways. The railway in Bechuanaland was operated by Rhodesia railways which was linked closely with South African railways since 1959. All external mail, telephone, telegraph and international air services operated through South Africa.

Robson (1967) argued that the operation of the common market has been detrimental to the three territories. Since 1925 South African policy has been designed to encourage her secondary industries behind a protective tariff and quantitative restrictions. This has made the South African products to assume a dominant position in the BLS markets. On the other hand products like wool, meat citrus fruits and cotton were marketed through South African marketing boards. This showed a great contingency of relationships which could not easily be disrupted after independence.

THE MOVE TOWARDS POTENTIAL DISINTEGRATION

The problems of disintegration in the 1960s up to the 1980s was provided by the interaction between two imperatives. One was the growth of African nationalism, which was opposed to the inequalities and the defence of white minority interests in Rhodesia and the political tendencies in Namibia and South Africa. The second was the hostility of the independent black African states to South African domination. These two factors led to the politicisation of economic relations in the region and led to military conflict during the 1980s. The major cleavage among these countries was that South Africa at the centre attempted to secure regional co-operation and integration among the present group of states and institutions. In opposition to this coalition were the African states which demanded liberation and perceived any attempt to secure regional integration before political change to be counter revolutionary (Shaw, 1976).

Political independence came later to most of the Southern African states than the rest of Africa. In 1961 Tanzania became an independent state. Though it was peripheral to the region it went on to play a very crucial role in the liberation of Mozambique and Rhodesia. Other political changes continued to occur in the 1960s as the three British protectorates Bechuanaland, Basutoland and Swaziland became independent states. Much more important was the military coup in Lisbon, Portugal, in 1974 which led to the independence of Angola and Mozambique. The collapse of Portuguese colonialism had decidedly less than satisfactory outcomes as Angola and Mozambique were again dragged into long and devastating civil wars. The independence of both Angola and Mozambique also changed the face of politics in the region as these countries took a form of African Socialism as a development strategy in their countries. This lead to the two superpower involvement in the region, the US and USSR, over the conflict in Angola.

The ending of Portuguese rule played an important role in the intensification of the liberation war in Rhodesia as Mozambique provided the logistical support. With most of the countries independent, the focus was now on Zimbabwe, Namibia and South Africa. Angola, Botswana, Mozambique, Tanzania and Zambia formed the Front Line States (FLS) (a regional alliance against the Rhodesian regime). This alliance was later to become the basis for the regional efforts to transform the region from their unacceptable 'ideological dependence' on South Africa (Blumenfeld, 1991).

All these events shook the confidence of South Africa and contributed to a complete reappraisal by South Africa's own policy makers of the country's role and position in Southern Africa. P.W. Botha who had been Defence Minister since 1966 became Prime Minister in 1978. The new government argued that White South Africa faced a 'total onslaught' from beyond its borders and that it must respond with a 'total national strategy' (Hanlon, 1987). The 'total onslaught' was seen as a communist plot to overthrow white rule in South Africa. The 1977 Defence White Paper had called among other things for economic action in transport services distribution and telecommunication among the states of Southern Africa.

South Africa attempted to formalise this in the Constellation of Southern African states (CONSAS) involving South Africa and the independent states of the region and the homelands. This never happened as South Africa's regional plans faced a drastic set-back in 1980. The ZANU (PF) won a landslide victory in the general elections on 4 march 1980 in Zimbabwe. Bishop Muzorewa, a moderate on whom South Africa had staked its regional policy was defeated. SADCC was formed, dashing South Africa's dreams of CONSAS. Out of this was born the strategy of regional destabilization in which South Africa sought to exploit its military, political and economic powers in a variety of ways to sustain its hegemony over the rest of the region. Given these rising political tensions among the regional states economic relations were in danger of being disrupted.

As the states of Southern Africa became independent, the crucial question of economic relations between white ruled and black ruled states in the region became a matter of serious political contention. The black ruled states felt that they lacked economic sovereignty. Political hostility towards South Africa began to affect trading relations. South Africa's trade with the region and with the rest of Africa became highly politicised.

SUMMARY

The discovery of the mineral deposits and the non conflictual political interests enabled a range of close economic linkages between the national economies to be formed. Yet there were important respects in which the process of integration was incomplete. One reason arose from the historical fact that there was little articulation between parts of the region which were not located on the major transport routes or were not endowed with exploitable resources. Moreover the colonial structure was not integrated, there was the British, the Portuguese and South Africa, all were pursuing different development policies in their respective territories that they had occupied. These areas remained very unequal partners, and they did not benefit from the regional development process. Another reason why the process stopped well short of full economic integration was the lack of an overriding impetus towards political unification. This lack of common political interests did not pose serious threats to the dominant economic interests in the region until the 1960's and 1970s when the racial composition of the governments in the region had changed dramatically. Another structural obstacle to integration is that the economies of Southern Africa are competitive rather than complementary. Their trade was fundamentally export led and all their major exports were primary commodities, a majority of which they cannot easily sell to each other even today (Maasdorp, 1991).

The Federation had been the first sign in the decline in local interstate co-operation in the early 1960s. It can be recalled that Federation had resulted in a significant intensification of economic links between the two Rhodesias and Nyasaland. The tensions within the Federation prevented the economic and political links between the three countries to be cemented further. The fact that so many economic links survived the Federation were not because of the political desire for them to continue but it was the inescapable realities of geography. The physical indivisibility's of utilities like the Kariba power station made the economic costs of disengagement very high.

Sanctions had dramatic consequences for interstate relations in the region. They severely weakened some of the close economic links which had been created over an extended period of time. As it is, many of the links, especially between Zimbabwe and Zambia have never recovered. By contrast many of the other links which sanctions either helped to create or to reinforce between South Africa and the other states in the region have persisted . Thus sanctions blurred the broad division of co-operative economic interests between the regional states which had been developing well before the Rhodesian problem intervened.

CONCLUSION

Any analysis of integration in Southern Africa will have to begin with an account of those historical, economic and political factors that have together contributed to the growth of structural economic development in the region. It is important to remember that the region was born, and has been defined in the course of a colonisation process. Such political/economic formations like the Union of South Africa, the Federation and SACU has helped to show an integrated and unified region in terms of economic relations. Economic developments had forced the countries of the region into close co-operation, but their political interests still remained competitive in many ways for them to form any kind of political unity. However the problems created by sanctions against Rhodesia were not resolved when the sanctions were lifted. If anything the politicisation of economic relations was carried out with greater vigour

CHAPTER THREE

THE FORMATION OF SADCC

INTRODUCTION

The purpose of this chapter is to show how the disintegration of political and economic relations was brought about by the intensification of the political struggle against apartheid. The common economic interests which pervaded the region during the colonial years were now overtaken by the black states' struggle for self-determination. The view of the independent black African states was that political independence was not accompanied by economic independence because of the South African problem. Economic relations with South Africa were regarded as undesirable because they were dependent on a country whose government was committed to the maintenance of apartheid. The call was for a break from economic relations with South Africa. Against this background the Southern African Development Co-ordination Conference (SADCC) was created as an organization dedicated to the reduction of economic dependence on South Africa regardless of the evident economic linkages which history, UDI and the sanctions had created.

The advent of SADCC in 1980 generated hopes of a significant restructuring of economic relations in the region. But for South Africa, SADCC, was a foil to its hopes of a Constellation of Southern African States (CONSAS), therefore the idea was treated with hostility by Pretoria. From its inception in 1980, SADCC was portrayed as an institution established to foster economic development, but the rationale for its creation has always been more political than economic (Hawkins, 1991). There was no doubt that the regional conflict had culminated in the formation of a regional organization against apartheid. SADCC grew out of the activities of the Front Line States (FLS) who, in the past, had supported the drive towards the independence of Zimbabwe. It was rooted in the belief that there could be no true meaningful independence when the economic domination of the region by South Africa remained unchallenged.

SADCC was based on functionalist principles. The aims were pragmatic, limited and focused on relatively attainable goals. It was a loose association of independent states, but with no capacity to implement sanctions or pursue any other form of statecraft on its own. African experience, notably the demise of the EAC and the ineffectiveness of ECOWAS had unmistakably shown the utopian nature of economic integration schemes seeking to combine fragile economies that are overwhelmingly dependent on selling raw products overseas while hardly trading with each other. The proponents of SADCC learned from this past experience (Green, 1980).

Thus the organisation's objectives were set out in the Lusaka Declaration of 1980 as: reducing the economic dependence of member states, especially, but not exclusively, on South Africa; creating and rehabilitating the transport and communications network for genuine and balanced regional integration; mobilising resources in order to promote national, bilateral and regional development policies and programs; co-ordinating action so as to secure international co-operation with and support for SADCC projects (Anglin, 1985). These general objectives were translated into a SADCC programme of action, which represented a regional development programme and was broken down according to sectors.

The formation of SADCC brought the two adverse forces of the 1980s, that is, the fear of South African dominance and Apartheid into sharp focus. There were tensions and difficulties before the formation of SADCC. For example, UDI and sanctions against Rhodesia had disrupted economic relations between Zambia, Mozambique and Rhodesia, but in the 1980s the intensity of SADCC's campaign for sanctions against South Africa paralysed political and economic relations in the region. For its part, South Africa developed destabilization as the strategy against the anti-apartheid struggle.

Before the changes of the 90's Southern Africa was plunged into economic conflict, because in Pretoria, SADCC was seen as another force of the 'total onslaught' and had to be responded to by military force. Destabilization[5] had a political and military dimension. South Africa continued to support the UNITA[6] movement in its civil war against the Angolan government and the RENAMO[7] organization in Mozambique. RENAMO, which had been initiated by the Rhodesians, was fostered by the South African military and served its interests by disrupting the transport corridors to Zimbabwe.

The neighbouring states suffered military attacks because of their support of the liberation movements in South Africa. These attacks were a message to the neighbouring states of the capacity of South Africa's military power in the region Destabilization also had an economic dimension to it. Apart from bringing refugees from the neighbouring countries it also disrupted the transport network on which SADCC was placing so much emphasis in its rehabilitation program. Countries like Zimbabwe spent millions of dollars on defence in guarding the Beira corridor.

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[5]South Africa's destabilisation policy included direct military action, economic sabotage, clandestine support for banditry, assassinations, espionage propaganda and misinformation against its neighbours.
[6]UNITA is the National Union for the Total Independence of Angola led by Jonas Savimbi which sought to topple the Mpla government in power.
[7]Usually known as the Mozambique National Resistance, or MNR

SOUTH AFRICA'S PERCEPTION

Political and economic interaction between South Africa and the states of SADCC pre-dated formal colonisation and accelerated with the expansion of British colonial rule into Southern Africa. As noted in Chapter Two, rich mineral discoveries deepened this interaction. Historically, South Africa maintained key trade and cultural links with the West and attempted to expand its sphere of influence by incorporating the former British Protectorates - Bechuanaland, Basutoland and Swaziland into SACU and the former Germany colony, Namibia into its territory. In more general terms, South Africa's regional policy and its political relations with SADCC turned on the notion that such relations 'should ensure the survival of white rule' (Vale, 1987).

Andre`du Pisani (1991) has pointed out four phases that characterized South Africa's regional policy since 1950. The first phase of 1950-60 has been characterized by attempts to incorporate the former British High Commission Territories. At this stage, political and economic relations in the region were peaceful and there were no serious conflicts affecting the economic and political relations. South Africa was even a member of the Commonwealth. The second phase of 1961-66 is punctuated by UDI in Rhodesia -a period where adjustments had to be made in the economic arena by the Rhodesian state. Before UDI, the OAU had also called for the total isolation of the Apartheid regime in 1963. The third phase of 1967-74 is characterized by what Pisani calls 'assertive incorporation' because of Voster's notion of a common market for the Southern African states. This did not improve relations between South Africa and the Front Line States. South Africa's military involvements in Namibia and Angola were to usher in a new destructive phase from 1975.

The period 1975-87 brought the politics of 'coercive incorporation' or destabilization. In this period, the South African military and security establishments exerted direct and pervasive influence over regional policy. The misguided doctrine of 'total onslaught' provided justification for military aggression against South Africa's neighbours within SADCC. While the electoral victory of Robert Mugabe in Zimbabwe in 1980 undermined South Africa's regional designs, South African destabilization continued in Namibia, Angola, Lesotho, Botswana and Mozambique. Even after the signing of the Nkomati accord with Mozambique in 1984, some elements within the South African security establishment continued their support for RENAMO. At the same time, South Africa was experiencing a deep domestic crisis of popular resistance. The Apartheid regime responded with more repression, and in 1985 it imposed a partial state of emergency. Against this background of escalating internal violence , South Africa faced the imposition of further sanctions in 1986 with the passing of the Comprehensive Anti-Apartheid Act by the United States Congress. At the same, time South Africa's military involvement in Angola and Namibia became a strain on its resources.

At the beginning of 1988, South Africa had to change its regional policy. Whilst economic co-operation went on in a rather hostile environment, the policy of coercive incorporation lost its appeal. Far from helping to perpetuate apartheid at home and assisting international propaganda efforts, destabilization weakened the domestic base and contributed to the country's isolation in the region. The protracted negotiations on Angola and Namibia in 1988 in which the Soviet Union played a constructive part showed that South Africa had now seen the limits to its power and was about to rely on non-coercive instruments of policy.

SOUTHERN AFRICA IN THE 1980s

The 1980s were a decade of economic stagnation for the SADCC countries (Hawkins, 1990). In the region as a whole, economic expansion failed to match the rate of population growth and per capita incomes fell between 1980-88. In only two of the member states, namely Botswana and Swaziland, were growth targets achieved, while in Zimbabwe real incomes showed a modest gain. The SADCC economies were plagued by drought, worsening of the terms of trade, the effects of the recession in the industrialised countries and the debt problem. Linked to some of these difficulties, several of the SADCC members namely Zambia, Lesotho, Malawi, Mozambique and Tanzania undertook structural reform programmes backed by the world bank and the IMF in the second half of the 1980s. These adjustment programs have worsened the social situation in some member countries, thus creating new sources of political unrest (Leistner, 1992). At the same time the wars in Angola and Mozambique spilled over into the neighbouring states. They seriously damaged and disrupted social and economic life and led to an influx of refugees in the neighbouring states. These wars were manipulated by the South African establishment in pursuit of its total national strategy.

It has been suggested that similarity in size and power among the participating units of an integration process, is among other factors extremely favourable to the rapid politicisation of economic relationships (Schimmiter, 1969). South Africa is the economic giant of the states in the region followed by Zimbabwe. However, SADCC was not an arrangement of an economic integration scheme. But economic relations in Southern Africa were influenced by the fear of South African dominance and Apartheid. These two factors were important in the formation of SADCC in order to deal with the perceived dependence on South Africa and various political problems stemming from South

Africa's race policies. This made normal diplomatic relations within the region impossible.

The realities of economic power in Southern Africa are illustrated in Table 1. Large economic disparities exist among member states in terms of the GNP, the annual growth per capita and life expectancy which is closely related to the level of economic performance.

Table 1. SADCC Countries And South Africa: Basic Indicators (1980-1991)

Country	Total Population (million)	Population growth	GNP: US$b (1991) (1980-91)	Real growth rate (GNP/head) %	Life expectancy at birth 1991
Angola	10.3	2.9	6.0	-5.0	46
Botswana	1.3	3.5	3.3	5.8	68
Lesotho	1.8	2.5	1.1	0.0	56
Malawi	8.8	3.6	2.0	0.1	46
Mozambique	16.1	2.6	1.2	-3.6	47
Namibia	1.8	2.9	2.1	-1.5	58
Swaziland	0.8	3.8	0.9	3.1	57
Tanzania	25.3	2.8	2.4	-1.1	47
Zambia	8.4	3.2	3.4	-2.9	49
Zimbabwe	10.1	3.1	6.2	0.2	60
SADCC Total	84.7	3.1	28.6	-0.1	53
South Africa	36.8	2.3	91.0	0.9	62

Source: World Bank Atlas 1992 and UNDP Human Development Report, 1992.

The South African economy, considered to be the most powerful in Southern Africa, has also been plagued by low growth and stagnation during the 1980s. Real average economic growth fell far below the 2.3 percent population growth indicating the decline of average living standards. Yet South Africa, whose population is less than half that of the SADCC member states together, accounted for more than three times the GNP of the combined group.

The structural interdependence of the region was clearly seen when SADCC campaigned for sanctions against South Africa. The costs of breaking trading relationships with South Africa for countries like Zimbabwe and Zambia were extremely high and a complete break was never made (Blumenfeld, 1992). This was a reflection of the breadth and depth of the economic linkages in trade, investment, labour and institutions which most SADCC members had with South Africa after UDI. Eventually, SADCC was constrained by political and economic pressures, such that it did not impose sanctions although they were still supported in principle. South Africa on the other hand managed to hold its neighbours hostage by constraining them to use the South African trade routes (Hanlon, 1987). The greater the growth in the threat of sanctions, the greater South Africa flexed its muscles over the control of the region's transport infrastructure. The neighbours had no option but to conform to the demands from South Africa otherwise they were reminded by a series of economic pressures and military attacks as to who was boss in the region.

Relations between South Africa and Zimbabwe proved to be difficult. Although Zimbabwe is the strongest of the region's black states it is much smaller than South Africa and also dependent on South Africa. During the UDI and sanctions period, the Smith government had become increasingly reliant on South Africa and left the new government with an inheritance of intensified relations with South Africa. There seemed to be no way of escaping this economic and geographic reality. Zimbabwe's goods passed through South Africa which took almost three quarters of Zimbabwe's manufactured goods. South Africa was not slow in demonstrating its power, by early November 1980 there were complaints of delays of up to three weeks in rail movements. Zimbabweans began to face shortages of some of the goods which were imported through South Africa. In April 1981 South African railways announced the withdrawal of its twenty four diesel locomotives which were leased to Rhodesia and were still in use in Zimbabwe.

These events showed how South Africa was responding to the campaigns against its international isolation. It was economic warfare and South Africa used its economic power to ensure conformity from radical and outspoken states like Zimbabwe. The majority of President Mugabe's colleagues in the Zimbabwean cabinet opposed sanctions on pragmatic grounds. Even at international forums he was only supported by Zambia. Most SADCC leaders saw that their countries would suffer very badly if they tried to enter into an economic war with South Africa. Therefore alongside the political tensions of the 1980s there remained economic links between South Africa and its neighbours. South Africa remained their major economic partner in trade, transport routes, and in mining and manufacturing.

Politics

Relations among the black states of Southern Africa have been mixed and not all have been close and straight forward. SADCC's pragmatic approach was a matter of necessity, since its member countries were not only politically and economically diverse but also had different political and economic interests. They had widely diverse production structures, resource endowments and allocation systems, land ownership patterns and development priorities. For example, Botswana was leaning progressively towards market based mechanisms and liberal trade policies. Since its independence in 1966 it had developed a multi-party state with a mixed economy and encouraged private investment which was different from other black states like Zimbabwe which preferred socialism and one party state. Angola and Mozambique espoused Marxist-Leninist ideologies and central planning on the Soviet and East European models.

Politically the SADCC states had much less in common; granted that they had a shared heritage of experience of colonialism and of white rule. Except for Mozambique and Angola all of them were members of the Commonwealth. Botswana belonged to SACU and not the PTA. Zimbabwe had strongly urged Botswana to join the PTA but this has not been successful since Botswana does not see its interests being served by joining the PTA. In fact, all SADCC states differed in their strategic and political orientation. The composition and interests of their ruling elite and in their attitudes towards regional integration was also different. Having struggled long and hard to achieve their political independence they were in no hurry to submerge their newly acquired sovereignty in any supra-national body. They were of course united in their opposition to white minority rule and their fear of South Africa's overwhelming power.

Furthermore, as destabilization continued unabated, their solidarity on these issues was greatly reinforced. At the same time, they also had wide ranging attitudes and differing interests especially on the question of imposing sanctions on South Africa. Their economic links with South Africa were varied in scope and content. The BLS were in a Customs Union with South Africa and for Zimbabwe, South Africa was its largest trading partner. SADCC's pragmatism was to prove crucially important in preventing it from breaking up in the face of its internal contradictions.

Trade

A key element of the Southern African situation was the trading relationships of the countries before the formation of SADCC with South Africa. Trade among the countries of the region accounted for less than 3% of their total foreign trade in 1979 (Blumenfeld 1991). About 6% of all exports from these countries went to South Africa but South Africa supplied nearly 29% of all their imports. It should be stressed that changes in transport routing for the Southern African countries over the past twenty years had profound effects on the trading patterns in the region.

Intra-SADCC trade was very small in total volume and trade with South Africa was much greater than with other SADCC countries. The BLS states were and are still the largest markets for South African exports. This is not surprising in light of the South African Customs Union. Zimbabwe showed consistent surpluses and Zambia showed consistent deficits in intra-SADCC trade. During the 1970s the South African surplus expanded rapidly. There was a sharp decline in trade among the present SADCC countries. This was because of the border closures between Rhodesia and Zambia and between Angola and

Mozambique just after their independence. The relative importance of South African trade in total SADCC trade shows the significance of South Africa on any regional integration scheme in the region.

SUMMARY

In the period of the 1980s the region's black states and South Africa regarded each other with hostility and suspicion. There was no doubt that the economic relations which had flourished so well during the colonial days were now put into jeopardy. The mutual gains from bilateral trade were reduced. Trading relations were now used as the instruments for the conduct of economic warfare. The fact that there were no more common economic and political interests intensified the economic warfare between South Africa and its SADCC neighbours. The flow of migrant workers and trade with South Africa continued. But SADCC countries were finding it difficult and even embarrassing to talk openly of their trade agreements with South Africa. By 1986 Mozambique tried not to renew its contracts for Mozambican workers in South Africa. But this was strongly challenged by the Chamber of Mines in Transvaal and Mozambique had to agree to a reduction and not complete elimination of mine workers from Mozambique.

SADCC, lacking the capacity to create substantive new infrastructure and institutions for fostering cross-border economic linkages, could not achieve any substantial economic changes in Southern Africa. Furthermore, the individual SADCC governments were reluctant to dissociate their economies from South Africa. In practice, SADCC's primary economic role has been to provide a framework for setting and discussing desirable targets for development co-ordination for its member states and soliciting Western aid. These functions have been important in acquiring development assistance for projects involving the SADCC states. However SADCC's model for regional economic co-operation imposes considerable limitations on efforts to effect resource allocation.

CONCLUSION

Southern Africa survived the conflict years of the 1980s and many of the region's economic linkages remain. The political circumstances that seemed strong enough to think of a union between SADCC countries have now withered away. There already exists a high degree of economic integration and interaction in Southern Africa. The successes of SADCC (which will be looked at in the next chapter) would have been abundant had the region been politically and economically unified. Now SADC, together with a post apartheid South Africa, will have to find a way to take Southern Africa to a region of economic prosperity.

CHAPTER FOUR

THE SADCC PROGRAMME OF ACTION - An Assessment

INTRODUCTION

This chapter examines the political and economic progress that was made by SADCC in its twelve years of existence. It will be stressed that SADCC was not an arrangement of economic integration like its successor SADC. It was neither a free trade area nor a customs union. Instead SADCC had opted for co-operation and co-ordination of development policies. However its economic performance has been a disappointment, both because of variables beyond its control but also due to inappropriate economic policies. There is little evidence to suggest that its existence has reversed economic decline in the region.

Economic development has continued to be an elusive goal for African states and for the region as a whole. This is one of the factors which has now propelled the SADCC decision makers to escalate the SADCC initiative from its loose organisational set up to an economic community, that is, the Southern African Development Community (SADC). The SADCC programme of action will be analysed sector by sector because it was argued by the organization that economic development would come about by integrating gradually those areas which were thought would contribute to industrialisation and thereby reducing dependence especially on South Africa.

OBJECTIVES AND HISTORY

In the Declaration: "Southern Africa: Towards Economic Liberation" adopted in Lusaka, Zambia, on the first of April 1980, the heads of states of Southern Africa committed themselves to pursuing policies aimed at economic liberation and integrated development of the economies of the region. SADCC was established as a vehicle for the reduction of economic dependence especially on South Africa and for equitable regional integration; an appropriate sequel to the political emancipation of the region. However despite its disappointing economic performance, it can be said that SADCC has some achievements since its founding in 1980, particularly seen against the national economic problems, the hostile economic environment and the massive destabilization and military aggression of the apartheid regime in South Africa. Of all the contributions SADCC has made to regional development the greatest has been in forging a regional identity and a sense of a common destiny among the peoples and countries of Southern Africa.

For an assessment of SADCC performance, not only does its original objectives need to be recalled but there must be an appraisal of the external and internal circumstances under which the group operated during its existence. The organisation's overall objectives which provide criteria or point of reference for its evaluation were set out in the Lusaka declaration of 1980 as:

I.reducing the economic dependence of member states, especially but not exclusively on South Africa;

II.creating and rehabilitating the regional network of transport and telecommunications infrastructure as a precondition for genuine and balanced regional integration;

III.mobilising resources in order to promote national bilateral and regional development policies and programmes;

IV.co-ordinating action so as to secure international co-operation with and support for SADCC projects (Anglin, 1983)

These general objectives were translated into a SADCC programme of action which represented a regional development programme, and was broken down according to sectors. This programme was presented to international donors at each annual consultative conference and to the public in SADCC member states. All projects in the programme of action were decided upon by consensus. This was stipulated in the 'Memorandum of Understanding on the

Institution of SADCC' which was agreed upon at the Harare summit in 1981 and had the characteristics of an international legal document governing SADCC operations.

THE ORGANISATIONAL STRUCTURE OF SADCC

SADCC was a loosely negotiated organization based on the explicit concerns on the part of the participants who were mainly the heads of states. SADCC fitted the definition of a negotiated order of the piecemeal variety because of its loose organisational structure. Flexible and almost minimalist institutional arrangements were created including a small central bureaucracy and widely devolved responsibilities to national governments. The secretariat was based in Gaborone, Botswana, with an executive secretary from Zimbabwe, Dr. Simba Makoni. Annually, both the Council of Ministers and the Heads of State met to review progress. The consultative conference between the SADCC and its donors also took place on an annual basis. Conflict resolution was primarily through dialogue and negotiation within a supposedly harmonious and beneficial political and economic environment.

THE SADCC PROGRAMME OF ACTION BY SECTOR OF ACTIVITY

The SADCC programme of action identified transport and communications as the key to the reduction of dependence on South Africa whilst also listing food and agriculture, energy, manpower development, industry, mining and tourism as priority areas.

Transport System

Transport featured as a top priority in SADCC, with aid being channelled chiefly into this sector. The main aim was to reduce the dependence on South African routes which were in any case more expensive. Transport services showed the inextricable link between railways and politics in the region. As far back as the late nineteenth century both Cecil Rhodes and Paul Kruger had seen the railways as the key to their dreams of regional hegemony. Equally, in the 1980's the region had competing visions of a future linked together by the transport system. These competing views were those of South Africa and the SADCC countries. South Africa knew that by controlling the railways the neighbouring states will either conform to its pressures or they will suffer economically. For several of the SADCC countries, notably Zimbabwe, Zambia, and Malawi, the rehabilitation of their shortest routes through Mozambique was their lifeline and their first move towards the reduction of dependence on South Africa.

The problem with the proposed SADCC routes was that they could not function to full capacity. By 1987 the Tazara railway linking Zambia with Dar Es Salaam had never worked to its full capacity. Nor had the railway and ports in Mozambique functioned to full capacity since independence. With the increased attacks by the South

African backed RENAMO forces, the rail lines were disrupted and often out of commission for substantial periods. The Nacala line to Malawi was also cut and the Benguela railway to Lobito was not fully functional since 1975 due to the actions by the UNITA forces. Only Botswana and Lesotho continued to have their most direct routes by moving via South Africa. For the other SADCC states they had to face the high costs involved in diverting traffic from the cheap and short rail system to the use of the distant South African rail system. The SADCC 1985 estimates suggested that the added cost of diversion of the SADCC traffic was costing them $100 million a year. This shows some of the economic hardships that had to be faced by the SADCC countries

However, despite these problems the transport sector achieved some success, particularly in the upgrading of Mozambique's rail and port infrastructure. Yet the upgrading of the majority of these links did not represent a movement towards full economic integration, as exports were destined for western markets. The transport sector was managed by Mozambique which helped to boost the use of its ports which link Southern Africa to the West. The transport network in the region remains far from adequate.[8] In 1988-89 the Beira-Zimbabwe line and the Maputo-Swaziland and Tazara lines were all

[8]Kongwa, 1990, cited in L. Thompson, 'Regional Institutions and Dynamics', in L. Benjamin and C. Gregory (eds) South Africa at the Cross Roads? Prospects for Stability and Development in the 1990s. p.237.

plagued by shortages of motive power, with total goods traffic actually decreasing on the Tazara line. Furthermore the Maputo-Zimbabwe line and Nacala-Malawi lines were often not operational as a result of internal strife and the effects of South African destabilization. The more optimistic political prospects in the region were some-what dampened by the decline of aid in this sector. Even SADCC admitted that the size of the transport sector programme was disproportionate to the available resources (Thompson, 1992).

Industrial Development

Another major goal of the SADCC programme of action was the economic development of member countries through industrialisation. Tanzania had sectoral responsibility for industry which was co-ordinated through the Industrial Development Unit (IDU). Although the importance of this sector was recognised, particularly in view of the fact that 70% of total imports to SADCC states were manufactured goods, SADCC was also aware that diversification of industrial activity was not possible for all SADCC members. Zimbabwe was the only state which could seek export-led industrial growth. Zambia, Angola, Mozambique and Tanzania all wished to rehabilitate viable industries and to broaden this base primarily for import substitution. Botswana, Lesotho, Malawi, Swaziland and Namibia had limited markets, concentrated on expanding primary goods production and were not focusing on industrialisation[9]. Manufacturing is dominated by Zimbabwe, Zambia and Tanzania. Zimbabwe was the only state that showed a notable increase in industrial production, about 42% in 1987 (Thompson, 1992). Furthermore, the distribution of iron and steel resources is very uneven. Zimbabwe produces 94% and Tanzania 1.5% and Zambia 4% of the SADCC total. The BLS and Malawi do not produce any steel products.

For the SADCC organization itself, less attention has been devoted to the practicalities of manufacturing the most suitable products and more to the South African threat. But the reality is, in the field of capital and technology intensive manufacture such as the steel and paper industries, SADCC continued to look to South Africa as an important supplier of commodities and technology. Zimbabwe's steel and iron company remained the only viable steelworks in SADCC[10].

Industrialisation in terms of resource endowments is less possible for those states who have under-utilised steel and iron resources. However the alternative to remaining dependent on the West for these products is to encourage Zimbabwe or South Africa to dominate. This sectors development has been very slow. The fact that

[9]SADCC, Lusaka: Industry,1990, Cited in L. Thompson ,p.237.
[10]SADC Top Companies Report, 1994, SADC Press Trust, Harare. p.69.

industrialisation had little success is poignantly illustrated by the fact that by 1990 about seventeen projects were still in their funding phases[11].

Efficiency of production remained very low as countries continued to suckle on the comforting assurance of foreign aid to prop up their badly managed economies. There was no regional co-ordinating industrial policy, although it was realised that one was needed and there was no accord on fiscal policy aimed at a common industrialising policy. The shift in the direction of development integration in August 1992 shows that SADCC realised that in order to strengthen itself and retain impetus it had to try to move more rapidly towards co-ordination of macro-economic policies. Previously the direction was avoided to prevent conflict between member states and to prevent an encroachment on sovereignty.

Mining

The mining sector was designated to Zambia. By 1986 there were thirty six projects, three were underway and the rest still needed funding. In the mining sector most of the minerals exploited by SADCC fall into the non-fuel or non-precious category. They tend to be unprotected from attempts by developed countries to externalise their own economic hardships which are manifested in declining

[11] SADCC, Industry, Lusaka, 1990, cited in L. Thompson, p.239.

terms of trade. Other problems are the dependence on foreign revenue from the export of minerals in their raw form and the lack of technology and manpower to process them (Thompson, 1992). Also, because of the uneven distribution of the minerals, there was a wide divergence of commitment to promoting co-ordination in this sector.

Currently the mining industries of Zambia, Tanzania and Mozambique are looking for private investment after years of nationalisation. Zambia is dismantling the legacy of parastatal control and Mozambique is seeking private investment to reconstruct its devastated economy. The civil war in Angola obscured the fact that the oil industry was once the sole preserve of the state. Marketing is now being undertaken jointly with a private company. Total mining output for the region is US$5 billion[12]. It has been argued that this figure could have been doubled if sensible policies had been pursued.

The lack of co-ordination might be again attributed to the dominance of multinationals. Furthermore, not all member states regarded mining as important within the SADCC framework of convergent interests. Spending on equipment had been neglected. An example is that of Zambia where copper reserves have steadily diminished since 1975 while production costs had risen at a faster rate than inflation and the depreciation of the Zambian

[12] SADC Top Companies Report 1994, p.63.

currency. In contrast, the Botswana Government has been a shareholder in both the Debswana Diamonds and the Selibe-Pikwe copper-nickel exploitation. In each of these ventures, the authorities handed the reins to foreign investors who conducted their business on purely commercial lines. So far profits have been forthcoming.

An alternative form of political interference has occurred in Zimbabwe where control of mineral sales have been vested in a parastatal which suffers from the predictable flaws of bureaucracy, inexperience and political infighting. However Zimbabwe's sometimes indecisive approach, though detrimental to the economy did not stop the UK's Cluff Resources from embarking upon an ambitious and profitable gold exploration programme which has led to the development of its Freda/Rebecca mine north of Harare. Mining is historically one of the spheres that has linked the region to the West. At the present moment, attracting inflows of private capital is the only option for new mining, although some politicians have tried to pretend otherwise. However these patterns of behaviour were contrary to SADCC's stated goals of equitable regional integration and greater economic independence.

Technical capacity and manpower development

Manpower development was delegated to Swaziland. Mudenda (1987)[13] points out that the SADCC projects required large amounts of technical resources. There has been a heavy reliance on outside sources for finance, personnel and expertise. This only served SADCC's dependency on the West because the reliance on foreign technology also meant the reliance on foreign personnel.

Food and Agriculture

Food and agriculture was Zimbabwe's sectoral responsibility. In 1990 there were about sixteen projects, ten of which were being implemented. But agricultural production per capita declined in all SADCC countries between 1980-88, partly because of draught and inefficiency (Hawkins, 1992). Agricultural stagnation has had adverse effects on the pattern of economic development in the region. Because approximately three quarters of SADCC population is dependent on agriculture and stagnation in this sector implies static or declining living standards. Furthermore, agricultural failure has given rise to a high degree of dependence either on food aid or on imported foodstuffs with adverse consequences for the balance of payments.

Since 1980, SADCC's food security programme was aimed at regional co-operation in areas that complement national

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[13]cited in L Thompson, p.241.

policies. It was never the programme's role to be involved directly at the national level. National production and marketing policies remained the prerogative of individual governments. The regional programme has concentrated on providing mechanisms for exchanging technical and economic information, establishing programmes to control crop tests. The need to stimulate stagnating economies has prompted many countries in the region to implement economic adjustment programmes.

SADCC STRATEGIES FOR DEVELOPMENT AID[14]

The official policy of SADCC was to seek all possible public and private sources of international aid in order to finance the different types of projects. The Governments of the OECD countries responded with moderate amounts of assistance in relation to SADCC's total needs. By mid 1984, four years after the first donors conference, SADCC had generated as many as 250 projects costing an estimated total of $8,000 million but had obtained only 20.8% of the required funds (Friedland, 1985).

The sectoral distribution of contributions received by SADCC from the six major OECD governments (United States, Britain, France, Canada, West Germany and Japan)

[14]See E. Friedland (1985) 'The Southern African Development Co-ordination Conference and The West Co-operation or Conflict'. Journal of Modern African Studies. vol. 23, No. 2, pp 288-310.

reflected their own policy priorities. They merely provided 4,4% of the total funds needed by SADCC by 1984. By contrast, the Scandinavian and Benelux countries provided 52.2% of all the funds secured by SADCC by 1984. Most of the aid from the six major OECD countries went to the transport and communications sector which accounted for 62.3% of the total funds needed by SADCC but by 1984 only 23.6% of the actual requirements was received. In the industrial sector about 15.1% of the total needs was provided by the OECD countries but nothing more was forthcoming from these countries even though a lot more was still needed for industrialisation. In the agricultural sector, which accounted for only 6.2% of the total funds required, only 20.3% was obtained. In the energy sector where only o.7% of the total funds needed by SADCC were allocated, the actual contribution received amounted to 28% of the requirement. Part of SADCC's funding in the industrial sector came from transnational corporations (TNC). All forms of TNC investment was allowed in such non-strategic sectors as farming and manufacturing of heavy machinery agricultural equipment and consumer goods.

Aid for the SADCC countries continued to come in trickles for the years that followed from 1984. But there was no doubt that most of the western aid was given to the transport sector. An example can be that of the Beira corridor of which Zimbabwe has put a great effort into restoring the routes. The Beira corridor project which aimed to restore the Beira and Limpopo lines of rail had great support from Zimbabwe's private firms as well as western donors. Britain continued to give aid for the Beira corridor project by 1990 the British government went on to give eight million pounds sterling to upgrade the Maputo power station and oil terminal. In July of the same year five diesel locomotives made in Brazil and financed by Japan at a cost of eight million US dollars arrived in Beira (Barber, 1991). Despite a number of difficulties, progress was made in the transport sector with the help from outside donors.

Though SADCC has been said to have been successful in soliciting aid from the West, the period of the 1990s ushered in a new shift on aid. The Nordic countries which were the main funders of SADCC's energy and transport and telecommunication projects slashed their aid budgets. Norway and Finland cut their Aid budgets as unemployment raged in their countries' industries. For example, Norway's aid record during the 1980's, due to the good fortune of oil resources, placed it among the leaders of aid flow from the north to Southern Africa. 50% of the funds via NORAD (Norwegian Agency for Development Co-operation) had significant bearing on the SADCC countries. The 1990's in some respects represents the close of one chapter and the start of a new era on the question of aid in Southern Africa. As the new

Southern African Development Community (SADC) moves towards regional integration, and debate rages on whether it should merge with the PTA, the Norwegian position has been one of aloofness. The Norwegian position was made clear by the Norwegian state secretary for development co-operation, Mr. Asbjorn Mathisen, who stated at a SADC meeting that Norwegian backing for SADC projects will have to slow down and that they were more interested in strengthening bilateral relations with individual SADC members[15].

SOURCES OF INSTABILITY

A shared characteristic of the states of Southern Africa is their level of economic underdevelopment and the structural weaknesses of their economies. The inability of the countries of the region to move steadily on a course of development and to realize a more equitable distribution of resources contributed to internal political instability. Furthermore the SADCC economies have been plagued by drought, the worsening of the terms of trade, the effects of the recession in the industrialised world, the debt problem and declining per capita GNP. All these factors militated against a strong economic performance. Linked to some of these problems, most of the SADCC members, namely Zimbabwe, Tanzania, Zambia, Malawi, and Lesotho were undertaking structural reform programmes which were backed by either, the IMF,

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[15] Southern African Economist, May 1993, SADC Press Trust, Harare, p. 19.

the World Bank and other donor agencies during the second half of the 1980s. While these adjustment programmes have generally contributed to a better macro economic performance of the economies concerned, they have considerably worsened the social situation of the urban and rural populations in member countries and thus creating new political and economic problems and sources of conflict (Weimer, 1991).

Mention must also be made of the wars in Angola and Mozambique and their spill over effects into neighbouring countries. They seriously damaged and disrupted social and economic life in general and led to a tremendous increase in the number of internally displaced people and refugees. They also had a direct influence on SADCC especially on the transport sector as some routes could not function well because of the conflicts. These wars arose not only from domestic political and ethnic causes but the wars were manipulated by the South African state and its security establishment in pursuit of its total national strategy during the 1980s.

Much is made of SADCC's achievements in transport integration, food security and agricultural research. But there are widely differing views as to the performance of SADCC. At one stage, the OAU, regarded SADCC as the most successful regional grouping in Africa. In contrast, in 1992, Hawkins argued that if

SADCC was to be disbanded it would leave nothing but a large secretariat building in Botswana. SADCC has been accused of being a 'project thief', borrowing ideas from member countries and incorporating them as regional projects. Hawkins (1992) believes that most of the regional infrastructure attributed to SADCC predates it and would have been developed anyway without the SADCC brand name. This was rather harsh on SADCC which has managed to solicit funds for the development of these projects as a group than would have been forthcoming were each country was to act individually. There is little doubt that SADCC was popular among donor countries which liked its lean bureaucracy, and its regional dimension.

However, the extent of real co-operation in the areas of trade and integration is open to question. Blumenfeld (1991) argues that despite ten years of effort in pursuit of collective self reliance, intra-SADCC trade still accounts for only 4.4% of total foreign trade. The structures of the trading relationships within the region and outside the region are partly to blame for these low levels of intra-SADCC trade. Progress towards reduction of the region's economic dependence and towards economic integration has been modest. The organization was unable to mobilise to the fullest extent possible the region's own resources for development. Yet this was one of the central objectives as well as strategies for effective and self sustaining regional development. This requires political commitment, the right political and economic conditions, effective institutions and appropriate mechanisms to mobilise the region's own resources.

SADCC: AN ASSESSMENT

Despite the adverse conditions in which the SADCC has operated over the past twelve years, its performance has been said to be a success by people like Hanlon (1987). My own appraisal takes into account both achievements and shortcomings. Much of the rhetoric of the Lusaka Declaration has been overtaken by events of the 90's. The SADCC countries which in 1980 complained of policies that 'enriched externally based firms and hampered national planning' actively courted private direct foreign investment. The argument against free market forces and foreign companies had been overturned by the structural economic reforms of the late 1980s.

Dependence

Twelve years after its establishment, SADCC had made little progress towards reduced external dependence but this is hardly surprising given the nature of the development process. Independence is a mirage in backward economies whose development necessitate the infusion of capital, technology, expertise and foreign exchange. The accumulation of external debt, the increased dependence on expatriate personnel throughout the region and the extent to which economic growth has depended on foreign trade and on investment and aid inflows from abroad shows the importance of international economic links with the industrialised Western world. Indeed the whole strategy of reduced dependence was ill conceived, based on the assumption that planned trading flows within the regional markets would replace imports from the OECD countries and from South Africa. This assumption ignored the crucial role of foreign trade and capital as engines of economic growth and the important fact that the region is unable to supply imports of sophisticated capital equipment.

Planned trade failed to get off the ground because the necessary basic complementarities did not exist and also the region's economic decline for much of the 1980s implied narrow and restricted trading opportunities. The fact that cross border business by visitors (not captured in the official trade statistics) is large and increasing reflects an increase in intra-regional trade once trade restrictions have been dismantled. Such unofficial trade is particularly marked between Zambia and Zimbabwe and to a lesser extent between Zimbabwe and Botswana.

Not only did intra-SADCC trade decline over the period but the figures suggest some increase in the concentration that the Lusaka declaration had been so anxious to avoid. Thus Zimbabwe's share of regional exports rose from 44.5% in 1982 to 48.5% during the 1983-1986 period, while Zambia's share rose from 13% to 16.4%

and Malawi's from 8.3% to 10.9% (Hawkins, 1992). While Zimbabwe's dominance of intra-regional trade was only to be expected given its far greater industrial sophistication, it demonstrates both the failure of the planned trade policies enunciated in 1980 and the enormity of the challenge during the next decade if further polarisation is to be avoided in the new SADC.

South African Links

Little progress was made in reducing dependence on South Africa. The deliberate efforts of all parties involved to avoid publicising economic links makes objective assessment impossible. Although the level of dependency varies, South Africa played the role of the leading trade partner with all of the SADCC countries with the exception of Angola and Tanzania.

<u>Trade</u>

It was clear that trade with South Africa far exceeds intra-SADCC transactions. Table 2 illustrates that the value of South Africa's exports to the SADCC region in 1990 was almost six times that of its imports from the SADCC countries.

Table 2. South African Trade With SADCC countries, 1990 (R'000)

SADCC Countries	South Africa Imports	South Africa Exports
Angola	59	49 551
Botswana	181 920	3 836 790
Lesotho	81 850	1 587 190
Malawi	81 130	378 309
Mozambique	30 388	432 151
Namibia	495 260	1 866 960
Swaziland	681 250	1 569 590
Tanzania	2 580	10 319
Zambia	6 582	494 350
Zimbabwe	441 553	1 061 801
Total	2 002 572	11 286 831

Source: Economist Intelligence Unit, 1992.

Although there is some evidence of a decline in trade dependence on South Africa between 1982 and 1986 the proportion of SADCC's exports to South Africa also fell from 7% of the total to 4.5%, while South Africa's share of total SADCC imports declined from 30% to 24%. These official figures underestimate the level of trade between the two countries.

In 1989 the South African trade mission in Harare issued 16000 visas monthly to Zimbabweans to visit South Africa. Most of these visitors were not genuine tourists but shoppers and because of this it was estimated that unrecorded imports from South Africa to Zimbabwe exceeded Z$100 million annually (Hawkins, 1992). Whatever the magnitude of the trade links between SADCC and South Africa, their strategic importance is undeniable. Manufactured goods make 95% of imports in all SADCC countries except for Zimbabwe. South Africa routinely supplies more than a third of the region's manufactured imports and capital and mining equipment for the mining industry in Zambia and Zimbabwe. Only one member state, Zimbabwe, has any capability in the producer and capital goods field. Its capital goods exports to partner states have been increasing at South Africa's expense though as yet the impact has only been marginal(Hawkins, 1992. Maasdorp, 1992).

It may be argued that SADCC at least retained the existing level of economic activity between its members, but it is clear that trade did not increase between SADCC states since the creation of the regime framework. In fact trade between the SADCC countries remains about 5% of the total trade in the region (Thompson, 1992)). Proof of this is the decline in the intra-regional trade of producer and capital goods which fell from 548 million in 1981 to 384 million in 1986 (Thompson, 1992). Although the need to co-ordinate and reconcile trade liberalisation policies, foreign exchange restrictions and industrial development and quality control standards was recognised, nothing was done, because SADCC did not have an agreed economic policy framework. However, the main factor which is to blame for the low levels of trade is that the SADCC states as a whole are more integrated with the Western market economy than with each other. This is a consequence of: (a) colonial ties which link their infrastructure and their exports to the West; (b) similar economic conditions among members; and (c) the economic and technical strength of the West. Thus the SADCC states are more integrated with the world economic order than with each other. Furthermore, as Ndledla (1987) points out, SADCC was:

> ...characterized by a general lack of complementarities in production and industrial structures among member countries with a similar range of products in food, textiles and beverages[16]

The diversity of opinion between the SADCC states as well as their adherence to previously held import and export patterns precluded the development of new patterns of trade. The patterns of trade which existed between SADCC and the West as well as with South Africa overwhelmed the attempts to create new patterns within the SADCC regime framework. The absence of a fixed trade policy was therefore a result of several factors. The whole situation exacerbated the lack of shared economic interests in trade, which in turn precluded the establishment of fixed patterns of trade behaviour. There is no possibility of achieving greater economic integration of either the planning or market type without co-ordinating economic diversification. However, SADCC made an attempt to co-ordinate regional trade in 1986 when they launched a regional trade programme which

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[16] Quoted in L. Thompson, p.238.

attempted to integrate private enterprise into their regional development policies. A direct result of this was the setting up of national business councils in all the SADCC states of which the results were not evaluated.

It is important to establish whether SADCC's goals led to convergent patterns of behaviour. Attention will be focused on the goal of equitable regional integration. The reality was that as long as the SADCC countries maintained their reliance on the world economy and on South Africa the links between SADCC countries remained secondary and subordinate. This implies that links with South Africa remained a form of asymmetrical economic interdependence.

National Interest and the Spirit of Regionalism

Regional integration for SADCC was pursued without the relinquishing of any national political sovereignty. This approach was indeed deliberate. The organization adopted the concept of" planning integration", which entailed some "...co-ordination of development plans, transport projects..." (Maasdorp, 1990). This must be distinguished from the term 'economic integration' as used by economists referring to the integration of markets. Despite this, SADCC saw its type of co-operation as eventually leading towards greater integration. SADCC had insisted that it was a co-operative organization only and that the loose organisational structure and lean bureaucracy were motivated by historical experience. The insistence on the sanctity of sovereignty was seen as a result of the failure of economic organisations that had attempted close economic integration for example the EAC (Anglin, 1983).

The extent to which member countries have the political will to support regionalism at home in the interest of regional progress crucially affects the future prospects of the success of integration schemes. This fact is important in view of the formation of the Southern Africa Development Community in August 1992. The experience of SADCC has shown that the organization could not count on its unwavering support from its members. An example can be that of which Zambia received a gift from the Japanese government of a modern veterinary school of medicine at the University of Zambia (Mulikita, 1991). It could have been transformed into a regional training centre but President Mugabe also ordered that Zimbabwe should secure foreign assistance to construct a similar complex. This competition, or the importance of national interests over the regional interests goes against the spirit of regionalism. An outstanding example of national interest is Zimbabwe's disregard of the electricity surpluses being generated in Zambia by planning its own generating capacity. It is true as Weimer (1991) writes that there is an obvious lack of will and capacity to translate the logic of regional co-ordination and co-operation into the national decision making process. This is a limitation which the, Southern African states including South Africa must overcome if they want their regional economic schemes to be successful.

SADCC's unique character was said to be defined by its commitment to identifying projects of national interests. However, in terms of convergent interests, it would appear that national and regional interests did not always coincide or were not always compatible. The determination to retain as much sovereignty as possible made the plans for market integration less feasible as these entail relinquishing some political and economic sovereignty in order to co-ordinate diversification and planning across state boundaries. Even more must be relinquished to facilitate the workings of the economic institution such as free trade areas and customs unions.

Furthermore there was an evident marked difference of policy on regional matters given the various ideological leanings of the SADCC states which ranged from Zambia's socialist humanism to Angola's Marxist-Leninism. As a result the interests of the SADCC states were mainly developed around individual national interest. This had direct implications for further integration particularly of markets as Maasdorp (1990) says that economic integration is not possible between centrally planned and market economies In terms of SADCC's planning integration approach member states were responsible for the implementation of projects by sector. Poor policy formulation has hampered the co-ordination of objectives. SADCC's institutional framework lacked autonomy. The main participants in the decision making process were the heads of states which Ravenhill (1979) pointed out had been one of the major causes of the disintegration of the EAC.

Economic Policy

The impact of national economic policies in member countries has tended to be dwarfed by international and regional influences or by exogenous variables such as drought or civil unrest. Given underdeveloped capital markets, there was little scope for active monetary and interest rate policies in the SADCC region. Because SADCC formulated no policy of monetary collaboration such as an external exchange rate policy, guarantee convertibility of currencies or any type of joint monetary policy in conjunction with central banks. This is one of the constraints to intra-regional trade. In this sphere, SADCC's structural framework was inadequate for integration to occur. The SADCC economies had to pursue an active policy of fiscal co-ordination in order to stimulate trade. The goals of the organization were too broad.

The member states, inspite of the rhetoric advocating closer economic integration with each other were, more firmly integrated with the Western market economy as a result of trade and infrastructural links. The SADCC role in the international market economy was an asymmetrical one with a heavy reliance on primary products. Increased protectionism among the industrialised countries made it more difficult for them to rely on these primary products to gain adequate sources of foreign currency especially when competing with western and newly industrialising countries. An example can be that of the coffee market. Tanzania and Zimbabwe held part of the export market, but after the recovery of Brazil followed by the down turn in the coffee prices and the stabilising of the export quotas, they both found it difficult to exploit this resource fully (Thompson, 1992). SADCC had to function within the framework of the international trading system. It is of paramount importance that SADC should now develop an economic policy that will both stimulate diversification and intra-regional trade. This will strengthen the region in relation to the West and South Africa.

Changes in The Economic and Political Environment

Since the adoption of the Lusaka Declaration, Southern Africa has been (and still is) undergoing socio-political and economic change. Key assumptions held dear by the leaders of the Black African states in the 1980s were discarded, while pressure for policy change within SADCC mounted. At the start of the 1990s the validity of the assumptions underlying SADCC's creation began to be increasingly questioned as developments in the region suggested that a more hospitable geopolitical environment is replacing the destabilization and confrontational sanctions period of the 1980s. The quest for democracy and popular participation in the management of public affairs is spreading fast and wide. The management of economic affairs is being reformed to allow for efficiency, economy and competitiveness and to enable individuals to innovate and to take the responsibility for improving their own lives and their communities.

Whilst many of the SADCC states have shed variants of socialist economic policy and a rigid state control of their economies in favour of the more market oriented policies, the reduction of tariffs and quotas gave rise to other problems as Weimer states that:

> ... In the SADCC economies trade liberalisation vis-à-vis the outside world initiated by adjustment programs has quite definitely contributed to the stagnation of inter-regional trade, opening up the SADCC market to cheap suppliers from outside of the region....[17]

[17] B. Weimer (1991) 'The Southern African Development Co-ordination Conference (SADCC): Past and Future', Africa Insight, vol. 21, no.2, 1991, p. 86.

The attainment of independence by Namibia formally ended the struggle against colonialism in the region. In Mozambique some progress has been made in ending civil strife but in Angola concerted efforts to end internal conflicts and civil strife are still a long way from bearing positive results. The civil wars have hampered development and produced thousands of refugees and a wave of famine in the region. In South Africa, the process is underway to end the inhuman system of apartheid and to bring about a constitutional dispensation acceptable to the people of South Africa as a whole with an election date of April 1994.

All these factors, among others, have brought about the decision to transform SADCC into a regional economic community, a testimony to the inability of SADCC to fulfil its original agenda in its loose organisational structure. SADC has been made into a fully fledged legal organization/community with provisions for binding rules and regulations in which member states shall co-ordinate, rationalise and harmonise their overall macro-economic and sectoral policies. The countries had come to realize that their minimalist approach to the organisational structure of SADCC had in effect hampered their move towards real integration.

SUMMARY

The absence of concrete results from the SADCC framework of action was the main limitation to its relevance especially after the changes in South Africa. As a result of the changes in South Africa, trade has risen sharply between the SADCC countries and South Africa. The degree to which infrastructure is linked in the region emphasises the long term nature of the Southern African region's economic links with South Africa. In terms of physical infrastructure South African capital is tied to railway and hydro-electric plans and to railway construction.

SADCC's main contribution has been as a political force against South Africa and as an umbrella organization through which Western and multilateral donors channel aid to the member states. This Aid was justified by the region's poverty and underdevelopment, by its suffering at the hands of South African destabilization and because of Western desires to promote a group of viable economies as well as a counterweight to South Africa. Western nations such as Britain, United States, West Germany and Japan which opposed punitive sanctions against Pretoria championed aid to SADCC as their contribution to the future stability of the region.

CONCLUSION

From the above it can be concluded that the impact of SADCC framework of action on the development of the participant countries should not be exaggerated. It could also be argued that SADCC was not intended to be a panacea to the problems of the region's underdevelopment. Besides, SADCC, was created largely as a reaction to South African proposals for a constellation of Southern African States. Economic development was of course another objective but in practice the organization tended to place most emphasis on its members being victims of South African destabilization and the need for international action against South Africa, together with financial support for its members. Thus the SADCC framework of action did not contribute decisively to change the economic and social profile of the region since it had limited ways of achieving those objectives.

CHAPTER FIVE

AN ANALYSIS OF THE RELATIONSHIP BETWEEN SACU, PTA AND SADCC

INTRODUCTION

This chapter examines how the South African Customs Union (SACU), and the Preferential Trade Area for Eastern and Southern Africa (PTA) have existed as parallel organisations to SADCC. The problem of the conflicting membership will also be analysed together with the future of the organisations in relation to the political and economic changes that are taking place in the region.

Southern Africa has had no shortage of economic arrangements for economic co-operation and development. The four economic groupings in Southern Africa are, in order of establishment, The Southern African Customs Union (SACU), the Common Monetary Area (CMA), the Southern African Development Co-ordination Conference, which has now been turned into a community (SADC) and the Preferential Trade Area for Eastern and Southern African States (PTA). These groupings may be divided into two categories. The first was represented by SADCC which promoted co-operation. The second grouping made up of SACU and PTA and perhaps less directly the CMA are concerned with trade.

In the 1980s whilst SADCC struggled to reduce its members dependence on South Africa both politically and economically some of its members were institutionally linked to South Africa through SACU. The SACU has provided an institutional framework for almost a hundred years between South Africa and the three member states of SADCC, that is Botswana Lesotho and Swaziland (BLS). SACU provides the framework for a common trading area. Re-negotiation of the agreement in 1969 led to a greatly increased flow of revenue to the BLS countries. The common monetary area(CMA), constitute yet another economic linkage between South Africa and the three member states of SADCC- Lesotho, Swaziland and Namibia.

The PTA was also established as the first step towards the establishment of a much larger common market and eventually to become an economic community for Eastern and Southern Africa. Presently the PTA comprises nineteen member states of which nine of them are SADCC members. Madagascar, Seychelles and Zaire have applied for membership. If accepted this will bring the total membership to twenty two countries.

THE SOUTHERN AFRICAN CUSTOMS UNION (SACU)

The first customs union in Southern Africa between the Cape of Good Hope and the Orange Free State was established in 1889, and by the mid 1890's all the countries of the present SACU that is the British protectorates and the Boer Republics except for Namibia were in a customs union together. The agreement was negotiated in 1910 between the newly formed union of South Africa and what were then the three High Commission Territories. When South Africa took over the administration of South West Africa in 1915, it treated that territory as part of the Customs Union. This form of integration despite having a long history in the region did not extend outside the union of South Africa and its immediate small neighbours. The Present SACU was negotiated in 1969 by South Africa and the BLS countries. Namibia's membership was formalised only after independence in 1990.

SACU provides for the free movement of goods and services among member countries and for a common external tariff against the rest of the world. It is a customs and excise union since all customs duties and excise taxes are part of the common revenue pool which is administered by the South African Reserve Bank. Revenue is shared among member countries according to a formula which includes a raising factor of 42% to compensate for the BLS states for being in a customs union with a more developed and industrialised economy. The amounts thus calculated are then adjusted by a stabilisation factor to ensure a consistent flow of revenue for the BLS states. In terms of the agreement, any BLS country may protect new industries by levying additional duties on imports for a maximum period of eight years. According to the agreement they are supposed to specify industries which are likely to be of major importance to its economy as well as the period for which the industry should receive tariff assistance. They may also import goods or materials duty free from outside the customs union but may then not re-export them to member countries without full duties being paid.

THE COMMON MONETARY AREA

From their days as British Protectorates the BLS states have used South African Currency. Namibia began using the South African currency as well just after occupation during the First World War. The first formal monetary agreement was formalised in 1974 when Lesotho, Swaziland and South Africa signed the Rand Monetary Area (RMA) agreement and Botswana elected not to join (Maasdorp, 1990). Apart from allowing Lesotho and Swaziland to use their own currencies the RMA agreement provided for: the free movement of funds between member countries; access to the South African money and capital markets; the allocation of foreign exchange from the South African Reserve Bank (SARB); compensation for the loss of interest these countries would have earned on external reserves; consultation on policy decisions especially changes in interest and exchange rates; and the right to authorise the transfer of capital and profits abroad. Each country was to be responsible for its own monetary policy and the control of its financial institutions. South Africa was to be responsible for the management of the Rand Monetary Area.

The RMA agreement was superseded in 1986 by a Trilateral Monetary Agreement (TMA) which established the Common Monetary Area (CMA). There are a number of differences between the 1986 and the 1974 agreements. The 1986 agreement was accompanied by two separate bilateral agreements concluded by South Africa with Lesotho and Swaziland. The TMA allowed these countries to issue their own currencies. But the bilateral agreement with Swaziland specified that the Rand would no longer be the legal tender in that country though it will be accepted in shops and in hotels. The agreement with Lesotho specified that both the Maloti and the Rand will be legal tender in Lesotho. Parity in exchange rates between the currencies of these two countries and the Rand is not required in terms of the TMA.

In March 1992, the TMA was replaced by a multilateral Monetary Agreement (MMA) following the accession of Namibia as a formal member of the CMA. At the same time, South Africa concluded a bilateral agreement with Namibia. The Rand was to be the only currency in circulation in Namibia until a new Namibian national currency was introduced. This monetary union shows the smooth functioning of the SACU and the fact that these countries find that they are much better off in a customs and monetary union with South Africa because of the gains that they derive from SACU.

Despite economic and political disparities within SACU, it has proved to be a relatively successful and durable organization. It might seem absurd that small states such as Botswana, Lesotho, Swaziland and Namibia are in a customs union with a large more industrially developed country. In the past the BLS states have at times found their membership of SACU embarrassing while being at the same time members of SADCC which sought to disengage from South Africa. However, they have chosen to remain in SACU because of the economic gains. The existence of SADCC did not in any way threaten the well being of SACU because of the type of organization SADCC was. Its loose arrangement made it less complicated for the BLS to be both members of SACU and SADCC. The BLS states did not find themselves with a dilemma of whether to remain in SACU or not though their membership of SACU was embarrassing, most of the SADCC states were also carrying out their trade relations with South Africa.

IS SACU A SUCCESSFUL ORGANISATION?

The countries in SACU are not at similar levels of economic development nor are their economies competitive, as required for successful integration (Maasdorp, 1992). In SACU, the differences in development are extreme. The economy of South Africa is by far the most industrially advanced and sophisticated in the region. In contrast the BLS have very small economies. They are the smallest states in the region with their populations put together barely reaching five million. In economic terms their combined domestic production is smaller than that of any of the other states in the region except Malawi. Yet one can still explain why SACU has been successful. One possible gain for the BLS is that of being part of a large economy. South Africa is the cheapest source of basic consumer goods for their low income populations. Because of their small markets the BLS' potential for import-substituting industrialisation is limited to a narrow range of products only.

Furthermore, the BLS states, find it difficult to compete against more efficient South African industries. They have very little to lose from South African competition and therefore they probably have less to lose from preferential trade relationships with South Africa. In contrast, countries in the region with larger populations and hence greater potential for import-substituting industrialisation would have more to lose from South African competition and therefore would not find a customs union with South Africa attractive (for example, Zimbabwe). This should be seriously considered in the event of South Africa either joining SADC or the PTA. If Zimbabwean dominance is resented by some of the other countries in the PTA, however just how enthusiastic will they be about South African membership? The problem of domination might be magnified and already some Kenyan firms have voiced their concerns about stiffer competition.

However, there are also costs in staying in SACU. A major problem with SACU is the total lack of fiscal control by the BLS. In joining the Customs Union, these countries effectively forfeit control of indirect taxation which is a very important fiscal tool (Landel-Mills, 1971). It is beyond dispute that tariffs are determined by the economic needs of South Africa. South Africa not only sets the rates of duty but even the kinds of duty without consultation with the BLS states. An example can be that of a 15% import surcharge on all imports imposed by South Africa in 1977 because of a balance of payments deficit. This surcharge was abolished and re-imposed again several times without any conference with the BLS states (Hanlon, 1986). The BLS were made to suffer economically in order to solve a South African problem. A Ford Foundation study carried out in 1976 found that Lesotho gained only R1m from exports to South Africa while South Africa gained R66m from selling products to Lesotho (Hanlon, 1986).

Another problem is that firms in South Africa operate as cartels such that a new small producer in a BLS country finds it extremely hard to win a share of the South

African market. One of the reasons has been the concerted efforts of the South African government to block BLS industrialisation in direct violation of the spirit of SACU. For example, South Africa prevented a Japanese car manufacture from opening a motor assembly plant in Lesotho in 1971. Also a Taiwanese textile industry failed to take off after South Africa had imposed a duty on imported fabric. In addition to high import duties South Africa, uses quotas as a way of restricting imports and protecting its own industry. Finally the customs union does allow BLS to protect new industries by imposing prohibitive duties. Various protection arrangements do exist for food and agricultural products. Botswana and Lesotho both use licensing systems to protect local products.

Despite all these problems, the BLS states have never considered withdrawing from SACU. Most of the BLS firms are either members of South Africa groups or small local enterprises. They have either no interest or no capacity to order goods other than from South Africa. The 1969 agreement stands because of the real economic benefits for the BLS. But it has been argued that South African goods are not always the cheapest available in comparison to Western markets. It has been estimated that it would be cheaper for Botswana to import tyres from the world market even were she to remain in SACU and have to pay the external import tariff (Thompson, 1992). Furthermore, SACU has been there for a long time and has long established patterns of behaviour. Although South Africa dominates and gains the most, the BLS are willing to accept this because of the considerable incentives which they receive hence SACU is considered a success.

IS SACU A MODEL TO BE EMULATED?

SACU may appear to be a model to be replicated since it is said to function moderately smooth. One wanders what it is in the make up of SACU which accounts for its smooth functioning. Despite its easy apparent running, SACU represents an instrument of South Africa's control over the economies of its partners. It is true that SACU has been used as a propaganda weapon by South Africa to demonstrate to the international community that the association is beneficial to its partners. This was done in the 1960's, 1970's and 1980's in order to strengthen South Africa's Bantustan policy and to make sure that the BLS will contribute very little to the struggle for a Black government in South Africa. In addition, South Africa's benefit from the 1969 SACU agreement has been political in nature, being seen to be in a formal grouping with independent African countries. The economic gain is that South Africa has a captive market of over five million people for its manufactured goods and has often been accused of dumping its goods in the BLS.

The relationship between South Africa and its partners is extremely asymmetrical and at the same time was believed to be exploitative. Since all relations carried out with South Africa were regarded as negative, it was difficult for the other countries in the region to view SACU in a positive manner. But now with the changes that are taking place in Southern Africa, SACU and the Common Monetary Area offers what is close to a common market. The problem is what will happen if countries like Zimbabwe wanted to join SACU. This will mean that the whole agreement will have to be changed and at the end of the day countries with large markets will suffer from South African competition.

As a result of the Customs Union the BLS states are firmly integrated into the South African economy. They depend heavily on imports from South Africa yet they export very little to South Africa. At present, the pattern of relations shows no sign of changing. The association continues to have the consent of its members who benefit from its smooth functioning.

Given the degree of integration that already exist in SACU it will be a small step to take SACU into an economic union. Though this might prove to be a difficult task, the elements required to turn a common market into an economic union are present in SACU. The Common Monetary Area provides the basis for an agreement on a unified currency and a common central bank. The fact that SACU has survived for such a long time without breaking down makes it a success.

THE PREFERENTIAL TRADE AREA (PTA)

After years of negotiations and deliberations going back to the 1960s, the PTA states came into operation in 1983. A Preferential Trade Area is often the first step to a free trade area which is regarded as a preliminary step towards integration. The PTA has a list of commodities on which member countries are expected to eliminate all tariffs on intra-PTA trade by the year 2000 of which it hopes to become a free trade area by then. In order to promote trade and overcome one of the major obstacles of lack of convertible currencies and the shortage of foreign exchange for its member states to pay for their imports, the PTA clearing house was established in Harare for the settling of accounts between member states. Other institutions set up are the PTA trade and development bank and the PTA chamber of commerce and industry.

The PTA has taken longer to gain momentum than it envisaged when it was established. The clearing house became autonomous in 1992, previously its responsibilities were handled by the Reserve Bank of Zimbabwe. It has established its own unit of account which is known as the UAPTA. However, member states insist on being paid in hard currency for their credit balances in the clearing house. This is an obstacle to increasing intra-PTA trade which is disappointingly low and actually declined between 1989-91 from 587 million UAPTA to 441 million (Maasdorp 1992). One of the reasons for the low levels of trade is the differences in the levels of industrial development among the countries. The PTA has also faced the problem of increased restrictive import licensing. Zimbabwe has often been singled out as an offender because of its protectionist policies in the form of quotas. Despite these problems the PTA seems to have managed a fair reduction in tariffs.

In the case of the PTA, the available evidence has shown that the share of regional trade during the operation phase of the PTA on average remained below 7%.[18] The problem with the PTA is that its members place a higher premium of their memberships of other unions. That is why the PTA does not look like a serious grouping. Most of the countries value their membership in other organisations especially those in SACU and in SADCC. More importantly, the economic problems of the PTA countries have made it impossible for these countries to abide by their treaty obligations. Given the budget deficit positions of most PTA members, most are reluctant to reduce and eliminate customs duties since they provide a significant proportion of government revenue. Finally

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[18] See N. Takirambbudde (1993) 'Rethinking Regional Integration Structures and Strategies In Eastern and Southern Africa', Africa Insight, vol. 23, No. 3, p. 151.

the integration of PTA economies has been rendered doubly difficult by the absence of complementarity. The countries are competitive and as a result there has emerged no major mutual trade dependence (Takirambudde, 1993).

CONFLICTING MEMBERSHIP

The obligations stemming from simultaneous membership of the SACU and PTA are difficult to meet because of the clauses in both agreements. Member countries of the SACU may not enter into any concessionary trade agreements with outside countries unless their partners agree. Thus Swaziland and Lesotho have not been able to grant reciprocal concessions in the PTA because South Africa would not agree to preferential treatment for their imports from PTA countries. On the PTA side, a member country may also belong to another regional organization provided that the conditions of that membership do not derogate from the provision in the PTA treaty stipulating most- favoured-nation treatment among members, and this conflicts with membership of any economic integration arrangement.

Lesotho and Swaziland were allowed to be part of the PTA by a special protocol to the PTA treaty which allowed them a transition period in which they will phase out gradually the preferences accorded to South Africa under the SACU agreement. In 1988 these two countries were granted a further five year extension to choose either SACU or the PTA. By 1993 it was clear that the two countries had to weigh up the considerable benefits from SACU against the little benefit but bright future of the PTA (Maasdorp 1992). But until now, no important decision seems to have been made on the issue.

The PTA which concentrates on removing trade barriers between its member states hinders the development of a similar type of agreement in SADCC, because all the SADCC members with the exception of Botswana and Namibia are signatories to the PTA. In the region the PTA has often overlapped as well as contradicted the other two organisations as regards convergent interests. When the PTA began functioning in 1984, its earliest critics saw the potential dangers of conflict of interests between the negotiated regimes of SACU and SADCC. Both Zimbabwe and Tanzania tended to view the PTA as at best a wasteful duplication of effort and potentially a threat to the survival of SADCC (Anglin, 1983).

The BLS were even more constrained by the existence of the fixed patterns of behaviour governing the SACU. Botswana particularly felt that the PTA formed an unnecessary overlap of interests with those already existing in SACU and to a lesser extent SADCC. Botswana, fearing South African retaliation did not join the PTA while Lesotho and Swaziland did so under special exemption terms. In terms of the PTA functioning as a form of regional economic integration, it clashes with SACU which functions along similar lines. This prevents the effective functioning of the two regimes in a co-ordinated or complementary form. Furthermore SACU is by far a stronger regime in terms of long standing patterns of behaviour and with advantages to its members. Although South Africa dominates and gains the most, the BLSN are willing to accept this because of the considerable incentives which they receive .

In SADCC and the PTA, relations have been rather complex because interests in both organisations have differed on ideological and political grounds. The PTA has a free trade area treaty which provides for the authorisation of action to facilitate trade in all economic sectors but its not mandated whilst SADCC avoided this sort of a common market treaty and settled for a loosely arranged sector by sector type of co-operation.

In terms of stimulating intra-regional trade, neither grouping has been particularly successful. Clashes between the PTA and SADCC occurred in the area of trade and in the overlapping of sectoral economic development. The problem was most acute when only five members of SADCC were the only members of the PTA. Preferential trade agreements between SADCC states and other PTA members would therefore entail discriminating against non-PTA SADCC members. This problem was however resolved by the joining of Tanzania, Mozambique and Angola of the PTA.

Despite a few problems between SADCC and the PTA, the basis for complementary interests and patterns of behaviour existed. That is why even the talk of a merger sounded feasible. The SADCC states that are members of the PTA are allowed to use the preferential tariff rates and the settling of the intra-regional payments through the PTA's development Bank. All this is done in order to try to stimulate intra-regional trade. Complementarity in the transport and communications sectors and in industry also prevents unnecessary overlapping in terms of developmental activities. Here both regimes have tended to have similar goals embarked upon independently.

To summarise, the PTA has achieved some formal convergence of interests by the reduction of tariffs which has led to the increase of intra-regional trade (Maasdorp, 1992). Trade was beginning to take place between Zimbabwe and Kenya as well as between Mozambique and Mauritius. In terms of these organisations functioning in the Southern African region there has been both conflicts and convergence of interests among the three groups: SACU, PTA and SADCC. In terms of SADCC and the PTA, the need to co-ordinate their development on an organisational level would have reduced the overlapping of functions. That would have increased complementarity in transport and communications which might have facilitated more effective functioning of both groupings. But at the moment, both the new SADC and the PTA claim that they are moving towards an eventual African Economic Community. There was significant talk about a merger between SADCC and the PTA which had considerable logic, particularly considering the future plans for both organisations and the fact that there was only one country, Botswana, which was not a member of the PTA. However, this seems unlikely to happen as both organisations are changing themselves into communities. SADCC has made itself into a community SADC and the PTA in November 1993 signed a treaty to become the Common Market for Eastern and Southern Africa (COMESA).

There is a sense of complementarity between the patterns of behaviour which evolved as a result of the formation of SADCC and those existing in SACU especially South Africa. SADCC was able to embark upon sectoral development plans whilst still relying where necessary on South Africa. However SADCC's sectoral development successes were constrained by destabilization especially in the transport sector. Furthermore, where successes were achieved in transport and in mobilising aid, that tended to reinforce linkages with the West. Thus, SADCC's stated ideological orientation tended to contradict its practical achievements.

In terms of the discussion, it is evident that there is little complementarity of interests between SACU and the PTA and that although there was more accord between the PTA and SADCC, their motivations were often contradictory. South Africa was excluded from the PTA and SADCC for political reasons. Thus whilst South Africa economically dominated the region there was no formal place for it within the PTA and SADCC. Now both groupings are looking forward to the Membership of South Africa though with reservations.

CONCLUSION

As for SADCC, its move to become a community actually complicated a number of relations in the region. If SADCC had remained as a loose organization for co-operation it would have been easier for South Africa to join in. But now since its structures are going to be re-organised as SADC it will be very difficult for the BLSN states to be members of SACU as well as SADC. Issues like labour mobility will be very difficult to resolve since the countries of the region are battling with their own problems of unemployment. Finally the development of SADC into economic integration will not be fully compatible with overlapping PTA membership. The emergence of a post apartheid South Africa could be the factor that would lead to the contraction of the PTA by losing Lesotho, Swaziland and Namibia or the death of the PTA.

Or maybe a smaller PTA could then evolve into an economic integration arrangement and the remaining countries in SADC will move from the PTA and begin by being a preferential trade area. The aim is not to fragment Southern Africa but starting off in small strong viable groupings might be the best way to real economic integration.

CHAPTER SIX

SUMMARY AND CONCLUSIONS

In opting for integration, the Southern African region appears to be in line with the international trend towards the formation of trading blocs in Western Europe as well as the Americas and the Pacific Rim. While acknowledging the economies of scale that can be brought about by integration, it is not clear however, whether economic co-operation whatever its form is expected to be a panacea for Southern Africa's economic problems. In any case the tendency to take the case for economic co-operation for granted brings with it the tendency to underestimate the obstacles to its attainment.

It is not as if there have not been attempts at regional co-operation in Africa. Currently, there are a number of bilateral and multilateral forms of co-operation on both a South-to-South and a North-to-South basis. We have as well the example of SACU which is a fairly integrated union. But Southern Africa as a whole has not been able to launch itself onto a successful development path, a clear indication that there are some unsettled political and economic issues at both the national and regional levels that need to be adequately addressed.

The study has shown that the analysis of the nature of integration in Southern Africa should in the first instance highlight those historical, political, economic, social, and cultural factors that have been the cause of conflict and insecurity in the region as well as co-operation. It is important to remember that the region was born and has been defined in the course of a colonisation process. In some cases it is even difficult to understand the history without referring to the central position of South Africa. This is due to the economic factors that are represented by the two interrelated broad strands in the history of Southern Africa, that is the Southern African Customs Union and the federation of the two Rhodesias and Nyasaland.

Ironically, it has been on the basis of these two strands that the region appeared 'integrated' and 'unified' in terms of economic relations, trade and infrastructural development in transport (the railways and the road system), communications and energy (e.g. Kariba). Yet there are many respects in which the regional development process shows elements of disintegration. There was very little articulation between parts of the region which were not located on the major transport routes, or were not endowed with exploitable resources. These areas have remained very unequal partners in the development process of the region. Countries like Zimbabwe will tend to dominate if South Africa is excluded or make considerable economic gains from any integration scheme if suitable ways for redistributing gains are not properly maintained. Another serious problem is that the economies of Southern Africa were geared to serve the Western markets with raw materials.

This has actually militated against a considerable degree of trade dependence among the Southern African economies themselves. Despite this lack of trade dependence, the BLS countries depend heavily on South Africa for both exports of migrant labour, trade, transport and earnings from SACU. In this category should be included Namibia and Mozambique. Although a Portuguese colony, Mozambique had been, from those early days an outreach of the South African economy with Maputo and Beira in the Southern Africa economic configuration. As the liberation struggle intensified in the region in the course of the 1960s and 1970s it became increasingly the strategy for Mozambique and Rhodesia to depend increasingly on South Africa economically and militarily. And in keeping with its own ''anti-guerrilla'' strategy the South African state regarded as vital the support for Rhodesia and also Mozambique against freedom fighters.

Essentially, South Africa's objective was to attempt to impose an 'economic community' in the form of the Constellation of Southern African States (CONSAS) announced in March 1979. But South Africa's version of regional co-operation would not work without the racial dimension being dealt with first. This showed that the different political interests placed a limit on the capacity for economic co-operation and integration. Economic development had at first forced the countries of the region into close co-operation but their political interests still remained competitive in many ways for them to form any kind of political unity.

The third part of the study has tried to show that the decade of the 1980s was a very difficult one both politically and economically. From its inception in Lusaka in 1980 SADCC showed a convergence of interests around the goals of greater economic independence from South Africa as well as more equitable political and economic integration. These goals have been very difficult to realize to a significant degree. But SADCC nonetheless displayed regime characteristics of which Young (1982) calls a 'negotiated regime'. This has been so because SADCC was bound together in terms of decision making, rules and procedures and shared some common attitudinal expectations and convictions. The SADCC countries shared an abhorrence of apartheid and the belief in a future non-racial South Africa. At the same time displaying patterns of dependence and interdependence because of the historical development of the regional economy.

South Africa's regional hegemony which manifested itself in the military and economic sphere was clearly displayed during the destabilization and sanctions years of the 1980s. But there is no doubt that this state of affairs was detrimental to the economic and political relations of all the countries in the region. South Africa's international isolation as well as being excluded from SADCC's development process was contrary to African interests and posed a threat to the whole development process.

The conflict years of the 1980s showed that absolute dependence on South Africa by any country was relatively rare as both South Africa and the SADCC states were both capable of manipulating regional economic and political relations to serve both their domestic and foreign policy needs. Though structural forms of dependence existed, this did not automatically imply that SADCC was entirely at the mercy of South Africa, For South Africa on its part, sanctions and international hostility had actually deepened its reliance on these countries. Similarly, amid the calls for sanctions, the SADCC countries continued to rely on South Africa for various commodities.

It becomes very difficult to assess the SADCC programme of action as an integration scheme. SADCC showed very low economic cohesion in terms of its functions and a fairly high political cohesion on the question of apartheid and its removal in South Africa. The loose organisational structure of SADCC was also proportionate to the sacrifices (both material and political) that the countries had to make to implement co-operative measures. This led to each country pursuing individual interests sometimes by means of very uncooperative methods such as between Zambia and Zimbabwe. Such sectors as industry and mining were affected marginally by the SADCC framework of development because of a lack of a common regional economic policy. Nevertheless SADCC had a number of achievements in soliciting aid as victims of South African aggression. The study concludes with a look at political and economic factors that can be learned from the twelve year history of SADCC which could be important in future integration schemes in the region.

POLITICAL FACTORS

A key factor for the success of regional integration is political will. In practical terms political will represents the willingness to exercise political power with a view to implementing treaty commitments and agreed decisions. This critical factor has been in short supply within SADCC as well as the PTA. Even in the history of Southern Africa the political will to work together had been lacking. African leaders think that signing a treaty is enough, Donnelley summarises this attitude:

> ...paper formalities are far less important to a regime's strength than the practical realities of its acceptance by states ...that is the extent to which states in fact abide by and make use of the norms and procedures to which they have committed themselves[19].

The diversity of political ideologies and development strategies to be found among the SADCC countries also reinforced the lack of political will. Even though some of the countries such as Angola and Mozambique are no longer committed to the Marxist-Leninist approach to development the differences in approach still remained. Furthermore, overlapping membership of these countries to other organisations like SACU and the PTA made their full commitment to a single organization difficult.

ECONOMIC FACTORS

The political problems of the region have not been compensated by strong economic forces. The SADCC programme of action has been faced by problems of differences in the level of development of the member countries, lack of complementarity in production and lack of trade dependence among the member states. Because of the differences in resource endowments, countries like Zimbabwe were enjoying a favourable balance of trade with

[19] J. Donnelly (1986) 'International Human Rights: A Regime Analysis' , International Organisation, Vol. 40, No. 3, pp 599-644. p. 605.

the SADCC countries leading to the dominance of a single country, a phenomena which should be avoided for the success of future integration schemes. Instead, measures can be implemented to make sure that other countries are adequately compensated.

Most importantly, intra-SADCC trade has failed to increase because of the absence of complementarity. As a result, there has emerged no major mutual trade dependence. Furthermore the link with the former colonial powers makes the trading relations between the countries of the region less important because this attachment to the economies of Europe is very difficult to change within a short time.

Currently speaking, the economic prospects of the region are gloomy. There seems to be very little indication of any positive economic recovery in Angola in 1992 because of the political crisis and the rampant inflation rate, though the country is rich in natural resources like oil and diamonds. Mozambique's economic growth is still uncertain after the peaceful transformation which may convince foreign and local investors to invest in the country. Modest economic growth was expected in Zambia and Tanzania mainly due to the bumper agricultural harvest of such crops as maize, cotton, tobacco, sorghum and millet. Although Botswana recorded an impressive growth rate of 5.8%, the country's engine for economic growth, the diamonds have been affected by the global recession (Kamidza, 1993). In Zimbabwe there seems to be very little indication for a quick recovery because of the prevailing low tobacco prices.

Inspite of this gloomy picture, in Southern Africa relative to other African sub regions, there already exists a higher degree of economic integration and interaction for the leaders to tackle the challenges of the future constructively. The study has also shown that despite the differences and mixed record of achievement in times of overriding economic and political interests, the countries of the region can work together constructively. Apartheid, which had intensified conflict in the region, has been removed. Whilst that in itself has been an essential precondition for normal political interaction between South Africa and SADCC, it would not automatically on its own be a guarantee of a healthy relationship. Grounds for conflict would exist as South Africa's dominance in the region remains and also the problems imposed by poverty, social dislocation and the failure of some governments. But there is considerable evidence in the region that the changes in the global economy are going to compel the states of the region to co-operate closely in the political and economic arena.

THE FUTURE

The question to be asked is how a democratic South Africa will relate to these organisations, the PTA and SADC? In terms of relationships, it already belongs to the SACU and the CMA. And both the liberation movements in South Africa have stated that they will join SADC and the PTA and both these organisations have already indicated their acceptance of a democratic South Africa as a member. The problem is how a future South Africa will relate to these organisations. Different scenarios have been painted of a free South Africa in the region and being able to join one of the groupings or all of them (Maasdorp, 1992). It is important to note that the future of the Southern African region in the 1990s is going to be affected by the changes of interests in the states themselves and external factors such as the supply of aid and the international economic situation. Southern Africa needs to respond to the changing world order through some kind of co-operation. But any proposed form of co-operation requires a good deal of investigation into the political and economic costs and benefits to all countries concerned.

It has been argued that it would be in the best interests of BLSN to be in a common market rather than in a customs union with South Africa. This is a higher form of integration and requires the mobility of all factors of production including labour. This means that there will have to be an agreement on labour mobility. And for the common market to be complete, Botswana will have to become a member of the CMA in order to allow the free mobility of capital as well. Labour mobility would be very crucial for the BLS as it is very difficult for them to envisage how they could create sufficient jobs internally to absorb their expanding labour force. It seems very likely that any South African government would want to retain the long standing integration with the BLSN unless South Africa perceives membership of the PTA as important in which case the SACU would be given up. Because as things stand the long term continued co-existence of SACU and PTA seems impossible. Lesotho and Swaziland will have to decide sooner where they would like to remain. However the winding up of SACU seems very unlikely considering the benefits that the countries are managing to reap, one of which is the availability of high quality products even in the most remote rural stores of the BLSN. Botswana might even consider to join the CMA in order to reap the benefits of a higher form of economic integration.

The trade patterns of Southern African countries are such that, trade with the western countries exceeds intra-regional trade. Furthermore, all SADCC countries except for Angola and Tanzania trade more with South Africa than with the rest of SADC. Whilst intra-SADC trade is insignificant for Namibia, Lesotho and Swaziland but most significant for Malawi and Zimbabwe. Trade between some of the PTA members like Djibout and Somalia and the SADC countries is hardly significant. Whilst foreign trade of the BLSN is heavily oriented towards South Africa. This makes re-organising relations in the region very difficult with an apartheid free South Africa. One wonders if there is any room for the new SADC, the new PTA which is going to come in the form of COMESA and an apartheid free SACU grouping. If the SADC countries were to break away from the PTA and form a separate grouping, the issue of its relations with the SACU countries would require resolution. A smaller PTA might be the basis for free trade in Eastern Africa or it might be the death of the PTA. Any revision of existing institutions and the coming together of new agreements would probably take several years, and the groundwork should be thoroughly prepared and the alternatives examined in detail. Each alternative arrangement will have different implications, costs and benefits as we have seen from the trading relations of the countries in the region.

Finally, Southern Africa has the potential for development as well as integration but this will depend on economic growth which in turn requires investment. To do this will require the adoption of pragmatic macroeconomic policies as well as the political will to assist in the integration process. The region should built on its institutional strength, concentrate on commonalties between countries and allow different parts of the region to move towards integration.

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