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SOUTH AFRICA IN SADCC?

After returning from his visit to Mauritius, President FW de Klerk reaffirmed his support for a southern African economic association, or community, in which South Africa would play a constructive, but not dominating role. The African National Congress (ANC), in their "Recommendations on a Post-Apartheid Economic Policy", appear to adopt much the same line when they argue: "The state must be prepared to enter into negotiations with its neighbours to promote dynamic and non-exploitative and mutually beneficial forms of regional co-operation and development. This may involve making concessions to neighbouring states." Both the South African government and the ANC appear to be trying to placate regional fears regarding South African domination, most recently articulated at the Arusha summit of the Southern African Development Co-ordinating Conference (SADCC), held on 26 August 1991. Here the requirements for South African membership of SADCC were shifted from South Africa merely having to establish a democratic, apartheid free state, to forcing South Africa to commit itself to a relationship based on equity, balance and mutual benefit.

While neither the government nor the ANC wishes to offend or antagonise the states of the region with demonstrations of South Africa's economic power, their regional agenda's are somewhat different. The government favours using SADCC as a building block towards the establishment of a new regional grouping, while the ANC appears to favour South African membership of SADCC in its present form.

The question of whether a new South Africa should join SADCC in its present form is a contentious one which transcends the purely political arena of debate. Some analysts in the South African banking sector, for example, have identified SADCC, with South Africa as its eleventh member, as a vehicle for regional growth; while some economists have concluded that all SADCC has to offer South Africa is a "history of bickering." There have been recent attempts to alter the Lusaka Declaration, and resolutions proclaiming the need to move from being an organisation seeking regional co-operation to one trying to establish regional integration.

1. SADCC's OBJECTIVES (1980-1991)

Many questions remain though on the advantages South Africa may accrue in joining SADCC in its present form.

SADCC originally emerged out of the co-operative efforts among Frontline states to secure support for Zimbabwean independence. Foreign Ministers of these various Frontline states first met in May 1979 to discuss economic co-operation. By July, the Arusha conference of the Frontline states formally extended an invitation to all "majority-ruled states" in the sub-continent to come together to participate in drawing up a regional plan for the development of southern Africa. The Lusaka Declaration of April 1980, adopted by nine states in the region, formally brought SADCC into being. SADCC did not, however, merely owe its formation to good working relations among Frontline leaders, it was also primarily, established to counter the CONSAS ideas of former President PW Botha. The Constellation of Southern African States (CONSAS) concept, though originated under the Vorster government, was only brought to the fore in 1979 when PW Botha invited regional states to participate in a programme which would entail South African investment and aid to these states. The states of the region were expected to reciprocate by lessening their criticism of South Africa. These states faced with the dilemma of obtaining economic upliftment at the price of acquiescing to the South African government, decided to establish an economic bloc aimed at reducing the region's dependence on South Africa.

1.1 Embracing the Marxist route

This illconceived idea originated from the principles of the Marxist dependency school, whose writings were prominent in the 1960s and 1970s. This school believed there was a chain of dependency, linking developed and undeveloped states and the only way for undeveloped states to prosper, would be to break off trade with the developed world and concentrate on industrialisation. This was a totally impractical idea, given the dependence of these economies on raw material exports and foreign aid for industrial development. The commitment to the dependency school's ideas can still be seen in the continued insistence by SADCC that a liberated South Africa should be prevented from dominating the region's economy.

Besides expressing the desire to reduce dependence on South Africa and the world in general, the Lusaka Declaration also expressed the aim of co-ordinating action so as to secure international co-operation and support for SADCC projects. The fact that these two aims were in direct contradiction to each other, seems to have been overlooked by the drafters of the document. The desire to mobilise resources to promote regional development policies was also expressed. No mention, however, was made of trade-driven integration along the lines of the European or south East Asian examples. This was not an oversight on the part of the drafters, but rather an express policy decision that SADCC should avoid the problems the East African Community (EAC), had faced. The fact that members of the EAC had put national and ethnic chauvinism above economic integration was largely ignored.

1.2 SADCC's Operational Approach

The approach SADCC adopted was to identify some 500 projects which the

organisation would undertake. Responsibility for these projects was then divided into nine sectors, with a SADCC state being responsible for each sector. The division was as follows: Mozambique - transport and communication; Zimbabwe - food and security; Botswana - agricultural research; Zambia - mining; Tanzania - industry and trade; Angola - energy; Malawi - fisheries, forestry and wildlife; Swaziland - manpower; and Lesotho - soil and water conservation. Academics have clearly identified the problem with a particular state being responsible for a sector of regional development when they argue that a sector allocated to a state, may not feature as a priority in the immediate economic interests of that particular country. The project driven approach has also led to unequal benefits being derived by various states. Had SADCC indeed successfully, completed many of its projects, Zimbabwe and Mozambique would have obtained greater benefits than the other states due to the nature of the projects undertaken. The development of the sectorial approach has also been hindered by the secretariat, whose jealousy of sectorial administrations developing more organised structures than its own, has on occasion constrained development. This was particularly evident in Angola's regional energy responsibilities. The secretariat, based in Gaborone, has a staff of only seven people. Decisions are generally made at the annual conference of SADCC leaders and all decisions have to be reached by consensus.

2. SADCC's TRACK RECORD

The 1990 celebrations marking the tenth anniversary of SADCC and the moving of the secretariat to new offices in Gaborone appeared to indicate that the first decade of SADCC operations have been a success. Nothing, however, could be further from the truth. Gary van Staden, Chief Researcher of the South African Institute of International Affairs (SAIIA), has clearly shown that SADCC states are more dependent on South Africa today than at its establishment. All but 20 percent of the region's exports are routed through South Africa, and combined trade with South Africa is seven times higher than intra-SADCC trade. SADCC apologists have proffered two reasons for SADCC's dismal track record: a) the drought of the 1980s and b) alleged South African destabilisation. The case of Botswana, however, questions this analysis. Though exposed to drought and "destabilisation" the country still registered an annual growth rate of eight percent in the 1980s, significantly higher than other African states exposed to neither of these problems.

2.1 The Declining Apartheid Issue

The principal aim of the Lusaka Declaration, namely that of reducing dependence of member states, especially, but not exclusively, on South Africa, has not materialised. The fact that South Africa is the leading trading partner of all the states in the region, with the exceptions of Angola and Tanzania, offers further proof that SADCC has failed to realise this objective.

The recent liberalisation process within South Africa has questioned the very need for this approach. The political idea of reducing economic dependence on South Africa so as to enable the Frontline states to play a more active role in fighting apartheid has clearly lost its relevance. The argument for the continued reduction

of dependence on South Africa, regardless of apartheid, has also been brought into question by Alex Chikwanda, Chairman of the Zambia Industrial and Commercial Association (ZINCOM), among others, who has contended that this is an absurd idea as it reduces the market area for the region's products and also because economies which put caveats on competition by seeking blind recourse to administrative fiats, always fail.

2.2 Dependency on Foreign Aid

SADCC's objective of reducing regional dependence per se, has also not been realised. Ninety percent of SADCC's financial requirement came from foreign aid and intra-SADCC trade only accounts for five percent of total SADCC trade. The importance attached to establishing effective transport facilities also brings into question SADCC's sincerity in adhering to the dependency school's idea of de-linking developing states from the cycle of exporting and importing from the developed world. With an average net aid inflow of around US \$2 billion per annum, SADCC has clearly failed in this objective. SADCC's attempts of achieving regional economic independence is itself totally inappropriate, especially in light of the region's economy revolving around raw material exports at present and given the fact that they need more development capital than they are able to generate.

2.3 The Failure of Sectorial Development

SADCC has not only failed in terms of its stated objectives but its sectorial operational approach has also proved impractical and unworkable. The estimate by Bernard Weimer of the German Stiftung Wissenschaft und Politik, that within five years, ninety percent of SADCC's external trade will be handled by its own transport facilities, is either a very depressive picture of future SADCC trade or an unrealistic and overly optimistic assessment of SADCC's transport sector. SADCC has devoted most of its energies to the transport sector but despite large scale aid, transport and harbour capacity remains below pre-1965 levels. In the telecommunications sector SADCC's failure can be seen by the region's high degree of dependence on South Africa as a connection point for intra-SADCC communication. The situation in other sectors such as manpower is equally poor. National leaders have largely failed to consult with the Swazi-run Manpower Commission leading to money being wasted due to a duplication of similar training schemes throughout the region.

The statement by SADCC Secretary-General, Simba Makoni, that SADCC's greatest success has been the establishment of a regional identity, needs also to be questioned, given the failure of attempts to establish a \$3 million regional food reserve due to national chauvinism. Another failing is a lack of co-ordination in dealing with the region's enormous foreign debt totalling some US\$25 billion, as well as its failure to represent the region internationally as witnessed by its absence at a meeting of The World Economic Forum recently held in Geneva to specifically discuss the southern African region.

3. THE CASE AGAINST SADCC MEMBERSHIP

The common argument raised in favour of South Africa joining SADCC is that it would open up the region's markets to the Republic. This argument is fallacious as the countries in this area are already trading with South Africa. Last year alone, South African trade with Zimbabwe, Zambia, Mozambique and Malawi increased by 13,4 percent. In addition many SADCC states are already in a customs union with South Africa under the banner of the Southern African Customs Union (SACU), while South Africa is Zimbabwe's biggest trading partner on the continent. Furthermore, ESKOM already has an electricity supply agreement with six SADCC states. South Africans are also running the renovation processes underway at the Polano hotel, in Maputo, while certain South African chemical and car manufacturers have established special departments to cope with regional trade. Clearly South Africa does not need to be a member of SADCC to conduct regional trade.

The second view which needs to be dispelled is that SADCC membership would open up South Africa to overseas aid and investment. Aid to SADCC is on the decline, with SADCC receiving R4 billion less than expected in 1990. Declining donor interest is likely to be heightened by a shift in focus to eastern Europe, and because the argument for obtaining aid due to South Africa's pariah status is no longer relevant. SADCC has consistently been a bad administrator of aid, and a high-risk loan case. This has the potential to open the doors of overseas aid and investment to South Africa, as already seen by the World Bank's partiality to lending money to projects with South African involvement, as they believe this makes their projects more viable and the payback more secure. Europeans also favour the trilateral co-operation approach, whereby due to its technological know-how, management skills, and African identity, South Africa is included as a partner in any southern African projects that are being bankrolled. South Africa's role in development projects seems assured whether it joins SADCC or not. Membership, in fact, may weaken South Africa's role in this regard, as it may lead to an association of South Africa with the debt ridden, incompetently administered SADCC states.

This in no way means that South Africa should refrain from dealing with the region. In fact, it is quite clear that an export-driven economy is the ideal vehicle to lead South Africa out of its economic problems, and the region provides a close market for such goods. SADCC, however, in its present form, would not aid this process in any manner. Arguments are already being raised by SADCC administrators that there should be constraints on South Africa's involvement in the region due to fears of its products being more competitive than those found in SADCC states. SADCC's Simba Makoni has expressed similar concerns about the South African role by calling on the region's states to integrate more closely, to act as a counterweight to South Africa.

Should South Africa enter SADCC its regional trade would fall under a sector controlled by Tanzania - a state who continues to support the failed African socialist doctrine. Also as a SADCC member, South Africa will have to dispense aid to the rest of the region due to its perceived economic strength. In short, SADCC does

not want South African economic competition, but rather South African funds to prop up the region's failing economy. South Africa's entry into current SADCC structures would represent a major stumbling block to its own economic development.

4. THE ARGUMENT FOR A FREE TRADE AGREEMENT

Rather than joining the problem ridden, and ineffective, SADCC, South Africa should work towards establishing a free trade area in the region. Such areas in which member countries commit themselves to the progressive elimination of import duties on goods traded between themselves, include the European Free Trade Association and the movement towards a free trade area between Canada, the United States and Mexico. One observer has argued that a free trade area would condemn Pretoria's neighbours to satellite status as open competition would prevent them breaking through into the industrial sector, forcing them to rely on continued primary product exports as a source of revenue. This argument is fallacious as it ignores the theory of comparative advantage. In practical terms SADCC states would benefit by some South African firms relocating to cheaper labour markets in those states. Also Zambian agriculture, for example, with its better soil and climate would be able to sell its goods, tariff free, on the South African market.

Chakufwa Chihana, Secretary-General of the Southern African Trade Union Coordination Council (Satucc) has argued that a free South Africa would open an export market for SADCC goods. He maintains that SADCC economies would not be negatively affected by South African imports, but rather that industrial products from South Africa would force local industries to become more competitive. With the international shift to open markets South Africa should use its economic power to press for a regional free trade agreement to replace SADCC. Such a move would ultimately benefit the entire region by forcing economies to function competitively along market lines and reduce the national chauvinist tradition which has hindered development up until now.

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