

DOMINATION, COOPERATION AND DEPENDENCY WITHIN SADCC

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This volume of Pula consists of a selection of papers from the Twelveth Southern African Universities Social Science Conference (SAUSSC) which was held at the University of Botswana between the 3rd and 7th July, 1989. The Conference was officially opened by His Honour the Vice President and Minister of Finance and Development Planning, Mr. Peter S. Mmusi and closed by the Honourable Minister of Commerce and Industry, Mr. M. P. K. Ngwako. We would like to thank the two Ministers for their support.

A total of 66 people from Botswana, Lesotho, Malawi, Swaziland, Tanzania, Zambia, Zimbabwe and the United States participated in the Conference. Twenty two papers which covered various aspect on Southern Africa were presented.

The funding for the Conference was obtained from the following organizations: CODESRIA, SAREC, IDRC, Friedrich Ebert Foundation, BP Shell (Botswana), Trans Africa (Botswana) and the Universities of Botswana, Dar-es-Salaam, Lesotho, Swaziland and Zambia. We would like to thank all of them for their generous support.

The basic question that directed most of the Conference discussion was, "what would happen to SADCC when apartheid is removed?"

The conference was organized around three sub-themes. These were the relationship between SADCC member states and South Africa, i.e., South Africa's domination of the region and its consequences on SADCC initiatives; the nature and process of cooperation among the SADCC member states and; SADCC relationship and dependency on external donors. From these three sub-themes emerged one main question: What is the future of SADCC? In the following pages we highlight the main points raised on each of these.

SADCC and South Africa

The first objective of SADCC is "the reduction of economic dependence, particularly, but not only, on the Republic of South Africa". Underlying this objective is the realization by SADCC member states of South Africa's economic domination of the region as a whole. However, the relationship between each SADCC member state and South Africa vary. At one extreme are those countries whose economies are completely integrated in the South African economy and which are in a close "preferential" system with South Africa. These are the BLS countries (Botswana, Lesotho and Swaziland) that together with South Africa constitute the Southern African Customs Union (SACU) that has existed since 1910 when these countries were still referred to as the High Commission Territories and were expected to be incorporated into the Union of South Africa. Lesotho, Swaziland (and until 1976) Botswana constitute the Rand Monetary Area under South Africa's hegemony. Then there is Malawi, that maintains a special political and economic relationship with South Africa and was the first country in Africa to have full diplomatic relationship with the Republic. The history of the Unilateral Declaration of Independence from 1965 to 1980, and the closure of Zimbabwe-Mozambique boarder from 1976 to 1980 turned Zimbabwe into a major trading partner of South

Africa. Zimbabwe also became an investment enclave of South Africa's capital and the RSA became the main transporter of the Zimbabwean import and export trade. Zambia, with the closure of the Benguela railway in Angola, has become increasingly dependent on South Africa's transport network and its imports from South Africa have been growing. Mozambique has a historical dependency on South Africa in that its main port Maputo was built to service South Africa's transit goods. Besides, employment in the South African mines has always been one of the main sources of revenue to the Mozambican government. Mozambique also received considerable funds from South African tourists. It is only Angola and Tanzania that historically have had very little dealings with South Africa.

The above situation gives South Africa an economic leverage over the SADCC states. RSA on the other hand does not hesitate to use this leverage against them. Besides, the existing ties with South Africa makes it difficult for the SADCC countries to agree on concrete forms of action against South Africa. This situation is made more complicated by South Africa's military hegemony in the region. Thus what it can not achieve by economic means is achieved through military means.

The formation of SADCC came at a time of significant political changes in Southern Africa. The Portuguese empire in Southern Africa collapsed in 1975. This, of course, meant the collapse of the Tripartite Alliance between South Africa, Portugal and Rhodesia. In response to these changes, South Africa offered peaceful coexistence to the new Republic of Mozambique and detente to its neighbours. It further offered to mediate in Rhodesia. The outcome of these manouvres was the formation of the Frontline States Grouping, which was to give birth to SADCC in 1980. But apart from these overtures to the neighbouring independent African states, South Africa, with the encouragement of the West, tried to influence events in Angola by intervening on the side of UNITA and FNLA against the Russian/Cuban supported MPLA. The

outcome of this intervention, the initial defeat of the South African forces in Angola, completely changed South Africa's perception and dealings with its black neighbours. The shock defeat resulted in a government crisis inside South Africa and produced a siege mentality (the concept of total onslaught) inside the Republic. The response inside South Africa was the elaboration of a new strategy towards its neighbours commonly known as the total strategy.

The total strategy meant the mobilization of economic, political and psycho-social as well as military resources to the defence of the interests of the apartheid state both internally and regionally. This involved a change in power arrangement. Power came to be concentrated in the hands of the Prime Minister and later State President. It also involved the militarization of the decision making and administrative structures of the state. This followed the establishment of the national security management system and the state security council as the major decision making organs. This meant on the one hand that "security" was to become the major preoccupation of government. On the other hand it meant a resort to military solutions to the state problems.

Externally, total strategy meant the use of economic links with its neighbours to further the state's strategic objectives. The major objective being the continuation of the neighbouring countries dependence on South Africa, which would in turn complicate and make it impossible the application of comprehensive sanctions against South Africa, which was being called for by the Frontline States and other African countries, and also make it impossible for the neighbouring countries to support the liberation movements in Namibia and South Africa itself. Thus at the economic level, South Africa called for the formation of the Constellation of Southern African States (CONSAS) with itself as the center in 1979. South Africa's independent neighbours rejected this call and in turn formed

the Southern African Development Coordination Conference (SADCC). Thus from the start, SADCC was seen by South Africa as contradictory to CONSAS and this set South Africa on a confrontational course with SADCC states. It tried and has continued to try to use its economic leverage over the SADCC states to impose its will on these states. The major form of economic dependence of most of the SADCC states is transport (six of these states being landlocked). SADCC states sought to diminish this transport dependence by trying to make alternative means of transport work. These alternative means of transport were essentially in Mozambique, which before the closure of the Zimbabwe-Mozambique boarder in 1976 carried most of Zimbabwe's transit goods and before the escalation of internal conflict served Malawi. It also served Swaziland and carried part of Zambia's goods. Botswana's transit goods could also go through Mozambican ports. The second alternative was through Angola that traditionally catered for Zambian and Zairean goods.

South Africa has tried to ensure that these alternatives remain inoperative. This it has done by concentrating its destabilization efforts on Angola and Mozambique. This exercise was made easy by the existence of groups opposed to the existing regimes - the UNITA activists in Angola and the MNR in Mozambique. It has rearmed and trained these surrogate forces to wreck havoc in these countries. This has been supplemented by direct military invasion by its forces (SADF) into these countries and by special raids. This was made easy by the declared socialist ideology of these regimes, which helped to depict South Africa's intervention in these countries as a defence against communism in the region which West anti-communist regimes welcomed. The aim of South Africa's destabilization as noted above was to prevent any economic delinking by SADCC states and to force these states into non-aggression pacts and thus prevent these states helping the liberation movements. The outcome of these efforts have been favourable to South Africa.

In the first instance, transport dependence of the SADCC countries on South Africa has deepened. Currently 80 percent of the SADCC traffic passes through South Africa. Secondly, South Africa has increasingly become the major trading partner for the majority of the SADCC states. South Africa absorbs 7 percent of SADCC's exports and provides 30 percent of SADCC's imports. In other words, South Africa has maintained favourable terms of trade with its SADCC neighbours. The terms of trade are favourable not only in terms of reflecting a surplus over imports but also in that South Africa's exports to SADCC consist of manufactures whose market elsewhere is limited. Besides, South Africa's position in the region has been enhanced. It appears as the principal arbitrator in the region conflicts as shown by the Nkomati Accord and the subsequent efforts to resolve the thorny issue of MNR in Mozambique and the Tripartite Accord between Angola, Cuba and South Africa that has paved the way for Namibian independence and the possibility of the cessation of conflict inside Angola.

What the above points to is that SADCC's objective of decreasing dependence on South Africa is very far from being achieved. South Africa's economic domination is likely to remain in the foreseeable future. The pertinent question to ask is: What is the future of SADCC given South Africa's continued domination? An attempt to answer this question is made at the end.

Intra-SADCC Relations

In establishing an organizational structure SADCC tried to avoid the pitfalls of the former East African Community and the Central African Federation of which some of the members were part. It has thus tried to avoid the creation of supra-national bureaucratized institutions, such as,

autonomous companies, as these tended to exacerbate conflict of economic interest between members. It has also tried to ensure that the economically stronger members do not dominate the others. This has led SADCC to pursue three main principles. The first is the pursuance of limited but concrete and feasible programmes. This has led to the avoidance of highly organized structures and the preference for small coordinating units to service its required operations. Secondly, SADCC has adhered to the principle of national interests and national responsibility. This has meant that cooperation is geared to the national requirements of member countries and their separate interests. The third principle which arises from the above two, is the principle of consensus. Decisions are made on the basis of equality, reciprocity and non-interference in each others affairs.

SADCC has identified a number of areas for regional cooperation. At the top of the agenda is cooperation in the areas of transport and communications. Given the fact that six of the SADCC member states are landlocked it is not surprising that transport became the first priority of the grouping and the first commission to be formed was the Southern African Transport and Communications Commission (SATCC). The provision of alternative transport routes would reduce these countries dependence on South Africa. South Africa, as noted above, has set out to ensure the unworkability of these alternatives in Mozambique and Angola and the grouping has not been able to defend these alternatives. It has not been possible to work out a consensus on how to handle South Africa's destabilization moves because of the various forms of relationships that these countries have with the Republic. Thus in this priority area, there has been increased dependence on South Africa's transport network.

The second priority area for SADCC cooperation has been in the area of industry and trade. There are a lot of obstacles to cooperation in the area. In the first instance, most SADCC countries are economically unstable and,

in some cases stagnant. Most of them are still very dependent on agricultural production. It is this relative underdevelopment of the SADCC countries' economies that account for the low volume of trade between them. The intra-SADCC trade is estimated at 5 percent of exports and 4.5 percent of imports. These figures, of course, do not include the Unrecorded Transborder Trade (UTT). It is believed that the UTT may level or even exceed that of the official trade which goes through customs. The volume and content of the UTT is determined by the trade policies that are pursued and maintained by the various countries and the differences between nominal and real exchange rates. Notwithstanding the above, it has further to be noted that there are differences in the levels of development between the SADCC countries. This has led to the uneven distribution of export trade between the member countries. For example, about 1/2 of the intra-trade (exports) originate in Zimbabwe. Botswana, Malawi, Mozambique and Zambia also individually contribute significant amounts of the relative export trade. Angola, Lesotho and Swaziland's contribution to intra-trade remains insignificant.

Other impediments to intra-SADCC trade include the fact that commodities being offered have little demand within the region (most countries produce the same commodities); the inadequate transport network; continuous civil wars that have led to the heavy restriction of production and free movement of goods across the borders. In addition there are trade related factors that have hampered intra-SADCC trade. These include risk, high costs, lack of credit, small market and the strength of already established trading partners. The exchange rate regimes of SADCC countries have been exclusive and as such have limited intra-SADCC trade. To all these must be added the existence of conflicting, overlapping and exclusionary trade treaties in the region. For example, the Southern Africa Customs Union impede the operationalization of SADCC objectives and entrenches the domination of South Africa. Besides, there is the Preferen-

tial Trade Area and other bilateral trade arrangements. The existence of a multiplicity of bilateral and multilateral trade liberalization schemes, with built in exclusionary provisions creates potential areas of conflict and at worst inability of member states to fulfill their treaty obligations.

The promotion of intra-SADCC trade demands the harmonization of economic policies and an industrial integration programme. This has not been possible to date. In the first instance, there has been country specific problems, which appear to have proved to be more crucial and essential than the SADCC objectives which were designated to unite the member states at the regional level. For example, Angola's attention has been totally taken by South Africa's destabilization activities. The same has been the case with Mozambique that is totally preoccupied with the disruptive effects of South Africa supported MNR activities. Malawi is concerned with poor economic performance as a result of the disruption of its transport routes and the low export prices. Tanzania has been for a long time grappling with its depressed economy and the shortage of foreign exchange. Zambia, on the other hand, has been facing acute problems of foreign exchange, depressed export prices, balance of payments crisis and budgetary deficits. In the midst of the above country specific problems SADCC finds itself powerless and ineffectual as each member state sees itself confronted with specific problems arising from peculiarities of its political and economic history. Thus in the management of national economies member states focus their efforts upon the adjustment of their economies to the realities that confront them at the national level. In this situation cooperation at the regional level remains elusive, because member states are not concerned with SADCC as a unit but rather at the improvement of each member state's standing in the regional and international division of labour. It has thus far not been possible to balance competing national and regional interests.

Besides the over preoccupation with national issues that have been forced on the SADCC countries by the prevailing situation, there have been further obstacles to the harmonization of industrialization in the region. These include the dependent nature of the industries of member countries, the predominance of external funding, the involvement directly or indirectly of multinational corporations and weak internal sectoral linkages. If to all the above is added the political and ideological differences between member states then the possibility of increased cooperation diminishes substantially.

SADCC and External Aid Donors

One of SADCC's objectives was the mobilization of resources in order to carry out national, regional and international projects and to act in concert vis-a-vis aid organizations in order to acquire finance and technical assistance. The underlying belief of the SADCC member states was that by coming together they would be able to attract more external financial support than was forthcoming to each member state separately. The envisaged strategy for attracting foreign support was to identify priority projects (to be known as SADCC projects) and to solicit funding for these projects by "holding ad hoc pledging sessions with bilateral and multilateral funding agencies". The experience to date has been that:

1. A greater percentage of SADCC projects secured funds had been negotiated separately from the SADCC platform. This means that a greater part of external commitments to SADCC are old commitments that have been transferred to the SADCC basket.
2. External support for SADCC has been so far limited. Funds,

however, have continued to flow to the region through bilateral channels. For example, the total secured funds for SADCC projects in 1986 was only US \$1,851 million which was equivalent to 23 percent of the total aid flows to SADCC countries from 1980 to 1986.

3. Donor preferences and priorities have continued to influence the choice of projects to be funded. This has resulted on the one hand to uneven support of projects between countries, with some countries obtaining more support than others. On the other hand this has bred competition between the SADCC countries for external funding. Thus instead of coordination of projects there is growing competition between projects located in various countries.
4. Some areas have attracted more external funding than others. Currently, support is towards pilot research projects, studies, training programmes and other service activities/projects. This is partly because this is the area in which there is less conflict of interest between the SADCC member states because of direct results and benefits to members. It is also partly because of the technical support bias of the donors and the small amounts of funds needed to support these projects.
5. There has been very little external response to the industry and trade sector. The excuse from the OECD countries has been that private capital is the best vehicle for this sector. The Nordic countries support for this sector has been for small scale projects-artisan implements, textiles etc-which do not and can not directly compete with their market for capital goods to the SADCC region. Their major concern appears to have been to

secure a foothold in the SADCC region in a move to secure mineral raw materials for their capital goods industry and obtain a market for their technology.

6. The support which has been forthcoming to the transport and communications sector is geared to satisfy the West's commercial interests of export requirements rather than the promotion of inter-regional trade.

It could be said then, that the expected external support for SADCC projects has not been forthcoming and that donor interests still dictate the priority areas for external support rather than SADCC needs.

The future of SADCC

The above review of SADCC indicates that it has not been able to fulfill its objectives to date. Dependence on South Africa has increased rather than decreased. The envisaged cooperation between member states has remained elusive. The expected financial flows to SADCC projects have not been forthcoming in sufficient quantities. Notwithstanding this unsatisfactory situation, it is still felt that SADCC is very important to the region. However, some transformations are necessary. SADCC should move from functional coordination which was its initial goal to complementarity of production. This would, of course, involve the creation of new joint state institutions capable of capturing investible surpluses produced in the region and reinvesting them according to the desired development strategy. It would also involve the creation of joint state trading companies to effect regional wholesale trading activities.

There are, however, a lot of obstacles to such a transformation of

SADCC. These include South Africa's opposition to such development already noted above. The existing latent and manifest economic conflicts between members are also likely to act as obstacles to such a move. Individual countries relationships with South Africa still remain a great obstacle. Besides, the different levels of manufacturing growth among SADCC countries do not only imply different priorities in economic planning but makes economic harmonization difficult. There is no easy solution to all these obstacles, but if SADCC has to become meaningful to regional development ways must be found to solve these problems.

The question that has always been at the back of those concerned with SADCC is what would happen if apartheid was removed inside South Africa. It appears to date that the binding factor among the SADCC member states is the abhorrence of apartheid and the hostile relations maintained by the apartheid regime. The removal of the apartheid regime is likely to create tensions in the SADCC grouping as those countries that are economically integrated in the South African economy would tend to gravitate towards South Africa. The idea of a "Constellation of Southern African States" would most likely re-emerge. With the new political developments in the region, it is important to start thinking of the future of SADCC without the apartheid state.