SOUTH AFRICA, SOUTHERN AFRICA and BEYOND:
Explorations Toward Regional Integration

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No man is an island...
Ask not for whom the bell tolls,
It tolls for thee.

- John Donne

Markets are social constructs
embedded in...shaped... and sustained
by societies... What is rational in one
society may be irrational in another.

- David Marquand

PROLEGOMENON REVISITED

In 1991 at the African Leadership Forum pre-transition workshop on Southern African regionalism the present author suggested a framework of propositions about context and process. It is, perhaps, appropriate to revisit those propositions to see how relevant they have been:

1. the South African economy was a very sick one even in Sub-Saharan African terms;

2. a legitimate government could regain 4% annual growth, but because redistribution and transformation (including livelihood creation) needed to be largely out of additional output an 8% growth trend was needed for sustained stability;

3. therefore South Africa could not be a locomotive of growth for Southern Africa and SSA more broadly by conventional methods and especially not through massive outward investment or foreign aid;

4. this might mean that South Africa would become both more inward looking (e.g. in respect to migrant labour) and more globalist (downplaying the relatively small and poor
Southern African sub-region) albeit that was not inevitable and the historic relationships of the ANC with the Front line States and SADC might have an opposite impact;

5. the old South-Southern African exchange of migrant labour plus hard currency for - often overpriced - manufactured goods plus food was increasingly unviable and unacceptable to both parties;

6. but substantial opportunities for less hegemonic exchange patterns (including transport, power and water as well as visible goods) existed and could be useful to strengthening all of the South/Southern African economies;

7. a particular problem inherited from apartheid was South Africa's relatively low labour productivity in manufacturing - a result of highly combative industrial relations turning on systemic conflict and thus severing the normal real wage/productivity linkage;

8. to overcome that barrier would require altered thinking not merely at governmental, top management and national labour leader level but also - which would be more difficult - at shop floor foremen and shop steward level perceptions and interactions;

9. SADC - because of its deeper multi sectoral approach and concentration on mutually perceived common interests (as well as its FLS links) would prove more attractive to South Africa and more able to accommodate it within its structures and dynamics than would COMESA/EAPTA (Eastern and Southern African economic community/preferential trade area) albeit a case for a division of labour between SADC and COMESA existed and might be furthered by South African participation in both.

To date, these propositions - which were by no means conventional wisdom in 1992 - have stood the test of events. The one significant alteration needed is that South Africa (at enterprise as well as governmental level) has given a higher priority to African relations - economic and other - and especially to those with its sub-region than seemed probable in 1992.

FROM SOUTH AFRICA TO THE GLOBE: SOUTH AFRICAN INTERESTS

This paper is built on the principle of concentric circles: South Africa, Southern Africa, Africa, The Globe. This is heuristically simple but has a substantive rationale as well.

First, successful, sustainable regional integration must rest on perceived common interests among members - beginning with the national interests of each.
Second, practicable scope for integration is likely to be greater among a relatively limited number of relatively like-minded countries - for South Africa, therefore, Southern Africa. Over time, any grouping may expand as has the EU, and in economic size SADC even more dramatically.

Third, what is achieved nationally and sub-regionally will affect what can be achieved regionally and globally. Africa's current low international standing rests on economic weakness, perceived mal-governance and lack of coherent, analytically defended strategic proposals. South Africa can be more effective if it speaks as a leader within SADC and if both it and the SADC states as a group have improving economic and governance records and more incisive, better argued strategic proposals and negotiating positions.

South Africa's outward concerns arise from a series of structural national goals and problems:

1. Acceptance of the basic moral economy proposition of Adam Smith that no nation can be great and prosperous the majority of whose people are poor and miserable and that it is imperative for the state to create a context in which they can escape from those conditions;

2. Leading (given constraints on redistribution) to an absolute need for a 6% to 8% growth trend of total available resources since redressing inequality out of added resources is very much cosier than taking away from existing allocations;

3. Which implies a need for 7% to 9% of exports of goods and services to meet the import requirements of 6% to 8% growth;

4. With the key established export market for manufactures (beyond a rather narrow traditional band) being the SACUA and broader SADC grouping, and the most promising expansion area potentially SSA more generally because in many cases SA will not face first rate competition and because SSA appears in general to pay 20% above standard prices for many (perhaps most) of its imports;

5. And a parallel need to expand sourcing from the region - in many cases valid on micro economic grounds and more generally needed because a sustained 10% rise in regional exports is impossible unless imports rise even faster to erode regional export present dependence on migrant labour (unwanted) and hard currency (unavailable) payments;

6. Leading to parallel concern with regional transport both to facilitate trade and because economic (and pre-1975 historical in the case of Maputo) logic mean that Maputo and Walvis Bay should be key regional and global trade ports for South Africa;
7. The hard reality that water and food are increasing sources of sub-regional insecurity and conflict which can be averted only by a sub-regional strategy going to causes a well as symptoms;

8. South Africa's desire to regain its potential position as a respected, influential "middle power" which for historic and avoidance of jealousy reasons is likely to be smoother and greater as a leading member of Southern African and African groupings;

9. A perceived vocation for furthering good governance both in the sub-region and continentally.

In general South African social sector bodies and enterprises share many of these concerns and perceptions. Outward mindedness has a relatively deep and wide base rather than being the private terrain of a handful of academicians, businessmen, public servants and rhetoricians.

These are in fact very substantial reasons for South Africa to seek integration - especially, but not only, sub-regionally. One problem is the result of South Africa's disproportionate economic size and military strength exacerbated by its history of hegemonic aspirations. South Africa - like Germany in the EU - always needs to be on its guard not to push too hard and above all not to be seen by its partners as coercive and domineering. Equally, it must face the realities that its partners will in some cases at least expect more of it than South Africa can deliver and that in areas of genuine, unavoidable conflict of interests - e.g. water right allocation with Namibia, Lesotho, Swaziland, Mozambique, Zimbabwe and Botswana - it has to fight its corner and make a reasoned case even while avoiding the perception of bullying or of refusing to accept that it too must make changes. To date it would be fair to say it has usually been well aware of these dangers and sought to limit them.

The changes in perceptions and stance since 1989 are dramatic. This is not simply a matter of the end of apartheid. The ancien regime had begun a rather patchy process of change in 1990 - the "forward strategy" to make Southern Africa safe and profitable for apartheid died by 1991. Further, at the turn of the decade many of the most verbal radical South African academics appalled Southern Africans by suggesting the new South Africa should be as hegemonic and bluntly interventionist as the old - even if for different reasons and for neighbour states' peoples' "own good" as defined in South Africa. Finally, while regional issues were on most agendas, it was not clear how high they were - an inward looking strategy focused almost entirely on domestic problems and a trade strategy looking beyond Africa did seem only too likely.

The ANC - which never adumbrated a counter-hegemonic policy in respect to the region - has in fact placed African - and especially sub-regional - issues high on its agenda. In part this
relates to its historic close and - on balance - cordial and useful relationships with the Front Line States and - more peripherally SADC. However, it also flows from participation of senior politicians and officials in a series of workshops and conferences to explore regional integration and from substantial articulated homework. Highlighting water, labour, finance, cross-border economic zones on transport corridors and a broadened definition of security (including root causes in food, water and livelihood insecurity) are not proposals flowing simply from historic friendships or emotional solidarity, important as these have been in context setting and perhaps, in the decision to opt for SADC over COMESA. Hard-headed, analysed national interests related to potential for mutual interests and potentially acceptable divisions of gains and cost are evident.

**Economic Integration and Political Economic Regionalism**

The case for economic integration in Sub-Saharan Africa has been repetitively rehearsed at academic, governmental, inter-governmental institution and conference levels for at least four decades (rather longer including the cross territorial colonial era variants and the 1920 onward South African drive for outward looking regional pre-eminence). It is not an area of left-right, state-enterprise, black-white divides. Enterprise approaches to the issues are narrower and more micro specific, but South African enterprises and enterprise groups do see regional and continental exports, investments and -perhaps - sources as crucial while the Lusaka Declaration attack on the existing economic integration pattern was an attack on hegemonic domination - especially when used as part of a total strategy to make Southern Africa safe and profitable for apartheid - and the regionalist goals it spelled out in no way excluded participation by a transformed South Africa any more than by an independent Namibia.

The case for integration has - up to a point - been accepted politically: declarations, treaties and organisations have proliferated for thirty years. Real resources - not least political decision taker and high level public servant time - have been devoted to negotiating, running, reviewing and reviving regional and sub-regional cooperation, coordination and integration.

However, the overall results are meagre. Regionalism is -with limited exceptions - not at the centre of national or of enterprise strategic planning, policy formulation or day to day decision taking. Its disappearance from the press between conferences (except to a degree in Southern and parts of Eastern Africa) is in large measure a reflection of its low profile in the ongoing work of governments and businesses. Why?

The argument that imported, unadapted theories and applications - including treaties - have often been inappropriate is valid. ECA's love affair with the EEC model and - slightly
inconsistently - free trade areas has hindered the effectiveness of its heroic efforts over three decades to make economic integration a rallying cry leading into a movement to a reality. But the problems of inappropriate imports and of ill-adapted technologies is hardly unique to economic or political economic regionalism.

The failure to analyse two inherent areas of tension - state/regional and state/enterprise - which may be creative or, especially when not directly examined, destructive, has been more damaging. A laissez-faire common market and even moderately interventionist national state will come into conflict. If no mechanisms are set up to manage these conflicts they will inevitably sap the vitality of regionalism - no African integration group secretariat can take on its member states on a we/they basis and win even if some have tried. Similarly, many attempted integration processes have paid scant attention to enterprise views, concerns and knowledge. Given that most economic relationships - and especially trade and production of tradables - are in the enterprise sector this is a serious gap. Filling it is not helped by the tendency of enterprises to treat regional fora as opportunities to promote common tax and regulatory concessions rather more than to provide contributions toward strengthening regional economic dynamics and on reflecting what state actions would facilitate enterprise participation in them.

In addition, tensions exist within governments and poor state-enterprise communication is endemic. They are more serious on the multi-country scene, but are only rarely the chief cause of failure or stagnation.

Unrealistic goals and nominal programmes have been a greater problem regionally than nationally with the partial, but noteworthy, exception of SADC/SADCC. Unrealism here includes adding so many areas (perhaps because core ones are stagnant) that prioritisation is lost in and constructing totally artificial time tables (as in the 1980 Act of Lagos and 1990 Abuja Common Market Treaty) with no mechanisms for stage by stage monitoring and review let alone actual articulated implementation.

This weakness is an aspect of a deeper one - inadequate operational involvement of states in integration attempts, again with SADCC/SADC an exception. One aspect is a plethora of secretariat policy, project and resolution proposals drawn up with little consultation with member states, distributed too late for domestic analysis and review, approved too rapidly with too little opportunity for revision and - predictably - thereafter more prone to collecting dust than to generating dynamic, concerted implementation. The former East African Community and - even more acutely - ECOWAS and COMESA/EAPTA - have been hamstrung by these patterns of operation.
State patterns of handling regionalism frequently reinforce weaknesses of operational involvements. At worst there is no ongoing focus point anywhere in government - only an intermittent conference preparation function. At best, participation in inter ministerial committees to prepare, report back, monitor progress is spotty and often poorly linked to key ministry planning and operational functions. This is compounded when there are few or no regional sectoral technical and programming meetings providing a focus, an output and an incentive for domestic ministerial attention.

To argue for a regional impact assessment on all major policies, programmes and projects ex ante and ex post sounds grandiose and is impracticable if a full scale consultancy type study is envisaged. However, if it means regional impact like environmental, fiscal, gender, external balance, poverty, food security should be on a check list for explicit attention within known national policy guideline parameters, it is basic to making the most of regional opportunities and reducing needless frictions with partners.

History is a further embrangling factor. This is not primarily because economic coordination was in some cases practised by colonial powers, but because in West Africa that history has - together with ECOWAS weakness - both perpetuated a Francophone sub-grouping and led to Anglophone suspicions as to its role, while in both Eastern and Southern Africa it has led to grave suspicions that centralising tendencies in regionalism (whether 'natural' or manipulated) weaken poorer members and - per contra - belief by richer members that their treasuries are overburdened by partial compensatory measures, even if the limited empirical analyses done to date suggest that the former proposition can readily be overstated and that the latter is incorrect.

Three specific historic problems confront Southern Africa. First, the South Africa centred de facto sub-region and its more formal customs and monetary unions have historically been unequally beneficial in favour of South Africa (a situation white Rhodesia objected to as much as Zimbabwe). The goodwill arising from cooperation in achieving the new South Africa and the clear statement that regionalism must be based on mutual interest of the present South African government have gone far toward eroding this barrier. Second, the history of Rhodesias-Nyasaland and East African economic cooperation as centralised, hegemonic and periphery draining has made several SADC members ultra cautious in respect to strong supranational or even transnational structures and especially to joint ventures, joint borrowing and fiscal transfers as modalities of cooperation. To date, SADC's success using other modalities has helped erode this historical barrier.

EAPTA/COMESA-SADC/SADCC animosity is a more serious problem. ECA and its child PTA, felt SADCC was a distraction or a foreign dominated spoiler and for some years said so in no uncertain terms. SADCC - up to and including Heads of State level - became
incensed and suspicious, embargling attempts at coordination and division of labour. COMESA/PTA's ill-advised efforts to take over SADCC/SADC and to denigrate it, while in many areas having far less achievements to show, has further complicated matters and embittered individuals.

All of the above factors - and especially the inadequate national integration of regionalism into domestic priority pursuit on an ongoing basis and the historic conflicts - have weakened regional initiatives and processes. But even together they do not explain its poor record. National sectors facing similar challenges have more frequently overcome them. Why?

The answers appear to be political economic and - occasionally - pure political not technical economic:

1. **domestic policy and programme decisions are unavoidable - regional ones can usually be deferred almost ad infinitum**;

2. **governments are unlikely to be overthrown or to lose (or win) elections on regional results**;

3. **free trade areas have no political sex appeal** - employment, food security, exports, poverty reduction, livelihoods (and projects seen to create them) do - and if regional free trade is presented in ways apparently conflicting with or irrelevant to these more concrete goals it is sure to lose out or to be given low priority;

4. **a multitude of inter country conflicts** (even totally beyond economic regionalism) will be a severe obstacle to dynamic economic regionalism and in extreme cases (Apartheid South Africa/SADC and Idi Amin's Uganda/Tanzania) makes serious economic regional dialogue and practice nearly or totally impracticable;

5. **abstract formulations** of economic regionalism limited to free trade and excluding political economy both hide the opportunities and cloud the requirements of operating on the basis of mutually perceived common interests best or only pursued in common and embracing - e.g. - food security, regional security broadly defined, power production and distribution, animal agricultural research and disease control just as much as customs and exchange control barrier reduction and regulation harmonisation and simplification. Only states can select the necessary minimum and maximum scope for dynamic regionalism - professionals can at best advise - and the way to add crucial but initially difficult areas (e.g. cross-border water rights in the case of the SADC region) is usually to set them to one side until a habit of cooperation and of finding mutually beneficial policies
and programmes in 'easier' areas has been built up (e.g. transport, communication, crop research, food security in SADC) not to see their initial inclusion as a make or break issue.

**Regional Dynamics in Southern Africa: 1990-2005**

Sub-regional integration has taken a higher position on both government and enterprise agendas in South Africa in the last two years than might have been expected. The reasons appear in both cases to go well beyond trade and in the first to be political and socio-economic as well as more narrowly economic.

**Trade is central** - South Africa's key market for manufactures beyond a narrow range of processed raw materials has been in its neighbours. With a trade balance that historically has choked off rapid growth, preserving and building on that market is crucial. Because the reality that export growth cannot be a one-way street with payment in hard currency (convenient as that would be) nor in unskilled migrant labour (which would be highly inconvenient given South Africa's livelihood expansion/unemployment reduction goals) there is more interest than previously in sourcing from, as well as selling to, the region.

Beyond trade, several other economic sectors are of interest: transport and communications, power, water, knowledge creation and exchange (especially agricultural), tourism promotion, water and water right allocation. In each, even reasonably efficient solutions require coordination or integration. Fortunately, in several, the probable trade balance out-turn would be favourable to several of South Africa's Southern African partners.

South Africa has picked up and built on the SATCC (SADC's Transport and Communication Commission) concept of *transport corridors and its extension to ancillary and related activities* in the Beira Corridor Authority case. The proposed Eastern Transvaal-Maputo corridor/growth pole relates transport, industry and agriculture to create a base toward dynamic growth in a relatively stagnant area of South Africa and a war dislocated one of Mozambique.

Some of these areas go beyond economic as does food security even if concern for them has economic as well as political driving forces. *Water rights allocation agreements* on the Orange and Limpopo Rivers as well as on the cluster transiting Botswana to Namibia and Swaziland to Mozambique is crucial to medium term water planning in a distinctly water short region. It poses serious problems, partly because of prior - and often inefficient - South African use and because as the colonial power South Africa prevented use of Orange River water for irrigation in Namibia while developing it in the Northwest Cape, but even more because it is an absolutely and increasingly scarce resource. The political costs of
disagreement would be high; those of acceptable agreements will not be negligible since South Africa (as well as several other SADC members, notably Swaziland) will need to enforce more efficient agricultural use (e.g. drip or sprinkler irrigation), better vegetation planning (ripping out exotic trees - especially eucalyptus - in some watershed areas) and enhanced waste water purification to restore quality and quantity flows into Swaziland/Mozambique and to avert similar crises in the Limpopo Basin.

Food security - one of SADC's demonstrable success areas - is important to South Africa because it cannot be secure - or able to sustain exports - in a starving sub-region. Regional pre-planning requires South African data - especially as to possible exports commercially or via triangular food trade - and both early warning and food distribution (including work/food programmes) are areas in which exchange of information can be useful to South Africa.

Food security and water security are examples of areas in which South Africa's broadened definition of security has regional implications. Traditional security concerns - military and political remain - but in a new context. No real regional threat to South Africa's military security is credible nor is South Africa committed to use its military capacity for hegemonic purposes in the region nor to use it unilaterally. The exercise in pre-emptive diplomacy backed by the visible presence of and credible willingness to use economic and political levers to back it up crucial to the peaceful reversal of the 1994 Lesotho coup was a joint one - especially with Zimbabwe. Security against large scale smuggling, drug trafficking, poaching (by land or sea) and arms running do require coordinated use of force (or its threatening presence, e.g. the cooperation in catching Spanish pirate trawlers in Namibian waters) but also a prearranged set of guidelines for ongoing or emergency action. Behind certain of these threats to social economic, environmental and - on occasion - physical security - and especially that of massive migration in search of work - lie issues of extreme poverty and lack of livelihood opportunities. High levels of absolute poverty anywhere in the region are a threat to stability and development everywhere in it. It was a hard-headed Afrikaner businessman who said of Lesotho's people "If they do eat, we cannot sleep".

Beyond the immediate Southern African region, South Africa's concerns in SSA are more economic - and particularly trade plus limited investment - focused. Integration in a broad sense is not on the immediate agenda beyond participation in and, hopefully, reinvigoration of general continental institutions such as the ADB, ECA and the OAU and specialist ones like ICIPE (insect control) and the International Centre for Tropical Agricultural Research plus - perhaps, selective tariff and non-tariff trade barrier preferences. Globally, the potential uses of African regionalism or Southern African sub-regionalism - e.g. in WTO or FAO or on the enterprise front in a coordinated, phased regional coal export expansion strategy do not yet seem to have received detailed consideration. The Southern African initiatives in respect to
Nigeria, at the Commonwealth Conference and since, are an initial example, but to date appear to be one-off not part of an articulated strategy.

To date, national and enterprise concerns appear to have converged markedly. This may not always be the case. For example, dynamic growth of sub-regional sourcing is essential to dynamic growth of South Africa exports to the sub-region. Because this is a macro concern and because balancing import potential lies in part in state controlled or owned sectors (e.g. transport, electricity) is it likely to be higher up on the South African state's priority list than on those of most enterprises. How to limit such divergences by moral suasion, incentives to enterprises and complementary state action is a question which will probably need attention.

**TRADE FACILITATION AND CLOSER INTEGRATION REVISITED**

Economic coordination and integration issues fall into two broad clusters:

a. **facilitation of commerce** in goods and services by fiscal, monetary and licensing barrier removal and simplification - harmonisation of procedures and documentation;

b. **policy and programme coordination or integration** at sectoral (and ultimately macro) level aimed at mutual benefit promotion including, but not limited to, production (including knowledge and security) and trade.

A number of functions - e.g. short term finance provision, export insurance, trade fairs and trade information collection support are on the border, but the division is basically between facilitation focused on trade expansion hopefully leading to production expansion by lowering of state imposed barriers and production promotion through facility or incentive provision focused on output with trade performance one important way of validating/marketing enhanced output. In Southern Africa COMESA/ECPTA and, at least nominally, SACUA have followed the former approach and SADCC/SADC the latter.

The two approaches are basically complementary. Without physical and policy coordination enhancing production, trade opportunities are likely to be limited. Without relatively low levels of tax, quantitative restriction and proceeds remittability barriers, production potential is likely to be choked off by the throttling of trade.

To argue in terms of either/or or of first/second among these approaches is fruitless. Normally, both are crucial to successful integration and should proceed in parallel with exact relationships depending on contexts, perceptions and historical realities. Further, to attempt to separate the political, political economic and more purely economic is likely to be
misleading - the "European idea" is inherently political economic and cultural. A built-in concern for security by unity and has always been integral, as well as parallel, to European economic integration efforts. In Asia, ASEAN has very gradually emerged as a strong economic regional grouping after a long build-up period as a rather weak policy and programme coordination body while its members came to know and feel comfortable with each other. Similarly, the anti-apartheid political leitmotif was the driving force in SADCC whatever its particular activity clusters and today its inheritance of common purpose and shared experience is one of SADC's greatest potential assets even if it does not relate directly to most economic integration programming as such nor, of course, to relations with South Africa under new management.

Similarly, it is obfuscating to speak of the first cluster as market determined and the second as dirigiste. Neither can function without a state frame setting role and the second’s most successful example - the EU - is hardly an exercise in anti-market Stalin planning as opposed to market management and promotion.

There are however certain differences between the two approaches which may suggest different institutional comparative advantages and divisions of labour. Trade facilitation works best over the broadest feasible area and does not per se require either massive harmonisation of other economic and social policy nor great political like-mindedness. For example, a free trade area with current account convertibility from Pacific Russia to Greenland and Turkey to Norway by 2005 is a plausible objective and possibly a desirable one whereas extending the full panoply of EU integration over that reach even by 2015 is an unreal one. By the same token, the trade barrier reduction, procedural and documentation harmonisation, commercial clearing and trade finance measures actually focused on by EAPTA/COMESA can usefully cover its whole present membership and indeed could be extended to a Cape Town to Cairo to Douala triangle (i.e. virtually all of non ECOWAS SSA plus Egypt).

Deeper integration of sectors and policies requires a smaller number of members to be practicable - especially at the start - and also a greater common feeling among them (thus the debate on whether Malawi should be asked to be a founding SADCC member and the rejection of Zaire's de facto application to join). This does not require static membership - SADC like EEC has grown (very dramatically so in regional GDP terms) and over time could include Zaire, Kenya, Uganda plus Rwanda and Burundi albeit only with rather more like-minded governance patterns in all five and serious processes of reconciliation and stabilisation in the last two.

From a South African perspective it is - counter intuitively - easier to fit into a second cluster institution, or at least one structured as SADC with common guidelines and sectoral goals but substantial member flexibility as well as near total member state responsibility for
implementation. In that framework South Africa's disproportionate size is not a major problem nor is its relatively stronger overall (albeit not in all sub-sectors) economy. In the preferential to free trade area process, however, problems do arise. The expansion of SACUA to COMESA (or even to SADC) is not feasible on fiscal grounds, appropriate on structural nor likely to be saleable on political ones. In theory a front end loaded South African extension of tariff preferences could be negotiated with COMESA's present members, albeit data limitations and perceptual imbalances plus vested interests would make that very difficult. In practice some such approach will be needed within SADC - reviving the extant South Africa-Zimbabwe (and Malawi) trade preference agreements plus maintaining a mildly reformed SACUA, plus mirroring COMESA preferences among SADC members other than South Africa, is a stopgap but there a greater sense of common purpose plus the possibility of clear early gains in other sectors make an agreed solution and its ongoing adjustment and broadening more feasible.

Both in the trade facilitation and the integrated production promotion clusters, the basis for selection and sequencing necessary for success is mutually perceived mutual interests. A model can at most indicate where mutual interest potential exists and help in making it perceptible; it cannot serve as an architectural drawing for institutions or activities. Attempts to reduce all trade barriers uniformly without regard either to domestic damage and perceptions in some member states is a route to deadlock, reversal or de facto dissolution just as is determination to include - say - a regional finance and technical assistance institution in a sectoral coordination package if few member states perceive any value to it. Similarly, attempting to replicate the present scope, powers and staff strength of the EU in Africa is likely to create a mutual perception among member states that the Secretariat is an outside "they". That is highly counterproductive because to be successful a regional organisation needs to be seen as "our". Despite defects in performance of some sectoral units, the concentration of SADC professional staff in programme units overseen by states has averted that clash and allowed a build-up of Secretariat capacity and functions as and when member states perceived that to be needed to support "our" concerns.

The contention that this approach will set aside too many 'hard' sectors or programmes is not self-evidently true. SADC's Energy Sector fostered trans-national thinking in respect to electricity production and use. Its first proposals for inter-connections were marginal but created a dynamic of rethinking leading to SADC's protocol toward a regional power grid. Similarly, once South Africa became a member, the need to face a series of water right allocation issues promptly was taken up by the relevant Lesotho based sectoral unit and has resulted in a protocol and steps toward a negotiating process.
KEY ISSUES FOR SOUTH AND SOUTHERN AFRICA

For South and Southern Africa four issues are central to continuing and strengthening the integration process:

1. **Restructuring the economic content of past economic relations as well as their political economic goals**, because the past pattern of exchanging manufactures for unskilled labour and hard currency to build a hegemonic South Africa is no longer viable, while at the same time seeking to incorporate socio economic and political security goals in the regional process;

2. **Broadening sectoral coverage** beyond trade and transport to include energy, water allocation and use, knowledge creation (e.g. agricultural research), macroeconomic policy harmonisation, food security and security more generally, promotion of cross-border 'production corridors' on selected main transport axes;

3. **Reforming and harmonising inherited institutions** - notably SACUA, SADC and COMESA - into mutually reinforcing patterns and developing more creative and mutually supportive relationships with regional enterprise and social sector groupings;

4. **Surmounting the special WTO and EU interaction problems of an economic integration grouping one of whose members is classed as** (and bound to the requirements placed on) a developed industrial economy while the others are classed as developing (and in several cases least developed).

The restructuring requirements are basically in the interests of balance, mutual benefit and sustainability. They require substitution of South African sourcing of goods and services (including transport, power, tourism, natural gas, manufactures) in the region to replace hard currency and migrant labour as payments for its exports. This is a necessary condition - at least in the medium term - for sustained growth of South African regional exports. It is also one which can be valuable in and of itself to South Africa because the region is a potential low cost supplier for a number of goods and services while Maputo is the natural Indian Ocean port for the Northern PWV and Mpalunga and Walvis Bay is the logical Atlantic port for South Africa north of De Aar junction.

Major transitional problems arise for South Africa and its partners in respect to **migrant labour** and to certain **labour intensive manufactures** - including garments, textiles, shoes and other leather products and furniture. In both cases the key issue is livelihoods in South Africa and in partners. In both, phasing is needed - gradual (preferably voluntary, e.g. on retirement) reduction of contract labour employment in South Africa and gradual removal of protective devices limiting Southern African labour intensive manufactured goods sales to
South Africa. When posed in these terms and seen together, the problems become less intractable because in the one case the jobs gained are in South Africa and in the other in Southern Africa and because in the migrant labour case South African trade unions have been protective of all present workers not narrowly nationalistic. Therefore, both problems should be reviewed in the new labour sector unit in close consultation with South African unions and sub-commission (in the manufactures case jointly with the Trade sector unit and sub-commission) to work out a practicable acceptable package.

Lesotho is a special case. It has virtually no economy not totally integrated into that of the Rand for which it basically serves a long distance worker residential area and a nearly recreational zone with a supporting set of public services, infrastructure and commerce. A near total economic union including free or virtually free movement of labour within a few years is needed - a solution neither necessary nor practicable for Southern Africa in general. For example, employment build-up along the Maputo corridor, in the transport/commercial sector of Maputo and in the southern Mozambican tourist sector provide ways of revitalising that area's war-ravaged economy while gradually reducing the historic dependence on jobs in the South African mining sector.

The most innovative South African-SADC-Southern African initiatives are in respect to security broadly defined. The tangles on agreement in respect to structuring should not be allowed to obscure the emergence (basically out of the former FLS structure in which the ANC was de facto an associate member) of the Association of Southern African States (including the Interstate Defence and Security Committee at Ministerial/Official level) within the broad SADC ambit and the definition of security including social, economic and household physical security as well as macro military and diplomatic aspects. In that sense the existing Food Security unit and programme are a portion of security albeit one not likely to be folded into the ASAS structure; the new labour sector unit and sub-commission are to a not inconsiderable extent concerned with livelihood security; the water allocational protocol and negotiations relate to livelihood, food and diplomatic security.

In the military security field two points are unusual. First, the definition of military threats includes those to democracy as evidenced both by the 1994 Ministerial Workshop on Democracy, Peace and Security (which drew in parliamentarians and social sector representatives as well as ministers and officials) and in the effective deployment of the diplomacy of isolation and the threat of economic and military sanctions to reverse the 1994 Lesotho military coup in parallel to domestic and South African social sector mobilisation and to continued recognition of the pre-coup government. Second, much of the projected integrated use of force relates to such heads as external fish theft, smuggling, drug and arms trades (transit and regional market oriented) and cross-border banditry (including poaching).
The issue of external threats to members of the region - and especially of responses to them - has apparently not been articulated concretely albeit one case may well become urgent. That is security (not least fiscal security) cost to Tanzania of the holocaust in Rwanda and the continuing instability with violence in both Rwanda and Burundi (including the consequential three-quarter million refugees in Tanzania). As much of the problem turns on the incompetent pusillanimity combined with penny-pinching of the international community, diplomatic as well as (or perhaps even more than) more physical regional support to Tanzania may be appropriate.

Security concerns are perceived as relating to reducing the causes of violence not just its suppression. That in a broad sense means regional development keyed to poverty reduction. What it means in more specific terms and how ASAS/ISDSC will relate to specific non-security programmatic areas in SADC is yet to be worked through.

The security area is sometimes linked to all unrecorded cross-border activities - legal, alegal and illegal. That is a mistake - and one SADC/ASAS seem to have avoided to date. Short distance seasonal border area migration and crop labour and border trade (especially in local goods) pose no security problems and are better regularised (or allowed to continue uncontrolled though preferably recorded) than suppressed. Massive currency flows and smuggling linked to unequally overvalued exchange rates and detailed quantitative restrictions cannot, in the Southern African context, be suppressed and are better handled by achieving more realistic exchange rates and macro external sector management. Per contra the arms, wildlife trophy and hard drugs trades do threaten security (not least because all are in practice inherently violent) and do require joint suppression.

How to handle the plethora of unrecorded, alegal and/or illegal movements of goods, services and persons across borders in Southern Africa requires overall analysis and strategic planning not just case by case combinations of attempted suppression and/or benign neglect. Some cases are so seriously harmful that effective interstate cooperation in suppression is needed: e.g. the drug, arms and protected wildlife trades, the use of the Maputo forex markets to secure hard currency for illegal activities in South Africa, the near total collapse of customs collection on Mozambique's land borders. Others must be regulated - South Africa and Botswana cannot provide livelihoods for every unskilled worker or small scale farmer who would wish to seek them there, nor can other Southern African states afford to have every professional person attracted by South African, Botswanan or Namibian salaries emigrate. In these cases regulation is usually only an interim step - reducing absolute poverty and uncongenial work conditions (not only pay) are the basic cures. But in other cases what cannot be prevented is better legalised, but also recorded and analysed, so it can be understood, reformed, regulated, perhaps replaced, e.g. most border trade and much parallel
market currency movement. For example, Mozambique never seriously sought to suppress the parallel market in Rand, knowing it to be both impossible and imprudent and its second exchange window approach was in large part overt legalisation to facilitate influencing allocation of proceeds and improving knowledge of foreign currency earnings.

Such a rough three way division of activities should facilitate focusing scarce resources (especially analytical and control personnel) on crucial tasks related to security (including fiscal in the case of Mozambican Customs), to identify practicable means of control where total suppression is neither desirable nor attainable and to highlight causes behind the cross-border movement phenomena which require corrective attention. For example, a successful Northeast Transvaal-Maputo corridor economic development zone combined with agricultural rehabilitation focused on the Maputo market would make a major and lasting contribution through domestic livelihood creation to reducing poverty push migration from Mozambique to South Africa and from rural and small town areas in the Eastern Vaal to greater Johannesburg.

**INSTITUTIONAL ISSUES**

**Institutionally SADC - with a growing number of protocols - is broadly adequate.** Indeed the importance of charters and constitutions can be overrated (especially if they are seen as straight jackets). SADCC operated and grew for a dozen years with a statement of principles and broad lines of articulation (the Lusaka Declaration), a regularly revised programmatic annex and a memorandum on institutional structures and responsibilities. This was not, perhaps, optimal but it did facilitate flexibility and in the context of substantial governmental will to proceed and a working official, ministerial, head of state decision-taking, monitoring and review process worked quite well. SADC has a firmer constitutional foundation and - via protocols - the way to articulate new priorities and areas of ongoing activity.

**SACUA and the Rand Monetary Area** pose greater problems in principle and the medium term. SACUA cannot be extended to SADC, nor in the present context can it be phased out rapidly. On its revenue allocation aspects moderate changes (notably paying on an estimated current flow base not one up to two years back) can probably resolve conflicts. How to reduce its believed centralising impact is unclear. In the medium term, as SADC moves toward a free trade zone, the customs union side of SACUA will fall away and there appears little inherent problem in substituting national external tariffs and single point sales taxes (truncated VATs) to replace revenue allocation. The RMU is less evidently non-sustainable. Arguably Namibia would (like Botswana) gain marginally from an independent currency, but a case for Lesotho or Swaziland to opt out (so long as they are not required to hold external
assets solely or dominantly in Rand) is harder to make. Further no likely conflict arises as a SADC monetary union is not a short nor even a medium term plausibility.

The real problems relate to COMESA of which South Africa and Botswana are not members and which - for historic and personnel reasons - is on bad terms with SADC, Botswana and - it would appear - South Africa. Optimally COMESA would be the forum for tariff and non-tariff barrier reduction, for commercial clearing, for harmonisation and simplification of trade documentation and procedures and perhaps for trade finance. For these areas its broader geographic reach (if South Africa were to join) would be useful and in each it has experience and some history of success. SADC would continue deepening and broadening along present lines. For the 'Northern COMESA' the near moribund IGAD (Intergovernmental Group on Drought and Development) could - if desired - be resuscitated as a 'Northern SADC'.

This approach appears unacceptable to COMESA which apparently wants to engross SADC and to SADC which has come to perceive COMESA as inherently hostile. Fairly clearly no SADC member is likely to agree to a COMESA take-over, because SADC is perceived as more active and useful as well as more "their" organisation.

Therefore a second best proposition would be for SADC member states to withdraw from COMESA but also for SADC to allow all members to associate with all or selected members of adjacent integration groupings so long as they did not give more favourable treatment to these states than to fellow SADC members. Assuming SADC was able to negotiate trade preferences analogous to COMESA among its members other than South Africa and to phase in South Africa on the basis of front end loaded South African/back end loaded partner preferences, this would de facto allow Tanzania and Zimbabwe continued favourable access to the Kenya market and not hinder South African efforts to secure it. Apparently SADC's secretariat favours this trajectory. Arguably this is a more aggressive strategic response than it seems. If Mauritian accession to SADC were followed by Kenyan and Ugandan - a not implausible medium term result - COMESA might survive but as a relatively moribund shell responding to SADC evolution toward internal free trade or - if a genuine revolution were to restore decency, civil governance and a modicum of economic progress in the Sudan, became a Horn analogue to SADC.

A rather different institutional challenge is broadening participation in SADC dialogue and encouraging emergence of like-minded bodies - relating to enterprise and social sector regional institutions. The Democracy, Peace and Security Conference may provide insights into the first while the new labour sector logically needs to relate to the emerging parallel (but independent) pattern of regional trade union relations. SADC is inherently an intergovernmental structure but good governance requires it be open to exchange of information and dialogue with enterprise and other groupings from civil society. It has no
need to dominate (nor to finance) such groupings at regional level, but it should seek to relate to and interact with them. In both aspects of this challenge studying EEC experience - not to copy but to seek insights - might be profitable.

**South Africa is classed by the WTO - and slightly less clearly - by the EU as a developed industrial economy.** The deathbed conversion of the late regime to economic neo-liberalism resulted not merely in ready acceptance of this premature categorisation but also in negotiating rather rapid dismantling of barriers and subsidies which it is not now possible to reverse.

This poses problems for SADC. **Industrial economy levels of tariffs may well not be optimal for several of its other members as soon as South Africa is obligated to reach them.** South Africa is unlikely to receive generalised system of preferences (GSP) treatment on exports resulting in problems for non-South African SADC exports with a substantial South African content securing GSP and - even more - Lome Convention treatment. Probably special provisions can be negotiated - especially in respect to South African content in (non-South African) SADC exports, but to do so will require careful planning, skilful negotiation and sustained pressure by SADC members as a group. One route - which is consistent with other probable changes - is to transform SACUA into SAFTA (free internal trade in domestic products but not necessarily a fully common external tariff).

**BEYOND SADC - TO SSA**

South Africa's economic concerns and interests in SSA do not end at the boundaries of the Southern African sub-region even if in the medium term it expands to include Madagascar, Kenya, Uganda and Zaire. However, beyond that radius in depth economic coordination, let alone integration, is unlikely for at least two decades. Even preferential trade prior to 2005 is rather problematic since ECOWAS has made virtually no progress on that front among its existing members over nearly a quarter century.

The main thrust of South African economic involvement is and will continue to be in **trade and in financial services provision including joint ventures.** Because few African markets - or financial sectors - are priorities for front line global corporations (except in mining in which South Africa is itself in the front line) major South African enterprises view these as promising areas for expansion in which they can face the competition on equal terms now the albatross of the apartheid regime has been lifted from their necks.

As is not the case in Southern Africa (except Tanzania and perhaps Angola), their entry does represent a diversification of external links and is therefore welcome. However, whether this
continues may depend on their translating the domestic need for affirmative action in favour of Black South Africans into affirmative action for Host Country Nationals - including in ownership - when, and as soon as, feasible. If the South African economic presence remains fronted entirely or almost entirely by South African faces - especially but not only white or brown ones - it will face increasing reservations.

For the South African state the question is what - beyond the very important automatic act of not being the apartheid regime - it can do to facilitate economic exchange development. General trade promotion - including support to enterprise exploratory and initial entry activities - is one answer. Closer diplomatic relations including technical assistance provision may be a second.

More important in the medium term may be participation in continental integration institutions and leading a Southern African initiative to strengthen (revitalise?) them. The key cases are the ADB, the ECA and the OAU. The ADB needs to become less of a mini World Bank following the latter's evolutions and strategic shifts with a three to five year lag. How is an open question - especially as the ADF is dependent on foreign finance - but more articulated interaction with region building, more analysis linked to potential policy formulation and more policy formulation level technical assistance are three examples. The ECA has since 1990 lost all sense of purpose and focus. There is an urgent need for its members to decide on their priorities for it (not the reverse) and to call for restaffing and reprogramming in the light of those priorities. In the case of the OAU, creating an economic and a broadly defined security analytical and advisory capacity is accepted as urgent but needs an initiative - e.g. by Southern Africa - backed by finance (however mobilised) to make much progress. In each of these areas historic reasons - and the resentment of smaller states to what they see as 'big brother' bullying - mean South Africa would be well advised to proceed primarily in the context of sub-regional initiatives and as a co, not a sole, spokesperson for Southern Africa - a test on which it did not perform too well in respect to Nigeria in late 1995.

Security also has dimensions beyond sub-regional. The immediate military (or at any rate cross-border armed incursion) threat is to Tanzania and comes from non-SADC states to its West. Angola and Zambia have faced security threats from Zaire. While this is not a major present problem, it remains a latent one at least so long as the present personalised, dictatorial regime endures in Zaire.

The democracy/dictatorship aspect of security also has continental dimensions. Democracy died in Gambia whereas it was restored to life in Lesotho because Nigeria is not South Africa and ECOWAS (despite its efforts to broker and to enforce a solution in Liberia) is not ASAS. The presence of totally repulsive and - except perhaps for top ruler personal interests - inefficient dictatorships in Nigeria, the Sudan and Zaire is bad news economically not merely
at national level but in respect to West African and Horn economic regionalism and to any sustainable development process that involves basic human needs and good governance aspects. South Africa within the Southern African context is uniquely placed to speak out - as it has sought - albeit somewhat clumsily - to do on Nigeria. No West African state can take the lead in respect to Nigeria and Ethiopia is reluctant to do so in respect to the Sudan unless it can be sure of support. Southern Africa is not vulnerable to Nigerian, Sudanese nor - if it stands together - to Zairian action and does not contain any government which can fairly be said to be a self serving clique or an abomination in human rights terms. This area is also one in which South African social sector bodies - probably especially trade unions and churches - and their regional analogues have potentially important roles.

BEYOND SSA - SOUTH AFRICA, SOUTHERN AFRICA AND THE WORLD

South Africa and Southern Africa can probably have their greatest global - including global economic - impact through what they do and are nationally, regionally and within Africa. African voices are not particularly audible (or at any rate heard) globally primarily because of their weak and unattractive domestic bases. A Southern African region formulating and acting on coherent economic, socio economic and political economic strategies and policies which resulted in improved growth, less weak external account balances, improved infrastructure, better governance and more stability/security would have a better image and be listened to more seriously. As a more substantial market (and source of supply) and a more attractive area for investment it would receive better treatment in negotiations, more investment inflows and - probably - more support in respect to what were seen as truly one off, limited crises (e.g. abnormally severe multi year droughts).

However two more specific lines of influence/negotiation arise. International response to African crises - however well intentioned which is sometimes open to doubt - has typically been lagged, badly informed, inconsistent and partially to wholly ineffective. This doubtless wastes money (and the possibilities of mutually beneficial economic exchange) for external actors; for afflicted Africans it wipes out livelihoods and lives.

The exceptions appear to be cases in which an African strategic frame and implementation capacity existed to hasten, orient, co-ordinate and utilise international response. The 1991-2 Southern African drought (and resultant 1992-93 food dearth) and the 1993-4 drought (1994-95 dearth) in Ethiopia are - correctly - seen by the international community as its most effective responses to major African drought crises. But the underlying reason is less stressed - national and SADCC data, initiatives and prioritisations in Southern Africa and national in
Ethiopia provided leadership, early warning and implementation capacity. Similarly - limited as its results are - ECOWAS mediation/peace brokering in Liberia has been much less ineffective than UN led intervention in Rwanda and Somalia and if the Tanzania led/OAU supported mediation efforts in Rwanda had had meaningful support from the UN (including a constabulary definition of peace keeping as quieting or stamping out minor disturbances before they escalated out of control) it is not unlikely the Rwanda holocaust could have been averted. South Africa in the Southern Africa group can attempt to respond to the need to alert, inform and guide international responses where and when needed.

Finally, in WTO, FAO and other global organisations the attention paid to proposals and negotiating positions depends on size of proponent and on quality of proposal. Southern Africa acting together with mutually crafted (and cross-checked) positions can do more jointly than severally. South Africa - with the bulk of the region's economic size - will need to be central to (but to avoid seeking to dominate) efforts in that direction.

Enterprise parallels exist. For example, Southern Africa has several potential as well as actual coal exporters. Coordination of production and export plans (and of related infrastructure creation) including timing linked to world market evolution analysis could strengthen the region's position in, and earnings from, the world coal market. Government involvement is likely to be essential because railroad and port facilities - even if largely financed by coal producers - do involve states (whether as providers or as buyers of spare capacity, e.g. on a Trans Kalahari and a Moatize-Ncala or Moatize-'North Beira' rail line and at their coastal terminal bulk ports) as do some aspects of trade and market access negotiation.

**PROPHECY, PORTENT OR PRACTICABLE POTENTIAL?**

The preceding sketch is not a prophecy. It may very well not happen and what does happen will certainly diverge in detail from what is sketched.

Nor is it a portent - the scenario is a positive one. While clearly perceiving economic integration as only one of a number of tools and as one whose contribution has present limits and substantial time, attention and resource requirements for build-up it does not view it either as a dead end, as trivial or as inherently unattainable over 1995-2005 (at least in Southern Africa - West Africa and the Horn are much more problematic).

The record of SADC/SADCC since its 1978-9 pre launching preparation and of South African involvement in Southern Africa since the elections are positive in three ways.
First, there has been a **high level of interest by a growing range** of ministers and officials linked to growing parallel enterprise and social sector interest;

Second, there has been a **willingness to plug away at details and at capturing delayed results linked to** an eye for getting **some quick, visible payoff initiatives to sustain interest**;

Third, **innovation** has marked both SADC and SADCC;

a. SADCC launched the first regular aid coordination forum managed by recipients, responding to their priorities and able to secure sustained funding;

b. the net addition to transfers to the region may be problematic - the **reallocation toward agreed user priorities** and therefore the increase in quality of aid is much clearer;

c. SADCC remains the **only economic integration, grouping to have made food security a priority** and to have evolved ways of working toward it (from the Lusaka Declaration onward) - most visibly the 1991-92 drought response;

d. whatever its limitations, the **integral host state/member state central roles** in sectoral programming and the tying of the bulk of professional personnel to implementing previously agreed programmes has sustained state involvement and support while having been consistent in a majority of cases with dynamic programme development;

e. the **broad definition of security** in relation to underlying causes and to democracy and its application to managing and overcoming the Lesotho crisis and responding to the worsening Nigerian situation are both unusual and positive broadening of normal regional integration themes.

If this record can be sustained - including more innovations as needed - South Africa and SADC can exemplify at home, sub-regionally, in SSA and globally the positive side of Pliny's observation - "Out of Africa there is always something new".
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Author Note

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