

**REGIONAL POLITICAL ECONOMIES IN CONFLICT:
SOUTH AFRICAN HEGEMONY vs SADCC LIBERATION**

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It is not only the whites who stand alone at the southern point of Africa, every black leader who desires order, freedom, peace and development for his people also stands alone.

- Pik Botha, Foreign Minister
of South Africa, June 1979

South Africa's resources, experience, acclimatised technology and geographic proximity to the other states of Southern Africa lends irresistible momentum to the idea (of closer RSA - independent state association).

- N. P. Van Heerden, Foreign
Ministry of South Africa,
September, 1979

We are gathered here today to try to chart a new course for the future of Southern Africa. ...We can wage a successful struggle for economic liberation provided we can begin now, in the free states of Southern Africa, to plan together for our economic future.

- President Seretse Khama
of Botswana, opening Arusha
SADCC planning conference,
July, 1979

The present study is... to consider the kinds of leverage that regional economic interaction offers South Africa... to examine ways in which the Republic could use its economic relationships in Southern Africa for non-economic purposes... It would be naive in the extreme to argue against South Africa's use of such techniques under all circumstances.

- Deon Geldenhuys, 1981

We are aware that the fundamental aim of the actions of destabilisation against our countries is to render SADCC non-viable... ports and railways, fuel depots and pipelines, bridges and roads, communications systems and other development projects are the targets...

- President Samora Machel
of Mozambique at 1983
SADCC Summit

Introduction

The most dramatic forms of conflict in the Republic of South Africa and between it and the independent states of Southern Africa and Occupied Namibia are military. However, major - perhaps the major - underlying contradictions, both in South Africa itself² and between it and the Southern African region, are economic.³ These contradictions are both basic and inherently (often violently) antagonistic as President Machel of Mozambique stressed in his address on the signing of the abortive Nkomati Agreement with South Africa.³ They arose out of the European conquest of South and Southern Africa and centre today on the struggle by South Africa to sustain and expand white economic hegemony at home and regionally against the struggle of the independent states of Southern Africa and of Namibians and black South Africans to overcome it.

Clearly not all South African goals or tactics are, at least in any narrow sense, political economic. Indeed some have significant economic costs to South Africa. The Gaborone raid and the political blockage of Customs Union renegotiation are arguably against RSA's economic interests. Equally not all non-economic tactics are pursued for security or power reasons. Sabotage is - especially in respect to transport - an integral South African regional economic policy tool.⁴ Nor are all tools used to preserve hegemony violent - the Customs Union, export credits and 'fighting rates' on rail traffic are in any normal sense non-violent, but they are all instruments used to maintain an exploitative regional economic hegemony which by its nature almost inevitably leads to violence.

The separation of South African political economic goals, strategies and tactics from those more narrowly related to security and power is, therefore,

somewhat artificial even at analytical level. As the country chapters demonstrate, South African regional policy is based on a total strategy aimed at what is perceived by the South African regime as a total threat to its basic interests (and ultimately survival) both regionally and at home. However, it is useful to look more specifically at political economic aims and instruments both to understand a central element in the regional struggle and to underline that conflict in Southern Africa is not merely a tale of random, episodic violence and that ultimately the present forms of political economic relations between South Africa and the independent Southern African states both constitute economic violence and are ultimately sustained and sustainable only by the threat and reality of quite overt economic and military violence. To suppose that South African - Southern African economic relations are, or with the present South African system can be, basically complementary and mutually beneficial, is either ingenuous or disingenuous.⁵ At best the 'partnership' South Africa seeks is that which Lord Malverne described as existing in the Federation of the Rhodesias and Nyasaland, a white rider on a black horse.

South African Political Economic Objectives

South Africa's basic political economic objectives are: economic, political and security hegemony. The three interlock - even if they may conflict in any one particular case - and are mutually reinforcing.

Economic hegemony is important because it pays. South Africa's economic growth in the 1970s was relatively modest, under 4% annually. The most dynamic element was exports to independent Southern African states - arguably accounting for a quarter of total growth.⁶ Further, the South African economy

is both domestic market and foreign exchange constrained. The relatively small home market is even more constrained for many products than its absolute size would suggest because of apartheid's impact on black incomes and, therefore, purchasing power. Therefore export expansion is critical to sustained growth and surplus generation, particularly in manufacturing.⁷ Furthermore, while South Africa has a relatively internally integrated economy (remarkably so for a country of its economic size and level of development), it is crucially dependent on imports of fuel, certain capital goods and a number of intermediate inputs demand for which tends to grow more rapidly than overall output.⁸ Therefore it needs to secure rapid export growth to avoid crippling import capacity constraints. Despite its diversified raw materials and gold traditional export base, South Africa can sustain the needed rate of export growth (and use it to facilitate structural transformation at home) only if it can build a dynamic manufactured export sector growth trend. The most logical (in terms of lack of domestic alternatives and of physical and institutional closeness to the Republic) markets for many products are in the independent states of Southern Africa.

Sustaining regional economic hegemony is perceived by South Africa - as it was by its Afrikaaner Republic and British colony predecessors - as far too important to leave to market forces, let alone free market forces. As SADCC's founding Lusaka Declaration underlines⁹ economic hegemony in Southern Africa has been the result of systematic, selective state and enterprise policies in transport, in fiscal policy, in enterprise structuring, in investment, in provision of personnel and knowledge. Present South African state and enterprise regional policy is in large measure directed to consolidating, protecting and expanding that pattern of hegemony and dependency.¹⁰

Security hegemony interacts with economic. It does so in both directions, not

as a one way relationship. Economic hegemony reinforces South African security because it renders attempts at effective liberation in any sphere difficult. This is especially true in respect to transport where denial of access to South African routes could at present throttle the economies and the functioning of state apparatuses in Lesotho, Botswana, Swaziland, Zimbabwe, Malawi and - probably - Zambia. However, it is also the case in respect to revenue for Customs Union Members and to import sources and export markets (including that for labour). All of these dependencies could be reduced, but their multiple existence allows South Africa to impose high initial costs in sectors of its choice - not necessarily the one in which disengagement is attempted. It is no accident and no frivolity when RSA brandishes the threat of economic sanctions against its neighbours to attempt to defuse the growing international trend toward sanctions against itself - these weak economies would be made much weaker by forced, instant delinking from South Africa.

Equally, however, violence by RSA 'security' forces and their proxies is in some respects critical to maintenance of economic hegemony. Dominance in the key transport sector is neither geographically nor economically natural. Ultimately it can be ensured only by action to keep intra-Southern African lines wholly or partially non-functional.¹¹

It is neither accidental nor technocratic that both SADCC (for liberation)¹² and South Africa (for continued domination)¹³ have perceived transport as vital. Neither is it accidental nor the result of purely military tactics that South Africa has used sustained violence - as well as more directly economic means - to ensure that the transport links to Lobito Bay, Maputo, Beira and Nacala have been closed, only intermittently available or limited in capacity. The war on the Beira-Zimbabwe transport links (a war involving at least 25,000 troops on the Zimbabwe/Mozambique and MNR/South African

'security' services sides) is a war about economics as well as politics.

Political dominance - at least in the sense of being able to ensure that independent states do not seriously pursue economic liberation, mobilise international pressures on RSA nor provide effective external support to the South African internal liberation struggle is also linked to economic hegemony in a two way relationship.

Because economic disengagement is costly in the short run - even if often demonstrably cost efficient and development generating in the medium and long run - it can only be carried out by a government with a clear political programme. It is South Africa's strategy - using whatever means come to hand from economic incentives through sabotage deterrents - to ensure that such programmes are neither adopted nor pursued on a sustained basis and that significant Southern African domestic interests and sub-classes are convinced that disengagement (economic or political) from South Africa is not in their interests so that political programmes of economic disengagement will lack a firm national base and may even cease to be canvassed seriously.

Thus economic hegemony is a tool for influencing political programmes in relation to economic disengagement and more broadly because economic pressures, as well as terror raids, can be applied against action to support the South African liberation struggle or mobilise external pressures on South Africa. Lesotho's January 1986 experience is a classic case in point. Conversely acceptance of South African consent or mild disapproval as a binding constraint on political programmes would guarantee that they did not in any serious way threaten South Africa's regional economic interests. The seminal consultancy study by Deon Geldenhuys¹⁴ outlining the uses and tactics of economic destabilisation related primarily to limiting independent states

political projects not to economic interest defence as such.

This presumably underlies South Africa's vehement - and often violent - antipathy to SADCC and passive attitude toward the Preferential Trade area.¹⁵ SADCC is overtly political economic and has an explicit political project of economic disengagement for which it mobilises external and domestic resources. The PTA is much more technically economic, more market and less state interventionist and - perhaps as a result - far less oriented to any political projects of economic liberation either national or collective.

Of Strategy And Tactics

Because South Africa's regional objectives are basic and basically interlinked, it needs a strategic approach to achieving them, not an episodic tackling of one case at a time without regard to the broader picture. South Africa has perceived this requirement. Even if the "total strategy" and "constellation" formulations¹⁶ include a good deal of rhetorical overkill for domestic mobilisation and reassurance purposes and in their fullest presentations seek the impossible (a Greater Southern African Co-Prosperity, Security and Political Support Sphere centred on the South African sun with at least the passive consent of the independent and bantustan planets), they do constitute operational and to a substantial degree arguably attainable strategies. They have formed a framework for particular actions and for gauging their relative success or limitations. This fact can be missed because there are at least five - not totally consistent in the abstract and sometimes not fully coherently applied contextually - strategic elements.

The first is the provision of incentives to cooperate, or at any rate short

term economic benefits likely to (and intended to) be perceived as such. South Africa - especially but not only its business community - has a tendency to prefer this approach when it does not perceive its interests to be under severe and immediate threat. In the first place the disruptions of using sticks are - at least in the short run - bad for exports and profits. In the second the use of carrots and of what appear to be mutually advantageous agreements, when successful, gives a degree of consent and stability unlikely to be achieved either by naked economic force or physical violence.

The range of incentives is wide. The Customs Union Arrangements (an apparent 41% uplift on average regional tax revenue share covering imports from RSA as well as from outside the Union in return for free market access for RSA products)¹⁷ are a major example as are the various arrangements providing locomotives, wagons (over 3000 in the case of Zambia and 6000 in total),¹⁸ technical assistance to Southern African state railways and preferential rail rates to Southern African exporters and importers using SATS railways and ports.¹⁹ Export credit is another carrot - and an increasingly effective one in the current foreign exchange crises of most Southern African states. Even if prices are marked up 20 to 30% to cover the credit cost, 18 months to pay is a major incentive to an importer or Central Bank with almost no foreign exchange to hand and little or no access to normal commercial credit. Specific (and often transitory) incentives are also numerous - e.g. the quotas given for Swazi made television sets and fertiliser in the South African market (since effectively withdrawn).

It should not be assumed that the incentive element in strategy is benign. In the first place benefits to one South African state may be highly damaging to the economic interests of others (and increase the difficulty of operating a regional project of political economic liberation). The Customs Union

protects the South African exports to Lesotho, Botswana and Swaziland from competition from other SADCC states (except for Zimbabwe and Malawi). The South African credit facilities greatly hamper Zimbabwe exports to Zambia even when they are substantially lower cost. The contract rates on external traffic are carefully tailored to undercut those of the Mozambican rail and port system.²⁰

Further, the appearance of generosity is often either totally unreal or at the least conceals a radically unequal division of gains. Because the Customs Union payments are effectively made two years in arrear, inflation and import growth fully cancel out the apparent 41% revenue bonus. In most years Botswana, Swaziland and Lesotho would derive more revenue from an independent tariff and excise system than from SACUA.²¹ However, the barriers to greater domestic production, increased regional (intra-SADCC or PTA) trade and sourcing imports from low cost sources outside Africa are very real. Even in the short run they entail higher import bills and in the medium and long they are significant obstacles to structural change and development. Provision of rolling stock and technical assistance to railways also serves South African interests.²² It creates an incentive to, and a body of lobbyists for, using RSA routes and improves the efficiency of the Southern African railways using SATS - a necessary condition for avoiding chaos on SATS itself in respect to its transit traffic. As SATS has a surplus of obsolete equipment, the rental fees almost certainly exceed any alternative earnings on the loaned equipment.

Economic Threats And Penalties

However, the positive strategic element has always been implicitly - and usually explicitly - combined with negative elements. The threat or reality

of withdrawal of carrots is in itself a powerful stick - as, e.g. when SATS withdrew loaned locomotives from Zimbabwe in 1980-81. As with incentives, deterrents are varied. Reducing migrant labour hiring or the terms of transfers of earnings to supplier states is a weapon which has been used in respect to Mozambique and, less systematically, Lesotho. So has been selective interruption of flows of key goods - especially petroleum products, fertilisers and grain - to SADCC states assertedly for technical reasons but in fact linked to political and security demands. All of the independent states of Southern Africa except Angola and Tanzania (which do not import or export via South Africa) have been beaten with this stick one or more times over 1980-85.²³ "Technical problems" in relation to moving exports - e.g. Zimbabwe steel, Botswana beef - are the complement to similar import delays.²⁴

The most dramatic deterrents (or preventatives) are specific acts of economic sabotage and the promotion of general insurgency. These have formed the core of the strategy with respect to Angola and have become an increasingly dominant element in respect to Mozambique. To date elsewhere in the region their use has been much more occasional and selective.

Parallel to incentives and deterrents as strategic elements are outward and inward looking strategic orientations. The most dramatic variant of the outward looking strategy is the vorward or strike kommando policy typified by the Maseru, Maputo and Gaborone raids at the single strike level and the repeated invasions of Angola at that of maintaining sustained forward struggle beyond South Africa's frontiers.

This strategic element makes relatively little use of economic leverage as such. However, it does use both economic sabotage (e.g. pumping plant at Maseru; dams, railroads, mines, oil installations in Angola; transport routes

and oil installations in Mozambique) and more general economic destabilisation via South African and proxy armed forces (and the cost of resisting them) in both Mozambique and Angola. Thus the economic cost of this policy to target states and their people is very high - most dramatically seen in the famine which has killed scores of thousands in Southern Mozambique where war has prevented normal rural production even when rains were adequate and - in conjunction with a spurious 'neutrality' by some aid bodies²⁵ - prevented emergency distribution of food and medical supplies.

The aims of this strategic element are not necessarily primarily directly economic in terms of gains sought by South Africa. Indeed in narrow economic terms it is costly - e.g. extra military expenditure probably exceeding \$2 billion a year, higher freight costs from non-use of Maputo, power brownouts resulting from loss of Cahora Basa supply. Only if one supposes South Africa's aim in Angola is to install a regime there which would re-open trade and provide a dependable petroleum supply source do any of the vorward policy strategies appear to have targets including specific economic benefits to South Africa. However, the outward looking strategic orientation is designed to protect the political economy of apartheid by keeping opponents far from the frontiers and by reducing the economies and politics of unfriendly neighbours to rubble. In that sense it is macro or mega economic.

The alternative (or alternating) outward strategic element is that of accepted South African regional hegemony - as most fully articulated in P. W. Botha's 1979 Carleton House presentation of the "Constellation Plan".²⁶ In maximalist form this strategy seeks a 'co-prosperity sphere' with common economic policies, co-ordinated security against common enemies and at least tacit acceptance of South African political leadership from Zaire through Mozambique and from The Cape to the Ruvuma and Congo Rivers. In less ambitious variants

the political element vanishes (or is reduced to avoiding efforts to mobilise opposition to RSA) and the security is cut back to refusing bases or presence to South African liberation movements and to external armed forces. The economic elements - trade, transport, technical and financial assistance - are then dominant and the number of regional countries flexible with Lesotho, Botswana, Swaziland, a 'Multiparty' Namibia, Zambia, Mozambique and Zimbabwe the core.

This approach is the regional project most attractive to the private sector - and from the point of view of production, export and profit expansion. As noted under carrots, it is not by any means benign and does not confer equal gains. By strengthening economic links it increases the leverage against initiating a political economy of liberation - e.g. the 1980-81 RSA threats to end the South Africa/Zimbabwe trade agreement. Further, while primarily based on incentives and benefits, this strategic approach can and does make use of threats or penalties as reminders and as means to secure specific economic or other policy changes by Southern African states.

South African strategy also includes an inward looking or 'into laager' element, albeit regionally this has been clearer in the security and political than in the directly economic sphere. This element seeks to concentrate South African strength in the Republic behind strong defensive walls and with minimum dependence on external sources of supply.

Regionally there are few critical imports by South Africa from Southern Africa - with the short run exception of gold mine labour. The reduction of use of the port of Maputo and of Cahora Basa power, the rundown of migrant labour use (albeit neither very pronounced nor consistent to date) and the freezing out of certain Swaziland, Botswana and Zimbabwe goods exports could be viewed as

inward looking. On the regional export side an inward looking strategy of deliberate retargeting away from the region does not appear to exist - indeed SAFTO's thrust is in quite the opposite direction.²⁷

However, a strategy which was highly inward looking in respect to 'security', political stance and South African imports could also seek to preserve export markets (including those for transport services). While not logically inconsistent, such an approach would (has where practised as de facto in relation to Zimbabwe over most of 1980-85) open up room for manoeuvre by the independent state in terms of reducing immediate costs of, and threats to, a political economy of liberation project, whether national or coordinated through SADCC.

Tactical Instruments For Strategic Ends

As the presentation of strategic elements indicates, tactical instruments within strategic elements are numerous and varied. Some are quite specific - e.g. the proposed (abortive) Swaziland deal to return Swaziland irridenta (one bantustan and part of another) to Mbabane - in return for Swaziland accepting as Swazi nationals all Swati in RSA (thereby effectively decitizenising the urban and mine workers among them), providing a security cordon sanitaire and cooperating in RSA rail projects to improve intra-RSA links as well as to bypass Maputo plus potentially (via the proposed restoration of the Kingdom's access to the sea) providing a possible sanctions evading port which would not be in RSA territory but would channel goods to it. Others - e.g. the Customs Union Arrangements - apply to particular groups of countries, in this case Lesotho, Botswana and Swaziland. A final group, e.g. export credits, rail rebates are generally applicable to Southern African countries other than

Tanzania and Angola.

Tactics vary in channels of operation and therefore degree of coordination and control. For example, the Customs Union Arrangements are government to government, regularly reviewable and physically instantly terminable. Existing RSA investment in independent Southern African countries is historically determined, not speedily (if at all) removeable and owned by private enterprises whose micro interests may be inconsistent with RSA overall strategic concerns (e.g. Anglo American's stake in Angolan diamond mines which are a UNITA target for general economic dislocation purposes as well as for publicity from kidnapping Anglo's expatriate workers).

However, because the continued operation of many of the South African investments is critical to the host economies (e.g. the diamond mines in Botswana), their continued operation could be put at peril by RSA. Thus, existing investment is to some extent a lever the South African regime can use. New investment is an intermediate case - the government can directly via pressure on companies or indirectly via creating economic chaos in the potential host ensure that such investment does not take place. But it has no equal power to ensure that it will happen unless it is by a South African state corporation. Private firms will not rush in unless they see a realistic prospect of stable profits (including a continuation of the South African economic tactics which led it to favour the investment). Thus when RSA favoured (or appeared to favour) investment in Mozambique after Nkomati there was a flurry of visits but very little actual investment both because the general economic situation was unpromising and because - advisedly - businesses were sceptical of how long the detente might last.²⁸

There is no 1 to 1 correlation between strategic elements and tactics. Indeed

some are highly ambiguous. For example, special fighting rail and port rate contracts to Zambia, Zimbabwe and (including road in this case) Malawi could be seen as 'co-prosperity sphere' or Constellation building outward strategy elements if viewed solely in relation to the recipient countries. However, their primary motivation appears to be to deter utilisation of the Mozambican (and in the cases of Zambia and Malawi the Tanzanian) port access routes. The aims of that approach are both to weaken the economies of Mozambique and - to a much lesser degree - Tanzania and to create obstacles to the political economy of transport liberation project.²⁹ That could be a defensive element in a 'co-prosperity sphere' outward looking strategy but could equally be a component in a destabilisation focused forward strategy.

Seamless Web, Wandering Minstrel or Mass of Contradictions

The question arises as to whether South Africa's strategy and tactics of regional hegemony form a seamless web of diabolically clever Machiavellian (or Kissingeresque) cunning, a wandering minstrel show lurching from one piece of crisis management to another or a mass of internal contradictions and insoluble conflicts among South African objectives. The answer is probably both none of the above and some of each.

South Africa does have regional interests which it - and its predecessors - have defined in fairly stable terms since the early 19th Century. South Africa's 1970-1985 regional strategy is both intensely ideological (the preservation of apartheid at home and the acquisition of lebensraum, especially economic and 'security', for it throughout the region) and remarkably consistent in objectives.

However, the balance among strategic elements and especially among tactical instruments has never been uniform among countries and has shifted sharply over time with temporary, selective reversals of course overlying a secular trend toward rising levels of violence. At this level the political economy of regional hegemony has been operated pragmatically, responding to perceptions of attainable targets based on changes in domestic South African, regional and independent state national and external contexts and adjusted in light of the results of current and recent past regional tactics.

Finally, neither are the interests of different South African sub-classes and institutions identical nor are their perceptions of the most effective ways of pursuing them always congruent.³⁰ Indeed, as the Ngorongoza papers demonstrate, there can be quite antagonistic fractions within the same institutions - in this case both the military and the diplomatic establishments.³¹

It is therefore, worth reviewing some of the divergences and shifts in balance among strategic elements and tactical instruments to gain somewhat more insight into their underlying causes.

Interests and Perspectives: A Spectrum

White South African individual, institutional and sub-class interests and perceptions in respect to regional hegemony are not identical - a situation paralleling that in respect to internal interests and perceptions.

At the individual level it is for example, quite clear from the Ngorongoza papers that General van der Westhuisen's intelligence service forces - who are

hard line vorward strategy proponents and operators - viewed then Deputy Foreign Minister Nel (unlike Minister Pik Botha) as sharing their perceptions while seeing Army Chief General Jannie Geldenhuys as having different and antagonistic perceptions. The debate within the armed forces between advocates of the vorward strategy, a mixed approach and into laager on the security front has been visible for over five years. While apparently emotionally attracted by a strike kommando/vorward stance, Prime Minister P. W. Botha ("Pete the Gun" by nickname) has a real concern with direct economic interests and a perception that Portugal's overextension on the colonial periphery led to collapse at the centre, both of which pull him the other way.

Institutions have interests and perceptions as institutions which are not necessarily identical to those of the state. SATS - particularly under former General Manager Leubscher - is a clear example.³² SATS' view of "transport diplomacy" as a hegemonic tool and itself as a major, quasi-independent actor, together with its own capabilities (which do not include violent sabotage and destabilisation) has led it to take a fairly consistent 'co-prosperity sphere' approach. Loaning wagons and rolling stock, setting rates and discounts to get business, strengthening SAF Marine's (then a SATS subsidiary) role in clearing and forwarding regionally have been its tactics.

SATS needs traffic for its rail routes and especially its Eastern Cape ports and has limited chances of winning it domestically in South Africa.³³ Thus reasonably functional internal rail services in the independent states funnelling into the SATS network provide SATS with both volume of operations and a strengthened financial position. However, SATS perceptions are not narrowly self interest based - regionally or at home. It sees (correctly) continued regional transport dependence as critical to South Africa's economic and regional dominance position and itself as an agent able to work for those

ends with independent African states and institutions which could or would not readily negotiate or work with the South African government proper.³⁴

This is not to argue that SATS approach is benign. It does see provision of links as giving leverage and of rolling stock as putting the stick of withdrawal in its hand. Its decade long programme of constructing the two link lines which make Swaziland a rail corridor from the Rand to the Natal Ports is an operation beneficial to Swaziland and increasing flexibility for SATS in respect to RSA's own external trade. But it is also a means of ending South African dependence on the use of Maputo and increasing SATS ability to compete against Mozambique's transport system for Zimbabwean cargo.

Divergent Capitalist Concerns

Sub-class interests also differ. The standard presentation is business vs the military. That, however, is an oversimplification. There are three conceptually, and in large measure operationally, distinguishable capitalist sub-classes in South Africa each with an associated professional sub-class. Domestically they broadly correlate with the PFP, Nationalist and Conservative/HNP political and political economic projects.

The first can be termed "high capitalism", the South Africa TNCs (especially the Anglo American - De Beers and Rembrandt groups), the large domestic corporate groups (e.g. Gencor, Old Mutual), some of the RSA subsidiaries or affiliates of TNC groups headquartered abroad (e.g. Barclays National, Shell, BP) and certain parastatals (notably SATS, ESCOM and SAFTO). For this sub-class the preservation of capitalism in South Africa (with apartheid dispensable if necessary for that end) and of room to expand regionally are

the bottom line. Violence and destabilisation regionally are not unacceptable if they are tactics to attain a 'co-prosperity sphere' regionally or to avert socialist revolution internally but are, in themselves, perceived as costly and damaging to regional profit making. The high point of support for the South African state's regional hegemony project was the Carleton House launching of the Constellation project.³⁵

Economically this sub-class totally dominates RSA. Politically - for historic reasons and because its interests (or at least its perceived interests) are distinctively different from these of most white South Africans - it is surprisingly weak and able at most to influence state policy at the margins.³⁶

'Middle capitalism' comprises a greater number of firms ranging from moderately large corporations to efficient family enterprises. It is less able to perceive its capitalist viability as separable from an apartheid state domestically or from tight South African hegemony regionally. Exports are important to many firms in this group (who are SAFTO's main clients) and for some - e.g. the Kirsch Group which was born in Swaziland - regional links go deeper. While broadly in favour of a 'co-prosperity sphere' approach, this sub-class is less certain of its ability to cope with truly independent African states or to compete with domestic or other foreign interests in them.

Politically this sub-class is Nationalist with all of the non-monolithicism and contradictions which characterise that party.

'Petty capitalism' can be typified by the dorps commercial establishment and the small capitalist or large peasant white farmer. Its direct interest in regional economic links is low and its perception of any broader class or national interest in them almost equally so. The numerically largest - though economically weakest - of the capitalist sub-classes, 'petty

capitalism' does not perceive itself as able to survive in any context except apartheid. For it P. W. Botha's 'reforms' at home look like the beginning of the end because they are seen as too far reaching and the desired basic aim of regional policy is combatting the "swaart gewar" by force and outside South Africa's own borders.

Managers, professionals and - to a degree - bureaucrats divide into roughly parallel sub-classes. While there is no 1 to 1 employer - client - institutional base, professional sub-class membership correlation, there is a perceptible one. The numerous Anglo manager links with the PFP and that Party's base in upper income, professional suburbs are not accidental.

Differentiation of Strategy and Tactics By Target State

As the country chapters have shown, RSA does not act in an identical way against all independent Southern African states. Dominant strategic elements and tactics do appear to differ markedly. Three contrasts can be noted as examples: Zambia/Zimbabwe, Botswana/Swaziland/Lesotho and - in respect to the use of proxy forces - Angola/Mozambique.

In the case of Zambia the dominant strategic element has been 'co-prosperity sphere' with a systematic campaign since 1965 to build up export trade and transport linkages, an effort which has been notably successful despite Zambia's very real effort to identify alternative sources of imports and to develop intra-SADCC transport routes.³⁷ An additional factor is that South Africa has perceived President Kenneth Kaunda not as sympathetic, but as committed to dialogue and therefore a potentially valuable interlocateur with the harder line Liberation Movements and Front Line states - but also as one

Economic Strength And Self Interest And Destabilisation

South Africa's economy is much more diversified, much larger and much stronger than that of its neighbours. It is dominated by a handful of corporate groups many of which have substantial external marketing and investment experience. Government support for business is well developed - especially in export promotion and finance. Because the South African home market is relatively small, large corporate groups, many medium sized firms and agricultural producers need - and perceive their need - to export and, in the first case, to invest abroad. For geographic and relative economic structural reasons the neighbouring economies are among the priority targets for exporters and investment.

These business interests do not in themselves create an private sector preference for regional economic destabilisation. Far from it - reasonably friendly (to foreign firms in general and RSA ones in particular) governments; growing economies with foreign exchange to spend; opportunities to sell, make profits and to remit them to South Africa are their goals. These are ill served by economic destabilisation and in some cases at least, e.g. Anglo American in Angola, the firms have pursued their own interests even when these pretty clearly ran counter to what the South African state would have preferred.

That, however, is not the whole story. South African enterprise self interest is often (and has even more often been seen to be) not consistent with economic liberation defined as reduction of external dependence and its

concentration on South Africa and structural change toward more diversified national and independent regional economies. Such changes would put exports, investments and profits at risk - especially in terms of their future growth. Attempts to influence governments to accept and continue the status quo by South African enterprises do tend to entrench and protect economic dependence and therefore the economic leverage which is the foundation on which effective economic destabilisation can be, and has been, constructed.

The same holds true of South African export promotion via tax incentives, subsidies and cheap credit. The primary purpose of these instruments is not normally to destabilise neighbouring states but to protect and build up South African export markets. However, their use does hamper or even nullify independent state efforts to import substitute nationally, to diversify global import sources or to switch to greater use of regional (SADCC) import sources.

Second, enterprise concerns about export and profit safety and growth combine with present regional economic dominance to render destabilisation possible and to make it, in some contexts, useful from an enterprise point of view.

If export markets (for goods or services - e.g. transport) and/or profits are threatened, enterprises do want the government to support them in seeking to maintain and expand them. Economic destabilisation and sabotage designed to force economic policy changes (though not similar measures related to purely political objectives) can be useful in that context. However, this can be true only if the pressures are effective, the 'sanctioned' state does reverse its policy, the destabilisation is wound down and the independent state's economy snaps back. Permanent destabilisation directed at creating and perpetuating economic chaos as an end in itself (e.g. in Angola and Mozambique) has little attraction for the profit centred enterprise.

who would react very negatively to sustained economic and military aggression.

This is not to overlook a persistent sub-theme of more violent action - the campaigns in southwestern Zambia adjacent to Namibia, the training of the Mashala gang, delays in goods deliveries, collusion in Rhodesian raids and the threatening (rather than serious) 1985 raid on the Lusaka ANC offices. These appear to have been designed to warn Zambia of the dangers of more active support for Liberation Movements, breaking off dialogue or failure to develop economic links without imposing such high costs as to cause either economic breakdown or a vehemently negative national reaction.

This approach has - at least from a South African perspective worked rather well. Why? First, Zambia's severe economic and technical problems flowing primarily from UDI and the collapse of the copper market have made her unable and unwilling to incur additional costs. Extended trade credit and massive rolling stock loans are critical to Zambia. Second, South Africa has built up a perception of itself as prosperous, a relatively fair economic dealer and a competent economic partner in the eyes of elements of the Zambian elite and even of the urban labour force.³⁸ These perceptions have been critical to its trade and transport campaigns.

A somewhat harder line has been taken in respect to Zimbabwe - one constrained by the fact that Zimbabwe is an important export market and investment site but- in the opposite direction - by the reality that a prosperous Zimbabwe increasingly using Mozambique transport routes and taking SADCC export markets away from South Africa would be a major disaster for both the economic and security aspects of the political economy of apartheid.

South Africa has apparently had difficulty in identifying ways to reconcile

these constraints.³⁹ Sabotage of security installations, training of and semi-serious support for Matabele insurgents, threatened withdrawal of trade preferences, interference with railway shipments and withdrawal of locomotives have alternated with renewed trade agreement privileges, export credit, provision of railway equipment and preferential freight contracts (which do, however, undercut Mozambique). On the whole South Africa seems to wish to exacerbate internal conflict (black/white and Shona/Matabele) in Zimbabwe, to prevent its use of Mozambican transport routes and to keep its (much more resilient than Zambia's) economy off balance but to stop short of full destabilisation.

One aspect of South Africa's Zambian and Zimbabwean policy is physically external to those states - blocking of intra-SADCC transport routes. In the case of Zambia this means primarily the Lobito Bay line and in that of Zimbabwe the Beira and Maputo links. Here too Zimbabwe's response has posed problems for RSA. Zimbabwe's armed forces not only defend the Beira and Tete corridors but act with Mozambique against RSA's proxy, the MNR more widely and apparently are contemplating defending the reopening of the Limpopo Valley line to Maputo.

B-S-L: Variations In Tactics

South Africa's stances in respect to the three small states also vary. With Botswana it has been largely 'co-prosperity sphere' use of economic dependence (markets in, investment in and mine workers from Botswana matter to RSA but also keep Botswana very dependent) backed by warnings to deter her from pursuing any political economy of liberation project beyond the verbal level.

South Africa has begun to perceive this approach as increasingly unsuccessful. Botswana has rejected advantageous Customs Union revisions linked to recognising bantustans, turned down water export deals even when this imperilled other desired RSA investments, begun to canvas non-RSA import sourcing and intra SADCC transport routing, been a driving force in SADCC's regional project. Each step has been cautious and limited but their direction is the same and their impact cumulative. The 1985 Gaborone Raid - and the crescendo of threats preceeding and following it - represent (apart from domestic South African political payoff) a fairly desperate effort to force Botswana to reverse course. As there is no evidence it has succeeded in that, RSA is presumably considering what new coercive tactics might be more effective and meanwhile threatening more and bigger raids.⁴⁰

Swaziland perceives itself as so vulnerable to RSA sabotage or economic destabilisation that the overt strategy has been overwhelmingly one of offering, but often not delivering or (as with the fertiliser, TV set and textile/garment industries) jerking back, incentives and the covert one seeking to manipulate Swati leaders. The proposed land deal illustrates the high point of offers and the two rail routes adding up to a Maputo Bypass Rand-Natal route the deliveries. The Mfiansabili period seems to have been the high point of successful manipulation and the king designate's 1985 reassertion of his authority a potentially severe setback.⁴¹

In respect to Lesotho, South Africa has not offered many incentives other than non-running down (or at most limited contraction) of market access for Lesotho labour. The bottom line of the proposed water projects is that the Rand needs the water (just as the converse underlies aggressive attempts to force Swaziland to agree to reduced flows to it from rivers rising in South Africa), albeit it is a carrot from a Basotho perspective. Coercion until 1986 was

limited to raids (by RSA and its proxy, the LLA) partly based on domestic RSA political reaction, partly on a genuine RSA belief that ANC military operations were mounted from Maseru and partly to remind Lesotho of its vulnerability. The very limited use of economic sticks may have resulted from the chaos any serious use could cause. As Anton Rupert said of the Basotho "if they do not eat, we cannot sleep" - an enclave of 1,500,000 desperate, starving Basotho would not merely mean a loss of badly needed gold mine workers and of a large export market but also pose a real security risk.

Lesotho January 1986: Blockades And Boomerangs⁴²

In early January 1986 South Africa blockaded Lesotho - except for contract mine workers whose availability to the Rand and Free State gold mines is critical to their full production and South Africa's shaky external balance and electricity. The hardship came rapidly - with less than a week's supply of fuel and many other key products at similar levels that was inevitable. Late confused calls for supplies by air may have been under consideration in the EEC and the UK but not visibly or urgently so. On January 19 (following several days of manoeuvring and skirmishes with armed ruling party youth wing members) the para-military forces ousted Chief Leabua Jonathan and declared a Military Council government. Over the next few weeks over 100 South African refugees named by Pretoria were moved on to Zambia. South Africa lifted the blockade. Democratic Peoples Republic of Korea technical assistance personnel were sent home. A classic success for the Geldenhuys memo's procedures. Or was it?

Lesotho was a coup (indeed a set of overlapping and conflicting coups) waiting to happen. Chief Jonathan - whose domestic (or regional) reputation never

equalled his international one based on shouting from the mountain top at RSA which had helped him install himself by coup when he lost an election over 15 years earlier - was in the process of changing the base of his regime by arming his National Party Youth Wing to form a Ton Ton McJonathan; a project technically assisted by the DPRK cadres.

It was Jonathan's initiative which precipitated rethinking among Basotho forces determined to oust him. It may have been a desire to pre-empt them which caused RSA to impose the blockade when it did. After all previous revenge for ANC sabotage rightly or wrongly thought to relate to an infiltration route to Lesotho had been limited to the 1982 and 1985 terror raids on Maseru and various sabotage and Lesotho Liberation Army (a shadowy body based in the Free State with its origins in a fraction of the Congress Party election victors robbed by Leabua's coup) support operations; why the change in 86?

What happened after the coup seems unlikely to have been South Africa's script. The King - Moshoeshoe II - regained full executive and legislative powers with the Military Council and Council of Ministers advisory to him. Indeed refugees named by Pretoria were sent on to Zambia (in Air Zimbabwe and Air Lesotho - not the preferred RSA - planes) and the DPRK cadres were expelled. But other statements and actions may have been more significant:

1. the King forcefully reaffirmed that Lesotho would continue to give asylum and would not return refugees to South Africa (and refugees continued to arrive);
2. his cabinet was rather disparate (or broad based) but included persons known to want more active efforts to reduce dependence on South Africa

and none of those particularly associated with collaboration while the para-military seems - on His Majesty's orders - to have returned to barracks;

3. while agreeing to talk with RSA, the King made clear he would not sign any Nkomati type accord;
4. Lesotho - via the King's statements, a delegation to SADCC Harare led by a minister known as an academic analyst of regional disengagement and a mission to Front Line States - reaffirmed its commitment to all (Lesotho's emphasis) SADCC goals;
5. the coup itself was treated as ending instability and misrule - i.e. as being purely domestic while the RSA blockade was denounced and help bluntly demanded for pre-planning (by Lesotho and abroad) to see that no rerun could be as damaging;
6. the King made no move to repudiate his late 1985 speeches at the SADCC Summit and the UN General Assembly which to all intents and purposes endorsed sanctions against RSA;
7. the rallying symbol chosen by King Moshoeshoe - the bicentennial of his ancestor Moshoeshoe the Great - is one of creating and maintaining a nation in the teeth of violent external opposition (not least from the Afrikaaner Republics).

Against this backdrop the King's words about "normal, peaceful and good-neighbourly relations with all her neighbours on the bases of mutual respect and equality... without across the border raids and economic

blockages" can hardly have sounded very placatory in Pretoria nor can one really suppose it was intended to be. South Africa's relative silence about the new government could be interpreted as prudence (Pretorian praise presumably would have been a pretty poisoned gift) but also as an appalled realisation that the economic destabilisation team had scared an own goal and that the king was likely to prove an opponent at least as determined as and potentially much more formidable than Leabua Jonathan.

Angola and Mozambique: Strategic Divergences?

In respect to its Angolan and Mozambican proxies - UNITA - and the MNR - South African strategy has clearly diverged (quite apart from being tentative, varying and apparently rather ill thought through in both cases). UNITA has been seen as a potential Angolan Government (1975), a potential component in a 'coalition' (1979 to date), a means to block the Lobito Bay corridor (1975 on), a tool for broader economic destabilisation (1980 on), a cover for RSA raids (notably the aborted 1985 Cabinda oil installation strike), a means to press Angola to abandon SWAPO (1975 on). While not entirely congruent with each other, these have led to systematic attempts to give UNITA some aura of a political reality and project beyond RSA and to have it act as an alternative civil government. This may be because RSA perceives Angola's location and economic strength as making hegemony unattainable without a government installed by itself.⁴³

In Mozambique the MNR has, apparently, never been seen as a potential government.⁴⁴ No serious attempt has ever been made to provide the MNR with either a political programme or the appearance of a positive political base. The uses of the MNR were first perceived as putting pressure on Mozambique to

accept a dependent relation with RSA and to limit its support of the ANC to the purely verbal. This has evolved into its use as a general destabilising instrument to achieve the Nkomati Pact and, with the latter's disintegration, has been upgraded apparently to secure a permanent collapse of the economy and of civil government in Mozambique.⁴⁵ The abiding theme - and one reinforced since 1984 - has been knocking out all routes to Mozambican ports. Apparently RSA's overriding goal in Mozambique is to prevent its provision of transport liberation for Botswana, Swaziland, Zimbabwe and Zambia.⁴⁶

Shifts Over Time: Evolution, Response or Random Walk?

South African regional political economic and 'security' strategy has not been static over time. Neither has it evolved in a stable set of directions - other than an fluctuation but generally upward ratchet trend in the level of violence which, even from a South African perspective, represents failure more than success. The sense in which it has evolved is in response to changing regional and global (as well as domestic) contexts facing RSA and to South African perceptions as to the results of past tactics and what would work at any given time. The record is not one of a long term strategic package systematically planned and coherently implemented.

Over 1970-75 South African regional strategy centered on collaboration with Portugal and Rhodesia.⁴⁷ Maintaining these economic satellites and 'security' buffer zones - together with the way in which their existence and relations with South Africa locked in Botswana, Lesotho and Swaziland - was apparently perceived as an adequate basic strategic package. Strikes against other states - e.g. Zambia via Rhodesia - and attempts to build up trade and/or dialogue with independent African states - again centering on Zambia so far as

the region was concerned - were distinctly low key and secondary.

1976-79 represents a period of transition. The collapse of Caetano's Portugal, the failure of the USA-RSA attempt to install a 'moderate' regime in Angola⁴⁸ and of the settlers to hijack Mozambique and the increasingly evident limits to a purely military solution in Rhodesia (or for that matter Namibia) required strategic rethinking.

The only coherent element in this period was the relatively low key and tentativeness of all actions. On the Angolan front an armed truce with limited incursions against SWAPO and limited support to UNITA prevailed, in respect to Mozambique an odd mix of some penalties (or pull back of benefits given to Portugal such as remittances in gold at the official price not the market value) and continuations of some benefits (continued use of Maputo at moderately high levels). MNR management at this stage was Rhodesian as were strikes against Mozambique and Zambia. Rather more benefits (e.g. Customs Union concessions, investment) were targetted on Malawi, Botswana, Lesotho and Swaziland while Zambia was wooed on the trade and transport front. Rhodesia was seen as key and support for Smith was melded with pressure on him to achieve a stable white government with black faces.

The Waxing and Waning Of The Constellation

1979 saw the launching - and 1980 the demise - of the Constellation strategy for an over-arching 'co-prosperity sphere' with an economic domination/cooperation core. It failed for two reasons - SADCC, not the Constellation, was chosen as the political project of all the independent Southern African states; Robert Mugabe and ZANU not Abel Muzorewa and the

Puppet Show became the wave of the present in Zimbabwe which thus opted for a political economy of liberation not acquiescence in dependence.⁴⁹ Somewhat separately the Angola war began to escalate under the influence of the strike kommando military fraction - notably General Constand Viljoen.

By late 1981 the swing to increasing use of sticks and of forward policies was clear. Deon Geldenhuys' first consultancy report on how to destabilise economically for fun and profit was to hand,⁵⁰ the Beira harbour facilities were sabotaged as a greeting card to SADCC (and blunt warning to Malawi) as the first of a series of strikes now regularly held just before SADCC's annual conference,⁵¹ the MNR was put back into action⁵² and UNITA resupplied and upgraded.⁵³ The apparent political economic aim of this much more aggressively hostile policy (including transport obstacle creation and trade threats to Zimbabwe) was to force the abandonment of at least several national projects of political economic liberation ensuring the effective disintegration of SADCC and laying the basis for a revival of the imploded Constellation project.

Over 1982-85 this basically stick based forward strategy has been developed and pursued with one brief and ambiguous interlude. The exception was the early 1984 truce attempt embodied in the Nkomati Accord with Mozambique and Lusaka Agreements with Angola. In retrospect it appears that South Africa was unclear (or disagreed) where these were to lead beyond their immediate 'security' and image gains. Nkomati appeared to be a reversion to incentives - and was so read both by many opponents and by ESCOM, SATS and (more cautiously) Anglo-American.⁵⁴ However, it was regularly and increasingly violated, perhaps because of a lack of internal South African agreement; perhaps because South Africa could neither afford achievement of the SADCC project of transport nor block it except by force; perhaps for mixed reasons.

The Lusaka Agreements provided only for a disengagement over about half the Namibia-Angola border areas.⁵⁵ They were sustainable only if a deal involving South African abandonment of UNITA, genuine independence for Namibia and arrangements to sterilize the Organge River line and limit the economic losses in Namibia could be agreed and in practice South Africa had neither thought out such a package nor was it prepared to accept the loss of actual and potential regional hegemony it would entail.

As a result, by mid-1985 the levels of violence carried out by South Africa regionally had escalated and the number of targets for strikes broadened. Direct economic interest damage containment had been sought - relatively successively - via SAFTO, trade credit and SATS equipment loans and by fighting tariffs which had the added virtues (from the South African perspective) of dislocating the trade and transport elements of the regional political economy of liberation and of creating conflicts of interest among the independent states.

Where Next?

Late 1985 almost certainly saw RSA again re-examining its regional strategy. First, the mounting internal resistance was clearly not being averted by the vorward policy and required more 'security' personnel available at home. Second, naked aggression was unifying rather more than dividing the SADCC members. Third, the global reaction to repression in South Africa was exacerbated by aggression abroad (with the notable exception of the Reagan Administration's moves toward backing UNITA).

The threats by P. W. Botha to sanction the Southern African states if the world imposed sanctions on South Africa hardly constitute a full strategic response. Indeed they appear to have put a new momentum behind planning oriented to offsetting the impact of RSA focussed sanctions (begun in 1978 but moribund over 1980-84) by SADCC,⁵⁶ some of the independent states individually and perhaps more widely. As such measures would in the main represent a speed up of the implementaion of the SADCC and national political economy of liberation projects - at higher cost but with greater priority and, probably, greater foreign support - the response is not one which can be welcome to South Africa.

Any periodisation of South African regional political economy strategy is approximate and open to at least marginal disagreement for three reasons. First, 'security' and political economic considerations have been pursued at points in parallel not integrated ways. Second, variations and exceptions in respect to one or more states appear in most periods. Third, strategic reformulations have not been instantaneous either in formulation or articulated application. Nevertheless, the foregoing periodisation does appear to provide a broadly coherent pattern for a kaleidoscope of individual actions which appear much less coherent if viewed episodically.

Multiple Use Of Instruments And Multipurpose Instruments

South Africa has both used several instruments simultaneously or in sequence to achieve goals in relation to particular countries or sectors and developed multi-purpose instruments suitable for furthering several strategic elements. The first is well illustrated by the transport sector and the second by Renfreight, the dominant South African and regional clearing and forwarding

agency.

The bottom line in blocking the implementation of SADCC's transport liberation project has always been sabotage. The financial and dependence costs of using the SATS system have been perceived as so high that - with the exception of Lesotho which has no land options and Swaziland which benefits from South African transit traffic - all the regional states are too firmly committed to intra-SADCC routes to the sea to be diverted by other methods.⁵⁷ From the 1975 blockage by UNITA of the Lobito Bay corridor (effectively never reopened) through the 1984-85 full scale war by Mozambique and Zimbabwe against South Africa's MNR proxy forces to keep the Beira Corridor open, reopen the Tite corridor and restore service on the Nacala line, much of the South African violence has centered on transport disruption and blockage.⁵⁸

However, a variety of other instruments have been used to reinforce and decrease the need for instant resort to sabotage. One has been withdrawal and provision of locomotives, rolling stock, repair facilities and technical/managerial personnel. In the extreme case of Swazi Railways these tactics - plus the two link lines - have come close to capturing the independent state system as a SATS subsidiary. More generally the provision of 6000 wagons has made continued orderly operation of several systems critically dependent on continued cooperation with SATS, e.g. the 3000 wagons in Zambia appear to constitute well over half the useable fleet of the Zambian system.

Disruption of supplies of petroleum products, fertiliser, food and other key products or of exports of, e.g. steel and beef is a means of exerting pressure in the transport sphere. However, it is a two edged sword as unless backed by blockage of intra-SADCC routes it concentrates the 'recipient's' mind on the

need to develop alternative routes and the high overall costs of not disengaging from SATS.

Fighting rates - e.g cut price contracts designed to offset the advantages of Mozambican railand port routing - are a relatively recent development but a potentially potent one, especially in relation to Zimbabwe.⁵⁹ Their emergence has been facilitated by SATS' increasingly commercial orientation (some probably do improve its cash flow) and by the increasing over-valuation of the Mozambican meticaïs and undervaluation of the Rand (which has fallen about two thirds against the US Dollar since the late 1970s and 50% from 1984 to late 1985). In late 1985 and early 1986 Mozambique moved to offer counter rates and the Rand rose from \$0.35 to \$0.45, both undercutting SATS' campaign.⁶⁰

Indirectly trade promotion also reinforces transport dependence. Imports from and exports to RSA must go via SATS routes. Further, SATS de facto insists on relatively balanced traffic (which is in its commercial interests) so that Zambian imports from or via South Africa lead to effective pressure to reroute copper exports away from Dar es Salaam via East London and Grahamstown.

The last major instrument is a less evident one, clearing and forwarding. South Africa's two major clearing and forwarding groups - Rennies (a SAF Marine, and thus initially SATS subsidiary) and Manica/Freight Services (an Anglo group company) have been merged as Renfreight controlled by Old Mutual (an insurance company) which has acquired SAF Marine with a significant minority Anglo holding and additional cross links via Barclays National. This company dominates not only South African clearing and forwarding but also that of the landlocked SADCC members and of Mozambique. Its SAF Marine links and its dominance of shipping agency work mean that it directly and indirectly dominates the South African Shipping Conferences which cover Beira and Maputo

as well as South African ports.⁶¹

Renfreight is a multi-purpose instrument. At the simplest level it earns profits and invisible exports - clearing and forwarding is lucrative. More basically it is in a position to route freight via SATS (with whom SAF Marine has strong mutual interest links even if now separately owned) because in practice clearing, forwarding and shipping agents have wide latitude in recommending/choosing routes for their clients. It has every reason to use that position; associates of Renfreight - SATS - Anglo - SAF Marine - Old Mutual - Barclays National - profit from business routed via South Africa (rail and port charges, insurance, ancilliary services and related goods purchases, ship cargoes). In gross terms these gains are larger than the clearing and forwarding fees themselves. Further Renfreight prefers to take its profits in rand, not inconvertible regional currencies; an interest parallel to some users' interest in smuggling profits out by purportedly paying excessive freight - insurance charges in rand and then receiving a hidden discount (kickback) in the Republic.⁶²

Finally, the internal commercial logic of a regional clearing and forwarding company means that detailed data on cargo by nature, bulk and weight, value, source and route must be on a computer in Johannesburg. Effectively this means it is available to South African intelligence for analysis (e.g. of sources and prices to counter with trade credits or data to SAFTO and of stocks and flows of key commodities) and, when desired, as a means for implementing selective delays and/or sabotage.

Omniscient Omnipotence Or Wandering Tower of Babel?

South Africa's political economy of regional hegemony is not characterised by omniscience, omnipotence or omnipresence any more than any other aspect of the total strategy. Cultivating the image that it is by claims, leaks and disinformation peddled by supposedly ex-agents such as Gordon Winter⁶³ or supposedly critical parties such as Godwin Matutu⁶⁴ is a significant sub-element or tactical instrument of the strategy, because such a belief demobilises - to accept the inevitable is inevitable. Both the country chapters and the preceding review demonstrate sharp changes in tactics because of unforeseen events and overall results which are mixed and occasionally (or more often) counterproductive.

There has been a tendency to overestimate how easy it would be to "stop their mouths with gold", e.g. Botswana, Lesotho and Swaziland have all refused to agree a package of amendments to the Customs Union Arrangements highly financially advantageous to them because South Africa has sought to link it to recognition of the bantustans as governmental parties to SACUA and, therefore, independent states. Similarly the positive (for RSA) effect of threats has been overestimated and their potential for mobilising to reduce vulnerability to blackmail underestimated, e.g. Zimbabwe's basic response to threats as to locomotive and rolling stock supply was to refurbish and augment its own fleet. The level of resistance to violence has also been underestimated - Mozambique is fighting not capitulating and Zimbabwe's basic answer to the blockage of the Beira corridor has been deploying up to 10,000 troops to reopen and guard it jointly with Mozambique.

How internally inconsistent or contradictory South African strategy and tactics

are and why is not clear. South Africa's ruling circles are relatively closed and apparently inside information - like that of Deon Geldenhuys⁶⁵ - probably contains some ad-mixture of dis-information. Pretoriology is no more analagous to astronomy (as opposed to astrology) than Kremlinology or Reaganology. However, the appearance of unclarity and inconsistency is frequently convincing even on re-examination, e.g. SATS', ESCOM's, Anglo's and P. K. Botha's actions suggesting they believed Nkomati was "for real" vs General van der Westhuisen's and Nel's contrary beliefs and actions. The question is - why?

First, some of the objectives of the political economy of regional hegemony are contradictory with other elements and/or with narrowly defined 'security' interests. In particular export maximisation - especially to Mozambique - is not consistent with levels of sabotage and destabilisation adequate to cause reversals of commitments to SADCC's political economy of liberation or to avert its progressive implementation on the crucial transport front. Similarly, strikes like the Gaborone raid are hardly consistent with deterring states from decreasing (still less with encouraging them to increase) economic links with South Africa.

Second, the divergent sub-class and different specialised institutional perceptions sketched earlier lead to inconsistencies. Anglo America, for example, seeks to keep the diamond mines it manages and partially owns in Angola functioning, whereas the overall RSA strategy of economic destabilisation and UNITA promotion includes shutting them down. Similarly Escom's primary concern vis a vis Mozambique is to restore large, dependable power flows from Cahora Basa because without them its peak load reserve capacity is near nil - below it in drought years - forcing both brownouts on

the Rand and costly expansion programmes.⁶⁶ This objective meant a distinct interest in Nkomati implementation to the letter and closing down the MNR at least in the dam area and along a corridor surrounding the transmission line to the Republic.

Third, while divergent interests and partially conflicting objectives are the common coin of national policies, South Africa seems particularly unable or unwilling to achieve and to enforce either a consensus or a package balancing different interests and objectives. It is clear that - despite the existence of the National Security Council - different public sector institutions and different fractions of the 'security' forces and Foreign Ministry have pursued mutually inconsistent policies in Angola and - especially in the first year after Nkomati - in Mozambique.⁶⁷ To explain this as a clever plot to deceive outsiders is too facile - at least as a complete answer. On the other hand, the apparent degree of indiscipline by senior army officers - especially Viljoen and Westhuisen in strike actions and Geldenhuys in publicly spelling out what he perceives as the fatal flaws in vorward or strike kommando strategies - are hard to accept at face value. A further factor is apparently lack of clear, medium term articulation of strategy and tactics to follow major tactical achievements, e.g. Nkomati and Lusaka (or indeed the Swazi Land Deal package) and of decisions on what options are acceptable under what conditions, e.g. the price for leaving UNITA dangling, dumping the Namibian puppet regime and agreeing to a 435 independence.

Not To Be Underestimated

That South African strategy is flawed and its tactics unevenly successful - or on occasion counterproductive - is no reason to write it off as insignificant or easy to overcome. Neither is the fact that domestic resistance and regional animosity cannot be cured by either carrots or sticks, 'co-prosperity spheres', strike kommando or systematic vorward policies unless and until apartheid is not 'reformed' but ended.

South Africa is much more powerful than the independent states of Southern Africa economically and militarily. It is willing to use that power to inflict damage and to reward acquiescence in its regional hegemony. Its identification of its own interests may be flawed and its post 1975 (and especially post 1980) strategy largely a series of ad hoc responses to unexpected (but not always unpredictable) external events. But its identification of ways to inflict costs on the SADCC region has been only too accurate and its ruthlessness in inflicting them - especially in respect to transport which both it and SADCC perceive as the backbone of regional political economic hegemony - apparently virtually unlimited.

Southern Africa: The Economic Cost of South African
Destabilisation and Aggression

Partial estimates of the cost of South African aggression have been prepared by Mozambique and Angola. The first comprehensive estimates - covering the period 1980/84 - were prepared by SADCC for the 1985 OAU Summit.⁶⁸ They total \$10,120 million. For comparison this exceeds total foreign grant and loan aid

to the Region, 40% of the nine countries exports and 10% of their Gross Domestic Product for the five year period. In fact the SADCC estimates appear to be underestimates with \$12,500-13,000 million, a safer conservative figure and with the annual rate of economic loss by 1985 running at \$4,000 a year or of the order of \$70 per capita for a group of countries whose average annual output is perhaps \$500 per capita. For Mozambique the costs now exceed 50% of GDP and for non-oil GDP in Angola the share is close to half. The 1980/85 six year total is of the order of \$16,000 - \$17,000 million.

The economic costs do not stand alone. At least 250,000 human beings have died as a result of South African aggression. The vast majority were not killed in battle or even as non-combatants slaughtered to strike terror and raise head counts. They died because economic and military aggression has created famine in southern Angola and Mozambique by disrupting agricultural production, preventing famine relief food distribution and destroying the rural water, health and education networks. Of the order of 100,000 refugees have crossed borders - largely Angolans into Zambia and Mozambicans into Zimbabwe - but this figure is dwarfed by up to 5,000,000 human beings driven from their homes in Angola and Mozambique by the tidal waves of war and famine.

The Price Of Defying Pretoria

SADCC's estimate is broken down as follows with adjusted figures in brackets:

Direct War Damage	1,610,000,000	
Extra Defence Expenditure	3,060,000,000	(3,310,000,000)
Higher Transport, Energy Costs	970,000,000	
Smuggling, (Looting)	190,000,000	
Refugees	660,000,000	
Lost Exports, Tourism	230,000,000	(250,000,000)
Boycotts, Embargoes	260,000,000	
Loss of Existing Production	800,000,000	
Lost Economic Growth	2,000,000,000	(4,000,000,000)
Trading Arrangements (plus 'Fighting' Transport Rates, Export Credits)	340,000,000	(590,000,000)
	<u>10,120,000,000</u>	<u>(12,940,000,000)</u>

The direct war damage has been calculated from overall Angolan and Mozambican official data and adding up major known cases as have the relief and refugee costs. The extra defence expenditure is estimated country by country - but excluding Mozambique, Zambia and Tanzania for which it probably totals at least on the order of \$250 million - by comparing defence budget levels and increases with probable spending in a more peaceful setting.

Smuggling and looting by South African and proxy forces centres on diamonds, ivory, timber and semi-precious stones from Angola and Mozambique while lost exports and tourism is calculated on the basis of Mozambican coal and sugar, Angolan non-oil exports, Malawian and Swati sugar and Mozambican tourism unshippable (or not produced because unshippable) and not coming because of transport blockages. This is an underestimate as Zimbabwean steel and agricultural exports have also been affected.

Higher transport and energy costs and lost revenues from geographically and

financially artificial routing via South Africa have been estimated from SATS' revenue on regional transit traffic and higher costs on non-SATS routes (e.g. road via Zambia, Zimbabwe, air and road/rail via Tanzania) to Malawi. Boycotts and embargo costs as estimated are dominated by the loss of Mozambican revenue on South African cargo diverted from Maputo. Other items relate to disruption of supplies to and routes from the seven southern SADCC countries. While the latter may partially duplicate export and production losses, some items - e.g. Cahora Basa power sales and deterrence of Zimbabwe exports to RSA - are not included so that no serious net problem of double-counting exists.

Loss of production from existing capacity as a result of aggression and resulting dislocation are necessarily highly approximate. Partial official data for Angola and Mozambique suggest \$650 million for these countries. SADCC estimates for Zimbabwe, Zambia and Malawi appear low offsetting any double counting with lost exports or transport revenue.

Trading arrangement costs in the SADCC paper are estimates of the additional annual and clearance of arrears payments which would have been made to Botswana, Lesotho and Swaziland under renegotiated SACUA terms had not South Africa blocked implementation. The special impact of 'fighting' transport rates (perhaps covered in the transport cost item) and of export credits to block growth of intra-SADCC trade (not covered in export loss estimate as made by SADCC) probably add another \$250,000,000.

The largest and most speculative item is loss of economic growth. In the absence of the costs outlined above, fixed capital formation would have been much higher as would the provision of productive and basic services. SADCC's estimate of \$2,000 million over 1980-84 is based on assumed use of resources

freed - if extra military expenditure had been unnecessary and war damage had not taken place - on investment. Even on that basis, they appear rather low and adding in the other costs suggests a 1980-84 total of the order of \$4,000,000,000 and an annual loss of \$2,000,000,000 by 1985.

These figures are highly approximate. They may include some double counting. However they are incomplete - especially for countries other than Angola and Mozambique - and relatively conservative in estimation. Therefore they demonstrate very clearly that, whatever else it has achieved, South Africa's total regional strategy has immiserized its Southern African neighbours as well as killing 250,000 of them.

The Political Economy of Regional Liberation

SADCC is the symbol and tangible embodiment of the political economy of Southern African liberation. It is a political economic project of the independent states of the region - Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe (with both SWAPO and SADCC committed to independent Namibia's accession). It is - and is so perceived by South Africa - as a dangerous enemy of the political economy of regional hegemony - one which has already imploded the Constellation and begun to force the world (and some of its own member states) to pay more explicit attention to the clash of regional political economies⁶⁹ and, if able to carry out its programmes especially in transport, a potentially mortal threat to sustaining political economic hegemony.

SADCC is an economic coordination organisation, not a supra-national political union. Its documents catalogue economic problems, programmes, projects and

projections and their language is that of getting on with the job not diplomatic perorations. However, this is in a basic sense deceptive if it causes SADCC to be seen either as simply another economic integration grouping or as primarily technocratic in concept and scope. It is, of course, an economic coordination grouping (and more successful than any other in sub-Saharan Africa) and it does have technically based projects and programmes as the basic means of achieving its political economic goals. But ultimately SADCC is intensely political - not technical - economic and is about a perspective of development and how to achieve it; about liberation versus acquiescence in national economic helotry of the independent states under South African hegemony.

SADCC is a political economic liberation project and therefore one focussed on achieving structural change and improved operation of existing institutions and productive capacities. SADCC is committed to collective self reliance as a means to liberation and structural change and therefore to constructing operational and equitable patterns of regional economic interaction responding to perceived member state common requirements and interests more effectively pursued jointly than separately.

While it would be oversimplification to view SADCC as the economic arm of the Front Line States, it would be otiose to ignore that it was created at their initiative and as their project or that they constitute two thirds of its membership and well over three quarters of its population, production and area. Similarly it is quite true that the SADCC aim of meeting the basic human needs of Southern Africans from enhanced production primarily coordination of the circuit of production (not simply of trade) has a validity quite independent of South Africa and in respect to the production coordination emphasis represents intellectual and institutional decolonisation

from the neo-classical regional common market theory and the EEC model.⁷⁰ However, SADCC's primary immediate objective is regional liberation from South African economic hegemony and its priorities - notably those in respect of transport, communication, agriculture and energy - are shaped by the realities of the present and historic South African/Southern African regional contexts.

SADCC is not a mode of production or transition to socialism project. There is no consensus among its members on which such a project could be mounted and to seek to do so would abort its action on the economic liberation front where a consensus does exist. Equally, however, while SADCC operates on the basis of consensus it is not a least common demoninator organisation. Its ruthless statements on and condemnation of South African aggression and destabilisation and its growing involvement in the question of sanctions against South Africa⁷¹ and how SADCC can minimise costs and exploit potentials of such a context clearly are less radical than those some of its members take nationally, but also go well beyond the purely national positions of others. By being coordinated, these statements and actions do have more impact than a collection of purely national - and disparate - ones could. Further, in the process of coordination (and, some would say, consciousness raising) SADCC members have come to see more clearly the overall nature and burden of South African political economic hegemony as well as the different national contexts which affect what actions are most critical for, and most within the ability to bear costs and assume risks and to mobilise resources and support of, individual member states.

More detailed analysis of SADCC requires articulating from this broad outline of its political economic project to specific historical, institutional, programmatic and operational issues as is done in the following sections. However, in doing so it is necessary to bear in mind what SADCC is primarily

about to avoid wandering into an interesting exercise in applied economic integration and external economic relations management and conceptualisation which diverts attention from SADCC's central goal of reducing economic dependence on the Republic of South Africa.

Prelude To The Lusaka Declaration

In 1979 there was hope that Zimbabwe would soon be independent under black majority rule; the cost of the war was becoming too high for Rhodesia, and the attempt by the right-wing in both Britain and the USA to recognise the internal settlement of "Zimbabwe-Rhodesia" had been forestalled. But the leaders of the Front Line States (Angola, Botswana, Mozambique, Tanzania, Zambia) knew that majority rule for Zimbabwe did not mean economic independence. Seretse Khama, then President of Botswana, summarised the Front Line leaders' assessment: "...economic dependence has in many ways made our political independence somewhat meaningless."⁷² Therefore, acting on a February FLS foreign ministers' decision the Front Line finance ministers met in Arusha in July 1979 to discuss a new type of economic cooperation, one which would include independent Zimbabwe, recognising both its geographical and economic centrality in the region.

On April 1, 1980, a few days before Zimbabwe independence celebrations of April 18, the Southern African Development Coordination Conference (SADCC) was launched in Lusaka. The new group had been expanded in the interim to include Lesotho, Swaziland and Malawi, i.e. all the independent states in the region.

The Front Line leaders were fully aware of the difficulties of the new venture. Their economies had suffered from the crisis of the new

international economic system. Terms of trade for their major exports (copper, cotton, coffee, etc) had deteriorated by 50% in just four years, 1975-1979, and debt had risen to over 30% of export earnings for most.⁷³ They had no illusions that regional coordination could change that global context. Zambia and Mozambique had been victims of economic sabotage as their bridges, rail lines, and irrigation works were bombed during the Lancaster House talks, and the Front Line assumed that a desperate South Africa would borrow that tactic from Rhodesia albeit not to the extent RSA has actually used it. In addition, it was clear by 1980 that "autonomous" national development projects were not working in the Third World; particularly for low income economies. The Front Line economies were fragmented, dependent on primary commodities, and very much tied to their ex-colonial masters. Three (Botswana, Mozambique, Zambia) were dependent on South Africa for regular food supplies, trade and transport; international sanctions against Rhodesia also left the Zimbabwean economy more fully integrated into South Africa, for the apartheid regime abrogated the sanctions. However, the members also brought to SADCC experience of bilateral cooperation among their economies; the most innovative was the Tanzania-Mozambique Permanent Commission of Cooperation, which directly influenced some SADCC provisions (e.g. production complementarity and counter-trade as discussed below).

Objectives Of SADCC

Samora Machel, President of Mozambique, summarised, "...we have built an organisation from our own realities and experience and not from patterns imported from abroad."⁷⁴ This fact explains the nature of the new regional cooperation. The Southern African Development Coordination Conference is a multi-governmental, not a supra-national, organisation, set up with a life of

its own. Decisions in SADCC are made by consensus. Implementation is decentralised as each project is the responsibility of one or more states. Projects do not proceed without the state(s) enacting it. Consequently the central bureaucracy has been kept small, albeit the technical personnel in the sectoral coordinating units and associated programme bodies are approaching 100.

The choice of this decentralised series of consensual conferences also reflects the bitter experience of Tanzania in the East African Community (EAC), of Zambia and Malawi (before independence), in the Central African Federation (CAF), of centralised rule over "Portugal in Africa" and of SACUA. The EAC became an entity in itself, almost a fourth state in East Africa. The CAF drained revenue from Zambia and Malawi to expand production in Rhodesia, SACUA (and Portugal in Africa was) is for the benefit of South Africa (Portugal).

SADCC is explicitly political, not in the sense of any overall domestic ideological congruity - that would be counterproductive even to try - but it is political economic in declaring that economic links are not made in a vacuum. Economic conditons and relations in Southern Africa had never been left to "market forces". In addition to the bias of the economic unions mentioned above, the colonial states intervened regularly to force labour production from Africans and to limit access of their goods to markets. Lucrative subsidies from the colonial governments went to white farmers and mining companies, while Africans were taxed to the point of malnutrition. Examples abound from each state,⁷⁵ but a few can serve as reminders. The Kyle Dam was built in Rhodesia to aid the sugar industry. Huletts Corporation (of South Africa) persuaded the government to finance construction of the dam (\$4 million), with the corporation contributing only \$600,000.⁷⁶ Data from

independent Zimbabwe shows that white commercial farmers were not on average particularly "efficient" with many continuing to farm solely because of the largesse of the state, through price subsidies, extension services, provision of irrigation, and other inputs.⁷⁷ As far as their contribution to state revenue, even in 1980 three in four paid no income tax.⁷⁸

SADCC analysts are not fully convinced, therefore, of the "conventional wisdom" of 'apolitical', expert controlled "cost-benefit" analysis, for it has been part of a decision taking process which has been high cost and low benefit to Africans for centuries. "Efficiency" is a contributory but not a sufficient condition for economic growth and in any case can only be defined in relation to specified objectives. Diversity in production, sources and markets, and distribution of goods and services are greater priorities of economies trying to emerge from colonial domination. SADCC, therefore, sees the ultimate goal as "restructuring" the Southern African economies. The colonial legacy in infrastructure, production, and distribution is not acceptable, economically or politically. However, equally important, no supra-national organisation will impose any changes; restructuring will occur only as much as each government determines. SADCC's more modest role is to create a new regional economic context for national change - with new infrastructures, agricultural research, shared training facilities, production coordination and intra-regional trade expansion.

This SADCC analysis clearly complements the first state goal - to reduce economic dependence on South Africa. It is a practical goal, for even with a free South Africa, the linkages would have to be altered. However, it is also a political expression of repugnance for a regime and an economy which survives solely by repression of the majority at home and of its neighbours regionally. Again, SADCC is not unrealistic about the difficulty of this

goal. First, it is to reduce, not eliminate, dependence. Second, SADCC explicitly includes Botswana, Lesotho and Swaziland whose economies are captive of South Africa, and Malawi whose government has chosen to build monumental projects with South African capital and technology. The economic ability and political will to reduce dependence varies considerably; yet at the Mbabane annual conference in February 1985, the Lesotho Minister of Planning, E. R. Sekhonyana reaffirmed, we are "resolved to negate... oppression as we opt for partnerships and egalitarianism in all our societies in Southern Africa."⁷⁹

Project Implementation As A Means To Economic Liberation

The objectives of SADCC to increase economic development through regional coordination and to reduce dependence, not only but especially, on apartheid South Africa, were not simply left to vague declarations. The steps toward these long term goals have been many but small; determined, but practical. SADCC now has well over 250 projects, costing about \$5 billion, of which half are either completed, implemented or actively under negotiation.⁸⁰ Transport is considered the first priority to refurbish old lines, build new ones and improve training and operational coordination. Mozambique can serve five of the other states for ports to overseas markets, and the Southern African Transport and Communication Commission (SATCC), coordinated by Mozambique, has been praised even by the donors. Of 114 projects, 33 have funding secured (\$718 million) and 47 have funding under negotiation (\$725 million). Between Lusaka (1984) and Mbabane (1985) meetings, five projects were completed, including a micro-wave link of all the states; twelve more were started.⁸¹

Second on the priority list is promotion of food production to reduce economic

vulnerability; only Zimbabwe and Malawi are likely to be food exporters in the near future. Sixty projects have secured funding (\$60 million) and another 50 are under negotiaton.⁸² One indication of the type of food projects is the sorghum-millet-groundnut-legume research, all peasant produced, drought resistant, food crops. The field tests are occurring at multiple points in the nine countries with emphasis on small peasant usability.⁸³

The agriculture sector also coordinated requests for relief during the drought (1981-84) so that the different countries would not be competing. (\$23 million is known to have been secured and \$113 million for rehabilitation to be under negotiation).⁸⁴ By 1986, the early warning system to detect impending food shortages nationally and for the whole region will be in place - the first regional system of its kind. Each member coordinates one to three sectors⁸⁵, e.g. Botswana is in charge of agricultural research and animal disease control while Lesotho is responsible for soil and water conservation.

The third priority of industry, coordinated by Tanzania, is to set up production complementarity, with industry promoted in all the economies, but planned to avoid competition. For example, each state will produce textiles, but textile chemicals will be produced only by Botswana and Tanzania.⁸⁶ All but Botswana, Lesotho, and Swaziland produce cement, with SADCC potentially able to export cement. No new plants will be started, and studies will ascertain demand for additional cement products. Movement toward coordinated implementation of national fertiliser production plans appears to be progressing. In contrast, plans to coordinate tractor production seem to have failed.⁸⁷ Licenses to transnational corporations have been given for the same product: Leyland has spent Kwacha 3.6 million in Zambia to make the same type and range of vehicle as the Zimbabwe Mutare plant.⁸⁸ Production complementarity can be seen as an attempt to preclude Zimbabwe's potential

domination as it presently accounts for 37.5% of SADCC industrial output and 54% of SADCC heavy industry.⁸⁹

Mining, directed by Zambia, is a vital sector to many of the economies, but coordination began late and has not yet progressed very far. The mining sector is the most fully integrated with South Africa and more particularly with one corporate group. As one SADCC official joked, "SADCC does not have to worry about regional coordination of mining; Anglo-American Corporation already does it!"⁹⁰ Or as economist Duncan Clarke points out, "Investment linkages thread a financial and economic pattern of regional interdependence which is deeply rooted" - and which have survived major upheavals in the region.⁹¹ To date, SADCC has not even addressed minerals marketing or mining legislation, but concentrated on easier decisions of inventory of resources, small-scale minerals studies, training and identification of diversification, down stream processing and production of mining possibilities.

In a real sense, SADCC will always be on the brink of failure, for its goals are very long term, but its projects and its new 1986-1990 perspective plan look only to the next five years. Development and dependence reduction constitute a process, and there is no "final victory". Partly due to the drought, the international economic crisis, and poor national planning - but also substantially related to South African aggression - seven of the SADCC economies had declines or stagnation in output/capita since 1980; real GDP of SADCC as a whole has fallen. Several SADCC members have reduced imports since 1979.⁹²

Yet the first years of SADCC also show real successes. SADCC seems to have passed the first test of economic coordination in that cooperation, not rivalry, has increased. Member states attend meetings enthusiastically to

argue through problems; counterparts in specific ministries know each other personally and learn to resolve differences more easily. This intangible benefit now has some tangible results. The Malwai road spur to the Tanzanian Dar es Salaam road was completed in six months and a fishery sector project is a study on potential for the coordinated exploitation of Lake Nyasa/Malawi's marine resources. A few years back, Malawi and Tanzania had very limited relations and acrimonious argument over the precise boundary.⁹³ In October 1984, Zimbabwe ameliorated the Malawian fuel crisis (caused by MNR attacks of the rail line) by shipping 3.5 million litres of petrol to Malawi.⁹⁴ Capital has entered the region which might not have come otherwise; certainly, aid to Angola and Mozambique has been higher than they would have received bilaterally.⁹⁵

Obstacles To Coordinated Development

As regional coordination moves into the second half of its first decade of existence, more difficult questions will arise. The coordination of SADCC has not threatened the political status quo of any of the states. In fact, the decentralised nature is designed exactly to avoid that issue. However, if the ultimate goal is to "restructure" economies, at some point elements of the ruling classes and of fairly basic national economic interests will be challenged.

The crisis of the international capitalist system will not go away; since the 1970s the "upward swings" have been shallow and for short periods. To deal with the crisis situation, SADCC economies will have to make hard choices about production, not simply promote full capacity of existing industries. It may not make sense to rescue parts of the Tanzanian industry or to modernise

parts of the antiquated Zimbabwe industry. As SADCC is organised now, those decisions will be made solely at the national level with inputs from prior coordination uncertain and likely to be uneven. For the region to ameliorate the vagaries of the international crises, however, such national decisions should more regularly and fully include coordinated consideration of the regional context. If not, SADCC will remain quite vulnerable to outside forces.

SADCC also has not established an investment code for the region. Until a uniform code is signed, international capital can play one economy against others, but to sign one code would mean far greater economic congruence than SADCC can envisage today or perhaps ever.

Foreign exchange shortages in all members except Botswana have deterred trade; SADCC has responded with encouragement of bilateral counter-trade. If Mozambique's trade is in deficit to Tanzania, it is up to Mozambique to find goods to export that Tanzania needs. The deficit is paid by additional trade. SADCC states that the foreign exchange crises will only be resolved by beginning with greater production and using higher trade to exchange and thus validate that production - the opposite of normal common market theory.

Questions which SADCC has not even addressed also affect its longevity. It has not discussed the wage differentials among workers on various projects from different countries. The nature of management is not discussed by Swaziland which coordinates manpower training or by SATCC which is busy training its technical unit.⁹⁶ It appears that SADCC is accepting, without question, hierarchical management, with the technically skilled in quite superior salary categories and with little worker role in decision making or at least the operation of various formulations and modifications of that model by its

members. The preoccupation seems to be to find and train personnel, not to raise questions about social relations of production. This approach avoids controversy in the short term, but may undermine SADCC, as the process of development even at present differs greatly between economies with capitalist production and those which are trying to pursue a transition to socialism.

Dependence on South Africa may be reduced only at the price of greatly increased dependence on Western capital. The Soviet Union ignores SADCC, stating that the problems arise from colonialism and preferring bilateral links. East Germany has begun to attend conferences; the People's Republic of China is helping to repair the Tazara railway and a line in Botswana. The vast majority of the funds however, are coming from Western donors. The sectoral offices, such as SATCC and the food security office in Zimbabwe, have only small portions of their budgets provided by the members. The Nordic countries are the primary source of SATCC finance, and the USA, Australia, Canada and Federal Germany are supporting the food security division. In an interview with SATCC officials, they admit that there are no plans for the office to be financed by members. One suggested that technicians could be seconded to SATCC as a contribution, but that has not yet occurred, even from Zimbabwe which has personnel who could be valuable to SATCC who might be spared from national requirements. The contribution to SATCC by each member was only \$6,000 per year in 1984.⁹⁷

In addition, the local currency component of each project - at least as presented - remains modest. For example, in food security, 92.5% of the budget is in foreign currency and for agricultural research, it is 100%.⁹⁸ In industry, 75.5% of the budget will take foreign exchange to finance.⁹⁹ In several cases, however, domestic inputs and national contributions have clearly been understated or left out because the published formulation was

designed to attract the external funds needed to complement them. Flows of capital to SADCC to implement these projects are a success but only for the short term. Plans for regional self-financing are necessary to sustain SADCC.

To date, donor interference has been limited, and SADCC has protested sharply and effectively when it has occurred. The USA financed the sorghum-millet research project at regional level and for six national components, but put in an exclusionary clause saying that Angola, Mozambique and Tanzania could not benefit. This precipitated several discussions as well as condemnation by President Nyerere who singled out the USA for reprimand at the July 1984 Gaborone summit meeting.¹⁰⁰ The USA altered its formulation to one specifying what it would (as opposed to what it would not) finance, accepted that all findings would be available to all SADCC members and financed the regional and six country components, but it took another year before the other donor (Canada) agreed to support the three initially left out.

The British government offered £10 million to Zimbabwe in 1981, pledged the same funds to SADCC later and finally offered the same finance (for Zimbabwe-Maputo links) again to President Machel when he visited Europe in 1983.¹⁰¹ Then at Lusaka conference in 1984, the British blamed SADCC for slow implementation of a project, when it was in fact British bureaucratic procedures which caused the delay, as the UK subsequently agreed.

The Western donors will continue to offer funds to try to insert their own agendas into SADCC. USAID prides itself in promoting small farmers, but translates that to mean private farmers who may become "master farmers"; producer cooperatives are not on the agenda. The Nordic countries criticised SADCC members for their agricultural policies, without mentioning the role of international commodity prices in contributing to the African food crisis.¹⁰²

The leaders are quite aware of outsiders' agendas. The question, which will only be determined by the process, is whether SADCC will reject, modify or accept the "suggestions". To date it has acted on its stated view that all suggestions, comments, criticisms and dialogue are welcome but that, because SADCC and its members are responsible to their peoples, decisions must be Southern African. The answer may be different for energy, coordinated by Angola, than for forestry, coordinated by Malawi. The decentralised nature of SADCC makes funding procedures complex for donors, but on occasion gives them much room for manoeuvre. One critic of SADCC's dependence on Western capital stated that Western strategy is no longer to divide and rule, but to "regroup and dominate; SADCC is only coordination of donors, for donors".¹⁰³ Certainly to date, SADCC does set its own priorities and has halted the more blatant attempts at interference. Further its Annual Conferences are the only regular multilateral consultative group meetings called, organised, documented and, run by the recipient side. However, plans for a greater share of national capital in the projects and for national experts as consultants must become serious before it will escape criticisms like the above.

However, to concentrate solely on overall foreign funding proportions - which SADCC itself has said were unsustainably and undesirably high in its 1985 OAU Summit paper - is to miss two critical points.

First, they are higher than envisaged in 1979/80 because the external economic position of SADCC's members has - largely as a result of world recession, drought and South African aggression - been much worse than could reasonably have been foreseen. To make a rapid start and to sustain a concrete action buildup, SADCC had to resort to increased use of external resources. While this does lead to a medium term problem any other choice would have led to no significant operational programme.

Second, SADCC's dependency reduction objective is not theoretical and undifferentiated. It is contextual and specific. Dependence on South Africa is the immediate enemy. Substituting dependence on - e.g. - grants and soft loans from a range of donors to restore and upgrade the five SADCC port corridor transport systems for dependence on SATS is seen by SADCC as a step forward. In the words of a Confucian saying adopted by Chairman Mao and used in several SADCC addresses and publications, "Even the longest journey begins with the first step". SADCC's claim is not that it has arrived but rather that it has taken the first step.

South Africa's Response

South Africa - after initially ignoring SADCC in the hope it would fade out - has clearly decided that SADCC is an enemy. At Nkomati in March 1984, Prime Minister Botha called it the "counter-constellation". As documented above, the response has been secondarily to court the weaker neighbours and primarily to attack the more recalcitrant. The attacks continue even though they hinder South African interest for markets in the region. Each SADCC Annual Conference from Blantyre in 1981 on, has been marked by a South African attack on a SADCC or SADCC related project, usually one in or affecting the host state.

In contrast, the PTA - as seen from Pretoria - poses no threat to South Africa. The preferential trade area can easily be penetrated by the South African transnationals, for they can maintain 49% ownership of their subsidiaries and still benefit from the lower tariffs. The rules of origin code allows major exceptions to local origin content rules for products which

means that Swaziland, for example, could help South African goods enter the PTA via SACU.¹⁰⁴ Finally, the history of pta's shows that the stronger sectors dominate. What may look like a surge in Zimbabwean trade could well be South African, with Zimbabwean products largely produced by South African subsidiaries in Zimbabwe. Zimbabwean national public and private capital might have 51% or more of the shares, but corporations like Anglo-American have no problem controlling production and financial decisions with limited ownership interest if they dominate management, external marketing and also determine access to technology (via licensing and patents).¹⁰⁵ PTA only requires that a "majority" of the management be nationals.

The result of years of economic sabotage from South Africa underlines the necessity for SADCC. As the Botswanan Vice-President, Peter Mmusi stated, "It has been said that good fences make good neighbours. We know the hard realities of living with bad neighbours - and we will keep our fences in good repair".¹⁰⁶ Certainly, SADCC needs peace for the new transport links to work and for production to increase. Mozambique has had to "hug the hated hyena", as ANC leader Oliver Tambo stated and has no peace to show for it. But the 1984 Nkomati Accord did not mean the demise of SADCC. Mozambique wants to return temporarily to the transport, tourism and power trade it had with South Africa in 1980, which South Africa cut off. If substantial new investment came via subsidiaries in South Africa, then Mozambique would have increased its links to apartheid, albeit the likelihood of large enterprise investments flows seems remote. On the other side, investment will enter on Mozambican terms, which are more stringent than those in Botswana, Swaziland, Malawi, Lesotho or Zambia. SATS and South African users are contributing \$15 million to increase the capacity of the Maputo rail and harbour, ironically perhaps, a SADCC priority. One could view this as a SADCC "sell out" to South Africa, as necessary South African compensation for the SADCC projects it has destroyed

or as a product of internal contradictions in South African strategy and tactics.

The choice by South Africa to bomb SADCC projects shows, in fact, its vulnerability to coordinated economic links in the region. Having most regional external trade in goods and services flow through apartheid South Africa does not make good economic sense. The shippers praise the Beira line when it is open; the 1984 Zimbabwe tobacco crop went through Beira quickly, at low cost. The estimate is that Zambia, Zimbabwe and Botswana could save \$100 million per year on transport cost alone, if the Mozambican lines were open¹⁰⁷ and problems arising from current Rand and meticals valuation were phased out. With appropriate government policy, growing food is cheaper than importing it from South Africa. SADCC industry found that importing small tools costs 10 times more than if artisans made them¹⁰⁸ and for many imports South African sources are more expensive than regional or global even with tariff preferences.

Economic Sanctions: Costs And Opportunities

Sanctions against South Africa as a means of inducing or coercing changes in its internal system, its occupation of Namibia or - less frequently - its regional aggression have been advocated more or less seriously for over twenty years. Action, however, has been limited and concentrated on the military equipment, knowledge and cooperation field and in sport. A parallel OPEC based oil sanctions effort, while imposing real costs on RSA was evaded systematically and dissolved in the buyer's market of the early 1980s. Only for a brief period at the end of the 1970s did extensive economic sanctions on a global or near global basis appear even remotely likely.¹⁰⁹

The position changed sharply in 1985. The increasingly naked violence of the apartheid system at home, the continued fudging of 'reform' combined with a growing realisation that apartheid was inherently evil and not reformable, the failure of attempts to negotiate South Africa out of Namibia and the rising tide of regional aggression - notably the strikes against Gaborone and the Gulf Oil installations in Cabinda interacted to fuel far greater and more general demands for economic sanctions against South Africa than ever before.

Actual steps began to be taken on transport, trade, finance, technical cooperation and oil.¹¹⁰ While not in themselves crippling, they did impose costs, create a momentum and fuel further pressures for additional sanctions. Ironically the most effective sanctions came from investors and lenders. The rising crisis of apartheid at home and in its regional outreach has rendered South Africa's economy less dynamic and more foreign exchange constrained. Further, the pressure for sanctions including pressures by advocates on investors and lenders has introduced a "hassle factor" into continued economic links. Increasingly TNCs have seen it to be prudent business to phase down and/or sell all or part of their South African interests¹¹¹ while the world currency and financial markets have passed a resounding vote of no confidence with the rand falling 50% against the dollar. As a result South Africa has been forced to declare a moratorium on external loan repayments and has negligible prospects of securing net new loan or investment capital flows from abroad until its domestic political economic situation and international image alter radically.¹¹²

Economic sanctions against South Africa would - because of their dependence on the RSA economy - impose heavy costs on its neighbours. Indeed under certain assumptions - including RSA tit for tat imposition of sanctions and

intensification of strike kommando and vorward strategies - they could bring several SADCC state economies to collapse and Lesotho to mass starvation.¹¹³ However, studies carried out at the end of the 1970s when sanctions did appear a conceivable contingency suggested that - especially once Zimbabwe attained independence - the costs to the region could be sharply reduced and that the sanctions cost reduction project would implement a substantial portion of the economic dependence on South Africa reduction project.¹¹⁴

South Africa has threatened to act to ensure that economic sanctions against it will be matched by South African economic sanctions against its neighbours - most specifically by expelling hundreds of thousands of migrant and seasonal workers from Lesotho, Mozambique, Botswana, Malawi and Swaziland and by cutting off flows of petroleum products.¹¹⁵ What it would actually do is less clear. Petroleum product supplies would be halted because they are based on imported crude oil. Exports based on RSA inputs might well not be - sanctions evasion requires maximising not minimising export earnings. Transit traffic restrictions might well be selective for the same reason plus the desire to create rivers of goods to and from independent African states into which to insert South African imports and exports. Even labour import cutbacks would probably be selective - neither the crippling of the gold mining sector (the one export which is, in practice, sanction proof) nor the creation of an explosive enclave of 1,500,000 desperate, starving Basotho with nothing to lose would seem a rational course of action. Upgrading of strike kommando raids, but less clearly of general vorward campaigns which cut up scarce fuel and military equipment on a lavish basis, would be likely.

In part the RSA reaction would depend on whether it believed damage to its neighbours would cause them either to become collaborators in sanctions evasion and/or to press the world community to relax them. Just as South

African threats have added to the global chorus of voices saying that sanctions would be bad because they would injure the independent Southern African states (usually it must be noted voices which have shown precious little previous concern for the welfare of these states or their people), so acting on them might undermine global support for sanctions once imposed.

SADCC And Sanctions

SADCC's response to the potential reality of economic sanctions against South Africa has evolved rapidly. At the 1985 Arusha Summit seven member states - including Lesotho - made clear their support for sanctions.¹¹⁶ Two remained silent, but did not dissent. Claims that the seven have said otherwise in private, on the basic question of sanctions or no sanctions, are fairly clearly fraudulent. It was also made clear that in SADCC's view the basic cause of violence in the Southern African region as in South Africa itself was apartheid and that South Africa's attempts to sustain apartheid were imposing crippling costs on SADCC member states and their people.¹¹⁷

SADCC's own response has been to institute studies and consultations on the impact of sanctions against South Africa and probable South African response with a view to identifying concrete measures to be taken to reduce the costs and to act in ways which will speed up the process of reducing economic dependence on South Africa and vulnerability to South African action. Intensified struggle and the opportunity for advancing the political economy of liberation, not capitulation and subordinated cooperation in sanctions busting are - predictably - the parameters within which SADCC has chosen to view the sanctions question.

Costs, Cost Reductions and Opportunities

The costs to the Southern African region of economic sanctions against the Republic of South Africa can be broken down into six main components: transport and communications, imports, exports (including labour), finance, security and Lesotho. Lesotho requires attention as a special case because it is "South Africa locked" as well as landlocked more generally so that there is a qualitative difference in potential costs and in possible cost containing measures.

Any costing at present has to be schematic and tentative for three reasons.¹¹⁸

First, detailed data have not been collected and analysed. Second, the extent and nature of the sanctions will affect costs. And, third, so will the nature, extent, timing and effectiveness of Southern African responses. The following analysis assumes sanctions covering at least petroleum, military and multipurpose and technology imports, a substantial proportion of exports and financial flows which are reasonably globally and tightly enforced. It further assumes that SADCC states will not serve as sanctions busting conduits but will also not sever all economic links with South Africa (and that South Africa will, for its own reasons, continue some links). They further assume that - unless deterred - South Africa will increase strike kommando raids on key economic targets (especially transport and energy) and continue high levels of support to proxy forces (UNITA, MNR, LLA, "Super-ZANU") but stop short of full scale, sustained invasions by its own armed forces to seize and hold substantial geographical areas and major cities.

Transport is for six SADCC members crucially dependent on South African routes. Only Tanzania and Angola would be unaffected and of the others only

Mozambique, Swaziland, Zambia and - perhaps - Malawi could survive economically using presently functional transport routes not transiting RSA. In respect to petroleum transport, however, only Lesotho could not be supplied assuming that both the Beira and Dar es Salaam pipelines and the Dar es Salaam, Ndola, Maputo and Luanda refineries were functional. Similarly for air transport and communications the SATCC programme's partial implementation has already reduced use of South African facilities and links to the point that total severance would be inconvenient rather than crippling.

In respect to imports, South Africa is a major source for several countries but in every case alternative sources (quite often lower cost ones) exist, e.g. Zimbabwe and Malawi for grain, Zimbabwe and to a lesser degree Malawi and Tanzania for manufactures to cite intra regional sources only. The problems are twofold. First, no source is effective unless functioning transport routes exist. Second, in Botswana, Lesotho and Swaziland the pattern of 85 to 95% of imports coming from or via South Africa has meant that there is virtually no commercial sector capacity to source globally, a gap compounded by South African (Renfreight) dominance of clearing and forwarding.

South Africa is not the primary market for the goods exports of any SADCC member except Lesotho. Most exports to South Africa could be redirected - albeit at a cost. Again the question of transport routes for exports other than to RSA (including redirected ones) is crucial. For labour the situation is different - Lesotho is totally dependent on Basotho earnings in South Africa while at macro level and even more for certain areas' rural household incomes, the dependence of Mozambique, Botswana, Swaziland and Malawi is significant.

Financial flows from South Africa to SADCC states are primarily of two types -

via SACUA and export credits. SACUA flows are critical to Botswana, Lesotho and Swaziland but the underlying import/excise revenues themselves depend on there being imports to tax, not on their sources or the fiscal structures used. For the heavily indebted countries with limited access to trade credit, a rupture in South African supply could cause a crippling seizing up of import flows.

Lesotho faces very particular problems. All ground transport is via South Africa. Virtually all imports are from or via South Africa and about three quarters of employment and foreign exchange earnings flow from migrant labour exports to the Republic and SACUA payments. Total sanctions against Lesotho by South Africa could, without corrective action, quite literally mean nearly total economic strangulation and widespread starvation.¹¹⁹

Sanctions And Security

Security aspects of sanctions relate to the fact that to survive SADCC states need operative transport, communication and energy installations. South African strikes against existing, rehabilitated or new facilities in the context of sanctions could be even more devastating than its existing pattern of armed aggression.

The nature of the costs in effect outlines the countermeasures required. Especially in the short run, these could not eliminate all costs but could contain them and, indeed, begin to provide positive benefits fairly rapidly. Because the cost of sanctions would bite almost immediately and countermeasures take time to yield results, the case for prior planning and - to the extent feasible - execution is very strong.

The transport requirement is simple, if difficult. Except for Lesotho, it consists in reopening, rehabilitating and protecting the Nacala, Beira and Maputo (via Limpopo Valley Line) corridors with rehabilitating and protecting the Luanda Corridor highly desirable but not essential. In effect it is to reverse the effects of South Africa's sustained 1981-1985 campaign against SADCC transport routes by carrying out the balance of the priority projects in the SATCC Programme on a selective and accelerated basis.

The problems beyond that are logistical and manageable - e.g. routing of Botswana traffic, developing onward transit facilities for petroleum products from Mutare and Ndola, coordinating traffic flow and route capacity allocations, adding to rolling stock, locomotive and lorry fleets. While SATS might well seek immediate recall of its equipment, presumably in the context of sanctions return would be denied or phased to allow arrival of replacement units.

Trade problems - apart from labour - turn on transport and commercial institutions. Alternative sources exist. The basic problem is getting the goods to and from the landlocked states. In the special case of electricity the basic requirement is three high tension lines - Cahora Basa to Maputo; Maputo (or the Cahora Basa-Maputo line) to the Swaziland grid; connecting the Zimbabwe and Botswana grids with a high capacity link.

However, to use external sources and markets, Botswana, Swaziland and Lesotho each needs an independent import/export house with global information sources and contacts. The practicable way of creating them rapidly would be joint ventures of the respective development corporations either with northern trading houses (including major international trade co-ops such as the

Scandinavian Wholesale Cooperative Federation) or with existing Zimbabwean external trade houses. Similarly in respect to clearing and forwarding joint ventures with non-Renfreight firms with external contacts are needed along the lines of Mozambique's joint venture with Agence Maritime Internationale (AMI of Belgium). These steps are desirable and would pay even in narrow financial cost terms sanctions or no sanctions.

Employment, Revenue And Airlift Costs

Reducing the costs of loss of jobs in South Africa requires forward planning of alternative employment - especially for and in rural areas. Numerous afforestation, irrigation, anti-erosion, water supply, school and clinic plus associated staff houses, improved track and feeder road, local warehouse and community centre projects can be designed for execution largely by unskilled and semi-skilled labour. The problems are in identifying large programmes and their design, skilled personnel, tools and materials requirements and in mobilising these (and the finance to procure and deploy them).

In respect to finance the 'loss' of SACUA can be fully offset by fairly moderate upgrading of existing national customs and excise services to undertake collection parallel to instituting national import and excise tariffs - if import flows are maintained. Alternative trade finance sources - e.g. from non-commercial sources - would need to be mobilised to substitute for South African.

Because transition to new transport and trade patterns could neither be instantaneous nor problem free, reserve stocks of key goods - fuel, food, fertiliser and tools, inputs into manufacturing, spare parts (especially for

the transport sector) - need to be built up, preferably to 90 to 120 day levels in the landlocked Southern African states. Given the present uncertainties in delivery dates and South African engineering of shortages to exert pressure, such reserves are desirable sanctions or no sanctions.

Lesotho's survival will require international support including an airlift capable of carrying 150,000 to 500,000 tonnes a year (15 to 50 large cargo planes shuttling from Maputo to the new Maseru international airport) depending on whether only petroleum products or all imports have to be moved. There is nothing physically impossible about this - the Tanzania/Zambia airlift after UDI was technically much more difficult - the problem is one of cost. Similarly to provide income for 50,000 to 200,000 Basotho workers expelled from the Republic and to sustain the foreign exchange for imports (and therefore tax revenue) flows of the Kingdom will require a major external financial support programme.

Security issues extend well beyond the scope of this chapter. However, the recent past makes two points clear. First, RSA sabotage can render many projects key to the political economy of liberation unimplementable or non-operational. Second, national and coordinated (as on the Beira and Tete Corridors) Southern African security operations can limit the damage done by South African aggression.

The implications of this are that without improved security all cost reduction and opportunity exploitation measures and projects - especially in transport and energy - will be vulnerable to South African military strikes and that broader regional defence coordination could substantially reduce the damage such strikes could achieve as well as increasing their costs in fuel, personnel and equipment to South Africa. Further, it is likely that the

interposition of a multinational (e.g. Commonwealth) or northern (e.g. Nordic) blocking force with real damage infliction capacity (especially first line combat aircraft) would deter South Africa from carrying out a high profile strike programme at all.

Cost Reduction: Some Prerequisites And Considerations

The key requirements for effective cost reduction are:

- a. coordinated data collection, analysis and planning by SADCC member states;
- b. identification of key programmes and measures and of input requirements for carrying them out;
- c. initial national, SADCC and international mobilisation of resources to begin implementation now; and
- d. pre-sanctions contingency planning and securing of resource commitments to allow the balance of the programme to be instituted promptly in the event of sanctions.

While it would be dangerously romantic to assume that, even if these steps are taken successfully, sanctions against South Africa would not impose severe costs on Lesotho, Botswana, Zimbabwe, Swaziland and Zambia, they could reduce them to bearable levels. Furthermore, almost all of the sanctions cost reduction measures are in fact part of the political economy of Southern African regional liberation and once completed would provide substantial gains.

Finally, with the present annual cost of RSA aggression and economic destabilisation already running at \$4,000,000,000 a year and rising with no

end in sight it is otiose to talk of the costs of sanctions to Southern Africa except in the context of the overall struggle between the inherently and antagonistically contradictory South African political economy of hegemony and the SADCC political economy of liberation. Sanctions would mark another stage in that struggle and, to the extent they succeeded, would futher the welfare of the states and peoples committed to the political economy of regional liberation.

Notes

1. Reg Green is a member of SADCC's Liaison Committee and an advisor to SADCC as well as to several of its member States. However, this chapter represents his own analysis and judgement and does not necessarily reflect the position of SADCC or any of its members nor is it based on confidential SADCC or member state materials.

2. See Chapter ? on South African economy, pp_____.
[Assuming we get it revised!]

3. AIM, March 16, 1984

4. Best shown in three studies by South Africa's would be Henry Kissinger, Deon Geldenhuys. The first "Some Strategic Implications of Regional Economic Relations for the Republic of South Africa", ISSUP Review, January 1981. Institute of Strategic Studies, University of Pretoria, January 1981 was in fact a government study which played a seminal role in the evolution of economic destabilisation and selective sabotage tactics even though Geldenhuys has chosen to deny it and pose as a pure academician. **[Diana - cite your interview here.]** The second "Destabilisation Controversy in Southern Africa", South African Forum, Position Paper, September 1982 is a clever, high level, sales job for the destabilisation tactics he had earlier propounded. The third, The Diplomacy of Isolation: South African Foreign Policy Making, Macmillan, Johannesburg, 1984 is an extremely thorough study of all aspects of South African foreign affairs based on privileged access. It could be described as authoritative were Geldenhuys the detached observer he claims to be and not an active participant - unadmitted - in some of the

issues he analyses and events he describes.

5. For example the USA delegation to the UN General Assembly has regularly qualified its statements of support for the annual General Assembly Resolutions from 1982 on endorsing SADCC by expressing its hopes that RSA would soon be welcomed as a member!
6. See E. L. McFarland, "Benefits to the RSA of Her Exports to the BLS Countries" in Botswana's Economy Since Independence, M. A. Oommen (ed), Tata-McGraw-Hill, New Delhi, 1983.
7. See Chapter ___ on South African Economy. See also M. Fransman, The South African Manufacturing Sector And Economic Sanctions, No. 11, "Economic Sanctions against South Africa", International University Exchange Fund, Geneva, 1980.
8. See "Economic sanctions against South Africa" series especially No. 5 (M. Bailey, Oil), No. 10 (R. Riddell, Agriculture), No. 11 (op cit), No. 12 (R. Murray, Mining).
9. Southern Africa: Toward Economic Liberation, SADCC, London/Gaborone, 1980.
10. See Geldenhuys, Diplomacy of Isolation, pp 121-166 for a detailed exposition including transport, energy, agriculture, mining and private enterprise. The role of railways as built up by former General Manager J. G. H. Loubser has been especially critical. See Geldenhuys, pp 153-55; Loubser, "The function of transport as a line of communication between states in Southern Africa", 1980 Speech, South African Railways

and Harbours (roneo), 1980 and "Transport Diplomacy", Lecture to Institute of Strategic Studies, University of Pretoria, 26-IX-79; G. H. Pirie, Aspects of the Political Economy of Railways in Southern Africa, Occasional Paper 24, Environmental Studies, Department of Geography, University of the Witwatersrand, Johannesburg, 1982.

11. See annual SADCC (SATCC) Transport and Communications sectoral papers to Annual Consultative Conferences SADCC, Gaborone/SATCC, Maputo, 1981-86. See also A. Nsekela (editor) for SADCC, Southern Africa: Towards Economic Liberation, Rex Collings, London 1981, especially chapter on transport.
12. e.g. Lusaka Declaration, op cit.
13. e.g. Geldenhuys, op cit; Leubscher, op cit.
14. Geldenhuys, 1981, op cit, Note 4.
15. Every SADCC Annual Conference except the first has had a "calling card" in the form of a sabotage raid against a SADCC project or - in 1986 - a retort against SADCC's pro sanctions position through the blockade of Lesotho. Geldenhuys, in The Diplomacy of Isolation, passim, clearly shows that RSA's perceived regional interests (including transport) are much more threatened by a body committed to economic liberation and which aborted the Constellation than by a trade promotion body.
16. See ACR 1979-80 op cit and Geldenhuys, Diplomacy of Isolation, op cit, esp. pp 107-158 and sources cited for detailed discussion. Geldenhuys clearly views full blown Constellation proposals as always having been overambitious and deprecates the 'communist bogey' thinking as inaccurate

and misleading for analysts and politicians.

17. For a standard description of SACU see D. Hudson, "Botswana's Membership of the SACU" in C. Harvey (ed), Papers On The Economy of Botswana, Heineman, London, 1981. But c.f. sources at Notes 6, 21 as at the time Hudson still believed membership to benefit Botswana.
18. J. Stephens, "Rate Cutting And The Presentation Of Dependence: South Africa's Response To Transport Initiatives In SADCC", Conference Paper, December 1985, publication pending.
19. ibid.
20. ibid. However, if the rand continues to recover (from a low of USA \$0.35 in late 1985 to USA \$0.46 in late February 1986 (foreign exchange quotations, International Herald Tribune and Financial Times) further rand cuts will be needed to preserve the undercutting.
21. Manuscript studies by P. Selwyn and R. H. Green (Swaziland) and P. Selwyn (Botswana) for 1966-1976. A Botswana study prepared for a 1981 Southern African Customs Union meeting ("Estimate of Duty Content of Botswana's Imports") arrive at a no gain no loss estimate. J. S. Gray and S. G. Houhlo, "The Direct Duty Content of Lesotho's Imports", Ford Research Project Paper No. 1, Roma, 1978 show a tax gain but at the cost of an 8.5% higher average import cost so that world sourcing and constant tax revenue would still allow lower user prices.
22. See Leubscher, op cit; J. Stephens, op cit.

23. See SADCC, Overviews (to Annual Consultative Conference), 1981-1986 SADCC, Gaborone. See also Africa Contemporary Record (C. Legum, editor), 1981-82/1984-85 chapters on Southern African Economic Cooperation (by R. H. Green), passim, Africana, London.
24. Personal communications to authors from enterprise, transport and government officials.
25. See New Statesman, 3-II-84. Also personal communication from J. Hanlon, then BBC correspondent in Maputo.
26. See "Constellation, Association, Liberation: The Struggle For Southern African Development Coordination" (R. H. Green), ACR, 1979-80, op cit.
27. [David - Source are Diana's interview with SAFTO lady and the feature article on her in RSA press - can DK please cross check correct references for interview, feature.]
28. Anglo - via Premier Milling - entered negotiations to engage in large scale grain raising and milling and via African Explosives and Chemicals Industries to underwrite development of ammonia from the Pande natural gas field by a bulk purchase contract.
29. c.f. J. Stephens, op cit; Mozambique country chapter.
30. See Chapter ____ on South African economy.
31. As cited in Mozambique country chapter.

32. Leubscher, op cit; Geldenhuys, op cit.
33. J. Stephens, op cit. Port Elizabeth in particular would be moribund without copper and other metals and concentrates from Zambia, Zaire, and to a lesser extent, Zimbabwe.
34. Leubscher, op cit.
35. c.f. ACR 79-80; Geldenhuys, Diplomacy of Isolation, op cit.
36. See Merle Lipton, Capitalism and Apartheid: South Africa 1910-84, Temple Smith/Gower, London, 1985. Ms. Lipton may well overstate the degree of conflict between big business and apartheid but her case as to the weakness of high capitalism's political influence is compelling.
37. Shown by Zambia Central Statistical Office trade and transport data in Monthly Digest of Statistics. See also J. Stephens, op cit. But on transport see also Geldenhuys, Diplomacy of Isolation, pp 271-272 for a South African account of the background to Zambia's reversion to using SATS routes and ports.
38. For example, Mineworkers Union Chairman, Timothy Walamba defended imports from South Africa - indeed called for more purchases saying: "Much as we have to help our brothers and sisters still under racist regimes, this should not be at the expense of our own people" (Daily Mail, 29-XIII-83). This is a grimly ironic tribute to South Africa's public relations since its consumer goods are in general more expensive in Lusaka than local or Zimbabwean products.

39. See Zimbabwe country chapter for more detailed chronological coverage.
40. Like the threats to Zimbabwe (see FT, 17-XII-85) these have been officially related to ANC mining of security roads in border areas. They culminated in P. W. Botha's 30-I-86 demand for a Regional Security Council or else raids in reply to every ANC sabotage act (Herald, 31-I-86) and continue against Botswana (e.g. Daily Nation, 15-II-86). They have been coupled with threats to blockade Botswana like Lesotho (see, e.g. President Masire's reaction in Herald, 30-I-86). Botswana's response was a clear cut no - coupled with staging joint border defence exercises with British troops (Sunday Nation, 16-II-86) - a symbolic gesture which may have given Pretoria cause to reconsider.
41. Mfansabili and his closest associates (e.g. Mbibi) are now detained and charged with multiple offences including perversion of justice in laying criminal charges while in power. Their detainees and charged prisoners are freed. South Africa's reaction of low key border raids makes its interpretation of the shift clear enough. See, e.g. "Swaziland: the power game", Parade, November 1985; Daily Nation, 13-II-86; Kenya Times 15-II-86.
42. The Lesotho events are recent and data fragmentary. In addition to personal communications the following sources are relevant: Herald, 2-I-86 through 3-II-86 almost daily on blockade and results, skirmishes, overthrow of Jonathan, new government's nature, appearance and statements of Lesotho delegation to SADCC. The change in tone is seen in two contrasting headlines "Lesotho coup 'a SA operation'" on 22-I-86 and "South Africa may lose after forcing Lesotho coup" on 28-I-86. Two interesting features are Reuter's "This kingdom's chances of succeeding

next to nil" by Francis Mdlongwa (e.g. Daily Nation, 8-II-86) and APS' "Lesotho: Salutation or betrayal?" (e.g. Kenya Times, 7-II-86). The expulsions to Zambia of refugees on 24-I and 14-II-86 was widely reported (e.g. Harare Herald and Nairobi Sunday Nation) as was the delegation of Council of Ministers and Military Council members to Botswana, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe to clarify the new government's position. Key officials statements are King Moshoeshoe II's "Statement on the occasion of the swearing - in ceremony of the Council of Ministers of the Kingdom of Lesotho - 27 January 1986" (roneo, The Palace, Maseru, 27-I-86) and Minister M. Sefali's "statement" to the Harare SADCC Conference 30-I-86 (Press Release, Harare, 30-I-86; to be published by SADCC in 1986 Conference Report).

43. See Angola country chapter for history of RSA attempts to install a puppet or 'coalition' government.

44. See Mozambique country chapter for detailed history of the MNR from Pide to Pretoria.

45. Gorongosa Documents, Mozambique Ministry of Information 1985 especially February-June 1984 instructions to concentrate on destroying infrastructure and production sent to MNR by Col. van Niekerk and Genl. van der Westhuisen. These repeat the 1981 Gorongosa Documents captured in December which also contain orders to the MNR to target transport routes.

46. ibid. President Machel drew the same conclusion in his address to the 1983 SADCC Summit in Gaborone, Record, SADCC, Gaborone, 1983.

47. See Angola, Mozambique, Zimbabwe, Zambia country chapters for detailed presentation. Joint strikes and operations - against FRELIMO (and subsequently Mozambique), Zambia SWAPO, the MPLA were carried out with Portugal and Rhodesia.
48. See Angola country chapter. See also Geldenhuys, Diplomacy of Isolation, op cit, pp 79-83.
49. See ACR 1979-80 op cit; Lusaka Declaration, op cit.
50. Geldenhuys, 1981, op cit, Note 4.
51. 1981 (Blantyre), Beira Harbour; 1983 (Maseru), Maseru Water Works; 1984 (Lusaka - with concentration on energy), Angolan dam; 1985 (Mbabane), Maputo-Manzini rail line; 1986 (Harare), Lesotho blockade.
52. See Mozambique country chapter for more detailed chronology re MNR.
53. See Angola country chapter for more detailed chronology re UNITA.
54. Only Anglo (Premier, AECI) and Old Mutual (Sun-tourism) showed much interest in large investments although numerous would-be sellers and minor firms visited Maputo.
55. As set out in some detail by Defence Minister General Malan in a 1985 interview. [Saw in RSA press - therefore I was in Gaborone - therefore 2nd half September 1985. Can Diana complete reference? Star or Times -]
56. A working group was set up by the 1985 Arusha Summit, a detailed

preliminary overview paper has been prepared and consultants on specific topics commissioned. The papers themselves - sensibly enough - are secret.

57. c.f. SADCC, Transport And Communications sectoral reports; Lusaka Declaration; Chairman's addresses in Annual Conference Reports (Maputo 1980, Blantyre 1981, Maseru 1983, Lusaka 1984, Mbabane 1985, Harare 1986 - in press), op cit.
58. See Mozambique country chapter; citations at Note 45.
59. See J. Stephens, op cit.
60. Mozambique has since struck back. New special contract rates are being negotiated with Zimbabwe exporters. These are effectively to be payable in USA dollars but with a given rand/dollar conversion rate so as to remove currency fluctuation risk from exporter. As of January 1986 this counter-attack appeared to be regaining ground lost as early as 1983.
61. See J. Stephens, op cit; SADCC, Macro-Economic Survey 1986, Gaborone, 1986; A. Rusinga "SA Firms 'Thwarting Freighting In SADCC'", Business Herald 30-I-86 and related leader 31-I-86.
62. ibid.
63. [Cite Gordon Winter's book - I don't have reference handy -]
64. For example [Cite the 1984 Observer story]. Whatever his intent, Matatu has become a channel by which South Africa lends credibility to

disinformation cleverly packaged into partially true relations.

65. Especially Diplomacy of Isolation, op cit, in which he claims - probably accurately - to have had lengthy interviews with all living principals except van den Bergh.
66. ESCOM by the end of 1985 had virtually written off Cahora Basa as it had only received 526 days supply over 1980-85 and virtually none since 1983. It downgrades CB's importance describing it as "nice to have it but loss... not a tragedy" and stresses ESCOM's money is not involved. For the future it expresses interest but sees no certainty of future delivery. Interestingly it notes that potentially CB could supply Mozambique, Zimbabwe, Swaziland and Botswana (the last two growing ESCOM markets) as well as making sales to Zambia, Zaire and Angola. Whether this is simply professional inclusiveness or a suggestion that a nearly idle CB is in some ways a blessing to RSA is not clear. (Financial Gazette 20-XII-85 largely from Sunday Star 15-XII-85.)
67. See Mozambique country chapter and especially citations from Ngorongqusa papers.
68. "The Costs of Destabilisation to the member States of SADCC" reprinted as Annex B, Overview (to Harare Annual Conference), SADCC, Gaborone, 1986.
69. The Nordic-SADCC Joint Declaration (signed at Harare 29-I-86) and its supporting memorandum toward programme guidelines are very clear in situating the agreement in a political and political economic context with recitations of Nordic commitment to and acts in support of liberation.

70. For an appraisal from a management process point of view see R. H. Green "Managing Economic Regionalism: Toward A New Approach" in P. Ndegwa, L. P. Mureithi, R. H. Green (co-editors), *Management For Development: Priority Themes In Africa Today*", SID (Kenya), Nairobi, 1987 (in press).
71. Specifically endorsed by SADCC Chairman Peter Mmusi in his (opening) "Statement" to Harare Annual Conference, 30-I.86.
72. Seretse Khama, SADCC meeting, Arusha, 1979
73. Carol B. Thompson, Challenge to Imperialism, The Frontline States in the Liberation of Zimbabwe, Harare, Zimbabwe Publishing House and Boulder, Westview Press, 1985, Chapter 4.
74. Samora Machel, closing speech at Gaborone SADCC Summit, July 1984, quoted in AIM, No. 97, p 12, July 1984.
75. Among many others which document colonialism in Southern Africa see Barry Munslow, Mozambique: The Revolution and Its Origins, London, Longman, 1983; Gerald Bender, Angola under the Portuguese, Los Angeles, University of California Press, 1978.
76. Ann Seidman, H. Ngoro, B. Zwizwai, G. Austin, J. Oforma, "Transnational Corporations and the Sugar Trade: The Zimbabwe Case", mimeo (Economics Department, University of Zimbabwe, November 1982), p 4.
77. Robin Palmer, Land and Racial Domination in Rhodesia, Berkeley, University of California Press, 1977; Roger Riddell, From Rhodesia to

- Zimbabwe: The Land Question, London, CIIR, 1978; The Herald (Zimbabwe), 1 December 1984.
78. Ann Seidman, "A Development Strategy for Zimbabwe", mimeo, Economics Department, University of Zimbabwe, 1982, p 1.
79. E. R. Sekhoyana, speech at SADCC Council of Ministers, Mbabane, 31 January - 1 February 1985.
80. Peter Mmusi, Chair, SADCC Council of Ministers at London Commonwealth Institute Conference on SADCC, quoted in Africa Research Bulletin-Economic, Financial, Technical, Vol 21, No 7, 31 August 1984, p 7364.
81. Africa Economic Digest, 18 January 1985, p 12.
82. *ibid.*
83. Reginald Herbold Green, "Economic Liberation and Economic Survival, SADCC 1980-1984", mimeo, p 8.
84. SADCC, Food and Agriculture, Mbabane, 31 January - 1 February 1985, p 38.
85. The sectors assigned to each county are the following:
- | | |
|------------|---|
| Angola | - Energy |
| Botswana | - Agricultural Research, Animal Disease Control |
| Lesotho | - Soil and Water Conservation, Tourism |
| Malawi | - Fisheries, Forestry, Wildlife |
| Mozambique | - Transportation and Communication |

Swaziland	- Manpower Training
Tanzania	- Industry
Zambia	- Mining, Southern Africa Development Fund
Zimbabwe	- Agriculture, Food Security

86. SADCC, Industry, Mbabane, 31 January - 1 February 1985.

87. *ibid.*, pp 20-21, 33.

88. The Herald (Zimbabwe), 28 November 1983.

89. Barry Munslow et al, "Effects of World Recession and Crisis on SADCC", mimeo, Review of African Political Economy Conference, University of Keele, September 1984, p 16.

90. Personal interview, SADCC Lusaka Conference, January 1984.

91. D. G. Clarke, "Economic Linkages in Southern Africa", mimeo, Geneva, April 1982, p 25.

92. SADCC, Overview, Mbabane, 31 January - 1 February 1985, p 4.

93. African Business, January 1985.

94. The Herald (Zimbabwe), 5 October 1984.

95. Food and Agricultural Organisation, United Nations, SADCC Agriculture toward 2000, Rome 1984, p 7,8.

96. Interviews in Swaziland and in Mozambique of SADCC officials, March 1984.
97. Interview of Pedro Figueiredo, SATCC Technical Unit, Maputo, 28 March 1984.
98. SADCC, Programme of Action, Annual Report 1983-1984, pp 37, 40.
99. SADCC, Industry, op cit, p 42.
100. Julius Nyerere, speech at Gaborone SADCC Summit, 6 July 1984, quoted in Africa Research Bulletin-Economic, Financial, Technical, Vol 21, No 6, 31 July 1984, p 7327.
101. Joseph Hanlon, SADCC, Progress, Projects, Prospects, Special Report No 182, London, Economist Intelligence Unit, 1984, p 20.
102. SADCC Agricultural Ministers, "Response to Policies in Agriculture and Rural Development, prepared by the Nordic Countries, February 1984", Maseru, September 1984.
103. Tandika Mkandawire, "SADCC: Problems and Prospects", paper presented at conference on Regional Development in Canada and Southern Africa, University of Zimbabwe, 16 February 1984.
104. The value added requirement for goods to be considered from PTA country origin is 45%. For "goods of particular importance to the economic development of members", the requirement is reduced to 25%; for "goods currently in short supply", it is 30%. Further, Clause (v) (bb) states "the goods must have been imported into the members states and have not

undergone a process of substantial transformation but in the opinion of the Council shall nevertheless be deemed to have undergone a process of substantial transformation and are contained in a list to be known as 'List B'. Once a specific product is included in ...'List B', the exporter does not need to do any calculation unless it is specifically required". "Protocol on the Rules of Origin for products to be traded between the Member States of the PTA", quoted in CZI Industrial Review (Harare), October 1984, pp 19-21.

105. Duncan Innes, The Anglo-American Corporation and the Rise of Modern South Africa, New York, Monthly Review, 1984.
106. Peter Mmusi, opening address at SADCC Council of Ministers, Mbabane, 31 January - 1 February 1985.
107. Reginald Green. op cit., p 18.
108. Joseph Hanlon, op cit., p 43.
109. See "Economic sanctions against South Africa" series op cit; Catholic Institute for International Relations, Sanctions against South Africa, London 1985; R. H. Green, "Economic Sanctions Against South Africa: Some Notes on Problematics and Potentialities", UNA/Anti-Apartheid Conference, "Frontline States and South Africa's Policies of Aggression and Destabilisation, 29-II-84, available from CIIR.
110. For example, Nordic states as recited in sources cited in Note 70, Commonwealth states (see "Commonwealth warning of tougher measures if Pretoria does not reform", Times 22-X-85), EEC ("EEC gives ultimatum to

S. Africa on apartheid", Guardian, 1-VIII-85), and even the USA (see USA Chapter).

111. For example in 1985 Alfa Romeo, Peugeot and Renault shut down their RSA operations and Ford merged its subsidiary into an Anglo controlled firm ending with a minority interest (International Herald Tribune 23/24-XI-85). In August 1985 Apple decided to cease selling computers in South Africa (IHT, 6-VIII-85) while in 1986 Svenskt Sta ceased buying South African manganese citing both governmental recommendations and its own "fairly strong opinion in favour of reducing ties with South Africa" (The Financial Times - Kenya Times - 10-II-86).

112. No real agreement has been reached. The mediator - Swiss Banker, Frit & Leutwiler - has proposed a compromise rolling forward of 95% of the \$14,000 million due in 1985 to 1-IV-87 at a 1% interest penalty with renewal thereafter contingent on progress toward abolishing apartheid as well as on financial balance. (See "South African Debt Meeting Called", FT, ?-X-85; "Tutu warns bankers over SA's reform package", Daily Nation, 11-II-86; "SA to pay debt in one year", Kenya Times, 15-II-86. In the meantime the improved current account balance and halted debt service have raised the rand leading Reserve Bank Gerhard De Kock to quip "Prepare to meet thy boom" (Kenya Times, 8-II-85), but with both unemployment and inflation at record levels (Herald, 22-I-86) there is little prospect of significant recovery.

113. See sources cited at Note 109, especially R. H. Green, South Africa: The impact of sanctions on Southern African economies and R. J. Davies, Trade Sanctions And Regional Impact In Southern Africa, No. 3 and No. 9 in IUEF series.

114. ibid.

115. See, e.g. "Human flotsam at Botha's mercy", Sunday Times, 4-VIII-85;
"Unemployment in SA strengthens dismissal threats", Zambia Daily Mail,
6-VI-85.

116. Record, SADCC, Gaborone, 1986.

117. See Chairman's (opening) "Statement", Overview, "Conference Communique",
Harare Annual Conference, January 30-31, 1986.

118. See SADCC estimate to OAU, op cit; Macro-Economic Survey, op cit, pp
23-28; R. H. Green, South Africa: The Impact....., op cit.

119. As amply demonstrated by RSA's January 1986 operation which was
presumably intended to deter Botswana and Swaziland as well as force
Chief Jonathan from power and secure a series of policy changes by
Lesotho.