THE CHALLENGES OF
POST-APARTHEID SOUTH AFRICA

CONCLUSIONS AND PAPERS
PRESENTED AT A CONFERENCE OF
THE AFRICA LEADERSHIP FORUM

8-10 September 1991
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Edited by
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INTRODUCTION

On 8-10 September, 1991, a Conference titled “The Challenges of Post Apartheid South Africa” was convened by Africa Leadership Forum, in Windhoek, Namibia. At the Conference, prominent personalities from within and outside Africa addressed three major dimensions of a post-apartheid era viz: the political implications; the strategic implications; and; the economic implications. This publication contains the statements and papers that were presented at the Conference.

The publication starts with the opening statements by the Chairman Africa Leadership Forum, General Olusegun Obasanjo, President Sam Nujoma of Namibia and King Moshoshoe II of Lesotho. These three statements raised the pertinent issues that were later examined at the conference.

The substantive papers on the three major dimensions of post-apartheid era are arranged accordingly. The first, by Prof. Adebayo Adedeji, touches on all the three major areas: political and strategic with emphasis on the economic implications. The paper by Dr. Frederick Van Zyl Slabbert focuses on the political implications while that of Alister Sparks is directed towards a treatment of the strategic implications.

The other substantive papers are principally on economic issues. The thrust of the paper by Prof. Reginald Herbold Green is on the possible areas of integration between the Southern Africa Development Coordination Committee (SADCC) countries and Post-Apartheid South Africa, in a context of a weak South African economy. The paper by Dr. Robert S.K. Tucker, essentially compliments Prof. Greens’ paper by highlighting the weak state of South Africa’s economy and the country’s domestic challenges. Prof. Prakash Sethi’s paper deals with the issue of a mutual two-way exchange with special emphasis on inter-African trade between Post-Apartheid South Africa and the rest of the continent; and, the paper by Dr. Bingu wa Mutharika reflects on a framework for cooperation between the Preferential Trade Area for Eastern and Southern Africa (PTA) and Post-Apartheid South Africa.

Finally, a brief section of an annex with a statement of Elhaj Babacar N’Diaye, President, African Development Bank and a statement by Stephen Denning, World Bank. The final section of the annex contains a list of participants and their respective addresses.

Africa Leadership Forum hopes that this publication may make a modest contribution to the knowledge and understanding of the emerging challenges of “The Post-Apartheid Era”, where much remains to be done especially within, but also outside Africa.
A CONFERENCE ON THE CHALLENGES OF
POST-APARTHEID SOUTH AFRICA
TO SOUTHERN AFRICA IN PARTICULAR
AND AFRICA IN GENERAL

CHAIRMAN’S SUMMARY BY
OLUSEGUN OBASANJO

South Africa has not reached the post-apartheid era, but it is moving in a somewhat unpredictable manner to the point where apartheid can be declared dead even if not buried. Our conference considered the challenges and the opportunities that post-apartheid South Africa will have for all its citizens, citizens of the sub-region and the continent but particularly for those citizens who have been victims of apartheid. It is also a challenge and an opportunity for the international community as a whole especially in the post cold war situation.

In economic and social terms, South Africa is weak and unwell. The situation is likely to get worse before it can get better as a result of the transition and the uncertainty of the interim situation. With the demise of apartheid and the correction of gross misstructure and the underperformance of the economy, the social malaise brought about by the policy of apartheid will remain for sometime. Deliberate efforts will have to be made to deal with the social problems of the “new” South Africa. It is now being recognized by all concerned in South Africa that the problem is not that of changing the captain of the boat but changing the engine and reorganising the crew. That reorganization may inevitably lead to a change of the captain but, all in all, fears will have to be allayed and expectations will have to be moderated.

Post-apartheid South Africa must be able to release more resources for reinvestment in the economy to revitalize it and for dealing with its social problems. Internal mobilization of resources will not be enough to adequately deal with the socio-economic problems of South Africa; there will be need for additional resources from the international community. However, expectation by post-apartheid South Africa for additional resources should not be exaggerated bearing in mind the realities of the changes and requirement in Europe, global evolution of trading blocks against GATT principles and the change of industrial process.

The inclusion of South Africa in regional, political and economic organizations must be the first outcome of post-apartheid South Africa. Such an arrangement may mean re-modelling existing organizations to admit a “new” South Africa or the establishment of new organisations. Cooperation, particularly in the economic sector, must mutually and collectively strengthen the economy of the Southern African sub-region. Cooperation must gradually and steadily lead to the integration of the economy with the harmonization of currencies, financial systems and infrastructures. True enough, the economy of South Africa is not as strong or as resilient as the economy of the developed and industrialized West, but it is the strongest economy within the sub-region, and neighbouring countries look up to the “new” South Africa as a pre-eminent nation and economy within Southern Africa.
Regional development programme must be given high priority and national development programmes should be harmonised accordingly. Cooperation is not a zero-sum game. Every nation has something to gain in a regional organization in the short, medium, and long-term. Sacrifice must also be made equitably. Perception and reality of an uncaring and dominating South Africa as an oasis in the midst of a desert of poverty and poor economies in the sub-region will be inimical to national security and stability, regional development and cooperation.

While the sub-region or the continent may not be a massive motive force for the economy of South Africa, a revitalised economy of post-apartheid South Africa can influence significantly the economies of neighbouring countries and, to some extent, those of countries beyond the sub-region. Cooperation and self-reliance must be the guiding principles for the nations in the region.

The resolution of the apartheid problem in South Africa and the enthronement of security and stability within the country and the sub-region will re-kindle the confidence and serve as an incentive to the economy of Southern Africa and subsequently lead to a reversal of capital flow. But again, there should not be unrealistic expectations.

The political process in South Africa has shifted from a regime of confrontation to a regime of negotiation. Although the preliminaries and preparations are taking place, negotiations should start in earnest as delays may bring up new obstacles and fresh impediments. It must be seen as a continuous process leading to adjustment and the evolution of political institutions, order and arrangement. These are essentially the responsibility of South Africans themselves.

However, the local and international environments must encourage progression rather than regression of the process. Official government-to-government contacts may be slow in the early stages of the process. Informal people to people contact and business contacts must be encouraged because such contacts could hasten the removal of the walls of isolation built by apartheid, and against apartheid and promote official contacts without slowing down the process. It is only the people of South Africa themselves who should determine the point when the death of apartheid can be proclaimed. The rest of Africa and the international community must ratify and reinforce such proclamation. Such ratification and reinforcement will come in different ways but one significant one in Africa should be the formal admission of South Africa to the OAU.

A conducive political environment will have to be created for economic and social reconstruction to be successfully carried out in South Africa.

In view of limited ODA, foreign direct investment and the liquidity crunch, South Africa and the sub-region will be essentially on their own in their execution of national and regional development programmes. This calls for regional organizations of an economic nature, which will hasten political cooperation. Drastic reductions in military expenditure and acceleration of regional cooperation and harmonization of planning and development will lead to cost-effectiveness and political harmony.
There is need for an independent expert and high-level study to examine in detail the streamlining of national institutions, regional organisations, political structures and regional development. Such a study will examine the possibility of harmonising and unifying the instruments of economic development of the sub-region and the role of PTA and SADDC in the new situation. Africa Leadership Forum is called upon to bring to fruition such a study. We must not forget the lessons of history either in regional cooperation or economic integration but particularly the lessons of a post-apartheid situation, which Namibia itself uniquely epitomises.

The issue of security and strategy in South Africa and Southern Africa was considered strictly in terms of military security. Two questions are in the forefront. Will post-apartheid South Africa lead to the cessation of internal conflicts, cross border raids, destabilization and dirty tricks in the sub-region? How much peace dividends can be expected to accrue to each nation of the sub-region?

In answering these questions, we must consider the global environment in which South Africa and Southern Africa will have to operate and cooperate. What do the dramatic changes in Europe or the Soviet Union portend for global security, stability and predictability? Power vacuums could appear in many regions. In the process, adventurism by more powerful neighbours and the possibility of conflicts between rival regional powers as they complete to fill the vacuum cannot be ruled out. In this context, the United Nations’ role should be enhanced significantly to deal inter-alia with ethnic nationalist flare-ups and inter-clan conflicts. South Africa and Southern Africa must prepare against such tendencies.

Africa must build regional structures for mediation, peace making, peacekeeping and conflict prevention and conflict resolution using formal and informal agents and facilities. Southern Africa must build similar sub-regional structures. Africa and Southern Africa must learn the lesson of supremacy of economic power over military power. The problem of military status symbol and the existing high rate of unemployment make rapid demobilization difficult. In Southern Africa, this is complicated by the compulsory national military service emanating from an unresolved security situation. As an interim solution, peace corps, whose role will be on economic and social services, can substitute national military service. A peace culture must also substitute militarism and military culture, which are the products of the liberation struggles in Southern Africa.

The security of any nation in Southern Africa must be construed in the context of the common and collective security of the sub-region. That is when security can be nationally meaningful, realistic, sustainable and reinforcing. The regional cooperation and development that should emanate from a post-apartheid South Africa must be anchored on national and sub-regional security and stability. This should grossly reduce national conflicts if not completely eliminating it. Cross-border military operations, destabilisation, dirty tricks and instigation of one ethnic group against another should be eliminated. Peace dividends can only come from a situation of peace and security within national borders and within the sub-region.

To foster and defend the policy of apartheid, South Africa developed and became a major arms producer and exporter. South Africa must embark on the conversion of its military industries.
The South African problem is a human problem that has been sustained by fear, intimidation, falsity and oppression. A post-apartheid period must mean the elimination of all these, the recognition of fears and aspirations of individuals and groups and the intention of understanding and accommodation towards allaying these fears and reducing conflicts and contradictions. Leadership is the most important instrument of achieving harmony and growth in a non-racial democratic South Africa. The goal is not just the end of apartheid but also the evolution of a non-racial democratic society. The international community must ensure nothing less.
OPENING REMARKS AT THE AFRICA LEADERSHIP FORUM CONFERENCE ON
THE ‘CHALLENGES OF POST-APARTHEID SOUTH AFRICA’

By Olusegun Obasanjo

I would first like to thank President Nujoma, and through him the people of Namibia, for being our host today. Let me take this opportunity to welcome you all to this Conference, which should enable us to address an issue of priority to Africa. I would also like to express a word of welcome to His Majesty, King Moshoeshoe II and thank him for coming to share his experience with us.

The independence struggle by the people of Namibia, which uniquely became the last colony in Africa, occupied my mind perhaps for a longer period of time than the problems of any other country, except my own, Nigeria. It is therefore a very special and significant privileged opportunity that we are able to be in Namibia today to see for ourselves the new era that has dawned and to experience the spirit of reconciliation and nation building. We pay tribute to this effort and encourage its unwavering continuation.

Thus far, Africa continues to sustain a historic evolution that increasingly advances the foundation necessary to ensure a socio-economic transformation of Africa and so end its marginalization. Under perpetual grim conditions and circumstances, African nations have stumbled from one crisis to another, even as those who are free struggle, under severe odds, to help the attainment of independence for those who were yet to be free. And so, with endurance and perseverance, the former Portuguese colonies in Africa achieved their independence and then Zimbabwe, and finally Namibia.

There can be no mistake regarding the fact that, in spite of the dramatic mega changes that have taken place, and which continue to unfold in the world, the emergence of African nations into independent states remains among the most remarkable developments of the 20th century. But this process, aptly labelled “the wind of change” by the late British Prime Minister, Harold Macmillan, was long incomplete in so far as it did not bring South Africa into a framework of independent African States. About thirty years after Macmillan’s speech in Pretoria, the “wind of change” is now blowing through South Africa.

All South Africans are now tackling – with great vigour and determination – the task of creating a new South Africa. The whole of Africa is therefore at a threshold of completing a picture of a long cherished goal and aspiration. We are witnessing a momentous process that is full of challenges and opportunities. Given the history of Namibia, it is particularly fitting that we should assemble here today to address the challenges that the unfolding changes in South Africa pose to Africa. The emerging new South Africa may represent a turning point for Africa, as it should mark the beginning of an effective continental co-operation and integration. The significance of such changes cannot be over emphasized.

Few could have predicted the present trend of events in South Africa. Only months ago, the word was that apartheid was cracking. Now it seems apartheid is crumbling. But there is a storm, fully laden with the dust of apartheid. The momentum of this storm is unpredictable; it has shown that it is capable of blowing in many directions.
The legal structures that underpin apartheid have either been removed or are slated for removal. But there is still the constitution, which is the shell in which apartheid has been contained. This shell has to be cracked for the new South Africa to emerge. Some call this process “transformation”. Others call it “transition”.

It is important to stress that Africa’s stance against apartheid was not based on material considerations alone. Whatever the dividends from the current changes in South Africa, the biggest prize of all is the creation of a new South Africa. Africa’s wars on apartheid was not waged just as an objective in itself but equally as a means to help realize both the political and socio-economic aspirations of all the people of South Africa, especially the oppressed majority of non-whites. While the South Africans are striving towards the goal of creating a just and non-racial society, the rest of Africa and the ‘New South Africa’ should aim to move from the historical pattern of confrontation and translate post-apartheid to an era of mutually beneficial cooperation in a context of collective regional self-reliance. This conference on ‘The Challenges of Post-apartheid South Africa’ should therefore endeavour to define the elements of a realistic agenda for the region as a whole. It must be based on concrete dialogue through which neighbours of South Africa can jointly explore, with the ‘New South Africa’, modalities for all-round cooperation, ultimately to culminate in continental integration.

Whatever the outcome of the current events, one thing is beyond all reasonable doubt: racism in South Africa will become obsolete and unacceptable. Any political design beholden to it implicitly or explicitly will have little chance of succeeding. The step away from apartheid must be irreversible.

There are many bidders for the crown of ‘who really killed apartheid’. The National Party, under President F. W. de Klerk, could claim to be those who saw the light and decided that the so-called separate development will not work. On the other hand, the cry against apartheid has been a global phenomenon, and the liberation movements can rightly claim to have led the struggle. It now embodies the defeat of apartheid like Joshua’s biblical trumpet was to the walls of Jericho. But this is not the time to glory in the past; all sides recognize this as they can see the enormous task in a future that is rushing at them at an unpredictable speed.

**The Point of Departure:**

The basic flaw in apartheid was a human one: any society organized on principles that flagrantly deny justice and equal treatment and opportunity to the majority of its members cannot survive. History will continue to ask why any group of persons conceived a societal system so inhuman and as unworkable and as wasteful as apartheid. The answer is simple: greed and selfishness. It cannot be anything else but greed that informed the absurd idea of separate development whereby the minority own and retain monopoly over the fat of the land. In the case of South Africa, the temptation must have been overwhelming to possess the land of a country that ranks among the most richly endowed in the world. Thus, ‘Separate Development’ or the policy of apartheid has essentially been a political device for monopolising economic benefits and well-being for the minority.
Those who see the change in South Africa in terms of transition emphasize the political dimension. On the other hand, those who talk of transformation see political change only as an aspect of the wholesale evolution of the society to correct the grotesque inequities of the past.

**The Economy:**

Whoever takes over the reins of power will take over an economy in distress and gravely out of balance in decline. In per capita terms, South African GDP has been falling since 1975. Gross Domestic Fixed Investment fell by 27 per cent through the eighties. By 1989, the share of manufactures exported declined by over two-thirds, to 5 per cent. On the other hand, raw materials, with low added value, increased the share of export from 29 to 42 per cent.

The South African economy has become increasingly capital intensive. In the seventies, the economy was able to absorb over 73 per cent of new entrants to the labour market but, in the following decade, this absorption rate fell to less than 13 per cent.

The crisis – and the fate in general – of the South African economy are tied up with the country’s biggest foreign exchange earner – gold! The world market prices for gold have been falling at the same time as South African gold mines were becoming the most expensive in production costs. It is forecast that, by 1993, South African gold production could fall by as much as 20 per cent, accompanied by a loss of up to 100,000 jobs.

The situation is hardly helped by the fact that South Africa is a capital exporting country, with no new loans available to replace the billions of Rand leaving the country, particularly over the last five years.

In agriculture, where farmers have a high reputation for efficiency, debt levels have since 1986 exceeded gross income of the net income. An enormous part of the net income must be devoted to service debts. The farm is losing its enchanting glory of the past.

In spite of this, the country is experiencing high inflation, estimated to be around 25 per cent, with equally prohibitively high interest rates stifling borrowing and thus investment, which is critical to engineering and accomplishing a successful transformation of the economy.

Beyond these facts, there is the harsher reality of unequal distribution of income and wealth. Around 87 per cent of the land is still in the hands of whites. About 75% of the black African population lives below subsistence level. Of the blacks who are economically productive, up to 50 per cent are un-employed. There is a shortage of, at least, 800,000 housing units to satisfy urban blacks.

It is estimated that seven million blacks live in squatter camps in urban areas of South Africa. Needless to add that these statistics do not adequately reflect the social reality of death by starvation and diseases and of poverty, the frustration, the despair and the
violence born out of hopelessness – all elements directly attributable to the social corrosion caused by apartheid.

If the South African situation can be ameliorated and rectified, it may well serve as a lesson for and have impact on other countries that struggle with racial tension throughout the world.

If the government of the new South Africa is to achieve its economic and social goals, it must address four challenges. One, it must bring about and sustain non-racial politically democratic system. Two, it must wage war against poverty and social inequity to remove the racial disparities in the distribution of income and wealth. Third, it must maintain ethnic harmony. There is no doubt that the handling of these issues, in an orderly process of economic management, will stretch to the extreme limits the ingenuity and patience of all.

**De-racialisation of Policy:**

Transformation will require that the different ethnic groups, whose consciousness of ethnic divide has been heightened by apartheid, must now get down to negotiating democracy. The outcome of the transition depends critically on how it is managed. But who is going to be responsible for that management? With due respect to the incumbent NP government for demonstrating such will power in initiating the legal dismantling of apartheid, there are serious doubts about its legitimacy as the authority that will supervise the transition. For one, the NP, as a political party, can hardly be said to be neutral in the competition for power, hence the suspicion that the NP would be a referee as well as a player in the game of transitional politics.

Another alternative option would be to have a Constituent Assembly. Reservations about a CA are not over whether or not such body should be formed, but how it should be formed, its guiding principles, its rules and its objectives. Would a CA exist parallel to the incumbent government, should it take over as a kind of transitional government – being entirely responsible for the management of the transition? Or should the existing government be responsible to it? Setting up a viable CA is a delicate exercise that requires delicate negotiations over the conditions of transition as well as its outcome. However, and above all, it demands the absolute commitment of all sides to a successful transition. Mutual distrust is the biggest hindrance to agreeing to a CA. Without something like a CA or an alliance, the process of transition will likely engender that mutual distrust to even more dangerous level.

**The Politics of Violence**

Recent revelations about security forces ‘involvement in the so-called’ black of black’ violence proves the extent to which certain groups are prepared to go in the struggle for the control of the new South Africa. Politics, as is universally acknowledged, is a nasty game where players are not noted for their scruples. However, the limits are exceeded when this game begins to cost innocent lives. The new picture of ‘black-on-black’ violence points to an urgent need to thoroughly examine the security forces, particularly the South African Police. These security forces would have to be restructure as all heavily politically or racially biased elements should be removed, if these forces are going to perform the delicate task of maintaining law and order.
during the transition period. Meanwhile, political leaders, bearing in mind that the real
test of their popularity is through the ballot box, should ensure that their followers are
restrained from settling their political differences by violent means. Cessation of
violence should be made to endure and there must be a programme of retaining and
absorption of the liberation movement cadres into the South African Military Force.

Post-apartheid South Africa and the Rest of the Continent

South Africa is recognized as a great African country. Members of the Frontline
States recognize this and have experienced the potential South Africa has in building
up the economic strength of the region. The dilemma, as some African leaders
honestly admit, has been how to destroy apartheid without damaging the economy of
South Africa. A peaceful end to apartheid, as it now seems, would remove this
dilemma, as it will leave the economy intact for South Africa to legitimately play an
important role within the sub-region, and the continent as a whole.

It may not be easy to be absolutely precise as to the exact timing in the transition
process when it can be said that apartheid is dead and buried, and the new South
Africa is now qualified to join the community of African states. The oppressed non-
white citizens of South Africa, who have been the victims of apartheid and who led
the struggle to destroy the evil system, are best placed to make the final
pronouncement on the victory that primarily belongs to them. Constant consultation
with leaders on both sides of the divide is of key importance here, as the situation in
South Africa is a fast moving one.

If and when the decision is made to establish formal links with the South African
authority after a negotiated government, an interim government of alliance or a
government emanating from a one person-one vote electoral process, it will be the
beginning of a new era for the region as well as the continent. South Africa may then
be the 52nd state of the OAU.

Building Bridges

At the formal levels, the admission of South Africa into the OAU will symbolize
Africa’s acceptance and ratification of the end of apartheid.

How much can South Africa count on attracting a fair deal of US and West European
economic and political support, if negotiation results in domestic political stability for
the foreseeable future and pragmatic economic policies and management? Such a
favourable outcome will have implications for the whole sub-region. And there may
be a spill over for the continent.

If South Africa will be “the entrepreneur” of Africa, it has to shed the apartheid
mentality and culture and demonstrate that it belongs to Africa. The aim must be
integration and cooperation rather than domination.
REGIONAL CO-OPERATION

PTA, SACU and SADDC are bodies whose structures can serve as models for sub-regional cooperation in the post-apartheid era. Of these, the success story of SADDC, which was designed with the specific objective of protecting the Frontline States from the ravages of apartheid, illustrates the priority that must be accorded security and stability as preconditions for development. We must not forget that, according to the UN, the negative impact of destabilisation due to apartheid is estimated to have cost around $60 billion. Whatever may be the final costs, there can be no doubt that an environment free of strife, with consequent reduction on resources spent on security, should lead to expanded productive capacity and greater economic efficiency. There ought to be immense gains from the ‘New South Africa’ being a partner in the success of a re-orientated SADDC. We should add that the envisaged high performing regional organisations are an ideal plank and building block for the African Economic Community.

The relative size of South Africa’s economy may give rise to fears of domination. This is not unusual for regional organizations; it simply means that the admission of South Africa will require careful negotiation. A sticky point could be the question of migrant labour, which South Africa at present draws rather exploitatively from its neighbours. A de-racialised protocol for the free movement of citizens could be a solution.

Businessmen on both sides, who will possibly more effectively seize on the vast opportunities for expanding trade and markets, will influence the relationship between South Africa and the rest of the continent. The pace of business links with South Africa has quickened in the last few months and is well ahead of formal links. In the end, the business community could be calling the tune, leaving the politicians no option but to provide the right climate – such as meeting the conditions of non-racial policies – in which positive trade considerations will fuel the economic integration of South Africa with her immediate neighbours and the rest of Africa.

The basic ingredients for cooperation and integration between post-apartheid South Africa and the rest Africa can be stretched as follows:

FIRST: a comprehensive framework – acceptable to all, must be designed for the process of cooperation and integration.

SECONDLY: given the socio-economic conditions of the countries involved, the process of cooperation and integration will only succeed if no country will attempt to grow at the expense of others.

THIRDLY: based on past experience in Africa, this complex process, requires leadership spearheaded by a group of countries working in a spirit of continental responsibility.

A comprehensive framework for co-operation and eventual sub-regional and continental integration must of course be preceded by the identification of key areas for feasible and realistic mutual cooperation. In the context of the ‘New South Africa’ vis a vis the rest of Africa, I would submit that the crucial areas that must cement the process of economic cooperation are both within and beyond economics.
Thank you for your kind words of introduction. It is with very great pleasure that I have come here today to welcome so many old friends and colleagues, and also to great new friends who have journeyed to Namibia to participate in this International Conference. We are delighted to have you with us today at this Africa Leadership Forum Conference.

We have followed with keen interest the work of the Africa Leadership Forum and have reviewed many reports and publications on its activities, especially in the area of governance and development, since it was founded by General Olusegun Obasanjo in 1988. Given the situation that we face in Africa, where our governments are pre-occupied with so many priorities at the same time, and coupled with our very limited capabilities, activities such as those of the Africa Leadership Forum are important in helping our governments in the examination of issues and strategies that would otherwise receive inadequate attention or over-stretch, beyond practical limits, our existing capabilities. We would therefore like to pay special tribute to General Obasanjo’s effort in this regard to encourage him and his associates to continue with such services to Africa.

It is indeed a great honour for Namibia to hold this important meeting, which has brought together so many distinguished participants from the entire African continent and beyond. The Conference agenda and the subject of the forthcoming discussions are indeed of crucial significance to Southern Africa, even as they touch on all the hopes and ambitions for the future of this continent and for its economic integration and social development.

In my opening address today, I would first wish to reflect on our own experience of living and working in a post-apartheid society in Namibia. In this country, we have committed ourselves, in a spirit of national reconciliation and goodwill, to healing the wounds of suffering inflicted upon our people and our society by the apartheid system, which, as you know, constitutes a crime against humanity. In this national commitment, into which we have entered, priority has been accorded to addressing the basic requirement of the least privileged and the poorest members of our society, who have been among the main victims of the apartheid system.

As a government, we have been particularly concerned with the over-riding social obligation to meet fundamental needs for the provision of enhanced and extended services in the field of education, health care and housing. In this context, urgent and increasing attention has also been given by the government to addressing basic requirements with regard to resettlement and rehabilitation priorities. As you will appreciate, the design, financing and implementation of such programmes inevitably require careful forward planning and preparation, and call for qualities of perseverance and commitment on the part of the government.
From our viewpoint in Namibia, it is evident that, because of the dimensions and seriousness of the post-apartheid challenge, one cannot begin too early to address these urgent economic and social priorities, nor can one start too soon with making the necessary preparations for the reconstruction and development of the new Southern Africa, and for the new African Economic Community, which is now emerging at a continental level.

As we are all aware, the social evils of apartheid were of great and historic proportions, extending far beyond South Africa itself, and their consequences will not disappear overnight or even in a brief period of years.

The resolution of these problems in the post-apartheid era will require dedicated and sustained efforts from all sections of society within this region, and will also call for wide-ranging and long-term support from our friends in the international community. Our recent experience in Namibia has indeed served to highlight vital contributions that our international partners can make in dealing with the social and economic problems, which must be tackled with a sense of deliberation and urgency in the post-apartheid period.

As Vice President Mmusi stated at SADCC’s 1991 Annual Consultative Conference, “The result of South Africa’s apartheid policies and military adventures in the region are still with us today, and will be for some time to come”. The culture of violence, both inside and outside South Africa, the disruption of the region’s fiscal infrastructure, the dislocation of families, the uprooting of whole communities and resultant poverty are a few examples of the legacy that apartheid has bequeathed to the region. Hence, the challenge to improve socio-economic conditions will become more urgent in the region, including in South Africa.

We are convinced that regional and continental cooperation will offer the only real alternative to the continuing economic under-development characteristic of the African continent.

It is evident that fundamental political and economic changes are currently taking place throughout the continent, providing for greater democratisation. This has enhanced the scope for the establishment of political institutions, guaranteeing increased participation of people in political, social and economic decisions affecting their lives. We are also witnessing developments towards bringing about lasting peace and political stability in Angola and Mozambique. The mood of the debate at the recent SADCC Summit in Arusha, Tanzania, as well as the tone of the Abuja OAU Summit, underlines that, even at this stage, when peace is finally returning to Southern Africa, a major reconstruction effort will be necessary to assist the millions of politically and economically displaced people in the region and in the sub-continent. Without the rapid restoration of the socio-economic infrastructure in these countries, it is impossible to imagine how all the displaced people can resume normal life and productive activity.
The sheer dimension of problems of the repatriation, rehabilitation and reintegration of refugees, which confront several governments in the region, is mind-boggling.

These problems are not likely to be satisfactorily solved without a major international effort in the form of financial and humanitarian assistance in the short, medium and long-term.

It is, therefore, profoundly heartening to note the presence here today of distinguished representatives of so many African and international organizations, whose support has been of such great value to Namibia in the post-independence period.

The commitment and dedication of your organizations to resolving the post-apartheid problems of Southern Africa will be of critical significance in the years immediately ahead. I would like to stress, in particular, the importance of the involvement of international institutions in addressing the economic and social requirements of those who were excluded from the wealth accruing from the rich potential offered by our countries. Here in Namibia, where we have moved towards the establishment of truly democratic institutions and practices. There is an increasing realization that the foundations of a democratic society and good governance will ultimately depend on maintaining:

- an efficient system of production;
- an equitable distribution of income; and
- on guaranteeing enhanced employment opportunities leading to the eradication of poverty, ignorance, diseases and the increased social welfare of all our people.

This process has created a new partnership and a new sense of common purpose between the public and the private sector on the one hand, and Namibia and the international community on the other.

In laying the political groundwork for this new partnership, and in shaping this sense of common purpose, the proceedings of this Conference will have a vital contribution to make to the future welfare and development of this region and of Africa as a whole.

The Conference will, in our opinion, further strengthen that partnership and our awareness that we should work collectively towards the common purpose of contributing to the welfare and development of this region, and Africa as a whole.

Now, turning to the theme of our Conference, permit me to underline some major policy issues, which should enjoy priority in our collective reflections over the next two days.

First of all, the most effective utilization of sub-regional political and economic institutions in post-apartheid Southern Africa should be our utmost concern. Here I think, in particular, of the future expanded role of the Southern African Development Coordination Conference (SADCC) and the Preferential Trade Area for Eastern and Southern African States (PTA). The key question to be answered here is: how should the existing economic institutions be remodelled in order to guarantee benefits not
only to those who have already established an industrial base, but also the other countries in the region?

Our success in fostering cooperation amongst our countries and achieving greater horizons in our development effort will depend on the extent to which we can pursue the development activities of the sub-region in a spirit of collective transformation. This may require harmonized policy arrangements in certain key sectors of our economies. But, whatever arrangements are finally put in place, care must be taken to ensure that genuine competition between our industries and enterprises is not substituted by a mutually destructive competition in the area of economic development.

Certainly, new orientations and policy directions will be required for each one of the existing regional institutions. As a matter of fact, some of them may even become obsolete in future years. Others will have to be redesigned not only to include appropriate instruments for equitable distribution of arising benefits, but also to ensure the required reflection and flexibility necessary to cope with the current policy changing conditions both in Africa and the rest of the world.

However, our reflections should take account of both the solid progress already made in the field of regional cooperation and the various challenges that now lie ahead in bringing our countries together in new forms of economic partnership. Consequently, our initiatives should focus clearly and resolutely on fundamental changes that may eventually be necessary in our regional institution to help effectively address the economic and social priorities of post-apartheid Southern Africa.

It is my belief that the enlarged SADCC, benefiting from membership of a post-apartheid South Africa, could serve as a useful instrument in advancing a programme of sectional cooperation and a closer integration of our economies on a more equitable basis.

SADCC, too, has a long-standing and successful vocation in helping to mobilize international resources for the general development of the region. This vocation should be carried forward onto the new Southern Africa regional scene.

As has been recognized throughout the world, the SADCC and the Frontline States have played a major economic and political role in countering the cruel and adverse efforts of the apartheid system. The SADCC’s future role may well lie in assisting to rebuild and re-invigorate Southern Africa as a whole in the post-apartheid years, and in focusing priority requirements of our region, both in terms of private investment and development cooperation resources.

In this perspective, Namibia, with its SADCC sectional responsibilities for marine fisheries, would wish to make every effort to assist in safeguarding the Exclusive Economic Zone of Southern Africa as a whole. This commitment extends to the safeguarding of marine and fisheries resources in both the Atlantic and Indian Oceans.
In our view, the defence of these interests is a matter that merits the attention of the OAU and the new African Economic Community. In this regard, a Common Fisheries Policy for Africa should surely match the European Community’s Common Fisheries Policy.

Secondly, Mr. Chairman, it may be interesting for this Forum to reflect on the manner in which institutions such as the PTA and SADCC could merge to provide the most effective service for the general benefit of all our Southern African states, and for the wider economic good of Africa and its new Economic Community.

It is in this spirit of broader cooperation that we, in Namibia, would wish to see an increased collaboration from the present and future South African Government with its Southern African neighbours in order to remove the outstanding obstacles hindering greater economic unity, such as the full and final integration of Walvis Bay and the Offshore islands into Namibia, as has been stipulated by the United Nations Security Council Resolution 432 of 1978.

A vital component of the principle of self-determination is that political independence be linked to permanent sovereignty over national territory and resources. Namibia’s independence would be incomplete without the actual re-integration of Walvis Bay and the offshore islands into the rest of our country.

In a broader economic perspective, we recognize the importance of the PTA in strengthening our economic cooperation. In this southern part of the PTA region, it is, I believe, the hope of member states concerned that regional advances made under SADCC towards closer economic cooperation be matched by parallel steps in Eastern Africa, drawing on the spirit which once inspired the former East African Community. In a wider context, the rekindling of such a spirit would appear equally necessary for the effective operation of the recently constituted African Economic Community, which recognizes to the full the importance of such sub-regional institutions in advancing the process of economic integration within Africa as a whole.

Progress made through sub-regional cooperation will be of vital significance in bringing the whole of Africa together. That unity is of utmost importance if the African Economic Community is to hold its own in the world scene with other regional groupings in the Americas, Europe and Asia.

As is evident in the case of the European Community and its policy targets for 1992, the successful pursuit of economic integration objectives requires the strongest sense of political commitment towards closer forms of economic unity. Success in this field also requires the most careful technical reflection and attention to economic detail. If I may say so, Mr. Chairman, the inspiration and understanding that flows from conferences such as this one helps to bring together African leaders with their partners and associates in the international community and this is so vital for maintaining the momentum.
The international dimension is of great importance to us in the whole of Africa, as we begin to make our plans and preparations for a new approach to economic cooperation and integration. This is especially so as we are entering the times when the other major regions of the world are going through fundamental processes of change.

I note that your Conference will also address issues pertaining to political and strategic implications of the post-apartheid era. Our greatest hope is that what will eventually flow from the current changes taking place in Southern African will be a state of peace and tranquillity, which is absolutely vital for the development of all our countries. Indeed, our spirit and capacity to cooperate will also be conditioned by the extent to which we can all operate in a peaceful environment and assured security for all. In particular, this raises the prospects for all our countries to devote more of our resources and energies to the real development needs of our people.

In this period of political turmoil and crises, Southern Africa hopes to provide a vision and a model of political and economic stability by restoring international confidence through the establishment of stable democratic political systems and the strengthening of the domestic and regional economies.

We hope that these developments would attract increased attention from the international community, especially from potential investors who recognize the lucrative business opportunities resulting from these developments.

As I have already mentioned in my remarks, the process we are addressing will require considerable patience and collective commitment in order to achieve our objectives. We are a sub-region that has long been divided and governed by institutions that were not established to cope with the demands of the post-apartheid era. Our task now is to rapidly re-orient such institutions to ensure more optimal benefits for the sub-region as a whole. While many of the arrangements we will eventually construct will inevitably be directly under governments, it is important to recognize that such schemes must not only be based on people-centred development but it must extensively involve the people themselves as the most assured way of enhancing the prospects for the success of such cooperative endeavours. This will require a larger interaction among all our peoples, as well as a programme to increase their awareness on the necessity of the integrative processes that we must develop in the post-apartheid era.

I would like to reiterate that the proceedings of this Conference are of fundamental importance to those involved in policy-making in Africa as a whole, and to Southern Africa in particular. I would therefore like to wish your Conference success as you tackle the real issues.
AFRICA IN A POST-APARTHEID ERA

by

His Majesty King Moshoshoe II*

The two alternatives facing the post-apartheid South and Southern Africa are becoming increasingly clearly defined by world events, and the subsequent re-definitions of the trends of the world’s economic and political systems as they are now structured. Those same alternatives also reflect the African realities of political conflicts and continuing economic decline.

The first alternative is that of a neo-colonial outcome, which would renew the subordination of the rest of Southern Africa to the post-apartheid South African economy – and perhaps would even act to break up the present regional initiatives, leaving the states of Southern Africa left to individually pursue their external relations from a position of increasing weakness, isolation and instability.

The second alternative is for a democratic, cooperative, and equitable clearly defined regional plan for a regional development, based on more self-reliant patterns of economic growth, which is capable of achieving increasing levels of both national and regional autonomy. Such a desirable alternative will confront severe obstacles, some of them deliberately placed in its way. Because of the vital importance, both to the region and to Africa as a whole, of achieving this second alternative, such cannot be left in the hands of dominant external and internal interests, and will only be possible to attain if we act now to forge new democratic political alliances – nationally and regionally – to meet both the obstacles that are there now, and those that may be created in the future.

For well over a century now, the policies of the forces of imperialism and neo-colonialism have established and entrenched a system of total domination over the region of Southern Africa. The support they gave to the apartheid regime of Southern Africa come into question not because apartheid was seen as a threat to their narrow self interests, but because the South African peoples’ liberation struggles had succeeded in making apartheid unworkable.

Change in South Africa has, therefore, come about by means of a mass struggle, characterized by democratic alliances between leaders, intellectuals, and the people themselves.

It recalls to us Africa’s first independence struggle, when similar alliances and struggles brought about change. It is also relevant, here, to recall that the aspirations of the African people, at that time, were for genuine people participatory democracies, for a more just and equitable economic development, for the institutionalisation and entrenchment of their individual and collective human rights, and for the right to national and continental self-determination and self development.

In the context of the new South and Southern Africa, we must also recall the processes under which these aspirations were derailed, and the obstacles that were placed in the way of their fulfilment in terms of the realities of the then, and the present, world political and economic system. This is so in order that we can act
together to forge those new political and economic alliances in Africa that will be crucial if we are to prevent any derailment of the aspirations of the people of South and Southern Africa, as they look to the present changes in South Africa to help deliver their individual and collective aims, objectives and aspirations.

The immense and difficult challenge that confronts the liberations movements in the new South Africa is the same challenge that has confronted all the nations of Africa since the first independence struggle. It is the challenge to secure more autonomous development – to secure Africa’s right to self determination, to self development, and to economic autonomy over Africa’s own extensive natural resources and her own destiny. That is the only way we can be able to meet the needs of our people – the only way we shall be able to reintegrate Africa into the world system in such a way as to have a voice in our own destiny and in international affairs.

We, therefore, look to the emergence of radical change in South Africa, as a vanguard in Africa’s emerging awareness of our urgent need for a second liberation struggle, based on a culturally derived African democratic political and socio-economic development ideology. This is the only way Africa is likely to be able to secure meaningful economic development, which is the only real basis of social reform.

That common African challenge remains unmet, mainly because we failed to understand the real aims and objectives of the forces of neo-colonialism, which is to maintain and extend their control of Africa, of African natural resources, her politics and economies, only in the name of their narrow short-term political and economic self interests, quite regardless of the human consequences to the African people. What is even more serious is that we are still refusing to fully acknowledge the inevitable consequences of the many examples of complicity in Africa, in actively allowing these same forces of neo-colonialism to achieve their increasing levels of domination, and consequently our levels of dependence.

In such circumstances, those African leaders who tried to devise and implement anti-colonial alternative strategies found themselves isolated, and constantly under the pressure of external threat by the actions taken against them, which, by virtue of their isolation, they were unable to withstand.

At the same time, actions in direct support of compliant regimes were pursued, quite regardless of the regime’s human rights record, of its level of repression, or the lack of democracy. By such neo-colonialist direct actions, Africa was divided, and so ruled, in the interests of the powerful patrol forces.

The very nature of present world imperialism – with its total lack of ability to see the long-term implications of their actions – makes it unable to tolerate any change, from any quarters, which is seen to impinge upon its narrow short-term interests. This has led to an increasing unwillingness to forego intervention anywhere, and to a situation of necessity to keep in power those willing to assume client status. At the base of such a destructive philosophy is the fixed belief of imperialism that it has both the right and the ability to define the politics of any nation or region seen to be important to its narrow self interest. It has, therefore, found itself in intimate alliance with the unstable forces of reaction, corruption, and repression. Added to this, its economic hegemony, based on export-oriented investment, acted only to create political instability because
the socio-economic conditions that such policies produced – in the client nations – increasingly brought crushing levels of poverty among the majority, while benefiting only the few; hence a development failure. The international finance agencies, also, imposed austerity policies, which acted to re-enforce the policies of imperialism, and only deepened this position of inequality, poverty, and under development.

For Africa, the real current challenge is to find those strategies that will be able to resist such levels of domination, dependence, and marginalization, as a pre-condition of obtaining the freedom to shape our own development, whilst not acting to provoke that level of external intervention that can endanger all hope of radical change.

The problems of neo-colonialism is, thus, one of the crucial obstacles to the much needed radical change in Africa, and perhaps the most important issue we face.

The hope that imperialism will be persuaded to move away, from its short-term narrow economic interests, to the long-term goals of a cooperative interdependent world order, is very remote. Needed changes will come, in the end, because history suggests that the masses’ capacity for resistance is extremely resilient. However, a long and painful struggle could well be averted if the forces of imperialism would relinquish their backing for their clients and their surrogates – a policy that constitutes a perpetual menace for those who seek to end the poverty and the injustice that overwhelm the majority of the world’s population at this very moment in time. Indeed, such a state of affairs is reflected in Africa’s present state of perpetual political crisis and economic decline.

In contrast, if we look at some countries, like China and India, we see consistent moderate levels of growth, due to the fact that both of them have pursued largely autonomous development strategies, strictly limiting their external borrowing and their dependence on international trade. Africa’s past failure to produce such more self-reliant patterns of growth has had disastrous consequences.

In my view, any serious discussion about the issues of post-apartheid South and Southern Africa, must be within the context of the understanding of the immense obstacles which will be placed in the way of obtaining an outcome, from the present negotiations, that is, other than neo-colonial.

The desired alternative, of a genuinely liberated South and Southern Africa – with the ability to devise and implement democratic policies for structural change, and with the necessary support to both resist external domination and negotiate with external powers – can only be attained if Africa, as a whole, continues to support the liberation struggles in its current new pace of negotiations, in the recognition of the tremendous importance, both to the region and to the continent, of the nature of the eventual outcome of that liberation struggle in South Africa, and then, to unite in solidarity with the NEW post-apartheid democratic majority government. Pressure must be put on the present regime to speed up the negotiation process, which can only be damaged by long and drawn out procrastination tactics that enable moves to be made, internally and externally, to ensure that a neo-colonial settlement is attained.
In this sense, the liberation struggle, in South Africa, must not be seen to be at an end, but rather at a new beginning. The philosophy, institutions, and structures of the apartheid regime must be analysed in terms of their undoubted strength and capacity for durability. Apartheid will not disappear over night, because it is deeper than just the statute book; it embraces the whole social fabric of the present ruling minority.

However, we know that a neo-colonial settlement is, by no means, inevitable. A different outcome is definitely possible – one which is capable of bringing about a radical transformation of both South and Southern Africa, based on new democratic institutions, on structural change, on new regional political alliances, new policies of re-distribution, and more equitable self-reliant patterns of growth for the region as a whole – a NEW regional partnership, able to increase the region’s power to negotiate with external agencies from a position of increasing strength as against one of weakness and instability.

Such a real and possible outcome requires us all to initiate a new thinking, in Africa, to produce new ideas, new African strategies for regionalization and continental cooperation towards a continental strategy for a common market, a common security, and a common policy for African self-determination. In short, we must act to revive the kind of thinking that lay behind the Lagos Plan of Action, and put it more clearly and firmly in the context of the current African quest for people-centred, ecologically sound, and sustainable development. We know that the alternative is an Africa further and further marginalized, where poverty levels – already the root cause of the totally unacceptable levels of human suffering experienced by millions of our people – will become even deeper. It is an alternative we cannot allow. We know what we must do. Our problem remains that of finding the collective political will to do it. Such a conference, as this will be expected to initiate such new thinking as will be needed, if we are all to play our part in supporting the progressive forces in South Africa – in their quest for a just, non neo-colonial settlement.

There are two other recent events that are related to the nature of the outcome of the hoped-for negotiations. They are, firstly, the end of the Cold War and the collapse of the Eastern European regimes; and, secondly, the emergence of new mass political movements in Africa, constituting a demand, from the grass-roots, for change, for democracy, and for human rights; all conceived in terms of the property of each citizen, and, therefore, not in the discretionary gift of the state.

The end of the Cold War and the collapse of the Eastern European regimes – as a result the denial to their people the basic political and economic rights and freedoms – has acted both to facilitate the reactionary politics of the right, and to cancel out the balance of power of the Cold War that has hitherto enabled the nations of the South to maintain some negotiating manoeuvrability within the opposing interests of the East-West conflict. The extensive current problems of the Soviet Union also have profound influence on world developments, as the Soviet Union moves towards fragmentation and a new integration with Western liberal capitalism. Such events could well act to support those forces that wish to see, in the new South Africa, a capitalist, but non-racial, society, where the existing status quo remains intact, allowing the present South African minority regime to seek those relationships, inside and outside Africa. This will in effect help to limit the ability of any new democratic majority government in South Africa to achieve its re-structuring and re-distribution policies, and to extend
democracy beyond the purely political sphere to the socio-economic and cultural spheres of the life of the majority.

Those same changes have moved the balance of international influence in favour of the small group of rich countries of the North, which may, now, well feel much freer to use the threat of coercion to obtain compliance from those nations seeking greater levels of autonomy and self-determination when such is seen as a threat to the interests of the rich North.

In such a context of change, towards the integration of all of the world’s nations into the ideology of liberal capitalism, the vital question, for Africa as a whole, and in particular for South and Southern Africa, is – how has the present model of world capitalism served the interests of Africa in the past, and how is it likely to serve those same interests in the future?

The answer is, I think, all too obvious. International capitalism, as it is now structured, has, on the basis of available evidence, failed many millions of our African people whilst only benefiting the very few.

Africa sees the results of international, capitalist-led development – whereby African nations are expected to be capitalist without capital – as those of extensive levels of inequalities, of marginalization of the majority and their starvation, leading even to death from curable diseases because of inadequate health care; all due to Africa’s increasing levels of absolute poverty, which brings increased dependence on external factors and forces.

There is little reason to think that the present dominant model of world capitalism will, in the future, deliver the means through which even the basic needs of all of Africa’s people can be adequately met. There is not going to be any massive influx of capital into Africa. The benefits of the present model of world capitalism go, almost exclusively, to the industrialized nations and will not easily be surrendered by them – either in terms of any long-term vision of the mutual advantages of a world redistribution of wealth, or in terms of the global threats that imperil the future of our planet. Short-term, narrow, economic interests still reign supreme, in spite of all the evidence of threat from the results of the present patterns of world development and consumption; threats that ought to centralize the issue of interdependence of all the nations and peoples of the world.

More likely, then, is a continuation of a world system whereby African nations are seen as continuing under the domination of external forces, in the name of the need to have direct control over African resources, and her function as a market – a protectionist policy determined only by external interests, which are, most often, directly contrary to Africa’s economic political and social interests.

The nations of Africa now confront a situation whereby their salvation can only come from inside, within a context of Africa’s overwhelming need to resolve the chronic and increasing human tragedies of hunger, poverty, and misery. Effective regionalization and visible South-South cooperation will become the central issues for any meaningful action of real changes away from the present status quo.
The fact of the matter is that, during the last decade, Africa has experienced a slide, from external dependence to a state of ever-decreasing levels of economic sovereignty; from a grossly unequal integration into a global order dominated by the industrialised nations, to a state of almost total exclusion. Such a gloomy outlook urges us to develop a new sense of urgency to action for change.

The second event, which offers a new opportunity to Africa, is the emergence of mass movements for political, economic, and social change.

As we are coming to be more aware that there will be no salvation from outside Africa, but only from within, popular mass movements will not only be vital, but will be the indispensable facilitators and actors in the struggle for genuine African independence, for the democratisation of wealth and resources, and for the prevention of Africa’s ecology and environment. It is such popular mass movements that will enable the mobilization of the African people for the struggle for sustainable African economic development and reform. These new democratic mass movements are demanding another kind of development, one that enables the people themselves to defend and control their own destiny – “another development” that emphasizes people participation, self-reliance, equity, ecological sustainability, and an economic strategy able to raise the people’s standard of living. Without the democratic growth and development of such mass movements, both in South and Southern African and the rest of Africa, there will be little chance of mobilizing the people behind any new African development strategies.

We are, surely, now aware of the tragic consequences of those centralized government, which plan and act without consulting the people, who, then, become more and more politically and economically marginalized. We are also aware of those regimes that are only too willing to pursue their own individual material privileges and power positions, at the expense of the interests of the masses. Africa’s post independence development failure, with its devastating human consequences, can be directly related not only to external domination, but also to our failure to learn from all of history. This is that it is the people who are the only creators and dynamic force of any meaningful political, economic, and social development, and that, without their active participation, their consent, and the accountability of government to them, there will be no meaningful progress, no cohesion, solidarity, and justice – no common security for all. Such an awareness must be the basis for new African thinking about African democracy and African human rights.

In Southern Africa, new and radical thinking, will, indeed, be needed with regard to the new relationship between a post-apartheid South Africa, and the Southern African Development Coordination Conference (SADCC). There is a view that, in the past, the SADCC has been unable to become dynamically related to the masses of the nations of the region, who alone can provide it with its much needed political and economic impetus for its new framework of political, social and economic alliances for action in order to secure regional economic and political cooperation for more self-reliant and autonomous socio-economic development as well as a common regional security and solidarity, for the benefit all, under just and equitable guidelines.
In the realities that confront all of us in Africa, greater self-reliant development strategies, regional cooperation, and reconstruction for greater autonomy are the only roads to a dependable ability to retain and strengthen any negotiating positions, and ponder with external agencies.

In my view, such is the context in which discussions about the post-apartheid South and Southern Africa must take place.

The issue of the regional implications, as well as the potential of the new post-apartheid SADCC, has received, so far, disturbingly little attention, both externally and in some countries of the region itself.

The vast gap between the economic development and performance of South Africa, and the other countries of the region, with one or two exceptions; the military strength and nuclear capacity of South Africa, which was deliberately supported by the West; the economic decline, both in South and Southern Africa, with forecasts of worse to come if remedial measures are not taken immediately – are all issues at the heart of the matter of this neglect.

The positive prospects for the region, in the post-apartheid era, have not yet been fully explored, analysed, and identified, much to our own disadvantage.

It is true that the much awaited negotiations in South Africa will take place both at a time of a world recession that is more prolonged than previous ones, and indeed within an era when such world recessions are becoming more frequent and where each recession appears to be deeper than the previous one. The decline in the economic power of the North, and the ensuing threats of intensification of protectionism, has led to the falling back on reliance of the threat of coercive measures in support of the defence of the interests of imperialist domination and dependence. This background to South Africa’s economic deterioration on one side, and, on the other, the present domination of that economy – mostly in the hands of the white minority, big business, and multi-nationals – coupled with the deep-seated fears of transfer of power, and change in control of a nation with a nuclear capacity – are all factors that will make the task of the progressive forces within any post-apartheid democratic government in South Africa considerably more difficult.

The history of regionalism in Africa has, so far, been seen by many as mainly acting to serve the interests of the imperialist powers, as those powers have been seen to move to influence its cause of direction. The failure of Africa, to secure any meaningful degrees of self-reliance patterns of growth, would seem to support such an argument.

However, there are others who see the SADCC, and the Preferential Trade Area (PTA), as already having begun to create regional initiatives that are capable of resisting any further enactments of imperialism – with some degree of success.

These differing arguments concerning SADCC originate in the actions of the powerful to act to support both the apartheid regime of South Africa and the SADCC at one and the same time, only appearing to distance themselves from previously overt alliances with apartheid, in order both to protect their long-term interests and
influence the course of SADCC’s development, as well as being seen to respond to
the pressures coming from their own people. The SADCC’s proven ability to use this
situation to its advantage presents new hope for a new reconstruction of SADCC,
which will be based on both the external realities and the internal imperatives, as well
as the positive prospects for regional reconstruction presented by the new South
Africa.

South Africa’s economy is, in itself, a dependent one – increasingly dependent on
exporting primary goods to an increasingly resistant world market, and also dependent
on foreign investment. In the last ten years, both South Africa and the other nations of
Southern Africa have experienced the results of falling terms of trade, and the
subsequent increase in the levels of international debt. Within the constraints of the
policy of apartheid, there has been little or no increase or innovativeness in South
Africa’s methods of production, and the economy as a whole has drifted into decline –
thus, hastening the need to end both the economic and political constraints inherent in
the policies of apartheid; policies that have, in any case, been made unworkable by the
actions of the oppressed masses through their liberation struggles.

The vital questions about the failure of the region become obvious. Will the present
nations of Southern Africa continue to be subordinated to South Africa, as South
Africa herself continues to be subordinated to the interests of external powers that will
act to preserve such a status quo? – Or will the nations of a South and Southern Africa
be able to come together, in a united determination, to create those regional conditions
most likely to produce more equitable, self-reliant, sustainable, and autonomous
patterns of growth for the mutual advantage of all of them?

The present radical changes in South Africa were brought about by means of a long
and very painful mass struggle, which has been an inspiration to the rest of Africa.
The aspirations of the South African people’s struggle are similar to those of all of the
African people’s struggle for their second liberation. They are for the transformation
of the present neo-colonial and authoritarian structures, which have failed so
miserably to meet the needs of all of the people. The transformation calls for a
culturally derived African strategy for the creation of African civil societies, where
democratic governments are accountable to the people for everything they do, and
where the active democratic participation of the people is seen as the only road to
sustainable and just socio-economic development – the base of social reform.

Any democratic majority government, in post-apartheid South Africa, will need the
active continuing support of the masses long after the democratic elections are over.
Ultimate success, in delivering the commitment to social and economic justice in
South Africa, will depend on the ongoing struggle of grass-roots movements of trade
unions and others in the long and difficult road ahead.

South African capital and expertise could well bring about an economic revival for
the region, if we can find the political will to forge those political and economic
alliances that are necessary to begin on the path to an honest, genuine, partnership and
an economic and political cooperation that would benefit South Africa as well as the
other nations of the region.
The enormity of the internal economic, social, and political problems that will face any post-apartheid democratic government will be a limiting factor. However, a vision of the enormous potential of the region as a whole, and the imperatives of acting together to resist the undoubted attempts that will be made to ensure the continuity of external domination of the region, will, hopefully, win the commitment of the new South Africa to a regional genuine partnership. Such a partnership is all the more capable of reviving the economic fortunes of the region, however long and hard the road to success may become.

The alternative – a neo-colonial outcome – can only result in a continued grossly unequal region, working in favour of the forces of external domination and control. Such would force the states of Southern Africa to deal individually and directly with the external world – increasing the region’s dependence, and frustrating any future indigenous and endogenous, more self-reliant, and self-determining patterns of growth, resulting, therefore, in an ever increasingly weaker and more poverty stricken peripheral region. Such a state of affairs would not act in the best interests of the majority in South Africa, and would endanger the goals of the liberation movement.

There has been a dearth of planning and of progressive dialogue in some states of Southern Africa on the vital issues of a post-apartheid region.

In this respect, I believe that all the states of Southern Africa, within SADCC, should now be working to forge those closer political alliances likely to support the continuing liberation struggles in South and Southern Africa – whilst seeking to become more closely in touch and identified with the grassroots people’s organizations and the new movements for democracy and human rights. Any long delay in a negotiated settlement in South Africa would only compel SADCC to actively work to create entirely new policies and networks that take into account all the possibilities of the outcome of the present negotiations in South Africa – positive or negative. There can be no advantage in a policy of “wait and see”.

Rather, what is required is an increasing development of closer ties, in the full realization that Southern African’s economic future depends entirely on our ability to resist the polarization tendencies of the present world economic system. In the post-apartheid era, the cooperation of the new liberated South Africa will be vital to the success of achieving regional self-reliance and self-determination. All of us will need to be much less parochial in our outlook and in our policies than we have been in the past. We must be able to confront the present crisis of the African state – looking to create genuine democracies that are committed to active and continuous people participation, to the principles of accountability and transparent procedures, and to the respect and observance of human rights.

In South Africa, the economic problems that will confront any new democratic majority government may well limit its ability to quickly move towards the restructuring and redistribution policies to which they may be committed. The gap between the rich and the poor, in South Africa, is, I think, even wider than for the rest of Africa – 5 per cent of the people owning 88 per cent of the personally-owned wealth of the nation. Economic power will, therefore, remain in the hands of a small minority for some time to come. The process of the transfer of power, and the limits of that power, will be the crucial events in any move to implement policies of
restructuring and redistribution, while maintaining the past achievements of the economy. In the light of the realities of the recent economic decline in South Africa, much will depend on the ability of the new democratic majority government to sustain the support of the masses by means of a democratic politicisation of all the issues at the centre of their objectives, opening them up to people participation, and to public scrutiny and consultation.

All these realities must be analysed and confronted. They are the same realities that confront Africa as a whole, and which call us all to link up with one another – leaders, intellectuals, and the entire citizenry – for the struggle for Africa’s second liberation.

There will be no massive influx of outside capital. At this very moment, Africa is in the ironic situation of exporting two-thirds more of its scarce capital than that which comes into Africa. If this situation is allowed to continue, what hope is there for any of us to build more independent and self-reliant national and regional economies?

The longer we delay action for radical change, the more enmeshed we become in a world economic system which, in its present form, is incapable of serving African economic interests at any level.

Our priority tasks, in South and southern Africa – as in Africa as a whole – are to create those democratic institutions that are capable of obtaining the mobilization, consent, and active participation of the people for the long struggle of Africa’s second liberation, and for the achievement of Africa’s right to self-determination, self development, and control over her own resources and future.

The reactionary forces, both inside and outside of African, are already moving to ensure a neo-colonial outcome of the negotiations in South Africa – as they so moved to ensure their continuing domination of Africa at our first independence struggle.

The alternative strategies of “another development” – the only road to resist such developments – are in our hands. African self-interest lies in the construction of more self-reliant, cooperative regional patterns of economic growth – as most of the rest of the world has already realized in terms of their own self-interests.

The present structure of the world economic system, into which we are being constantly called to integrate ourselves, has not brought real development to Africa. It has, rather, acted only to institutionalise further our levels of under development and poverty.

These vital regional issues of South and Southern Africa depend on the ability of the post-apartheid South and Southern Africa to transcend national elite interests and narrow world capital borders, in order to implement a broad African political and socio-economic popular ideology, based on people’s genuine participation – one capable of achieving more autonomous and more equitable self development for the region as a whole. It will not be easy, but the alternative is too disastrous to contemplate. The achievement of increasing levels of autonomy and self determination – the right of all sovereign nations and regions – is both possible and imperative, if we are to find our own salvation in Africa.
Our second liberation struggle will be based on a greater awareness of the nature and realities of the current world order, in terms of African self-interest. It will be a struggle that recognizes its dependence on the consent, democratic participation, and active support of the people within their own definitions of their own needs and aspirations. It will be a struggle that recognizes the crucial importance of both the creation of more independent, more self-reliant national economies as the base of sound regional cooperation for regional autonomy. And it will be a struggle that recognizes that need for an African culturally derived political and socio-economic ideology as the only road to that kind of development capable of overcoming and reversing our present state of underdevelopment, and capable of removing the root causes of those unacceptable levels of suffering of the millions of our people.

Whilst the rest of the world moves towards regionalism – to protect their own autonomy, and their economic future progress – Africa cannot afford to remain fragmented, divided, disunited, externally dominated, and internally oppressed and depressed.

Therefore, the issues of South and Southern Africa, in the post-apartheid era, reflect this challenge to Africa as a whole. Therefore, they assume the position of a vanguard responsibility – a reflection of the challenges that confront the whole of Africa.

In the international context, we must continue to work for the realization that imperialism is bound to fail in the end; but that the results of its policies – the human suffering it causes and the conditions of constraint for progressive change that it constantly imposes – continue, in the meantime, to threaten the very future of the world.

No one nation or alliance can ever hope to regulate the world or act as the world’s policemen, and, even if that were possible, it could only end in world disaster. History is full of accounts of those nations and alliances that have tried, and failed, to impose their will and their culture on the rest of the world.

The world is in need of a truly international, transparently democratic process of working together to create a world genuine partnership of nations, whose objectives would be to fulfil and ensure that human rights and the freedoms of all of the peoples of the world, as they themselves choose to define them – a world that recognizes the interdependence of all nations and peoples, and joins to meet the global threats that currently obstructs world peace, justice and development. It will be a world order that accepts differing ways of living, as long as they are democratically organized and all human rights are observed – a world order that joins to define a world code of conduct based on an international consensus of differing historical and cultural definitions of such concepts as democracy and human rights, in an internationally binding agreement and within a democratic international organization capable of enforcing its democratic decisions.

At this juncture, I would like to quote from the “Minamata Declaration” in Japan – A People’s Plan, for the twenty-first century, drawn up at a mass conference of 120,000 Japanese citizens, and two hundred and eighty people’s movements from the thirty-three other nations:
“The present world system has begun to undermine itself by creating its own contradictions: growth against nature, militarism against the need for collective security, uniformity against cultural diversity, alienation against human dignity, mindless consumerism against human kind aspiring to regain lost values, meaning and spirituality … All over the world, simultaneously, more and more people are searching for different ways of living in harmony with one another and nature … Alienated youth, without much future, and the concerned intelligentsia, are also joining the historical struggles of the masses – peasants, workers, the urban poor. The mushrooming of people’s movements is giving rise to the hope that we can create a society where everyone can live with dignity…

The simultaneous emergence of this global phenomenon has its own commonalities, common interests, common values, and common threats, organically linking all oppressed people and exploited groups in the world. A new logic is emerging against the logic of growth, transnational companies, and elitist power. This is the true “logic of the majority”. The “majority”, here, does not mean the majority as measured in polls and elections, but the global majority, the most oppressed…

A new internationalism is being born out of these local, national, regional, popular struggles confronting common enemies… Our region is being organized by transnational capital, which is bringing together far-flung and heterogeneous areas and peoples into an integrated, hierarchical, division of labour, in which peasants, workers, indigenous peoples, and women, are subordinated. States are vigorously promoting this as the agencies that mediate the entry of transnational capital within their national boundaries. At the same time, trans-nationalization of the economy undermines the basis of the state. This places its claim to sovereignty, and its pretence as protector, into question, thus weakening its legitimacy, and creating new opportunities for the people to intervene. The state (then) seeks to protect itself through intensification of repression and violence, as we see today in many countries…

Hence, we declare that all people, especially those oppressed people, have a natural and universal right to criticize, oppose, or prevent the implication of decisions affecting their lives, no matter where those decisions are made. We declare that this right, as a people’s right, is more fundamental than any artificial law or institution established by the State.

We declare that this right means the right of the people to cross all borders, national and social, to carry their struggle to the exact sources of power seeking to dominate or destroy them. We need to make it clear that this right must never be interpreted as justifying the actions of the powerful crossing borders to oppress, exploit, and disposes the people. On the contrary, we are asserting that the people have a right to counter these interventions that are going on all the time.
We recognize that the struggles of the subjugated people for self-determination, independence, and to establish their own governments or of people to change, or improve, their governments, are crucial. At the same time, we believe that, in the long term, it is the trans-border political actions of the people, marginalizing states and countering the power of international capital, that will produce the 21st Century we hope for…”

Such a conference statement in Japan might well have been written by any conference in Africa, whose theme reflects the nature of the challenge facing both South and Southern Africa and Africa as a whole. It is a statement that gives us hope that a new kind of internationalism, based on new moral principles and on a new thinking about world peace and development, is gaining ground – is spite of the immense obstacles that continue to be placed in the way.

It gives us hope that there is indeed a new internationalism developing, which indicates that global conditions, today, have made increasing numbers of people, all over the world, more conscious of the present global threats of the present world order, conscious of the common fate of the world that places all of us on a common ground, looking for a common global movement for genuine world peace, justice, security, and solidarity.

Africa has a vital part to play in such an emergent international movement for world peace and justice.

To work together to ensure continuing support for the liberation and for a new world internationalisation based on the cultural, political, economic, civil and social rights of all of the peoples of the world – as they themselves choose to democratically define them. The parallels with the most urgent needs of our continent are obvious.

The question, then, for the post-apartheid South and Southern Africa remains – can the political forces, based on new political alliances within the region, act to realize the long-term opportunities that the new South Africa will offer to the region as a whole?

If we are truly committed to a more cooperative, more equitable way forward to economic integration, then, there will be a need for a political restructuring of the region.

The alternatives are, hopefully, all too clear to all of us.

A neo-colonial settlement would leave the region much as it is now – with the benefits going only to South Africa, and to foreign capital. In such a situation, international institutions and international capital will continue to act to divide and rule, and so prevent any strong and effective regional initiative. Only regional alliances for regional economic cooperation that does not challenge the interests of the powerful would be tolerated. Such as are allowed, will be those that facilitate the free market and an emphasis on competition while lessening the capacity of the regional states to achieve any genuine economic sovereignty over their own destiny. The outcome could well be the abandonment of regional initiatives for greater regional autonomy – in the face of the obstacles placed in their way. Such a course of events would also mean the abandonment of any long-term growth prospects for the peoples of the region.
A great deal depends on the progress of genuine democratisation in the whole region. Political intervention, in the cause of greater regional autonomy will be required. There can be no automatic expectation that such political impetus as is required will come from the dominant classes; it will need the continuation of the demand, by the peoples of the region, for radical political and economic change – the support of all of the people’s movements for the governments’ total commitment to policies of national and regional, more equitable redistribution and development, and for sound restructuring.

Any genuine commitment to cooperative regional alliances will require an agreed political and ideological base for action. The liberation movements in South Africa, and the new democratic and human rights movements elsewhere, represent a demand for greater people participation, and for a more equitable distribution of resources and opportunities. Such a demand is, in a sense, a demand for greater national and regional economic autonomy – a resistance to the dictates of the world economic system as it is now structured. Such a mass demand offers the region the opportunity to create those new political alliances that can facilitate prospects for political stability, for alliances between leaders, intellectuals and people for democratic economic development. The growing awareness of the alternative – that of a continuing downward spiral into even deeper levels of poverty, of external domination, and increasing levels of national division and conflict – should act to increase our sense of urgency to work with a strong determination to reconstruct the region of Southern Africa towards a regional, political and economic cooperation and integration, within an agreed and African culturally derived political and economic ideology capable of delivering those patterns of more self-reliant, sustainable, endogenous, national and regional growth, which are the only way forward to greater national and regional autonomy and integrity. It is on the possibility of such an outcome that, in my view, the future of Southern Africa will depend. It will require new thinking, new realizations of the nature of the struggle ahead, the same struggle that lies ahead of Africa as a whole – the struggle for a second liberation, based on African solutions, on African strategies for radical structural change within a democratic framework.

The opportunity is real, and a positive outcome is attainable. It awaits only the collective will to act for achievement.
Prognostic and long-term projections have always been hazardous. In the real world, there are often, if not always, a multitude of imponderables; and an array of strategic uncertainties; and many unforeseeable events. For example, very few people could, a few years ago, have imagined a non-Cold-War and a non-bipolar world such as we have entered in. Fewer people still can imagine what will emerge as the new Middle East order. This is also the case about what will really emerge after apartheid is conquered and majority rule is established in South Africa.

The complexity of drawing up believable scenarios about post-apartheid South Africa does not reside in the only fact that, as a country, South Africa is a web of complexities at the social, political and economic levels. From within itself, these complexities make it difficult to see how the internal racial, tribal, economic forces will evolve to create a new apartheid-free South African nation. It is almost paradoxical to recognize that apartheid was a force that neutralized many other forces within the South African socio-fabric such that it had a semblance of stability or cogency as a social entity.

However, hazardous as prognostications are, we cannot avoid them for our curiosity as human beings and our innate need to have some measure of our destiny in our purview make it necessary that, once in a while, we take a crystal ball and gaze at our future. It is in this spirit that some thoughts about post-apartheid South Africa are sketched hereafter. In sketching most of these thoughts, the overriding concern is to provoke further thought on the issues involved rather than to predict the future. Perhaps, if we all think correctly about the issues, the events of post-apartheid South Africa might well work along the tide of our most cherished wishes. Alternatively, if we fail to clear about the issues, the South Africa of the future might very well fail to steer clear of some of the most fearsome nightmare scenarios.

In order to focus the issues, post-apartheid South Africa is analysed from within itself and from without. From within, the social, political and economic scenarios are looked at. From without, some issues regarding the relations of a post-apartheid South Africa with its immediate neighbours, with Africa and with the rest of the world are examined.

II. INSIDE POST-APARTHEID SOUTH AFRICA: A VIEW FROM WITHOUT

Many people have, naturally, asked themselves the question of what South Africa will look like after apartheid. Perhaps the safest answer that has been given is that “an apartheid-free South Africa will be neither Nirvana nor Armageddon”. * With realism, one can qualify this analysis by adding that, in all probability, the early post-apartheid South Africa will incline towards Armageddon rather than Nirvana. This is
because, at the level of society and the economy, there is so much trauma and complexity that there will be inevitable friction and difficulties in social and economic transition from apartheid to post-apartheid stability in South Africa. However, one should hasten to add that, even if the transition, as seen hereafter, will be difficult, South Africa will eventually settle and become a great nation.

At the level of society, post-apartheid South Africa will not easily or quickly rid itself of the black-white division in the day-to-day business of doing things. Neither the mind of the white nor the bitter memories of the black are going to change overnight. The economic power of the white as compared to the destituteness of the black South Africans is unlikely to lead to an increasingly stable post-apartheid era. Thus, an apartheid-free South Africa is likely to face a bitter dilemma. While apartheid will be gone according to the letter of the law, it will be an inescapable reality to all blacks and whites, at least for the transition period. The experience with racism in the United States of America in the post-slavery period has a lot to teach us in this respect.

However, post-apartheid South Africa’s greatest enemy at the societal level may very well turn out not to be black-white division. On the other hand, it may turn out that tribal considerations might alight the most dangerous fires of conflict in a post-apartheid South Africa. Is it just a fear that the current internal crisis among the South African black people in the form of the ANC-Inkhata conflicts will spill over into the post-apartheid period? Further, if the recent history of post-independent African states has anything to teach us, it is the bitter lesson that the divide and rule principle of colonialism always leaves deep scars that greatly undermine the social stability of societies that had been colonized and deliberately divided along tribal and religious lines. Up to now, there are many conflicts in African countries that owe their origin to the colonial division of nations along ethnocentric lines. There is no doubt whatsoever that apartheid, in its dying hours, has used and will accentuate the use of ethnocentricity in South Africa so as to sow the seeds of discord for the post-apartheid period.

Closely associated with the potential eruption of tribal tensions in post-apartheid South Africa, is the deliberately planted potential danger of what some analysts have called “the zonal dynamics of black politics” in South Africa. * The Bantustans are undoubtedly a landmine in the political stability of South Africa as a post-apartheid state. It is clear or at least it should be clear to all that the pockets of military units that exist in each of the Bantustans will constitute an ever-looming source of potential conflict to a central power in post-apartheid South Africa. On the basis of experience in post-independent countries, non-homogeneous militarised units in a single country have tended to result in the formation of internal guerrilla groups to fight against the ruling group. It is not difficult to envision the possibility of such an occurrence in South Africa.

At the economic front, post-apartheid South Africa presents a mosaic of problems and issues. However, the most central economic concern is whether the white South African will, after apartheid, continue to do “business as usual” and whether a majority government will allow business to be run. Taking the Zimbabwean example, an exodus of whites out of South Africa after apartheid and majority rule could have a detrimental impact on the South African economy for quite sometime. Also, the nature and degree of capital inflow in investments might change considerably after
majority rule such that the South African economy might face difficulties of investment sustenance.

However, what is interesting to ponder about the economic scenario of post-apartheid South Africa is not merely the state of the economy but perhaps, more importantly, the nature of the policy concerns that will emerge and how such policy issues will be handled. Inevitably, the post-apartheid economic policy agenda will have to include:

(a) the reduction of the poverty of the blacks;
(b) the reduction of the inequalities among the different racial groups;
(c) the implementation of a new land policy;
(d) education and training for the majority of the population;
(e) increasing the availability and accessibility of other social services and facilities, particularly housing to the majority;
(f) development of urban areas, which harbour repressed migration;
(g) re-modelling the entire administration away from enforcing apartheid to implementing anti-apartheid policies and programmes.

Looking at such an agenda, one cannot fail to ask the question of whether post-apartheid South Africa will find the resources and the will to implement such a gigantic agenda. Yet, it is also obvious that, if the above agenda is not tackled, post-apartheid South Africa might find itself torn apart in total turmoil from within as a result of its many social, political and economic contradictions. One has just to hope and wish that, whatever the economic agenda that will face post-apartheid South Africa, the policy-makers will have the will and that the economy will retain enough of its resilience and strength to go through the transition to economic stability.

But can social and economic Armageddon be avoided? Can we have an apartheid-free democratic South Africa that will also be free of internal tribal or racial strife, free of economic sabotage and free of economic inequities and poverty? It is possible to construct a scenario of bliss for South Africa but at least two heroic assumptions have to be made. First and foremost, we must reach into the minds of people and assume that post-apartheid South Africans will actually forgive and forget apartheid. The conscience of the South African people will have to be that of forgiving together irrespective of colour, religion, or sex. A second assumption that must be made is that there will be political maturity at the very start of post-apartheid. This is absolutely essential to ensure a smooth transition from white repression to black accommodation.

If the above two assumptions do get fulfilled, then we can have a scenario of a post-apartheid South Africa that is socially cohesive, politically stable and economically strong. Under this scenario, South Africa would become a dominant force politically and economically not only in the Southern African sub-region but also in Africa as a whole.
III. POST-APARTHEID SOUTH AFRICA AND ITS NEIGHBOURS: THE REALITIES AND THE PROSPECTS

It should be underscored at the outset that, within the Southern African context, every single event that is now taking place in the sub-region has significant repercussions on the shape and patterns that relations will finally take subsequent to the elimination of apartheid in South Africa and the attainment of majority rule. Thus, it is important to first scrutinise some of the basic realities and how they are evolving in time and space.

The First reality. The Southern states are tied together by economic linkages in which, however, South Africa is the regional economic hegemon with almost the best of everything and capable of dominating the sub-region in many ways including militarily.

Second reality. It is yet to become clear as to how and under what terms the Southern African countries will cooperate if and when South Africa joins the group as an apartheid-free country. This reality is often ignored by focussing on SADCC as an automatic and natural cooperation arrangement in which South Africa will just fit. This is not so evident because the SADCC was formed to make its members less dependent on South Africa. It will require a number of changes in perception and strategy to transform the SADCC into a mechanism of cooperation with South Africa.

The Third reality. The present pattern of economic interaction is highly uneven. South Africa is the principal pole of accumulation; the other states are mainly service economies ministering to South Africa’s needs in terms of labour reserves, markets, water and certain raw materials. In a nutshell, there is an entrenched dependency syndrome between South Africa and its immediate neighbours.

Fourth reality. The emerging movements towards democracy in some countries of the sub-region might create new patterns of ideological and other alliances and might, in one way or another, affect the nature of cooperation in the sub-region especially with a fledgling post-apartheid South Africa.

These realities have already formed the major part of thinking about a cooperative approach to regional reconstruction in a future post-apartheid Southern Africa. Thus, the ANC has, on its part, indicated the need to renounce any hegemonic aspirations in the sub-region. The Deputy President of the ANC, Mr. Nelson Mandela, is on record as describing as intolerable and unacceptable for a democratic non-racial South Africa to have a situation in which some countries in the sub-region prospered while others in the neighbouring countries starved.* Overall, what is emerging as an underlying principle in Southern African cooperation is that greater cooperation would require prioritising the interests of the most deprived neighbours in certain areas according to the principles of affirmative action.

Another general principle for post-apartheid cooperation in the sub-region that comes out clearly from the emerging realities is that a new sub-regional order that includes a powerful free South Africa will have to be a product of well studied negotiations that can bring about a pattern of integration that circumvents or, to some extent, neutralizes the overwhelming economic strength of South Africa. Any attempt to
impose or to assume as natural, the cooperation of the countries of the sub-region would lead to a number of “cracks” and would most likely not achieve the desired results.

Besides having a close look at some of the key areas that should form the bedrock of cooperation in Southern Africa after apartheid, it is also interesting to ask whether there can be a possibility of political union in the sub-region like the recent union of Eastern and Western Germany. This is particularly evident in the case of Lesotho and to an extent in the case of Swaziland and Botswana. Another interesting question is-what would such a political union mean to the other members of the sub-region such as Zimbabwe and Zambia, and what would it mean for economic integration in the area as a whole?

IV. POST-APARTHEID SOUTH AFRICA AND AFRICA: WHAT IS THE AGENDA?

One significant change that is likely to result from the liberation of South Africa by the anti-apartheid forces is likely to be at the continental level. South Africa, as a political entity, will finally wake up from isolation and be counted among the members of the Organization of African Unity (OAU); an event that will also equally affect the OAU. As an economic giant in the whole continent, South Africa is likely to benefit from the readily open African markets and perhaps from some of the region’s raw materials.

It is presently very difficult to speculate on the nature and strength of the political clout that post-apartheid South Africa will have. This will depend on many unknown variables including the political leadership that will emerge, the power structure, the ideological stance, etc. Other forces in other large countries like Nigeria and Egypt, as well as the strengths of economic blocks that will have formed, will also affect South Africa’s clout in Africa and the world.

But, while the picture of the political clout of post-apartheid South Africa in the overall workings of the continent is still blurred, the picture of its economic clout is almost already drawn. Even as of now, we can already outline the major directions of interactions between the presently independent African countries and post-apartheid South Africa. This agenda includes at least six distinct items namely trade, minerals policy, transport, food security and migrant labour.

Trade is one of the direct agenda item on which both Africa and South Africa can mutually benefit. It is estimated that some 32 per cent of South Africa’s manufactured goods go to Africa. After apartheid, this share should be able to more than double. For the continent, intra-African trade would be boosted by increased trade flows with South Africa. Also, the continent could greatly benefit from exchanges in the more appropriate technology from South Africa. The only caution that has to be sounded is that indiscriminate trade with South Africa could stunt industrial take-off in some countries especially in Southern Africa.
Mineral wealth in South African countries is a potential area for cooperation at the continental level. An increased processing of these minerals, as well as an increased intra-regional trade in them, would contribute significantly to the industrialization of African countries.

Transport will be vital to further all aspects of cooperation and integration. Most economic activities will need strong North-South and East-West transport links. Air links between post-apartheid Johannesburg and the major capitals of Africa should greatly improve the movement of goods and people in the region as a whole. The liberation of South Africa may also bestow upon Africa a strong shipping network that would enable connecting many of Africa’s ports.

Food security, at least, in the Southern African sub-region, should greatly improve with the possibility of trading in food and food products with South Africa. For the region as a whole, the food security agenda should be able to benefit from post-apartheid.

Migrant labour is likely to be one of the thorny issues in post-apartheid South Africa and other countries. The likely scenario is that South Africa will continue to attract migrant labour and skilled manpower from African countries plagued with unemployment. But this is likely to be also a source of tension with the indigenous labour force. Such tension will not augur well for South Africa’s solidarity with other African countries.

V. THE END OF A NIGHTMARE: A WORLD WITHOUT APARTEID

The step to a post-apartheid South Africa will always be historical for mankind in that we would have conquered the last explicit elements of the evil, racial prejudices among the human races. If the whole world has seen and abhorred apartheid, then we can safely extrapolate the fact that the world will love post-apartheid South Africa. Therefore, it is likely that the flow of resources will increase and that the world support for everlasting change and development will be given. Indeed, if the “Armageddon scenario”, as described earlier, is to be avoided, then the entire world will have to contribute to the smooth transition from hatred-inspired apartheid to human-centred post-apartheid.
INTRODUCTION

The critical phrase in the title of this topic is “Post-Apartheid South Africa”. It covers a host of assumptions that have to be teased out if there is going to be any sensible discussion on the political implications for Southern, or even the rest of Africa. When is South Africa in a post-apartheid phase? When the so-called legal pillars of apartheid have been removed? When the socio-economic legacy of racial inequality has been redressed? When a fully elected democratic government is in place? When South Africa is a fully-fledged member of international bodies? When effective trade and financial relations have been restored? None of these possibilities are necessarily mutually exclusive or even concurrent.

The point to stress is that transition in South Africa is of a two dimensional nature: there are forces of change away from apartheid-domination and forces of change towards democracy. Moving away from domination is a necessary though not a sufficient condition to achieving democracy. In fact, the manner in which forces are mobilized to destroy domination can undermine the prospects for achieving democracy. Researches show that one of the common outcomes of transition away from autocratic regimes is regression to a new form of autocracy. Domination can still be replaced by domination.

The two-dimensional nature of transition in South Africa causes confusion in the debate of the irreversibility of the process. De Klerk says it is; Mandela says it is not. They may both be correct! A plausible argument can be produced to show that transition away from old-style apartheid domination is irreversible. An equally plausible argument can be produced to show that transition towards a consolidated non-racial democracy is not irreversible. In the latter instance, the same arguments can be produced for most of the countries of Africa Asia, Eastern Europe and Latin America. In other words, the struggle for democracy and democritisation has become one of the dominant themes of domestic, regional and international politics as the world runs out of time on the 20th Century. The struggle to get rid of the domination of apartheid and its legacies is South Africa’s own unique contribution in this other general struggle.

The fact that South Africa has chosen to negotiate away domination and put democracy in its place simply means that there is not going to be a sudden, dramatic transfer of power of the flag-down-flag-up colonial variety. In other words, there is not an event that can be seized upon by the outside world to symbolize how and when South Africa moves from apartheid to a post-apartheid era. If the demand is that South Africa has to be a fully-fledged consolidated democracy, then, it is a demand that certainly cannot be met by the majority of countries in Africa. If it is something short of that, i.e., some form of interim government that is clearly non-racial in its composition, but nevertheless undemocratic, then some other criteria will have to be applied to determine South Africa’s acceptability into the African and international
community. The fact that there is an easing of sanctions and diplomatic and cultural isolation is clear that such criteria are being applied. What are they? For clues in this regard, it is useful to look at South Africa, and for that matter, Africa, in the new international context.

SOUTH AFRICA AND THE OUTSIDE WORLD

One of the major consequences of the thaw in the Cold War and the subsequent collapse of East-European Communism is that Africa, and by implication South Africa, is no longer seen as a site to extend competing spheres of influence between the so-called super powers. A corollary of this is that much stricter criteria are being applied by the international community to the domestic affairs of African countries.

This is evident in two areas of domestic housekeeping: good governance and sound management of the economy. The former is translated into the criteria for accountable and responsible government, the latter into a demonstrable commitment to a market economy. Both values, democracy and market economy are being explicitly or implicitly applied by governments and development agencies to evaluate support and sound relations with African countries. This is particularly evident in statements from the International Monetary Fund and World Bank representatives.

Africa and South Africa find itself in a situation where these internal pressures for democracy and market economy are being supplemented by domestic political and economic pressures for transition in the same direction. Not only in South Africa, but also in many other African countries, people are tired of domination, corruption and economic inefficiency, whether it originates from racial minorities, life presidents, dictators, military regimes or permanent self-perpetuating oligarchies. This is true in South Africa and in Southern Africa.

Therefore, if the above developments are made applicable to South Africa, its acceptability as being in a post-apartheid phase will increasingly be determined by:

(a) the systematic removal of all the legal trappings of racial oppression, including the current constitution;

(b) demonstrable attempts to get rid of the racial inequalities in social and economic life that resulted from apartheid;

(c) a clear commitment to interim measures to bring about a democratic system of government;

(d) demonstrable evidence of a sound management of the economy based on the market system.

It is unlikely that there will be unambiguously acceptable signals to the outside world on all four of these levels. Therefore agencies and governments will vary in their diplomatic and economic responses to the unfolding events in South Africa. This, in turn, will also depend on their own needs and responses to pressures for good governance and sound management of the economy. In short, South Africa is no longer an uncomplicated source of foreign policy options and economic relations. Her
transition is forcing a redefinition of countries and agencies relationships, not only towards South Africa but also amongst themselves. One thing seems to be clear: the greater South Africa’s acceptability becomes as being in a post-apartheid era, the greater will be the implications for her relationship with Southern Africa and the rest of Africa.

**SOUTH AFRICA AND SOUTHERN AFRICA**

During the initial stages of transition, it is evident that the South African Government will pursue a vigorous “new diplomacy” in Southern Africa. It has fundamentally shifted its threat analyses of the 1980s away from straightforward survival and security concerns towards regional cooperation and development. It would be wrong to assume that, as transition away from apartheid proceeds, South Africa’s role as the friendly cooperative regional giant will expand. As a transitional government becomes increasingly pre-occupied with the problems of domestic socio-economic reconstruction, its major political energies will be consumed by domestic rather than foreign or regional policy.

Contrary to some expectations, at least during transition and as long as successful reconstruction may take, South Africa is going to strive to be a major recipient, rather than donor, of aid. In this sense, it will compete with other countries in Africa for such assistance. It also has no choice but to make itself competitively more attractive to investment possibilities.

To the extent that South Africa ignores its role as a regional source of development and technological transfer because of a too strong inward-looking policy, it may unleash counter-productive forces. One of these could be a powerful pull factor for regional migration towards the more prosperous and developing South. This in turn, could aggravate the very attempts at socio-economic reconstruction inside South Africa.

One way out of this dilemma is for South Africa and other governments in Southern Africa to embark on a cooperative policy of regional economic development. As Evans puts is: “At a time when the West is more and more pre-occupied with what might be called “Out of Africa” affairs, it is vital that South Africa as a whole restores its investment attractiveness and moves towards the creation of a coherent, self-contained regional trading bloc. South Africa’s role in this will obviously be crucial”.* The sooner South Africa can be part of the redefining of the composition and role of SADCC and gain membership into the OAU, the sooner it can join with the governments in the region can do so. However, there is a dilemma here – “acceptable” progress in domestic transition will determine whether this happens. The longer this takes, the more an interim and post-apartheid government will become involved in the problems of domestic reconstruction and the less inclined it would be to regional cooperation and development.

Both South Africa and the other governments in Africa are increasingly going to feel the impact of Africa’s marginalization in international affairs. It is going to become far more difficult to remain on the “agenda” as it were. There is no doubt that a South African Government, transitional or post-transitional, will use its comparatively more developed socio-economic infrastructure, trading links and historical ties with the so-
called First World countries, notably the United Kingdom, Germany and France, to increase its competitive edge in the region and on the continent. Given the impending integration of Europe and the unfolding developments in Eastern Europe, this could be a considerable advantage to South Africa as a regional player in the game. When other governments in the region enter into alliances or agreements with South Africa, it could significantly affect their own domestic developments as beneficiaries of South Africa’s new regional role. Already, there are clear shifts of policy attitudes towards even the current stage of transition from countries such as Zambia, Senegal, Kenya, etc.

There is demonstrable evidence of increasing interaction between South Africa and Africa in the areas of diplomacy, trade, sport and culture. As Africa “opens up” to South Africa during transition, it could assist in demythologising Africa to important and recalcitrant elements in the white minority; creating a more relaxed political climate and assisting in a more conductive atmosphere for negotiated transition.

CONCLUSION

“South Africa in transition” is a concept in search of a definition. How Africa, the region or even the international community, is going to reach a consensus on the new definition is not apparent. There is not a singular event that can serve as a conceptual rallying point for such a definition.

The kind of progress that South Africa makes in its transition will be interpreted differently by various countries in the region and further a field depending on their own needs and pressures for change. Increasingly, South Africa and other countries in Africa have begun to experience the same international pressures: increasing marginalization, demands for good governance and sound management of the economy.

Those countries with better development socio-economic infrastructure will have a competitive advantage and become regional forces of cooperation and development. South Africa is strategically poised to become this. However, the quality and tempo of domestic transition will significantly affect South Africa’s role in the region. The longer it takes to move through transition, the more pre-occupied South Africa will become with domestic reconstruction and the less inclined it will be to a regional role.

Finally, it bears to be repeated: getting rid of domination does not guarantee democracy. South Africa, like many other countries in Africa, is not quite out of the woods yet.
THE STRATEGIC IMPLICATIONS OF A POST-APARtheid SOUTH AFRICA

by
Allister Sparks*

The question exercising all of our minds, at this conference and others, is the marginalization of our continent. Africa is racked by instability and under-development. It has experienced sixty coups in the post-independence era, fifteen border disputes, and ten civil wars, all of which have left it with 18 million refugees. It has 29 out of the 42 poorest countries in the world; more than one-third of its 650 million people are living in poverty; it is paying 25-30 per cent of its export earnings to service debt repayments; and, for the most part, it is still dependent on single-commodity production in a world of unstable commodity prices.

Over the years, things have been growing steadily worse, until, in the 1980s, Africa hit the wall. The wars grew worse, the poverty grew worse, and the number of refugees swelled, until many of the major powers began to write-off Africa as an irredeemable mess.

Now, as we enter the 1990s, there is some light at the end of the tunnel. Southern Africa, one of the most blighted regions of our stricken continent with some of its most seriously ravaged countries, stands on the brink of change. Apartheid, the virus that has afflicted the region, severing relations, poisoning attitudes, curtailing trade, stunting development, and, above all, sowing death and destabilization, has collapsed and opened up the prospect of a non-racial democracy taking its place.

For Africa, this is an event as momentous as the collapse of communism was for Europe. It opens up the prospect of transformation for the whole continent. Not only is the source of the affliction being removed, but also a new South Africa could conceivably help Africa to recover. Thus, we have the paradoxical prospect of the problem becoming the solution.

We have seen how change in the Soviet superpower released forces that changed everything around it. The same will surely be true of change in the regional superpower that is South Africa. The extent and nature of these forces of change are what we are here to discuss.

We have considered the political implications of that change. We have considered the tremendous impact that the integration of South Africa into the regional economy could have. Now, it is my task to initiate a debate on the ramifications of a transformation from enemy to co-partner of the continent’s most powerful military and economic nation on the strategic structure of the region it dominates.

These ramifications are clearly complex and extensive, particularly given the ever-broadening definition of what constitute strategic policy issues. But for the purpose of this paper, I intend to focus on our areas of chief concern – namely, Africa’s crisis of instability and under-development.
Firstly, will the ending of apartheid end the wars, civil wars, liberation struggles, cross-border raids and general destabilization that have ravaged the region for the past three decades? Is there now a realistic prospect of stability in Southern Africa? And, secondly, will this bring a peace dividend?

The United Nations has estimated that South Africa’s destabilization campaign has costs its neighbouring states in the region of $60 billion. Obviously, the stanching of that haemorrhage will, in itself, constitute a very considerable peace dividend. But beyond that, will the countries that have been involved in these long conflicts, the Frontline States and South Africa itself, be able to cut their burdensome defence budgets and re-direct those resources into development?

In short, will Southern Africa be able to beat its AK-47s and its Casspirs into ploughshares?

It seems to be essential, if Africa is to develop, that is must be able to cut down on the percentage of gross national products now allocated to defence budgets. The question, therefore, is whether Angola is going to be able to reduce the 17.42 per cent of its GDP allocated to defence, Mozambique’s 110.0 per cent, Zimbabwe’s 7.6 per cent and South Africa’s 4 per cent, down to, say, Canada’s 1.75 per cent and Japan’s less than 1 per cent.

Taking these four countries alone, that would effect a saving of between $3.2 billion and $3.9 billion a year. For the region as a whole, such a peace dividend could well provide the kick-start needed to get these flagging economies going.

It seems the obvious way to go in a new global order where success and influence are determined more by economic strength than by military power. But will it happen?

Before assessing the prospects, let us look at the international context in which our regional changes is taking place because the stunning developments in the Soviet Union and Eastern Europe have transformed, and continue to transform, our entire frame of reference for assessing strategic policy issues.

**THE INTERNATIONAL CONTEXT**

Hardly had we begun assessing the implications for Third World security and development of the end of the Cold War and the disappearance of the bipolar global security system than we now face the virtual collapse of the Soviet Union as a nation-state and the possibility of its disintegration, with another redrawing of the geopolitical map. In that fast-moving situation, many questions have still to present themselves clearly before we can begin to find answers. How many fingers will there now be on the Soviet nuclear button? How many hot lines must there be to the White House? How many disarmament treaties will have to be negotiated? Which of those fragmenting parts of a global superpower are going to become regional superpowers, and how will they behave? Are we, for example, going to have a nuclear-powered Uzbekistan playing a role in the Middle East?
At this stage, all we can say with relative certainty is that these developments are likely to foster a much more unruly and unpredictable international scene. Power vacuums could appear in many regions, with adventurism by more powerful neighbours a possibility and perhaps conflicts between rival regional powers as they compete to fill the vacuum. The discipline that the two superpowers were able to exercise over their respective allies and clients around the world has been weakened, and so there is going to be less stability, more adventurism, and with that goes a greatly increased danger of the proliferation of nuclear, chemical and ballistic-missile weaponry.

The United States is now the only superpower. How is it going to use that power? Is it going to become the world’s self-appointed policeman? Algeria’s Foreign Minister, Mr. Ahmed Ghozali, has already reflected on the disturbing thought that the weakening of the Soviet Union and relative increase in American global power “bring the same risks as those that exist in a country that has no opposition”. On the other hand, the United States, too, is in decline with deteriorating infrastructure, growing budget deficits and debt, rising unemployment and declining schools system. Is it going to withdraw too, as its domestic problems mount?

Can the United Nations fill the gap? With the Cold War rivalry that paralysed the UN now a thing of the past, it seems certain that the role of the UN will increase significantly – and with that the relative importance in global strategic politics of member states in Africa and other parts of the Third World. Even so, it seems to me that expectations of a world ruled by the law of the UN are bound to prove unrealistic. There may well be more energetic approaches to solving particular problems, but there will also be a proliferation of new problems and the capacity for quick collective action will always be limited and basically still determined by the five permanent members of the Security Council.

All these surely mean that the world is going to be a more troubled and unpredictable place. That is, with the bipolar security structure gone, there is going to be a growth in the relative power of regional superpowers, and that there may be some dangerous competition among them to fill these positions.

THE IMPLICATIONS FOR AFRICA

What are the implications of all these for Africa and its peace dividend? Not very encouraging, I am afraid! The end of Cold War rivalries and superpower involvement may end some of our regional wars and make certain settlements possible, as in the case of Angola and here in Namibia, but a general climate of increased uncertainty and local conflicts is not conducive to large-scale disarmament.

What I find particularly worrying is the massive upsurge of ethno-nationalism in the Soviet Union and in Yugoslavia. The failure of the Yanayev coup in Moscow was due as much to the rise of irredentist nationalism as to the fall of communism. It was as much Russian nationalism as a passion for democracy that Boris Yeltsin was able to mobilize, and much the same was true for Eastern Europe in 1990. The danger of this phenomenon spreading is a nightmare prospect for Africa, as are the border disputes that inevitably accompany such ethno-nationalist flare-ups. Boris Yeltsin sent shivers down many spines when he warned the Ukraine and other neighbouring republics of
possible border adjustments if they declared themselves independent, because of the 25 million Russians living outside Russia itself. One has only to look at the chaos of inter-clan conflicts that has followed the overthrow of Mohammed Siad Barre in Somalia to appreciate what a viral spread of ethno-nationalist fever could mean for Africa.

The answer must be to build regional and sub-regional structures for mediation and peacekeeping, and in this, a transformed South Africa may be able to play an important role. There has been talk of creating a Pretoria-Abuja-Cairo axis to stimulate economic developments around Africa’s three major growth points. Equally, these three military powers could provide an axis around which mediation and peacekeeping structures can be developed.

THE ROLE OF A NEW SOUTH AFRICA

Let us come now to the nub of our subject. The transformation of South Africa will remove the major source of instability in Southern Africa. Will that enable the region to stabilize, disarm and reap its peace dividend?

The answer should be, yes. Yet, there are several factors that may inhibit the process.

First, is the fact that countries find it extraordinarily difficult to disarm. There is a reluctance to dismantle any institution, but none more so than the military. Armies are regarded as symbols of national sovereignty, national status symbols if you like. There are only two countries in the world that do not have armies, though many do not need them and many more could not use theirs with any effectiveness even if the need arose. This stems from the events of the days when military power was the hallmark of success and influence in the world, and although those days have gone and economic performance has taken over, making Japan and Germany with their small armies and hard currencies the new pacemakers, the old status symbolism lingers on.

We in Africa should emancipate ourselves from this antiquated posturing. The real lesson of the Soviet Union, even more than the failure of its ideology, is surely the supremacy of economic power over military power. A nation with one of the two most powerful armies in all history is in a state of collapse and disintegration because of its economic failure. The whole purpose of Mikhail Gorbachev’s perestroika revolution was a belated, desperate attempt to stave off disaster by reducing his arsenal with disarmament treaties in order to re-direct those resources towards economic development. But he may have left it too late.

Let us, in Africa, learn that lesson, especially those of us in Southern Africa who have the opportunity now to make a new start. Let us learn the lessons of the Soviet Union and Japan. Let us look at those two countries and ask ourselves – which of them is a superpower now, the one with the mighty army or the one with the strong economy that spends only 0.99 per cent of its GDP on defence? Africa is in extremis. It has few options left. Let us opt for the Japanese route now.
But if we are to do so, there is another thing we shall have to counter, and that is the glorification of militarism, especially among our youth. This is a legacy of our liberation struggles. In glorifying them, which is entirely understandable, we also glorify the armed struggles that accompanied them.

Cries of “Aluta Continua!” fill the air of Southern Africa – may the struggle continue. There are the glorious guerrillas and, on the other side, the glorious “boys on the border” who fought for volk en nasie against the forces of the supposed “evil empire”. Young men and children go to political meetings in South Africa carrying wooden AK-47s. They sing songs of praise to Umkhonto we Sizwe. Chris Hani is the most popular politician in South Africa because he is Umkhonto’s Chief of Staff. Young white South Africans strut about in their army uniforms, proud of being Recces, Parabats, members of special force units. We have old Selous Scouts and Grey Scouts from “Rhodesia”, 32 battalion, Koevoet and the Buffalo Brigade. We are saturated with militarism, and we must begin the task of demilitarising our minds as well as our budgets. We need a peace culture as well as a peace dividend.

There are practical difficulties, of course, in the way of demilitarisation. Southern Africa, like the rest of Africa, suffers from large-scale unemployment. It is not easy to reduce the size of the defence forces and add thousands of soldiers to the swelling pool of young unemployed men. In South Africa, there is even a danger of the defence forces being increased in size as the transformation takes place, because inevitably, there will be pressure for Umkhonto we Sizwe to be integrated into the SADF just as the liberation armies were in Zimbabwe and Namibia. Politically, this is essential; the military must reflect the new political dispensation. On top of this, these returning guerrilla fighters will not be easy to absorb into other sectors of the economy. The African National Congress has a primary commitment to them, and with a national unemployment rate that is now 43 per cent of the economically active population, they are probably unemployable elsewhere in any significant number.

Then again, there are tens of thousands of young school dropouts, casualties of the great uprising of the 1980s with its school boycotts, clashes with the authorities and life on the run. A generation of young “comrades” who missed out on their education, missed out on parental control and many of whom now represent a social problem to themselves and their communities. How can this “lost generation” be stabilized and reintegrated? One can foresee that military service may appear an attractive proposition to a new South African regime to absorb these young people. The present system of all young whites having to do a year’s National Service will in any event have to change and be decriminalized. A policy of demilitarisation would indicate that the national service should be abolished altogether (it was reduced last year from two years to one). But one can foresee that, instead of abolishing it, there will be pressure to widen it to include all races, specifically to include this problem generation that I have referred to, in order to ease the pressure of unemployment and the concomitant growth in the crime rate.

There would be a lot of popular support for that from all sectors of the South African population, but it would run counter to any policy of demilitarisation and the gaining of a peace dividend. It would mean a larger rather than a smaller army, and large armies cannot be kept inactive indefinitely. Countries with large armies invariably feel a need sooner or later to put them to use.
So let me suggest an alternative. Instead of the national service, South Africa should consider a non-military form of service to the nation. Instead of an army, in which young national service men and women spend their year on parade grounds learning how to use weapons, in a Peace Corps national service, they carry out public works projects. It is a concept that could be expanded to absorb many of the unemployed, in the manner of Franklin D. Roosevelt’s new deal projects during the great depression, or even the South African Railways, which became an employer of last resort for “poor whites” during those years. National service performed in that way would not be non-productive, as military service is, but would make a major contribution to economic development. One can imagine, for example, projects that would extend the electricity supply network, and clean water, to every community in South Africa. This is a country that generates more electricity than the rest of Africa combined, yet, only one-third of South African households are electrified. Get them electrified and the quality of life as well as the productivity of the population will be transformed.

Then, there is Armscor. South Africa has become one of the world’s leading arms manufacturer and dealer. The sale of arms has become a major source of foreign exchange earnings. Will a new majority government in South Africa be prepared to forego this? It is good business, but it is dirty business, as the recent disclosure of massive South African arms sales to Croatia reveal. In addition, it is incompatible with any attempt to demilitarise and build a peace culture in our region.

There is another aspect to this also. In its long, devious efforts to maintain minority rule in the face of world pressures, the South African administration has resorted to a form of clandestine politics that has become pervasive. It is a politics of double-speak and double agendas, of dirty tricks and double agents. Hardly anything is on the level. This has become a malaise that is corrupting the whole body politics and as corrupting as the drug trade. The public is no longer shocked by disclosures of slush funds, secret payments, hit squads and shady contacts with international gangsters. It has become part of white South Africa’s understanding of “reallpoltik”. The underworld of arms dealing adds to and fosters this clandestine culture. The new South Africa must break free from it and cultivate a new culture of political openness.

THE INDIVISIBILITY OF SECURITY

We come now to what may be the greatest problem of all. Will the new South Africa itself be secure? This is crucial to the region as well as to South Africa, for security, like freedom, is indivisible. Insecurity in any state is bound to affect its neighbours. Even poverty in a neighbouring state is bound to affect your own security.

The main danger to the security of a future South Africa will come from the elements of right-wing extremism within the population, which, even now, are turning violent in their opposition to the reforms of President F.W. de Klerk. It will come, too, from disaffected elements in the black population who may feel they have lost out in the quest for power, or who may simply be alienated socially or marginalized economically and give vent to their disaffection in violent action. There is much of this already in a country that has suffered more than 8,000 deaths by acts of political violence in the last six years. But it is the white extremists who represent potentially the most serious threat of organized, systematic destabilization.
This is because of their degree of disaffection and the extent of their connections with South Africa’s present military-security establishment. Informal surveys suggest that some 60 per cent of the SADF’s junior officers and 50 per cent of its senior officers are supporters of Dr. Andries Treurnicht’s Conservative Party and strong opponents of De Klerk’s reforms. Estimates of Conservative Party support in the Police Force run as high as 70 per cent.

In addition, South Africa has acquired a sizeable informal military sector: foreign mercenaries, veterans of other Africa wars—particularly Zimbabwe, Angola and Mozambique – and reservists who have done their national service training, often in commando units and other special forces.

It is this informal sector that has been primarily responsible for running the destabilization campaigns in the Frontline States, for supporting organizations like RENAMO – far enough away from the formal military command to be deniable, but close enough to get the supplies they need.

The big question is how this whole set of forces is going to respond to political transformation in South Africa. If a constitutional negotiation takes place from which they are either excluded or they exclude themselves, and if this leads to a transfer of power to an ANC-dominated government, will they see it as their mission in life to destabilize the new regime as they destabilized the Frontline States before? Perhaps even to continue destabilizing the Frontline States as well? The threat of that alone may be enough to prevent the Frontline States from demilitarizing and reaping their peace dividend.

Until now, the right-wing threat has been viewed primarily in a political context. Might the Conservative Party defeat de Klerks in an election and revert to apartheid? Could it defeat him in a referendum and get the white voters to reject a new constitution? But I do not think the danger lies there? I do not think the Conservative Party can muster the support to outvote both the National Party and the Democratic Party, who would stand together on this issue. But they do represent a very real security threat, especially in the post-transition phase, and I do not think enough attention has been paid to this.

There is a tendency in the black community to turn away from the right-wing problem. Understandably, there is a reluctance to come in terms with such overt racism. The far-rightists are regarded as irredeemable bigots, crazy and beyond reason. There is no point in talking to them, and certainly one cannot think of making concessions to their bigotry.

But the far-right represents a security problem that must be resolved if there is to be peace in South Africa and in the region. These people have it in their power to wreck that peace. Defusing that danger may be the most important single thing that still has to be done in the region.

How? Firstly, by recognizing the need to do so and then trying to get a better understanding of what is driving these people to such violence. I believe it is fear. Fear of the unknown, fear of ethnic survival, fear of what may happen to them individually, fear rooted in the indoctrination that they have been steeped in all their
lives, ultimately even fear of their own bigotry and what it may bring down upon them in the new South Africa. And, as I think, ignoring them exacerbates that fear.

I was greatly relieved when Mr. Nelson Mandela visited the right-wing hunger strikers in the hospital and appealed to the President to grant them indemnity. That represented a breakthrough recognition by the ANC of the seriousness of the right-wing problem and the need to deal with it, however distasteful that may be. Mr. Mandela realized that, if one of those men die, the right-wing movement would be likely to wreak vengeance on the black community, perhaps killing many in reprisal. So he sought to defuse that danger – and his humanitarian intervention has made a considerable impact on the right-wing. It has shaken up their image of him and reduced their level of fear.

I know it is asking a lot of black leaders to tell them to go out of their way to be understanding of such crude race-haters, but I do not believe these people are irredeemable. I believe they should be listened to, privately at first, more publicly later, and attempts made to understand their fears and see if it is not possible to accommodate at least some of their demands. Ethno-nationalism is on the rise worldwide, and it is vital that this irredentist Afrikaner ethno-nationalism be contained; otherwise there will be no security for Southern Africa – and no peace dividend for any of us.
THE ECONOMIC IMPLICATIONS OF
THE POST-APARTHEID ERA:

HOW TO ADD TEN AND ONE
By
Reginald Herbold Green*

South Africa And Southern Africa: Economic Interaction

The economic state of affairs and policies of the “new”, post-apartheid South Africa will be of significant importance to SSA and of major importance to Southern Africa-the sub-region it has dominated economically for over three-quarters of a century. However, real questions arise as to how structurally sound South Africa’s economy is; the parameters of economic transition domestically and the viability of any attempt to restore the pre-1975 pattern of South Africa/Southern Africa economic interaction.

A Sick SSA Economy

The vision of the South African economy as a powerful locomotive which, by 1995, will be surging down the Cape to Cairo track either (depending on the variant of this vision selected) pulling Southern Africa and SSA out of stagnation or crushing their weaker economies like stalled bicycles on a rail crossing is a grossly inaccurate perception of reality. South Africa is an economy in urgent need of structural adjustment and transformation. Its 1981-91 performance indicators are below the average for SSA and even more below the Southern African average for 1986-1990. With respect to most performance tests, Zimbabwe (while much smaller) has been a markedly better managed and better performing economy.

Toward Transition

At least seven basic challenges confront the South African economy’s transition:

1. Achieving a broadening of access to basic services and to human investment for both social and productivity reasons;
2. reducing both absolute poverty and income differentials related to race;
3. maintaining a structure of wages and salaries consistent with avoiding an exodus of high and middle level personnel and also averting frequent, production crippling social unrests such as strikes and riots;
4. broadening access to reasonably productive wage employment and household enterprise (including family – or peasant – farms) employment to make absolute poverty reduction and differential narrowing sustainable;
5. creating a structure of labour relations (managerial, trade union and human) that would be able to achieve sustained rapid increases in labour productivity;
6. narrowing the backlog in availability of directly productive and social (e.g. housing) infrastructure;

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7. achieving the output growth, savings expansion and export development rates necessary for providing the resources, ingestible surpluses and import capacity for the first six goals.

The initial five years after an agreed, legitimate government is achieved may – at best – achieve 5% annual growth and similarly, initial partial movement towards the other goals. Its maximum attainable aim is to lay a basis for the fuller meeting of these requirements from 2001.

**The Old Regional Hegemonic Order**

It is agreed that the 1981 – 89 South African combination of aggressive, overpriced exporting with military and terrorist aggression to block alternative transport routes is no longer sustainable. What is not so widely realised is that the 1960-75 system cannot be restored because major elements in it are unacceptable to South Africa, to Southern Africa or to both.

What were the basic pre-1975 parameters?

1. High levels of **South African exports** (usually though not always high cost) to Southern Africa with very limited return flows of goods except from Zimbabwe, whose manufacturing sector was becoming disturbingly competitive in some lines, and from Namibia, which was a low price source of fish and a buffer zone for balancing meat supply;

2. Substantial and growing **RSA imports** of transport services (pre-UDI, RSA handled little external traffic except for Lesotho, Swaziland, Botswana and its de facto colony of Namibia), **hydroelectric power** and – in prospect – **water** as well as **tourism**;

3. A very large South African **business presence** at all levels from the RSA TNC groups through semi-permanently resident individual proprietors creating an information network (and a habit of using it) that channelled import trade to or through South Africa and produced substantial ingestible surplus flows from the region to RSA for reinvestment there;

4. Large numbers of low cost, **migrant workers** to South Africa – perhaps 500,000 in the largely recorded mining sector and 1,500,000 overall including agricultural, domestic, manufacturing and casual;

5. Very large **net hard currency transfers** to South Africa because exports to the region exceeded imports of goods, services, labour and tourism;

6. A highly protective (of RSA industry) **Customs Union** nominally making compensation transfers to Botswana, Swaziland, Namibia (once its fiscal status was reorganised) and Lesotho but, in practice, probably yielding the first three economies less on a cash flow basis than an independent national tariff structure, at comparable overall levels, would have done.
The migrant labour component is increasingly unacceptable to South Africa. For one, SACUA is terminally ill; importing overpriced South African exports for hard currency is unacceptable to Southern Africa and growth could not be afforded on the scale needed by the South African manufacturing sector even were the Southern African states passively accepting overpricing without seeking to resource them from other, lower cost suppliers.

**Toward A New Pattern Of Economic Interaction**

For the Southern African region and South Africa, there are possibilities for a structurally transformed set of economic interactions that could provide more mutual benefit, growth and stability. Lesotho, as a long distance bed-sitting room for the Rand and the Free State mining belt, is a special case. It needs economic union – a solution potentially in the “new” South Africa’s interests as well.

For post-apartheid South Africa and Southern Africa, a series of economic needs suggest a mutual interest in achieving a new dynamic of economic interaction:

1. South Africa manufactured exports will be crucial to its import capacity and domestic growth – whether as stimulant or constraint;

2. At present, the main market for these exports – beyond a narrow range dominated by processed foods – is in Southern Africa;

3. that market is endangered by the present high prices of the exports, but also – perhaps even more – by the need to pay for the bulk of them in hard currency;

4. the Southern African states all need to consolidate, expand and broaden their manufacturing sectors;

5. to do so on a selective basis (to maximise acquired and to exploit natural comparative advantage), they need secure, initially preferential, access to a large market;

6. the most logical and potentially accessible of such markets is South Africa;

7. in areas beyond manufacturing – especially natural gas, electric power, water, tourism and transport services – substantial exports can be built up to mutual advantage, especially because, in these sectors, the overall balance is likely to be an export surplus by the 10 (albeit not by each of them taken separately).

This suggests that a coordinated approach to production validated by trade is possible, if trade is interpreted broadly to include invisibles and market mechanisms are managed to create an enabling climate for Southern African-South African economic regionalism.
Among the relevant modalities are preferential access, affirmative action, identification of mutually perceived mutual interests, trade enabling measures beyond tariff reduction and commercial clearing, involving enterprises and civil society groups as actors in their own right and coordinating action within a macroeconomic perspective not only sector by sector or policy by policy. This set of parameters suggests that the Preferential Trade Area of Eastern and Southern Africa is relevant as a broad market access and commercial clearing facilitating forum; the Southern African Development Coordination Conference as a coordinating forum for a denser cluster of enabling policies and actions and the Development Bank of Southern Africa as a basis for an 11 or 20 country trade and joint venture financing, merchant banking and an external finance mobilisation institution.

**One, 10 And Twenty some**

PTA and SADCC are basically complementary – market access groupings have economies of scale whereas, beyond more limited range of operation and coordination, enabling ones have diseconomies. The institutional structures of the PTA, SADCC and the DBSA are such that new accessions to link the “new” South Africa with its regional neighbours should be relatively simple.

The SADCC’s four basic goals are not inherently inconsistent with this. Indeed, the changes necessary for mutually beneficial, restructured and regional economic interaction constitute a reduction of unilateral dependence on South Africa even if the wording of that goal would at that point need rephrasing. The negotiating agendas will be complex and there are real issues to tackle and balances to be struck, but few evident basic contradictions.

However, this assumes that the “new” South Africa does view regional economic relations from a more balanced and less South Africa-centric perspective – a result that will not automatically flow from the end of apartheid, particularly with respect to enterprises. Because the “new” South Africa will have severe social and economic, as well as political problems, there is a danger it may turn to inward looking economic nationalism. This danger is increased by the fact that formal negotiations cannot begin until a legitimate government is in office. That increases the case for informal but informed dialogue toward the exploration of issues and a mutual agenda for later negotiation.

The alteration of perceptions, building up of mutual trust and acquiring of the habit of dialogue leading to coordinated action is a **sine qua non** for structurally transforming Southern African-South African economic interaction on a purposeful mutual advantageous basis. The alternative to such transformation is not continuation of the present pattern of relationships but its erosion and disintegration in a setting of growing acrimony and rising promotion of petty sectional or enterprise interests disguised as ‘economic nationalism’. That route is not in the interests of the “new” post-apartheid South Africa, of Southern Africa or of Africa more generally. A realistic case for change and genuine mutual interest will not be adequate unless perceptions (especially Rand centric ones whether hegemonic or defensive), attitudes and mutual confidence and acquaintance levels among key actors (institutional and personal) are achieved.
To plan is to choose.
Choose to go forward.

-Mwalimu J.K. Nyerere

**The Simple Scenarios**

The emerging orthodoxy is that South Africa will dominate economic developments throughout Sub-Saharan Africa and increase its domination of the economies of Southern Africa. The dating varies but it usually assumes a transition to an internationally acceptable and domestically stable regime within two to three years and a subsequent high growth rate from savings on the Bantustan, multiple system and security costs of apartheid plus a tidal wave of net external investment, loans and grants.

This scenario posits high rates of growth of South African exports spearheaded by manufactured exports in SSA and the spread of the RSA’s dominance of Namibia, Lesotho, Botswana and Swaziland markets to consolidate its leading role in Zimbabwe, Malawi, Zambia and add Mozambique, Angola, Tanzania, Madagascar, Zaire, etc. with additional growth poles in Cote d’Ivoire, Nigeria, Kenya and Egypt. What South Africa is to receive in return is nuclear – hard currency from exports elsewhere or from untied external aid (also from elsewhere) seems to be an implicit answer except for a few primary products – notably petroleum, electricity and water. Certainly, the late dash of South Africa’s present regime for liberalised trade (including dismantling the Southern African Customs Union Agreements) points to such thinking.

There are two variants of this scenario as it applies to SSA and especially to Southern Africa. Each perceives the South African economy as a powerful locomotive in good working order and likely to have adequate fuel. Equally, each perceives South Africa as continuing to dominate southern Africa economically and to broaden that hegemonic influence further a-field.

The difference is in how the results are perceived in SSA, and especially Southern Africa. The optimistic scenario sees South Africa’s large, powerful resurgent economy as the locomotive to restart the African economy train and to haul it out of stagnation. Similarly, it views South Africa’s economic dominance being either automatically in the interests of its weaker partners or as being deliberately exercised to manipulate them ‘for their own good’. Admittedly, what ‘their own good’ might be varies with whether the – usually South African – scenario drafter is a neo-liberal analyst, a businessman or a would-be Marxian planner!

The doomsday scenario identifies the South African economy as a locomotive too, but one that will crush the stalled SSA economies like road vans stuck on a crossing. The chatter of cheap South African goods will reverse or block economic transformation, at best shifting import sources while leaving overall exports only marginally enhanced. Further, it views South African domination – by trade, investment, technical assistance and serving as the centre for routing/wholesaling outside economic links with at least Southern Africa – as a near inevitability, but one in which
backwash effects and invisible hands collecting all available invisible surpluses for remission to South Africa will be dominant.

What is startling about this conventional wisdom is not just how much it views Sub-Saharan, and a fortiori Southern Africa as a passive beneficiary or victim. That by itself is a remarkable vision when the propounders are non-South African Africans. It runs counter to the record of the 1980s in which the South African regional onslaught was held back and economic regrouping and recovery in general proceeded more firmly than in any other region of SSA. But even more curious are the assumptions that South Africa’s economy is in good shape and that a negotiated, stable political solution will allow it to go into high gear.

This paper will examine, and challenge, all of these assumptions beginning with the present health and probably the 1990s trajectory of South Africa’s economy. That examination alone suggests that the locomotive scenario is problematic to the degree of implausibility. Further, the implicit patterns of interaction are almost more problematic. For example, in Southern Africa/South Africa, the old trade of overpriced manufactures and food for under-priced labour and hard currency cannot be kept in being, much less deepened and broadened, because it will be unacceptable both to any stable political dispensation in South Africa and to the relevant Southern African states who have (with one exception) – and indeed have demonstrated – rather more freedom to manoeuvre vis-à-vis South Africa than the emergent orthodoxy seems to suppose.

The following analytic sketch has a good deal in common with the Nedtrust/Old Mutual doomsday road show model but is not based on its particular ranking of the weaknesses both it and the present paper identify. In particular, they fail to give adequate weight to the ghastly productivity record resulting from workplace apartheid practices and to how that heritage can be overcome. They do share the rejection of any complacency or the assumption that, with political transition to a reconciliation government broadly perceived as legitimate, “business as usual” will lead to economic resurgences and transformation.

The divergence is even greater at the prescriptive level or when considering the way forward. Nedtrust/Old Mutual propose what, however intended, is likely in practice to be a wholesale Keynesian pump priming exercise to create some genuine changes in the human condition of black South Africans and a climate of economic euphoria leading to an attempted economic neo-liberal restructuring based on a basic misreading of Korean economic history and policy and predominantly laissez faire. This is little more than a mixture of desperate optimism and cargo cult populism manipulated by high finance – not a very likely recipe for success. Granted, it shows real social concern and its interim (pre legitimate government) phase is focused on housing and because more basic shifts are not attainable during the interim phase. However, the results are still likely to be high inflation and low social or productivity gains. For its purposes, even SSA as a whole is a bit-part player and Southern Africa a virtually non-speaking walk-on partner.
South Africa – A Sick Economy

Over the 1980s, the South African economy has grown less rapidly than the South African people and no more rapidly than the average of SSA economies. Over 1985-89, there has been virtual stagnation in the economy of RSA (negative growth in 1985, 1990 and 1991) versus somewhat under 3% for SSA as a whole and about 3.5% for Southern Africa.

This is a dismal record. If one looks at selected South African structural characteristics, it looks even worse. Both on policy and physical structures, with respect to production, trade, productivity, human investment, physical infrastructure and income distribution, South Africa is an economy in urgent need of massive structural adjustment and transformation.

Manufacturing has grown slowly, even with the stimulus from ‘security’ oriented import substitution. Its basic problem has been a near stagnant domestic market with the only bright spot being the rise of real wages for black persons employed in the formal sector. Its profitability has been heavily dependent on export growth. Armscor and Sasol (armaments/artificial oil) are examples of serious distortions as – unless and until export markets can be secured to allow adequate scale – are most engine and vehicle related sub-sectors.

The nature of much of the 1980s export growth is – in enterprise terms – low quality and low security. Much of it has been to Southern Africa at prices far above those of alternative sources. It has been secured by destruction or the crippling of transport routes that would have allowed free access to overseas sources, by SACUA, by providing export credits/credits insurance to buyers nobody else thought credit-worthy and by benefiting from the non-licit operations characterising economies with massive external imbalances and near import strangulation. The export credit and parallel market operations have been significant over a wider geographic range.

The risk of actual manufactured export declines is heightened by a near unique productivity achievement in South Africa in the 1980s. Real wages in large enterprises rose – doubled for black employees. Real labour productivity fell. Even with a decline from up to $1.50 to one Rand to under $0.35, South Africa’s export competitiveness in manufactures does not appear to have risen and the continuation of devaluation at that pace will surely lock in place a 15% or higher trend inflation rate, however draconic the monetary policy may be.

Further, gross domestic fixed capital formation has fallen – partly because net real resource transfer flows on interest and capital account have gone massively negative, but also because high interest rates and the slow growth of demand have negative impacts on the perceptions (or, as Keynes put it, “animal spirits”) of entrepreneurs. It is now under 20%. Using reasonable capital stock depletion estimates of 10% odd, that gives under 10% net fixed capital formation. That might be enough to sustain 3.0% to 3.5% real growth but hardly more after an initial spurt from using up existing excess capacity.
Defects in infrastructure (where it is publicly admitted that deferred maintenance is being run up, or in clearer words roads are falling apart), in human investment (too low on average to sustain rapid growth in labour productivity or output), in water supply and in agriculture (where two-thirds of white farmers appear to be headed for bankruptcy) add to the litany of structural imbalances and weakness.

South Africa is an SSA economy and by no means one of the healthier or better performing. Zimbabwe for example, has achieved about a 4.5% growth rate from 1985 on with not dissimilar external and military expenditure constraints. It has a positive large enterprise labour productivity trend and probably a higher quality/stability record in export diversification towards manufacturers. It does indeed have parallel inflation and fixed capital formation problems, but then nobody sees Zimbabwe as a continental locomotive or even as a particularly strong economy with non-problematic prospects.

**Towards Transition: Conundrums And Constraints**

Transition to transformation – economic, social and political in South Africa will not be easy, speedy, low cost or readily fuelled by external resource inflows whether grant, loan or equity investment. Once again, the record of Zimbabwe and, in certain respects, the other Anglophone states of Eastern and Southern Africa should warn of that.

What are some of the most basic political economic challenges?

1. Achieving a broadening of access to basic services and to human investment for both social and productivity reasons;

2. reducing both absolute poverty and income differentials related to race;

3. maintaining a structure of wages and salaries consistent with avoiding an exodus of high and middle level personnel and also averting frequent, production crippling social unrests such as strikes and riots;

4. broadening access to reasonably productive wage employment and household enterprise (including family – or peasant – farms) employment to make absolute poverty reduction and differential narrowing sustainable;

5. creating a structure of labour relations (managerial, trade union and human) that is able to achieve sustained rapid increases in labour productivity;

6. narrowing the backlog in availability of directly productive and social (e.g. housing) infrastructure;

7. achieving the output growth, savings expansion and export development rates necessary for providing the resources, invisible surpluses and import capacity for the first six goals.
There can be no great precision about the answers but a reasonable middle estimate of the required output growth rate is 8%, of gross fixed capital formation 30% (20% net) of GDP with gross domestic savings of 25% to 27.5% of GDP and export (earned import capacity) growth 7.5% to 8% (the period of ‘easy’ import substitution is long past in time and in structure). These are daunting requirements and ones not likely to be attainable much before 2000 – even if achieved by then.

The likely interim results are for much lower growth of GDP and exports and savings; fairly rapid attention to human investment, basic services, housing and – perhaps – absolute poverty reduction; disappointing wage employment and house-hold employed real income growth; tension over maintenance of the real incomes of non-blacks and the raising of the real incomes of the middle-level (union member) blacks; a constant tendency to over-commit resources in a dash for social stability and growth with resultant precarious price, external account and fiscal balances; anybody’s guess on achieving sustainable labour productivity growth (which may well be the most important single element); the intractable problem of a large uneducated (through the interaction of the politics of apartheid and of resistance), virtually unemployable urban “underclass” with a horrifying (no matter how understandable) learned disposition to violence.

Massive net inward transfers of external resources are unlikely. Commercial banks will again provide revolving trade credit and modest net medium-term project finance. Except for special opportunities, direct private investors will hold off until they see sustained political stability and economic growth. Soft official development assistance is likely to be quite limited – South Africa is a middle income economy competing directly not with SSA but with Mitterleuropa and, prospectively with the “new” Russia and other successor states to the USSR. Positive capital account and official (grant) transfers can safely be projected but a 2% or 3% of GDP not 10% or 12%. Commercial export credits might well be available, but the prudence of using them to finance structural adjustment, when the time lag to high growth and – especially – high export growth rates may well be over half a decade, is very questionable.

With luck, skill, a relatively benign external economic and weather context, movement from negative growth to a somewhat annually erratic 5% trend rate might be achieved by the second half of the 1990s. That assumes a Zimbabwe-Namibia pattern of speedy ‘reconciliation’ and redeployment of parallel administration and security spending. It is basically a plus to Zimbabwe because the South African economy is somewhat more flexible, has larger high productivity sub-sectors and would escape the destabilisation and terrorism blocking costs that the South African state imposed on Zimbabwe.

Botswana is not a relevant precedent. At independence, Botswana was at very low levels of productivity with no strong sectors: mining, preferential market access for high price meat, the human investment/basic services/infrastructure, their surpluses financed and basic industry have all been achieved over the past decade and a half. South Africa – for good and for ill – is not economically undeveloped. So, it can enjoy/achieve no such era of regular, relatively unstressful 10% sustained growth.
The basic short-term problem is that the costs of stable reconciliation are high (as are the very different costs of not achieving it). Reducing the real incomes of white professionals, managers, proprietors, civil servants and artisans rapidly is not practicable both because of domestic tensions and because the departure of key personnel before they could be replaced would lead to severe output loss. Similarly, unionised black real wages cannot be reduced, if an atmosphere conducive to enacting massive changes in the management of labour relations is to be achieved, especially when such changes are needed to increase labour productivity. Taken together with the need to remove racial differences in pay for the job and, at the same time, to expand basic service access and to improve their quality for black South Africans, the fiscal and the personal consumption implications virtually preclude massive short-run savings increases. Enabling programmes for the black farming and artisanal sectors and strengthening the person/social security system to keep the aged and indigent households above the absolute poverty line will stretch resources even further. So too will attempts to re-integrate the “underclass”, whose lack of education and tendency to violence are a threat to any society and one for which there are few precedents for overcoming. Potentially, a hard line right wing white underclass problem will also emerge – with a smaller number of members but a dangerously high proportion of ex-‘security’ and Special Forces adherents.

To find a way through this highly demanding and potentially dangerous period will require great skill, goodwill and luck. If some progress on all fronts – especially labour productivity, manufactured exports and basic services/human investment – can be achieved and sustained, room for savings to be directed to directly productive fixed investment can emerge. However, the basis for high sustained growth would appear to require at least half a decade following a national government under a new constitution, i.e. to be the potential agenda for the 2000s not the 1990s. A dash for growth about 1995 is likely to end in tears and stagnation, and in a socio-political implosion or explosion.

To set out the above problems and limitations is neither to be pessimistic nor to gloat. 5% growth fuelling partial but real basic services/human investment, infrastructure, employment, poverty reduction and productivity target achievement is a record of success – not of failure. Reversal over little more than half a decade of a heritage of economically damaging conflict stretching back for generations and of a decade of economic stagnation will – if achieved – be not merely a major human and economic victory but a speedy one. It is well to remember that the golden eras of capitalist world expansion over 1880-1914 and 1945-73 were marked by 2% and 4% annual GDP growth rates and at least the former was far less constrained by universal access to basic services-human investment-poverty reduction requirements.

Nor is the dismissal of the locomotive hypothesis any cause for joy. It would be rather better were South Africa able to perform as SSA’s – or at least Southern Africa’s – economic traction power and the challenge was primarily how to structure relationships for mutual benefits, acceptably shared. But, as sketched above, no such scenario can be more than a daydream. Similarly, the crushing locomotive mirror image scenario is (barring South African use of force against its neighbours, which appears most unlikely for the “new” South Africa) a nightmare of very limited plausibility. Neither rosy daydreams nor haunted nightmares provide usable
foundations for beginning to formulate medium-term regional and sub-regional economic strategies.

The Old Order Changes: And Makes Way For What?

The present form of South African economic hegemony over its four Customs Union partners together with substantial influence in Malawi, Mozambique, Zimbabwe and Zambia is unstable, unsustainable and no longer overtly backed by anyone.

Its central operating principles have been to assure access for South African exports – especially of manufactures and transport services – through SACUA, the presence of South African firms, threats and – on a major scale – the destruction of transport links to the ports of the 10. Force and the willingness to use it massively was central to this strategy – even if many South African businessmen were always unhappy with the stick side of the Constellation economic and political ‘co-prosperity’ sphere proposals, especially as modified in the face of Southern African resistance. Therefore, it cannot survive the 1988-90 demise of the “forward” policy of destabilisation, sabotage and tourism. What is envisaged is a return to the pre – 1975 model perceived, at least by South Africa’s business – and part of its intellectual – community, as a golden age. It is noteworthy that, while the rejection out of hand of the Constellation gambit by Southern Africa did relate to the specific nature of the apartheid state, the critique of politically created economic hegemony and unequal regional integration was and is broader. The SADCC’s Lusaka Declaration pre-dates the massive use of overt violence. Indeed, SADCC did not anticipate the extreme militarist adventurism practised by RSA over 1981-88. That Declaration sets out a reasoned objection to the structures of regional political economic domination and a case for restructuring- structurally adjusting the economies of the 10 both severally and jointly. Owing to apartheid, the Declaration did not consider what South Africa-Southern Africa relations should be; negotiating economic transformation with Vorster and Co. was never on the agenda. However, and by implication, post-apartheid South Africa would be a welcome partner in constructing a new set of regional (or inter-regional) relationships, even though restoring the old ones would remain unacceptable whatever the nature of the South African state.

What were the basic pre-1975 parameters?

1. Major South African exports (usually though not always high cost) to Southern Africa with very limited return flows of goods except from Zimbabwe, whose manufacturing sector was becoming disturbingly competitive in some lines, and from Namibia, which was a low price source of fish and a buffer zone for balancing meat supply;

2. Substantial and growing RSA imports of transport services (pre-UDI, RSA-handled little external traffic except for Lesotho, Swaziland, Botswana and its de facto colony of Namibia), hydroelectric power and – in prospect – water as well as tourism;
3. A very large South African business presence at all levels from the RSA TNC groups through semi-permanently resident individual proprietors creating an information network (and a habit of using it) that channelled import trade to or through South Africa and produced substantial surplus flows to RSA for reinvestment there;

4. Large numbers of low cost, migrant workers to South Africa – perhaps 500,000 in the largely recorded mining sector and 1,500,000 overall including agricultural, domestic, manufacturing and casual;

5. Very large net hard currency transfers to South Africa because exports to the region exceeded imports of goods, services, labour and tourism;

6. A highly protective (of RSA industry) Customs Union nominally making compensation transfers to Botswana, Swaziland, Namibia (once its fiscal status was reorganised) and Lesotho but, in practice, probably yielding the first three economies less on a cash flow basis than an independent national tariff structure, at comparable overall levels, would have done.

This was always a vulnerable system. Except for labour, tourism and Southern Mozambican transport, South Africa needed the markets and the profit flows more than the Southern African region needed specifically South African goods or businessmen. SACUA was coming to be seen as a losing, or at least doubtful, proposition by the RSA Treasury (focusing on the equivalent of import duty paid out on members’ imports from RSA) and by its independent African state members (who doubted whether the transfers were really generous and saw the barriers the union seemed to pose to industry in their countries).

Over 1975-1990, most changes have tended to erode the Old Order’s structural strength. Increasingly, South Africa -- both for political nationalist and for defusing domestic unemployment reasons – has sought to cut back on migrant labour, not only in mining but even more outside it. It is inconceivable that any government of reconciliation would not be even more nationalist and concerned with domestic employment creation. That means of balancing exports and creating dependence is, and will become even more, unacceptable on the South African side.

Similarly, SACUA is almost certainly terminally ill. The South African as well as the Namibian And Botswanan Treasuries wishes to see it wound up. How strongly they feel and how rapidly they wish to move varies. Similarly, if the Namibian/Botswana reasons are correct, the South African Treasury’s perception of SACUA as handing out hundreds of millions of Rand a year for no return is nonsense. But neither differences on speed nor opposite rationales for the same end alter the fact of SACUA’s impending demise.

RSA regional transport and power imports have been ended for political reasons and by military action. Probably, the South African transport and electricity entities will seek to revive them – at least as soon as the replacement facilities built in South Africa are fully used. However, this will take time as will both the long delayed (basically by the climate of apartheid) Lesotho water export project and water rights
negotiations with virtually all of South Africa’s neighbours. Very real conflicts over the scope, timing and capital cost sharing will arise (especially if that obstacle is not foreseen) and, in a water short region, the water rights negotiations (especially with Namibia) have high potential risks unless South Africa accepts and acts on acceptance of more balanced riparian rights and water allocation positions than has been the case to date.

The overpricing of South African exports – relative to low cost global sources – has a complex set of causes:

1. Historically, the greater South African business community in Southern Africa sourced from itself while the smaller Southern African firms had no capacity to locate low-cost global sources or to arrange long distance transactions and therefore often literally consulted one or two catalogues before ringing Jo’burg wholesalers;

2. Similarly, the Customs Union protected RSA exports both by tariffs and quantitative restrictions and, when the routing for global sources would have been via RSA ports, even more by that country’s notorious “paper tariff”, i.e. work to rule (and more) application of technical points to delay or block release;

3. The provision of export credits and guarantees to importers in countries with no other access to credit diverted sourcing and (as the costs to the seller of expected payment delays and defaults were presumably clawed back in c.i.f. prices) inflated costs;

4. Crippling or blocking routes to landlocked Southern African states from their coastal neighbours ports reinforced the first three factors as did threats not to carry ‘disapproved’ cargos (including even famine relief grain).

Increasingly, Southern African states and larger enterprises in them wish to practise global sourcing (as some do to their advantage now). The end of sabotage to, and the advance of rehabilitation of, the Maputo, Beira, Nacala, Dar-es-Salaam and presumably – though after a severe time lag – the Lobito Bay routes and the development of one to Walvis Bay (which seems certain to rejoin Namibia before 1995), will greatly facilitate such shifts and the probable demise of SACUA will increase incentives for carrying it out.

Further, to the extent that the RSA has used export guarantees as subsidies, the greater fiscal stringency recently imposed generally in South Africa is likely to reduce this avenue for holding markets open. There is reason to suppose that a new government might take an even tougher line on subsidies to South African enterprises, whatever their purpose, even if for slightly different reasons.

In any event, South Africa cannot expand and probably cannot sustain its manufactured exports to the region at present largely uncompetitive prices, especially if it continues to expect to be paid in hard currency rather than imports. The money is not there. Still less can it seek to reduce preferential access for competitive
manufactures from Zimbabwe and Botswana – whether for economic, nationalist or global neo-liberal reasons – reduce the flow of labour remittances and continue to raise exports even if they do become somewhat more competitively priced.

The old order that existed up to UDI cannot be restored as a new order, any more than the combination of armed aggression with the export aggression of 1975-89 can be sustained. Key elements are no longer acceptable either to South Africa, the 10, or either. The argument of dependence as an unbreakable cord is slightly unreal – South Africa can hardly be a source of substantial net capital transfers nor is a stance of exporting high priced goods for hard currency rather than imports from the export markets usually perceived as putting the exporter in a strong position. Owing to its size and the existing channels, South Africa can clearly negotiate and defend some economic interests with the 10, but it cannot hope to dictate or to gain/preserve advantages without providing quid pro quos – notably by importing more.

Or rather, it can do so only by bluffing both Southern Africa and the world as to the true weakness of present patterns and encouraging its businessmen to engage in trade practices that block the resourcing of imports and the diversification of economic partners while at the same time discriminating against those seeking to pursue it. That might work for a time, but at the cost of delaying structural change and creating a renewed pattern of a Southern African hostility ill-suited to the “new” South Africa’s medium-term interests.

**Lesotho: The Long Distance Bed-Sitter**

Before exploring potential ways forward at a more articulated level, it is desirable to look at the special case of Lesotho. To suppose that Lesotho is economically similar to Swaziland or Botswana is inaccurate. The BLS grouping, as used in discourse, has far more to do with history and – especially – the struggle of their peoples to avoid incorporation into RSA and also to their being relatively socially and culturally homogeneous nation states than it does to economics or – in the case of Lesotho – post-apartheid political logic.

Lesotho has virtually no territorial economy not is it dependent on South Africa beyond a very weak household self-provisioning sector. The largest single source of household income is migrant remittances, the second government (financed largely by trade taxes on imports in turn financed by these remittances), the third tourism predominantly from South African metropolises and the fourth, local commerce, serving largely the recipients of the South African source incomes. In effect, Lesotho is a suburb and recreation area for the Rand Triangle and the Free State mining belt. This is not necessarily a hopeless position. London’s residential suburbs and country recreation facilities are high income areas even if they are, in a sense, just as externally dependent as Lesotho – admittedly in a higher income context and, crucially, with more voice in decisions affecting the employment zone.

There is no evident way to alter this bed-sitting room plus park pattern. Lesotho is ill-located geographically to become an export of manufactures. A newly industrialising country, it also has limited agricultural potential. As a major tourist destination too, it is inconveniently located for all major sources except South Africa. True, with respect to water and power, it has a stronger hand but it really cannot halt the flow of the
Orange River nor sell power other than to South Africa. So, this stronger position is relative. The systematic citizenisation of jobs – especially but not only in mining – in South Africa, even if phased over a decade, would be an economic catastrophe to which Lesotho could neither adapt nor overcome.

The case for Lesotho to seek an economic union – including the free movement of workers – with the “new”, post-apartheid South Africa is, therefore, very strong. In such negotiations, Lesotho has a reasonable bargaining position because such an economic union would be useful to South Africa by:

1. assuring access to water and to hydro power – the former increasingly vital as demand increases in a dry to desert region;
2. ensuring preferential access to a not negligible (relative to South African exports) market;
3. avoiding the transitional costs to enterprises and the mining sector of phasing out skilled and semi-skilled, long serving employees;
4. averting the emergence of an embittered, near-starving territorial enclave within its boundaries. (Even Anton Rupert once remarked in support of job access for Basotho- “If they do not eat, we cannot sleep”).

The cost to South Africa would be fairly low – primarily an increase in net job creation needs of up to 500,000 over two decades because Lesothan employment would grow rather than being phased out. Because arrangements are essential and urgent for Lesotho, but only desirable and needed in the medium-term for South Africa, Lesotho should seek to institute negotiations as soon as a legitimate government is in office, lest internal transitional problems shunt Lesotho talks to a slow track.

The question of economic union is separable from that of political union. The latter, given the history of Lesotho from its founding during the Mfekane through the Gun Wars with the Frei Stadt to the long struggle to avert abandonment to the old South Africa and to limit the apartheid state’s manipulation of what happened in Lesotho is unlikely to be a short-term plausibility. It is quite reasonable to suppose that a period of amicable, close relations in economic union with the “new”, post-apartheid South Africa would be a precondition for serious consideration of political union. However, once that condition is met, there should be relatively few obstacles to Lesotho becoming either a fifth province (very unlike SWA when it was so titled!) or part of a Northeast Cape-Lesotho-Free State unit, if new provincial lines with less unequal populations were by then thought to be desirable.

**Toward Intra-regional Trade Expansion?**

The key to whether economic linkages among South Africa and the 10 are likely to expand and to be perceived as mutually beneficial (and therefore to be underpinned by stable national enabling policy and praxis) is the achievement (or otherwise) of trade expansion, which runs to, as well as from, South Africa.
The attainment of such a dynamic would be economically beneficial to the potential 11 both severally and jointly:

1. South Africa manufactured exports will be crucial to its import capacity and domestic growth – whether as stimulant or constraint;

2. At present, the main market for these exports – beyond a narrow range – is in Southern Africa;

3. That market is endangered by the present high prices of the exports, but also – perhaps even more – by the need to pay for the bulk of them in hard currency.

4. The Southern African states all need to consolidate, expand and broaden their manufacturing sectors;

5. To do so on a selective basis (to maximise acquired and to exploit natural comparative advantage), they need secure, initially preferential, access to a large market;

6. The most logical and potentially accessible of such markets is South Africa;

7. In areas beyond manufacturing – especially natural gas, electric power, tourism and transport services – substantial exports can be built up to mutual advantage, especially because, in these sectors, the overall balance is likely to be an export surplus by the 10 (albeit not by each of them taken separately).

In both South Africa and the 10, it is necessary to recall that the basic purpose of exports is to generate earned import capacity and not to collect hard currency as such. True, hard currency does give command over import capacity from any source but, in the context of potential markets in economies with severe earned import capacity constraints, the only realistic way to expand exports may be to expand imports. Further, it is a fact of life – however irrational economic theorists and exporters may assert it to be – that sustained, growing, gross trade imbalances based on manufactured exports lead to growing tensions and ultimately to threats to continue trade expansion, e.g. Japanese automobiles as a commodity and Japanese-EEC trade as an inter-regional case.

The prospects of Southern African manufactured exports to South Africa are not negligible. Zimbabwe and Botswana are competitive in certain ranges of goods, as is Namibia in processed marine products. Most of the 10 could build up either niche or specialisation exports. That ways and means not simply to enable but also to facilitate such a dynamic be identified, articulated and set in motion is important. Repeated RSA attempts to emasculate the trade agreement with Zimbabwe and to use fine print to query, e.g. the origin of Botswana products, are steps in the wrong direction (not least for South Africa). SACUA probably has outlived its usefulness, but the same cannot be said of preferential arrangements of a more flexible nature.
However, manufactured goods exports overall are likely to show a significant South African export surplus. If trade expands rapidly, that surplus may decline proportionate to total trade but it is virtually certain to grow absolutely. The real choice is between building up other trade flows to finance some of Southern Africa’s imports or to constrain (whether by quotas, tariffs, interest rates, undervalued exchange rates or “paper” tariff manipulations) the growth of that trade. Assuredly – given South Africa’s own export problems – that process will become multidirectional and destructive of trade, amicability in relations among the potential 11 and of growth in most of them.

Trade in food and traditional raw materials may expand but it is hardly likely to be a practicable main route of achieving both acceptable trade imbalances and rapid expansion of South Africa/Southern Africa trade flows. In the first place, if South Africa is to address its domestic nutritional imbalances more seriously, its overall food exports are likely to fall and in the second, only Botswana and Lesotho plus, to a lesser extent, Namibia and Swaziland, are both ‘natural’ structural net food importers who are able to finance substantial commercial imports. With respect to maize (the dominant traded food), Zimbabwe, Malawi and – on balance – Tanzania are also natural exporters as are Swaziland, Zimbabwe and Malawi in the case of sugar. Marine products from Mozambique, Namibia and Angola may be of significant – but limited – value to those economies in underpinning the two-way trade expansion with South Africa as, perhaps, could tea and coffee in the cases of Zimbabwe, Tanzania and Malawi.

Raw materials also present a patchy and limited picture. Oil and copper could at first glance be significant – Southern Africa is a substantial structural importer. However, unless transport cost savings or preferential pricing can be made substantial, there is no significant net gain to Angola, Namibia, Zambia and Zimbabwe in routing those exports to South Africa. Each now is able to sell full production on the global market. Therefore, equal access at equal prices to the South African market has, at most, minor diversification gains.

Other cases do exist and some, e.g. Sua Pan salts and minerals for Botswana, perhaps expanded pulp (and paper?) and specialty timber products for Swaziland, could be significant for certain countries or districts within them. However, at overall South African/Southern African trade level, their potential, while not insignificant, is distinctly secondary.

Five areas in which several of the 10 could become substantial net exporters to South Africa are: water, electricity, natural gas (or its products), transport and tourism. These should be seen as part of the same overall trade context and manufacture, food and ‘traditional’ raw materials. Earned import capacity is earned import capacity and, broadly speaking, a mutually beneficial two-way trade expansion does not require separate balancing (or limiting imbalances) of visible and invisibles.

Southern Africa and South Africa are, and will become, increasingly short of water. The situation is most acute in South Africa and Namibia. There are certain rivers, e.g. the Zambesi and the Limpopo as well as the Orange and the Kunene, whose present utilisation patterns and location would allow them to be drawn upon to limit the constraints that water availability and cost will place on manufacturing, urbanisation
and irrigation. The Lesotho Highlands Project is an example of a way forward that probably has broader applicability. Clearly, a pure market solution will not do – present highest bidder is an unsatisfactory basis for long-term water allocation; financing – allocation of flows – fees to providing states need to be negotiated within the framework of national, and preferably regional (South plus Southern Africa), long-term perspective water development – use – charging – conservation plans.

Electricity is capital intensive and readily transportable. Zambia, Mozambique, Tanzania, Namibia and Angola have sites for the expansion or development of very large-scale, low unit cost hydropower if these can be related to a regional market (and a transmission grid to reach it). Swaziland and Botswana can be efficient coal-fired thermal electricity producers only if they produce on a scale requiring exports. The same probably holds for Mozambique and Namibia with respect to natural gas fired thermal power. South Africa’s Electricity Supply Commission (ESCOM) clearly has done sums suggesting that production and capital cost considerations favour significant imports – if supplies are dependable and reasonable rates and rate change over time formulas can be negotiated.

Natural gas is available in Namibia, Mozambique and Tanzania beyond national market needs. In the first two cases, pipeline sales to South Africa could well be mutually advantageous and allow development on a scale adequate to provide low cost domestic fuel to those users for whom natural gas is preferable to electricity. In the case of Tanzania, the most viable option might be the export of ammonia and/or urea in both of which South Africa is a net importer and from which it suffers very high production costs (and therefore high farmer fertiliser prices). These costs cannot be lowered enough to be competitive with a full-scale, coastal, gas based plant.

In the case of transport, the post-UDI years and especially the 1981-88 period have obscured the structural economic logic of South Africa being a net importer of services. The dominant element is the Maputo Corridor (economically preferable – given equal facilities and utilisation rates – to any Natal or Cape port for much of the Transvaal). However, Walvis Bay is also potentially relevant as an Atlantic port that is closer both to Europe and to the Rand than is Cape Town. Granted that making good the damage and a lost two decades in modernisation at Maputo and reprogramming Walvis Bay and routes to it will take time, but the economic potential is real. Since every major transport decision in South/Southern Africa over the past 150 years has had a major political as well as an economic component, it is reasonable to assume that achieving the potential of the transport trade sector will require strategic coordination at the state level and both investment/capacity and operational/rate coordination at the national level.

Tourism is a sector in which much of Southern Africa (notably Lesotho, Swaziland, Namibia, Botswana and Malawi) needs to diversity sources to reduce their dependence on South Africa, but perhaps more by increasing other arrivals and restructuring South Africa than by absolutely reducing the number of South African arrivals. Angola and Tanzania per contra should logically perceive the “new” South Africa as their nearest large-scale tourist source. With respect to this sector, substantial changes will result from changes in South Africa. Beyond that strategic and procedural coordination by national tourist authorities, enabling/encouraging enterprise level operators to build up multi-country packages should facilitate South
Africa’s smaller neighbours bid to attract more tourists from the industrial world with little or no net loss to South Africa.

Labour remittances, as noted earlier, are likely to be a declining source of net earnings for those of the 10 to whom they are now significant. The unique case of Lesotho has already been addressed. The other significantly affected countries are Mozambique, Malawi, Swaziland and Botswana.

For Botswana, phased run-down over a decade could – if existing employment growth rates can be sustained – be managed, especially if a quid pro quo on border river water rights, co-finance of the Trans Kalahari late in the 1990s to carry both Botswana and South African (as well as Zimbabwean) coal and perhaps a large coal fired electricity station selling half its output to South Africa were negotiated.

The other three countries certainly need a phased programme and preferential access for other exports (and perhaps co-finance for building capacity, e.g. on the Maputo-South Africa transport corridor). However, they also need more specific domestic employment expansion (or rural productivity development oriented to household farms) and cooperation. Even if the balance of payments effects can be offset by new (or in the case of Maputo restored transport, power and tourism) exports, the employment and household income effects will require specific, articulated attention. As over half the workers are in fact skilled, semi-skilled or clerical, their return could give a stimulus to development if – and only if – parallel conversion training and employment opportunity expansion programmes were carried out.

South Africa could gain by such a phased transition. Quite apart from straining relations with its neighbours and threatening exports, rapid repatriation of substantial numbers of long service, semi-clerical and skilled workers would have serious negative labour productivity effects, which is precisely what the “new” South Africa does not need. While the co-financing of projects and of programmes may not be fully within South Africa’s means, reasoned joint approaches by South Africa and the most affected states would have a good chance of attracting significant external finance. Given the surprisingly positive attitude of South African trade unions – notably in mining – to their regional brother workers (literally – except in domestic service and agriculture few are women), it would not appear politically impracticable for the “new” South Africa’s government of reconciliation to incorporate such a phased, negotiated approach into its regional economic and domestic employment expansion strategies.

**Modalities: Markets And Management**

Liberalisation and a ‘free’ market will not be adequate to achieve the goals sketched above. However, it would be useful to review the historically accredited structures of regulation and restriction to reduce unintended inertial effects and to remove barriers which – whatever their historic rationale – no longer service (as opposed to hampering) the building up mutually beneficial economic relations among the Southern African states and South Africa. As noted, this applies to South Africa as well as to the 10.
Several general principles for managing the expansion of cooperation in coordinated production and trade expansion can be set out:

1. selective, mutually beneficial preferential access;

2. with an affirmative action component so that the initial weaker parties do not lose (or reap what they perceive as hopelessly inadequate gains) leading to their giving voice to criticisms and complaints which hinder progress and – if not responded to – in the end, take the course of de facto or de jure exit from the arrangements;

3. identification (and expansion) of mutually perceived mutual interests better acted on together than separately as the highroad to dynamic coordination (as opposed to copying models from different contexts or from the simplified, second best, neo-classical regional free trade theoretical doctrines);

4. identifying what enabling measures, other than tariff preferences, are needed in the trade area, e.g. transport coordination; more interaction among national financial enterprises (private or public); promotion of information flow development and educating to change producer and imported attitudes toward regional sourcing as well as marketing; co-financing of regional exchange related projects; clearing arrangements both of a normal commercial and a more flexible two-way trade promoting nature; preferential “regional, open general licensing”;

5. looking at sectoral, commodity and project issues within a broader macroeconomic framework to facilitate perception of overall balances of gains and costs and to help avoid a narrow economic nationalism, which counter-productively seeks to exploit every gain to the full and to reject every cost (a danger that will probably be acute for the first, reconciliation government of the “new”, post-apartheid South Africa);

6. involving enterprises and enterprise groupings not merely in dialogue with (and demands on or actions for) governments and inter-governmental bodies but also on their own for their own interests both at the level of individual enterprises and enterprise based institutional levels;

7. encouraging serious interest and dialogue with governments and regional bodies as well as action by social and/or civil society bodies. An obvious example is the trade unions. The nature and content of such cooperation/coordination would vary but the emergence of operational components may be more likely than might be supposed. For example, in the trade union case, coordinated bargaining with enterprises operating in several countries and the coordination of strategies on safety conditions, worker participation (however structured), environmental health basic standards, job security and access to training and promotion would appear both potentially valuable (and not merely to union members) and potentially practicable even if rapid equalisation of real wages, fringe benefits and/or and differentials is neither attainable nor desirable.
To proceed from framework principles to a programme of action will entail institution transformation (or outlook modification) and/or creation at several levels. The basic one is national both governmental and enterprise/civil society group. The second is sub-regional and the third regional (or continental). Action at only one or two of these levels (or on the government front only with no serious enterprise and civil society group rethinking of attitudes and strategies and reorientation of policies and actions) is unlikely to lead very far.

There probably is a parallel distinction between broad market freeing/obstacle reducing – i.e. facilitating – measures and those requiring more detailed sectoral, sub-sectoral and policy or project coordination sometimes involving joint action – i.e enabling. For the former, breadth is crucial but for the second, smaller groupings among states/economies with a dense network of common interests is likely to prove more practicable to institute and more efficient to operate.

That dichotomy is not unique to Southern Africa. A European Free Trade and Clearing area from the Urals to Greenland and from Spitsbergen to Cyprus is a desirable plausible goal for 2001. An EEC seeking to involve all of these states in its much more detailed work by 2001 would grind to a halt or implode. The same applies to Cape Bon – Cape Agulhas, Rodriguez – Cape Verde African preferential trade and payments area and the quite different issue of attempting a 53 country detailed coordination grouping on lines analogous to SADCC.

The Continental aspects lie outside the scope of this paper and presumably turn on the “new” South Africa’s development of links with the African Development Bank, the economic side of the OAU, the ECA and the process towards an African Common Market’s emergence from the Abuja Treaty. Realistically, a parallel, and initially more important, strand will be bilateral economic linkage build-up between SSA economies outside Southern Africa (e.g. Algeria, Cote d’Ivoire, Nigeria, Cameroon, Madagascar, Kenya, Egypt) and the post-apartheid South African government and enterprises.

Production As Goal: Trade As Means

Political economy is not about trade as an end in itself. Politicians understand that basic point better than trade theorists! Production (including knowledge), employment and human condition (at least of groups important to decision takers) are the central ends of any political economic process-not trade for its own sake.

Therefore, any strategy for mutually beneficial and dynamic economic interaction is ultimately more about production than about exchange. That has an empirical or functional basis as well. If no goods of appropriate types, qualities and prices are available, there will be no trade. Similarly, the absence of adequate transport or indeed of financial infrastructure means little or no trade. These gaps can only be solved by coordination (whether by enterprises, by states or by both) related to production. Tariff reductions and clearing rule agreements by themselves are not enough and if goods-transport-commercial infrastructures do exist, lags on the tariff reduction and clearing front rarely strangle (even if they do distort or limit) trade expansion.
That is not to say that trade is unimportant. It is vital to validating the coordination and selection of production. The earlier presentation of broad lines toward SSA-“new” SA economic interaction is, in fact, focused on trade and on physical, institutional and outlook changes to facilitate its expansion.

A series of other areas for interaction/coordination are also trade related albeit in slightly different ways.

The first is coordination in the production and exchange of knowledge. There are economies of scale, of specialisation and of pooling/exchange in research, policy and specialised training as much as in producing pins, steel or ports. A number of the SADCC’s successes – notably in agriculture – fall into that area. South Africa has a good deal of knowledge and knowledge creation capacity potentially useful to SSA and vice versa. By the nature of the apartheid system, there are areas of knowledge and especially of policy/praxis (e.g. in respect to small family farmers or “peasants” and small household or workshop artisanal manufacturing or “informal sector”) in which the “new” South Africa will begin with less knowledge and experience in how to generate it than many SSA states and institutions.

More broadly, knowledge transfers can be promoted through South African enterprise partners and South African technical assistance or direct hire personnel. There is certainly a case for drawing on a variety of sources for each but, in several cases (especially Angola, Tanzania), that implies more, not less, interaction with the enterprises and personnel of the “new” South Africa.

With respect to manufacturing, indicative planning, in the particular sense of knowing what others (states or enterprises) intend to do as a means to avoid wasteful duplication (and to identify sources of needed imports) and also to locate promising gaps (and export prospects), is important both at state and at enterprise levels. Indeed, much of the value of the SADCC’s manufacturing sector coordination has been precisely in identifying non-viable parallel creation of export intended capacity and, thereby, averting wasted capital investment. The positive side –and not just in SADCC – is harder to achieve. Bureaucratic allocation of industries does not work. Creating an enabling climate (including source and market prospects) and relevant facilitating measures (e.g. joint ventures, coordinated protection) has rarely gone far (with the notable exceptions of the European iron and steel sectors) via official institutions perhaps because there has usually been too much readiness to seek to substitute regulated allocation for providing information and perceived mutual interest building and too little involvement of enterprises in the process.

The potential is real. South Africa, let alone the smaller SSA economies, cannot afford to invest in producing everything and any attempt to do so tends to be cost raising throughout the economy and not just in the artificially protected sector. Therefore, targeted increases in production capacity coordinated to facilitate trade (in both directions) with partners does not so much foreclose production but rather restructures and increases it, if validating trade flows take place.
Coal illustrates a third potentially fruitful area – product-focussed production, transport and marketing coordination. Southern Africa plus South Africa can be a major power in the world coal market by 2001. South Africa already is. The other potential (or small actual) Southern African exporters (Swaziland, Zimbabwe, Mozambique, Botswana, Tanzania and perhaps Namibia and Zambia) can, at most, be niche actors on their own. However, their coordination with the large South African sector (so long as that sector did not seek to dominate in ways leading to coordination destroying tensions) could be mutually beneficial.

First, the volume, timing and lumpiness of export expansion will affect not only the saleability/viability of new production but also that of existing producers.

Further, an overall transport net to both the Atlantic and Indian Ocean ports would serve the South Africa-Botswana-Namibia-Zimbabwe-Mozambique range of exporters both better and more cheaply than a congeries of separate facilities. To build up adequate rail links and port facilities for 2001-2011 will require knowledge of global market prospects, regional production/export plans and a probable mix of destinations ranges. If Richards Bay, Nacala and Walvis Bay/Swakopmund are to be the key (and Maputo, Beira, Mtwara the secondary) export terminals with adequate access from major coal fields at least to one Atlantic and one Indian Ocean terminal, states, coal producers and transport enterprises all need to negotiate a series of contractual, engineering, costing, financial mobilisation, physical operation and rate determination process issues.

Financial infrastructure and mobilisation development is important to facilitating both trade and production. The exact appropriate forms of commercial and merchant bank interaction and of trade credits will vary. What is clear is that the present dominant pattern of indirect dealing via non-African correspondents (with few external branches, representative offices, direct correspondent relations or joint ventures) and very meagre enterprise or public sector intra-African trade credit provision (especially medium term for capital goods) is an unsatisfactory one. It is also a pattern whose structural transformation could be facilitated by coordinated state and enterprise action based on trade and production (not just banking and credit) projections and goals.

Financial mobilisation in relation to global sources is crucial. The “new” South Africa will be a net capital importer as are all but one or two SSA economies. Joint Ventures with SSA states (whether at enterprise or government level) will need to mobilise capital abroad. Joint approaches to sources and coordinated inter-state access and regulation provisions within Africa could increase flows, improve average terms and conditions and reduce intra-African tensions, which are likely both to lead to mutually disadvantageous “competition” by potential recipients against each other and also to deter any external source that – for whatever reasons – sees regional economic coordination as economically or politically desirable.

The danger is that even the “new” South Africa will wish to be a regional wholesaler importing external finance for on-lending with rate spread and own enterprise outreach gains. Because of its size and its more sophisticated financial institutional and expertise capacity (as well as its history), that approach is superficially appealing and, up to a point, practicable. However, the inevitable negative reaction of other SSA
states – especially the 10 – to such a hegemonic and apparently narrowly exploitative approach would render it counter-productive as a main organising principle. The SADCC’s own coordination of mobilisation strategy may be more relevant. It is, after all, the only major recipient-source and concessional financial consultative group organised by and operating on an agenda adapted (and from time to time modified) by the recipients.

Food security is certainly mediated by trade. If there are no stocks for shipment, there is no short-term physical solution other than external sources. South Africa is likely to remain a competitive (i.e. low cost) source for maize, sugar and some other products. Several SSA states are structural food importers and most are emergency ones in drought years.

However, the scope for building on these facts is both smaller and harder to construct than optimists suppose. There are other SSA structural food surplus economies (potential exporters). Availability on limited notice is needed from the perspective of would-be disaster offset importers but this is not happily married to forward planning and the export optimisation strategies of structural exporters. No SSA state (including the “new” South Africa) can afford large, soft (grant or concessional loan) provision of food but – especially in food crisis years – that is precisely what most recipient states need.

The SADCC’s experience is that that trio of issues does both limit and slow the coordination of structural food security. However, the rise of third party financed procurement (notably but not only from Zimbabwe) suggests that a coordinated approach could increase the certainty/speed of arrivals to recipients and facilitate intra-regional exports to meet emergency survival needs even by states (notably the “new” South Africa) whose economic and financial position precludes them from being substantial donors.

**One, Ten, Twentysome: Regional Institutional Process**

Southern Africa – “new” South Africa institutional dialogue, interaction and participation can usefully be focused on three: PTA, SADCC, DBSA. Each of these exists, has a genuine life, possesses comparative advantages and strengths as well as limitations and weaknesses, and is at least potentially complementary with and supportive of the other two.

As noted earlier, market access and commercial clearing should be over the broadest feasible area. The same is true of general information flow development through state and enterprise channels designed to enable separate national (enterprise) decisions to be taken on the basis of reasoned projects and assessments (including the stated intentions of other states/enterprises).

The logical regional group for South Africa to interact with in these areas is the Preferential Trade Area for Eastern and Southern Africa (PTA). At present, it extends from Ethiopia through Lesotho. Given its Treaty provisions, accession both by a “new” post-apartheid South Africa and other states bordering present members (e.g. Sudan, Zaire whose accessions are in process) is fairly easy if the mutual desire exists. On both preferential tariffs and commercial clearing, PTA is in business. This means
that it is ahead of its Western, Central and Northern African analogues. It has a limited but positive record in associated fields such as the harmonisation of transit and trade documentation, identifying transport-trade requirement linkages among member states not members of the Southern African Transport and Communications commission (of SADCC) and providing trade finance.

The central problems in relation to South African accession to the PTA lie with respect to affirmative action. Neither unilateral South African removal of all tariffs (and alternative/complementary import restrictions) vis-à-vis PTA members nor its accession to the PTA preferences on a normal participant basis would appear optimal. South Africa could (and if it wishes to enable the two-way flows crucial to achieving dynamic growth in its exports to the region needs to) go beyond the PTA preference schedule on the depth of most cuts and as to coverage. However, in some cases it does need at least transitional continued preference vis-à-vis some PTA production.

Similarly, whatever the practicability, transparency and avoidance of conflict cases for uniform preferences among the present PTA members, equal preferences by the old to the new member as by the new one to the existing members would be politically unattainable, analytically simplistic and probably economically mutually damaging.

With respect to commercial clearing, an analogous problem could exist if South Africa’s membership of the PTA Clearing House was followed by sharp reductions in South African export credit for more than 90 days. Whatever the merits of the present South African use of credit lines as carrots for overpriced exports, a sudden shift to 60 or 90 day automatic clearing is not feasible and could discourage the selective restoration of 90 to 360 day commercial credit based on bank (ideally banks within the region) confirmed letters of credit.

These are not points of principle, beyond the case for affirmative action. They are issues for empirical analysis, judgement and pragmatic negotiation. The PTA has a record of reasonable success at proceeding along those lines and, once mutual acquaintance and trust begin to develop, provides a forum in which 18 to 24 (including Sudan, Zaire, the three currently non-PTA SADCC States and Madagascar) and 1 can proceed on similar lines.

With respect to closer, denser coordination spanning large numbers of articulated politics and of projects (whether at state or enterprise levels), the logical sub-regional forum is SADCC (and its related specialised institutional entities like SATCC in transport and communication and SACAR in agricultural research and information). This has two reasons. The general one is that diseconomies of scale arise as the numbers of members increase, especially if many are only peripherally concerned with most of the areas of coordination. The specific one is that a number of sectors including trade related ones, e.g. water, tourism, electricity and transport in which geographic and economic logic means that South African interaction in kind as well as degree will be very different with, e.g. Tanzania and Mozambique, than with, e.g. Egypt and Cote d’Ivoire.
Whether 11 is the optimal number now and – especially – whether over time it will remain so is a different issue. Practically, (apart from the special case of Lesotho), 11 is the minimum number. The SADCC will not agree to expel any present member State. On balance, economic logic is against it. Any attempt in this direction would rekindle suspicions that, in hegemonic economic aspirations, the “new” South Africa had some unhappy continuity with the old.

Whether an early expansion from 11 is desirable poses problems of maximising institutional transformation issues. If not only South African, other accessions have to be negotiated and run in at the same time. In practice, the only two economies whose linkages with several members of the prospective 11 would justify its becoming 12 or 13 are Zaire and Kenya. The particular reasons that precluded their joining the SADCC related to the perceptions that several of its member states had of their systems of governance and their regional priorities/aims. In so far as these related specifically to their stance vis-à-vis the old South Africa, they will fall away. But to the extent that they were wider, they may very well remain a barrier to early accession.

The SADCC’s framework of agreed (neither by majority voting nor by literal insistence on total consensus but by technical screening plus negotiation toward acceptable balance/compromise) regional priorities on policies and/or project agenda is one that would facilitate South African accession. Its larger size would not allow it to dominate while the stronger of the sectoral units and national delegations would provide enough impartial or non-South Africa-centred analysis to avert the danger of the screening and negotiating processes being overwhelmed by South African delegations, which were professionally stronger than those of most other members.

The danger would be a South African effort to secure a proportion of policies of particular interest to it, of agreed priority project lists and – especially – of coordinated external resource mobilisation equivalent to its share in the 11’s regional domestic product (of the order of two-thirds).

It is that danger that would create a clash with the Lusaka Declaration principles. A transformed set of regional economic linkages would reduce unilateral economic dependence on South Africa by allowing a mutually acceptable rephrasing of the (in any event apartheid linked) “especially” clause.

As a prospective net capital importer, South Africa should not be excluded from coordinated resource mobilisation – especially for joint ventures with other regional actors. Because it has a third of the region’s population and perhaps a fifth of its absolutely poor persons, South Africa might well argue that there should not be a 9% ceiling on its share in mobilisations and a fortiori in coordinated regional priority project lists. However, the level must be negotiated in the same way as at present, which is that, first, economically unviable or non-priority projects are rejected and the balance among others must, over time, be broadly acceptable to all members at SADCC at overall level- which may mean very different shares in different sectors.

If, as has been proposed, the SADCC is moved by its member states into a macroeconomic frame and policy information collection and analysis and limited coordination to relate to and to complement national structural adjustment and to
provide a prism through which to view sectoral programmes of action and their interaction. This would facilitate the South Africa/10 coordination with respect to the non-tariff elements of sustainable two-way exchange (trade) development.

In the present context of Southern and South Africa, these complex, necessarily managed, areas of coordination are more important than preferential tariffs and commercial clearing. This relates to trade in particular (especially given both historic patterns and propinquity). While the SADCC and PTA are basically complimentary and mutually reinforcing, in the next decade, the former probably is the frame in which the larger gains from the “new” South Africa/Southern Africa interactions can be designed, negotiated and enabled for government or enterprise interaction.

Neither the PTA nor the SADCC has a substantial, functioning medium-term development funding and merchant banking financial institution. The Development Bank of Southern Africa is substantial, functioning and already active in several SADCC member States. Its institutional framework and historical evolution as an operating body and general outlook on development are broadly consistent with the probable goals and approaches of the “new” South Africa and with those of the Southern African states and regional/sub-regional organisations. Because the DBSA was conceptualised as a multinational organization, bringing in board members from among the 10 or the Twenty-some (and putting the Bantustan directors out) would be moderately easy.

If DBSA comes to be seen as a foundation for a financial institution of the 10 or twenty some plus 1, several issues will need to be thought through and negotiated:

1. Should the DBSA spin off its basically domestic operations? South Africa cannot be expected to surrender a board majority so long as DBSA is a crucial domestic channel whereas neither the 10 nor the 19 can be expected to accept cameo roles in a South Africa-led regional financial institution nor are they much interested in getting into the finance of small-scale rule or of metropolitan area transformation in South Africa;

2. How should the new DBSA members subscribe – amounts, form/mix of payment, timing? Should external finance be sought for this purpose?

3. How can procedures and understandings be established to create a framework leading to fair shares (i.e. an ex-post division of financial flows acceptable to participating states)? A formula prescribing fixed shares for 11 or 20 members is hardly attractive but neither is an open ended one creating fears of 2 or 3 states (and especially 1!) receiving the bulk of the disbursements.

4. Which of the following areas should be high on a “new” DBSA’s agenda:

   a. provision of finance for revolving funds (possibly nationally operated) to pre-finance the foreign exchange content of regional exports?
b. general foreign trade (or regional trade) finance either as a mobilizer and wholesaler or as that plus an operator and/or guarantor (an area in which overlaps with existing PTA and, to a lesser extent SADCC, operations)?

c. extended export credit – particularly with respect to capital goods and construction contracts – provision or guarantee for other financial enterprise provision of such credit either on trade among members or more generally on SSA (or even South) trade?

d. merchant banking with respect to project analysis, financial structure advising, financial mobilisation and limited stakes for projects of particular relevance to regional coordination especially when they build up joint ventures involving enterprises of more than one member state?

e. merchant banking with respect to active provision of technical assistance to enterprises, project identification to broaden the shelf from which entrepreneurs choose, sectoral analysis to improve the knowledge frame within which projects are selected and operate?

This is more a complex agenda than one likely to throw up basic conflicts of interest. Nor are differences of opinion necessarily likely to be on Southern Africa – “new” South Africa lines. Short and medium versus long-term investment finance – absolutely or in terms of balance – is a crucial question on which reasonable persons can – and do – disagree but not necessarily on national lines. Negotiating substance and embodying it into institutional transformation form will take time and their success will relate significantly to the DBSA and its members/prospective convincing external funding sources both that DBSA is a priority instrument for regional coordinated economic development and that it is adopting a financially viable set of approaches.

In pure logic, the trade finance aspects of a transformed DBSA probably fit best with PTA and the development/merchant banking ones with DBSA. Since splitting DBSA into two (especially if domestic South African operations had been spun off) and merging the trade finance wing with the PTA’s operational trade bank might not facilitate the expansion and extension of DBSA, an early question for decision is whether a broader or narrower initial membership target is desirable. The easiest solution politically might be to aim for about twenty members from the start. The disadvantage would be the greater difficulty of building up the merchant banking side, which relates more directly to close, limited geographic area coordination rather than to looser, trade-facilitating, and broad geographic area cooperation.
Valediction And Cautionary Note

The above sketch is broadly inspiriting. First, a number of institutions and processes transformable to the building up relations between the “new” post-apartheid South Africa and Southern Africa already exist. In no case are there barriers in principle to the broadening of membership. Second, the PTA-SADCC underlying complementary relation and division of labour is as relevant to the “new” South Africa as to the development of economic interaction among the present PTA and SADCC members. Third, while raising issues of particular interests, the questions that need to be answered and the means to acting on these answers seem to be the normal balance of gains/negotiation of structures and not the basic conflicts of underlying interests.

However, euphoria would be ill advised and would weaken the chances of achieving potential gains. To do so requires, first and foremost, the achievement of mutual confidence among actors both at the state level and among the persons who embody state and enterprise interactions with their counterparts in other countries. That requires not just contact (important as that is) but also a series of practical results in agreeing on concrete issues in ways that produce mutually perceived changes for the better.

A related precondition is a more accurate set of mutual perceptions of the strengths and weaknesses of all the economies concerned – not least with respect to South Africa, which is in fact a not so very atypical, except in size and sectoral make-up, Sub-Saharan African economy with a 1980s performance record as dismal as the regional average and a current one far worse than the average among its 10 Sub-Regional compatriots to be.

That structural adjusted set of perceptions should help reduce a tendency by South Africans (not necessarily supporters of the old order) to perceive their country as inevitably the sole metropolis and dynamic force for Southern Africa (or Africa more generally). Similarly, it should reduce the misgivings other Africans that even post-apartheid South Africa would be so strong and so self-centred that it can be supped with prudently only with the aid of a very long spoon indeed. However, those shifts are not merely rational ones based on data but psychological and personal ones related to positive face-to-face contact and successful experience of joint or coordinated problem solving.

The need for early discussion aimed at achieving a process of confidence building and agenda identification is reinforced by two special factors:

1. formal negotiations cannot begin until there is a legitimate (as perceived by black South Africans and by SSA) government in South Africa;

2. But then there is the need to move rapidly because otherwise South Africa’s transitional problems may lead it to put regional issues low on its priority list and/or to retreat into a narrow economic nationalism quite ill-attuned to transforming, broadening and deepening mutually beneficial economic links in the South African-Southern African regions.
Related Reading


1. During the second half of 1990, a broad spectrum team led by Bob Tucker developed scenarios for South Africa in the 1990s. The scenarios were developed on behalf of the Old Mutual and Nedcor, and have since come to be referred to as the “Old Mutual/Nedcor Scenarios”. A list of the team members is marked “A”. There were a number of other participants who made special contributions or who participated in the planning process itself, and their names are presented in the list marked “B”.

2. On the subject of the South African economy, we came to the following conclusions:

2.1 The world is likely to enjoy a high average of growth during the 1990s, but there will be large discrepancies by country. This high rate of growth will be driven primarily by trade in manufactured products, which could well grow at a rate as high as 10 per cent per annum. There will be a number of successes amongst the LDCs, which become part of this trade in manufacturing.

2.2 If we take into account the poor economic performance of countries in the sub-Saharan region (without any reason for that poor economic performance), and the comparative size of those economies with the South African economy, it is clear that the South African economy cannot look to those economies as an engine of growth. There will clearly be opportunities and it is highly desirable and necessary that interaction and even integration should take place. However, it is much more likely that the South African economy will have to act as an engine of growth for the other economies rather than vice versa.

2.3 On the basis of a very detailed planning exercise undertaken by Pierre Whack in 1983-1984 (which has proved to be uncannily accurate from 194 until 1991), we came to the conclusion that we must anticipate a gold price in $350 per ounce range or even lower. This would result in labour retrenchments and cuts in investment.

2.4 We looked at the very erratic economic performance during the 1980s (which averaged 1.7 per cent per annum), and made certain common assumptions for the transition period to 1995. Those common assumptions are annexed marked “C”. We then made certain specific downside assumptions, which are annexed marked “D”, and came to the downside forecast, which is annexed marked “E”.

*Attorney; Formerly Managing Director of PERM; Chairman of Old Mutual/Nedcor Scenario Team.
2.5 We then made specific upside assumptions, which are annexed, marked “F” and came to the projection, which is annexed, marked “G”.

2.6 The average downside growth for the next five years is 0 per cent; the average extremely optimistic upside scenario is 3 per cent. The Reserve Bank’s most optimistic scenario is 2 per cent and Old Mutual’s most optimistic scenario is 2.3 per cent.

2.7 We then plotted the GDP per capita on an index of one hundred in 1975. The population has been growing at an average of 2.8 per cent while GDP has only averaged 1.7 per cent with the resultant decline reflected on annexure “H”. This is alarming as it indicates:

2.7.1 That there is something fundamentally wrong with the structure and strategy of our economy;

2.7.2 That we have suffered economic decline during the period when even moderately performing economies in the rest of the world have enjoyed reasonable growth; and

2.7.3 That the poor economic performance has the effect of aggravating the apprehension of the white population about the transition, and further frustrating the enhanced expectations of the black population during the critical transition phase.

2.8 Annexed marked “I” is a graph of employment in the formal sector as against job seekers. This graph indicates:

2.8.1 that our economy, as presently structured, is incapable of creating jobs; and

2.8.2 That, by the date of political transition (probably 1994/19950, we will have an unemployment ratio in excess of 40 per cent.

2.9 Annexed marked “J” is a graph reflecting that the investment ratio has plunged to a level lower than 20 per cent. This is attributable primarily to shocking returns on capital (as a result of investment in non-productive infrastructure and import substitution industries). Annexed marked “K” is South Africa’s Gini Coefficient calculated in 1975 in comparison with 57 other nations measured at that time. South Africa had the most unequal distribution of income at that time, and there does not appear to have been any significant change since.

2.10 Annexed market “L” is a table showing the distribution of income between different race groups. What is significant is that, during the high growth period in the 1960s and early 1970s, there was actually a contraction in the black share of income despite the fact that this sector of the population was growing significantly faster during the period.
2.11 In the light of the fact that the economy is not creating jobs, is not satisfying housing needs and is resulting in high levels of poverty, we made certain assumptions as to how redistribution could take place through the fiscus. A set of our assumptions is annexed marked “M”. We then calculated the capacity for redistribution by increased spending on social services and those calculations are shown in the chart annexed marked “N”. You will note that, if we were to equalize spending on black and white social services, the amount that would have to be spent would exceed the entire current budget, the entire 1995 downside budget, and would not leave sufficient to pay the interest in the 1995 upside budget. The downside budget would facilitate an increase in social spending of 2.7 per cent per annum, the upside budget of 10 per cent per annum and yet, if we were to phase in equality of spending on social services over a period of five years while holding spending on white social services constant in Rand terms in the interim, this would necessitate an increase in social service spending of 24 per cent per annum.

3. We undertook a fairly detailed analysis on why the economy was performing as poorly as it is and concluded that:

3.1 the economy remains structured as a classic colonial economy – heavily dependent on the export of minerals and raw minerals and upon foreign ownership and licenses.

3.2 Intellectual energy is concentrated on the growth of mature businesses by acquisition instead of investing in the development of new technologies and the establishment of new productive capacity. This is particularly true of the outwardly oriented manufacturing industry.

3.3 We have failed to invest in the development of our human resources and we have failed to invest in new technologies. The result is a very poor improvement in productivity and wage inflation that, superimposed on the low improvement in productivity, has resulted in a very rapid escalation of unit labour cost.

3.4 The exchange rate has been held at an artificially high level (originally because of the gold exports and more latterly to facilitate cheap imports for white consumers). The result is that we have got a very high level of protection (40 per cent) and a very inwardly oriented business sector.

4. In the light of the social problems, however, concentration on the restructuring of our economy would not address the very deep-seated social problems in time. We, therefore, proposed a complex and integrated programme of simultaneously restructuring the economy and addressing the most urgent of the social needs.
Annex A

Team members

Mr. F. Cassim Economist, Wits Business School of Economics; Advisor to The African National Congress (ANC)

Mr. G. Croeser Director General, Finance

Dr. S. Cross University of East Anglia, Consultant World Bank, United Nations Development Programme

Dr. O. Dhlomo Executive Chairman, Institute for Multi Party Democracy

Prof. W. Esterhuysen Stellenbosch Political Consultant

Mr. R. Gouws Economist, Rand Merchant Bank

Dr. K. Kartshorne Educationalist; Member, de Lange Main Committee

Mr. R. Hunter Economist; Planact Advisor to The African National Congress (ANC) and various civic associations

Prof. W. de Klerk RAU; Journalist; Political commentator

Dr. R. Lee Ex-Urban Foundation, Wits Business School; Consultant

Mr. R. Lee Economist, UCT; Chairman, Economics Trends Group Advisor to COSATU

Mr. J. Messerschmidt ESKOM

Ms. M. Motanyane Editor, Tribute

Mr. R. Munro Senior General Manager, Old Mutual
<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
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<tbody>
<tr>
<td>Dr. L. Porter</td>
<td>Executive Director, Nedcor Limited</td>
</tr>
<tr>
<td>Dr. M. Ramphele</td>
<td>Deputy Vice Chancellor, UCT; S.A. expert on poverty and community development; Executive, IDT</td>
</tr>
<tr>
<td>Prof. B. Scott</td>
<td>Harvard Business School, Comparative Economic Strategies; Competitive Policy Council appointed by U.S. Senate</td>
</tr>
<tr>
<td>Dr. C. Simkins</td>
<td>Economist; Helen Suzmand Chair of Political Economy; Wits Consultant; Urban Foundation</td>
</tr>
<tr>
<td>Mr. C. Stride</td>
<td>Managing Partner, Fisher, Hoffman, Stride and Company</td>
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<tr>
<td>Mr. R. Tucker</td>
<td>Managing Director, PERM</td>
</tr>
<tr>
<td>Mr. P. Wack</td>
<td>Doyen of Scenario Planning; Ex Royal/Dutch Shell</td>
</tr>
</tbody>
</table>

**Annex B**

Other participants in scenario planning process

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Mr. Colin Adcock</td>
<td>Ex-Managing Director, Toyota S.A.</td>
</tr>
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<td>Mr. Merton Dagut</td>
<td>Nedcor, Ex Dean of School of Economics (WITS)</td>
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<tr>
<td>Mr. Stephen Friedman</td>
<td>Journalist</td>
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<tr>
<td>Dr. J. Lombard</td>
<td>Deputy Governor, Reserve Bank</td>
</tr>
<tr>
<td>Mr. Ted Osborn</td>
<td>Economist, Nedcor</td>
</tr>
<tr>
<td>Ms. Sheila Sisulu</td>
<td>South African Council of Churches</td>
</tr>
<tr>
<td>Prof. Philip Spies</td>
<td>Director, Futures Research Institute – Stellenbosch</td>
</tr>
<tr>
<td>Mr. Michael Walton</td>
<td>Chief Economist, Africa Region of the World Bank</td>
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</tbody>
</table>
Special contributors

Anglo American  On gold scenario
Mr. Gavin Brown  Consultant, on labour unions
Dr. Brain Clark  C.S.I.R., on the manufacturing sector
Prof. Charles Dingley  Consultant, on electrification
Mr. Paul Hatty Barlows, SACOB on the manufacturing sector
Prof. Laurie Schlemmer Center for Policy Studies on the current socio-political dynamics
Dr. Van Zyl Slabbert Political Consultant on the dynamics of transition

Annex C

Two economic growth scenarios for the transition period 1991 – 1995

Common assumptions

- The oil price averages $30 in 1991, and declines moderately thereafter.
- Policy aims at reducing inflation and building up foreign exchange reserves in 1991.
- Policy is thereafter eased to stimulate recovery from 1992 onwards, but no large-scale reflection occurs.
- No major shift in key economic relationships.
- The major economic actors do not radically alter current behaviour patterns, either negatively or positively.
Annex D

A downside economic growth scenario for the transition
Period 1991 – 1995

Key assumptions

- There is a marked downturn in the world economy, which lasts to the end of 1992.
- The gold price averages $350. No rise in other commodity prices in “real” terms.
- The political transition process does not proceed smoothly. Labour unrest and township violence remain at a high level.
- Business and investor attitudes (local and foreign) remain cautious/negative.
- Foreign capital and outflows average $1 billion over the period.
- No oil stockpile savings are possible.
Annex E


"DOWNSIDE" SOUTH AFRICAN ECONOMIC GROWTH SCENARIO 1991 - 1995

— REAL GDP GROWTH — FORECAST

80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95

-2 -1 0 1 2 3 4 5
Annex F

An “upside” economic growth scenario for the transition period 1991-1995

Key assumptions


- $ gold price rises to $500 by 1995.

- Moderate rise in “real” commodity prices.

- Trade sanctions are dismantled by the end of 1991.

- A net foreign capital outflow of $1 billion in 1991 is followed by a gradual movement to net inflows of $1 billion in 1994/1995.

- Foreign exchange savings are made possible by reducing oil stockpile.
Annex G


[Graph showing real GDP growth with 'UPSIDE' and 'DOWNSIDE' forecasts]
Annex H

Real per capital GDP
Annex I

Unemployment in the "base case" scenario

UNEMPLOYMENT IN THE "BASE CASE" SCENARIO

Economically active population

"Upside"
"Downside"

Total employment, incl agric
Annex I

Investment to GDP ratio
Annex K

Income inequality
Annex L

Racial income shares: percentages of personal income
1917 – 1989

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</table>
Annex M

The fiscal picture: current policy guidelines

- Budget deficit 3 per cent of GDP.
- Target to lower tax burden, especially on individuals.
- Real growth in government spending 1 per cent per annum.

Our assumptions

- Tax burden will not fall
- Deficit on average – 3 per cent of GDP
- Real interest burden continues to escalate at 2.5 per cent per annum.
- Real security spending kept to 1985 level.
- All other areas of spending frozen in real terms.
- All real increase available allocated to social services.
THE PROSPECTS AND PROBLEMS OF A TWO-WAY EXCHANGE IN
THE ECONOMIC ARENA BETWEEN POST-APARTHEID
SOUTH AFRICA AND THE REST OF AFRICA

by
S. Prakash Sethi*

During the last five years, the world’s political and socio-economic map has undergone fundamental changes so profound that they parallel, if not surpass, the independence movement of the late forties and early fifties, which witnessed the liberation of large numbers of countries in Asia and Africa from their colonial bondage. This process is still continuing. However, there is no question that this Brave New World would be a great deal more democratic in its political orientation. It would also most likely depend on the market system and private enterprise to a greater extent in its economic orientation.

To this altered political map, we must add a new kind of economic reality. This has to do with the increased competitiveness in global markets and the emergence of new economic powers in Asia. Two, notwithstanding the continued allegiance to GATT and international free trade, there is increasing emphasis on economic blocs and regional trade relations. The European Economic Community is expanding to encompass more European nations within its orbit. At the same time, it is building barriers against imports from Non-EEC countries. Also, witness the newly created bilateral trade agreements between the United States and Canada, and the proposed trade agreement between the United States and Mexico. In the Pacific Rim, Japan is fast moving to build investments in Asian countries in a manner that has the potential of creating a de facto regional trade area. A third critical dimension has to do with the changing nature of industry and international trade. The new industrial products, based as they are on computers and automation, put more emphasis on technology and human skills. The result is that labour and raw materials contribute less and less to the overall value of products and services. Thus they de-emphasize the two elements that had hitherto been the strength of less-developed countries, i.e., primary raw materials, and cheap, unskilled labour.

These altered global political and socio-economic conditions pose a particularly harsh and potentially daunting challenge for the great majority of African countries. In Africa, and especially in Sub-Saharan Africa, the process of political and economic change is likely to be equally profound and would have a major fundamental impact on the political and economic structures of these nations in the foreseeable future. A large number of changes to be confronted by the African nations would be influenced by events that are taking place outside their borders. And yet they would not be confined to the political arena alone. Equally important, these changes would impact the ability of these nations to refashion their economies and direct them toward the patch of economic growth and development, which, for a variety of reasons, most of them have not been able to sustain in the past.

* Professor and Associate Director, Center for Management, Baruch College, The City University of New York. The author wishes to express his appreciation to Dr. Bharat B. Bhalla, Assistant Professor, School of Business, Fairfield, Connecticut, for his assistance and cooperation in the preparation of this contribution.
Another element in the scenario of an uncertain future has to do with the internal political and economic changes that currently confront the African sub-continent – the most notable of these being the changes in South Africa. The destiny of Sub-Saharan Africa is inextricably linked to that of South Africa. Therefore, there can be no meaningful discussion of the future economic conditions of Sub-Saharan Africa without taking into account the current and future political structure in South Africa, and the economic and foreign policy stances of South Africa vis-à-vis the rest of Africa.

OBJECTIVE OF THE PAPER

The objective of this paper is threefold

1. To describe briefly the interdependent nature of the economies of Sub-Saharan Africa in general, and Southern Africa* in particular, and the dominant role that South Africa must play in this economic region by virtue of its resources, infrastructure, and level of economic development.

2. To consider some of the models of economic inter-dependencies and regional cooperation that have been tried in other parts of the world and that might offer guidance for building economic relationships between South Africa and the rest of Africa.

3. To suggest a new framework for economic inter-dependence within Africa that allows for South Africa to play a prominent role in a manner that would create greater positive economic benefits for all the countries involved, without at the same time, incurring loss of political sovereignty and cultural diversity that have accompanied similar efforts at regional economic integration in other parts of the world.

SOUTH AFRICA AND SUB-SAHARAN AFRICA

Sub-Saharan Africa is a mixture of three types of distinct economies ranging from relatively highly developed in the case of South Africa, to middle income and resource rich countries such as Angola, Botswana, Cote d’Ivoire, Gabon, Senegal and Zimbabwe, and the very poor countries of Ethiopia, Ghana, Madagascar, Sudan, Zaire and Zambia. Even South Africa is not a highly industrialized country in the true sense of the world in that it has a dual economic structure consisting of a large, highly developed industrial sector dominated by a minority of its population, and an equally large under-developed economic infrastructure that supports over 75% of its population, which is largely poor and unskilled.

Notwithstanding this, South Africa’s economy casts a long and pervasive shadow on the economies of its neighbouring countries and also the rest of Africa. As a matter of fact, it is hard to visualize a future economic structure in Africa without taking into

* Southern Africa refers to nine countries Southern African Development Coordination Conference (SADCC which are part of Sub-Saharan Africa consisting 45 countries.
account the economic and political character of South Africa and that country’s economic policies both for itself and toward its neighbours. It would, therefore, be desirable to look at some economic indices to get a better idea of the linkages between South Africa and the rest of Africa on the one hand, and the importance of South Africa in the regional economic picture on the other hand.

**THE IMPORTANCE OF SOUTH AFRICA IN AFRICA’S ECONOMY**

South Africa is an integral part of Sub-Saharan Africa and has a major geo-economic impact on the region. It is the richest country in Africa. And in addition to this, it has the strongest and most diversified economy in the region, a well-developed human and physical infrastructure capable of developing that country’s well-endowed natural resources and an effective linkage with the outside world through communication networks, trade and finance.

South Africa has the highest Gross Domestic Product (GDP) in the region. In 1989, its GDP was US $80 billion compared to the combined GDP of US $137 billion of the 39 Sub-Saharan African countries and $25 billion of the nine nations in the Southern African Development Co-Ordination Conference (SADCC)*. These figures assume even greater importance when viewed in the context of that region’s land mass and population. For example, South Africa occupies only 5 percent of the region’s land area and accounts for only 7 percent (approximately 35 million) of its total population. And yet, in 1989, it contributed nearly 33 percent to the region’s total GDP (Tables I and II).

These economic and demographic factors provide South Africa with one of the highest per capita gross national product (GNP) in the region. In 1989, South Africa’s per capita GNP of US $2,470, was 7 times greater than the weighted average per capita GNP of only US $340 for the other 45 Sub-Saharan African countries. It is also worth noting that while South Africa has had a consistent growth in its GNP, a great many of the Sub-Saharan nations actually recorded steady declines in their per capita gross national product, i.e., their populations grew at a faster rate than their economic development with the result that people became poorer over the years (Table III).

Another important contrast between South Africa and that of its neighbours can be found in the structure of their economies. The economies of most Sub-Saharan countries are primarily agrarian in character. South Africa’s economy, on the other hand, is well diversified with the agricultural sector representing only 6% of its GDP; the remaining 94% originating in the industrial (44%) and service (50%) sectors. For the rest of Sub-Saharan Africa, the comparable figures are: 32% agriculture, 27% industry, and 38% service sectors. Furthermore, while agriculture contributes only 6% percent to South Africa’s GDP, it is highly mechanized and efficient. South Africa uses 78% of all the tractors used in the SADCC nations and 34% of all the tractors used in the entire sub-Saharan Africa.

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* The nine SADCC countries are: Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe.
South Africa is also rich in natural resources and produces between 70 to 100 percent of various strategic materials produced within Southern Africa. It accounts for almost 100 percent of platinum, over 90 percent of coal and gold, and over 70 percent of the chromium and manganese produced in Southern Africa (Table V). South Africa has a well-developed physical infrastructure capable of meeting its economic growth requirements. It has over 21,000 kilometres of railroad track, 50,800 kilometres of paved roads, which account for over 60% of similar facilities in SADCC countries and over 40% in entire Africa. The situation is similar with regards to other measures of durable goods possession, e.g., telephone, passenger cars, radios, television sets, home ownership, consumption of electric power, etc.

South Africa has the highest proportion of active labour force in Sub-Saharan Africa. Over 50% of its population is gainfully employed in the productive economic sectors, i.e., agriculture, industry and services. Almost 70 percent of its population is literate compared to only 48 percent in Sub-Saharan Africa. Average life expectancy in South Africa is 61 years, about ten years longer than in other parts of Sub-Saharan Africa. The situation with regard to other health indices is also similar. South Africa’s infant mortality rate is 71 per 1000 live births (110 in Sub-Saharan Africa); deaths under five years of age are 83 per thousand in South Africa compared to 530 per thousand in Sub-Saharan Africa (Table VI). All these factors have combined to give South Africa a strong base and large capacity for growth and development through conversion of basic raw materials and human resources into increasingly skilled labour force, management and technology, and greater value-added products and services.

SADCC AND SOUTH AFRICA – ECONOMIC INTERDEPENDENCE

South Africa has the economic muscle to exert tremendous pressure, and if it so chooses, to throw its weight around the economies of its immediate neighbours in the SADCC countries. Its GNP accounts for 76 percent of the combined GNP of SADCC countries and its per capita income of US $2,010 (in 1985) is almost five times the average per capita income of US $380 (in the same year) for the SADCC countries. It accounts for between 55% and 90% of agricultural crops and about 70% of meat production, and between 84% and 90% of steel and cement production within Southern Africa (Table VII).

The economies of the SADCC countries are closely tied to South Africa, as can be seen from the intra-regional trade data (Table VI). For example, two-third of South Africa’s external trade is accounted for by imports from and exports to the SADCC countries. With the exception of Angola and Tanzania, all the SADCC countries have more trade with South Africa than with all its SADCC partners combined, and total SADCC trade with South Africa is seven times higher than intra-SADCC trade.

South Africa is a major source of employment for approximately 3 million migrant workers – legal and illegal from neighbouring states. The earnings of these workers are a significant source of foreign income for SADCC countries even as they provide some relief to high levels of unemployment and subsistence level work in their home countries.
The aforementioned discussion should make two things clear:

1. There can be no realistic assessment of the economic prospects of Africa, and especially Southern Africa, that does not take into account the economic policies and programmes of South Africa.

2. As a dominant force in the African sub-continent, South Africa has the potential for exerting considerable influence, both positive and negative, on the economies of African countries.

Thus, it is the economic and political posture of South Africa toward its neighbours, and the response of the these nations to South Africa’s policies, that would strongly influence, for better or for worse, the future economic prosperity, and political stability, of Southern Africa in particular and Sub-Saharan Africa in general. There are a number of unknown and unpredictable factors that would affect any normal projection of regional economic coordination, and prospects for economic growth in sub-Saharan Africa. To these, we must add one more factor of potential instability whose dimensions remain as yet undefined. This relates to the emerging political condition in South Africa, how it might resolve, and the impact it might have on South Africa’s economic growth and, by implication, on the economies of Sub-Saharan Africa.

South Africa is fast moving toward a democratic, pluralistic state where political government will reflect the will of the majority of its people. There are four possible scenarios that might emerge in the years immediately following the enactment of a new constitution and representative government in South Africa. These are: a politically stable and economically growing South Africa; a politically stable but economically stagnant South Africa; a politically unstable and economically growing South Africa and a politically unstable and economically stagnant or declining South Africa. Therefore, the conditions under which a post-apartheid South Africa comes into being, and the accommodations that are reached between the various political groups, assume critical importance not only for South Africa but also for the entire Sub-Saharan Africa, at least as far as the region’s economic future is concerned.

The formation of a democratic, non-racial, government does not by itself guarantee political stability and there may be a period of further political strife and internal instability. There is ample historical evidence and contemporary examples to show that a democratic form of government, at least in its earlier stages, does not necessarily create political stability. Nor is there any evidence to show that democratic governments are always better adept at managing their economies than dictatorships. Thus, a post-apartheid South Africa may be beset with either conditions of political stability or instability. And, either of these conditions may be accompanied with increased consumption, economic stagnation, and large budgetary deficits on the one hand; or economic growth, increased industrial activity, and inflow of foreign investments on the other hand. The prevalence of different combinations of these conditions would impact South Africa’s ability and willingness to participate in Sub-Saharan African and Southern African economic alliances in manners that may either hinder or help regional economic cooperation.
ALTERNATIVE FORMS OF CROSS-NATIONAL ECONOMIC ARRANGEMENTS: SOME LESSONS FROM HISTORY

In many ways, South Africa’s dominant position in a particular region is not unique. There are many historical and contemporary examples of regional economic alliances that can be used for role models. This is especially so because there is ample evidence to suggest that, in the absence of strong structural constraints, such an arrangement is often abused by the dominant nation in the alliance for its own benefit and at the expense of other nations of the region. There are three models that illustrate the nature of such economic alliances:

1. **Central Core and Periphery Relationship**: Under this arrangement, the dominant country becomes the centre of economic power where a majority of economic decisions are made. The core nation becomes the centre for financing and service related activities and thus assumes a critical role in the allocation of resources, including investment funds. The periphery nations then become, primarily, suppliers of raw materials, which are converted into finished goods. The advantage of the system for the periphery nations is that of stable market and predictable prices for their raw materials. The disadvantages of such a system are many. The core country discourages the development of any industry in periphery nations that would adversely affect its share of “value-added” GDP. Even where there is a long-term comparative advantage for a periphery nation to develop an industry on the “value chain”, that country may face serious handicaps for want of capital and technology. This model is another version of the old “imperial country and its colonies”, where the imperial country restricted, often with brute force, the development of local industries in the colonies so as to make them dependent on the mother country for all manufactured products.

Implied in this dependency interpretation of economic relationship is the prescription for weaker nations to delink their economies from their strong neighbours and try to build self-reliant and viable economies. Contemporary history is replete with examples of countries that, following this prescription, after gaining their political freedom, opted for a policy of mercantilism, which inevitably ended up in failure. Moreover, the “Core” economies also found themselves in an economically weaker position after losing the subsidized support of the peripheral countries.

A protectionist approach, however, is self-defeating. Productive processes become inefficient leading to economic stagnation. Devoid of competitive vigour and the input of new ideas and technologies, countries involved fall farther behind thus leading to renewed pressures for protection from foreign competition. It becomes a vicious circle and a self-fulfilling process that leads to yet further economic decline.

2. **Terms of Trade Theory**: This approach suggests that countries that depend on a small number of basic raw materials for their exports tend to be at a comparative disadvantage to those countries that have a significant proportion of manufactured goods in their export mix. International commodity prices are highly cyclical and subject to tremendous market pressures. Countries depending on raw material exports for their foreign exchange earnings do not individually have the capacity to withhold supplies
in times of falling demand and thus end up producing even more supplies to make up for the loss of income from falling prices. They become victims to the purchasing power of importing countries and are thus adversely affected in terms of trade. This is so even in the case of OPEC and other commodity cartels, which have been unable to withhold supplies under conditions of declining demand.

Even if one were to accept the basic premise of this theory – which is not completely supported by objective data, it is not clear that the alternative necessarily is integrated production of each industry in each country. To do so would be to confuse economic development with industrial development, which is not one and the same thing. The early stage of economic growth in the United States was based on large exports of agricultural products and industrial raw materials. Even now, the U.S. is one of the major exporters of agricultural products and industrial raw materials. Similarly, countries like Australia and New Zealand have attained high levels of economic growth and individual incomes through efficiency in the production of agricultural goods and raw materials. Nor is the presence of raw materials a necessary pre-condition for economic growth. The most important case in point is that of Japan, which has achieved unprecedented levels of economic growth, based on a highly skilled labour force and technological innovation, and in the absence of any significant amount of domestic availability of most agricultural products and industrial raw materials.

The issue is not that of war materials versus manufactured products, but of productive efficiency with which domestic resources are exploited. Therefore, a valid point of comparison is not the terms of trade between raw materials and manufactured goods, but the cost of such goods produced at home versus those imported from abroad. The only logic, and a significant one at that, would be in the case of those commodities where initial protection can be justified on the basis of “infant industry” argument, i.e., where it can be shown that, once, the industry possesses sufficient comparative advantage to be fully competitive in world markets without continuous subsidy and protection.

3. Unequal Bargaining Power: A third variant of incompatible economic alliance can be found in cases where different countries in a given economic region are at vastly different stages of economic development. Thus, economically strong countries exert undue influence on the economically weaker countries to the latter’s disadvantage. Such a scenario could easily prevail in an economic region that has South Africa as its core. Most Sub-Saharan African countries are poor, with their economies dominated by primitive agricultural sector, large unemployment and unbearable foreign debt. They are at the lowest level of the value chain compared with South Africa, which is at the third or fourth level of the value chain. These countries are unable to attract foreign capital on their own. Thus, South Africa may become a major source of investment capital and technology and may also provide these countries with stable markets for their raw materials and commodity exports. This would put South Africa in a potentially strong position to influence the patterns of development in those countries – a condition that may not be acceptable to other countries in the region.
A similar situation applies to negotiating with foreign multinational companies with regard to direct foreign investment in the less developed countries. Poorer countries, badly in need of foreign investments and technology, are often at a bargaining disadvantage in negotiating more favourable terms of investment. This condition is further weakened because they must compete with other countries in similar financial straits and who are equally desperate for foreign technology and investments.

A NEW FRAMEWORK FOR REGIONAL ALLIANCE FOR SUB-SAHARAN AFRICA

We believe that none of the traditional models of regional economic alliance are likely to be successful under conditions involving South Africa as the dominant core while other African countries remain at the periphery. There are strong historical and political impediments to such an alliance. Moreover, it is not certain that a non-racial, democratic South Africa would necessarily undertake policies and programmes that would build sustainable alliances that may have to come at the country’s own economic expense.

Nevertheless, some form of regional alliance is indispensable if Sub-Saharan Africa in general, and Southern Africa in particular, is to stop further economic decline and move up the path of economic growth. However, regional economic blocks, by themselves, do not guarantee a balanced and harmonious economic growth for all the participating member nations. History is replete with examples of regional economic blocs, created by third world nations, that have failed to meet their expectations. For example, between 1960 and 1980, a number of attempts at creating regional economic blocs were made in different parts of developing world. Among these were: The Free Trade Areas – Latin American Free Trade Association – LAFTA, and the Caribbean Free Trade Association – CARIFTA); Customs Unions – Central African Customs and Economic Union – UDEAC, and East African Community – EAC); Common Markets – Central American Common Market – CACM, Council of Arab Economic Unity – CAEUO, and the Caribbean Common Market – CARICOM); and, economic Unions – the Andean Pact, the Association of South East Nations – ASEAN, and the Economic Community of West African States – ECOWAS. With the exception of the Andean Pact and the ASEAN, most of the others have either disappeared or have remained in existence largely in name only. 11/

The failure of these regional economic blocs can be attributed to a variety of factors. Most notable amongst these are: widely disparate economic conditions requiring major transfer of resources so as to maintain free trade within the region; unstable political conditions in many participating countries; difficulties in sharing the costs and benefits of economic cooperation; relative unwillingness to yield national autonomy to regional regulatory mechanisms; and, the failure of national bureaucracies to implement the agreed upon regional policies and programmes.

The 10 nations on the southern tip of Africa have also created some regional blocs in the form of the Southern African Customs Union (SACU), Common Market Areas (CMAs), and the Southern African Economic Coordination Conference (SADCC). SADCC was created in 1980 by the frontline African states to achieve economic disengagement and liberation from South Africa. Its primary focus was not on economic integration of all the participating states but the development of certain
basic infrastructures – e.g., transportation, communication, utilities and health facilities – that were considered necessary for supporting the economic growth of the member nations. Notwithstanding its focus and member nations’ commitment, SADCC has been very slow in fulfilling its mandate.

The system suggested here does not call for economic integration on the model of the European Economic Community (EEC) with the eventual goal of political integration. Instead, we suggest a system of Strategic Economic Alliances that would incorporate elements of EEC and other regional economic blocs but would be specifically adapted to the economic needs and political realities of Sub-Saharan Africa.

Given below is the broad outline of a framework that would suggest some possible approaches to achieving this goal. The primary condition of this framework is that it does not encroach, either directly or indirectly, upon the political and geographical integrity of the member nations; and yet provides a way for regional economic cooperation, faster economic growth, and better distribution of income and wealth in the entire region:

1. **A Stable Fiscal and Monetary System**: Stable fiscal and monetary conditions are necessary for promoting long-term savings and investments. Countries simply cannot buy their way out of recession and economic decline either by printing more money or by imposing successively higher taxes. Moreover, linked exchange rates would exert additional fiscal and monetary discipline on individual countries and also facilitate long-term investments without regard to particular countries’ inflation rates.

2. **A Large and Integrated Consumer Market**: Another necessary condition for a fast paced economic growth and, even more important, a more equitable distribution of income and employment opportunities would be to facilitate the creation of a large consumer market. Sub-Saharan Africa currently has a population of 480 million people, a gross domestic product of US $162 billion, and a per capita income of US $340. Although, small by Western standards, this market offers tremendous growth potential and consumer purchasing power. However, this power is not likely to be realized unless efforts are made by all for the creation of unfettered competition among producers of various nations, as against among nations themselves, for as large a segment of economic activity as possible. Only then would we have the necessary preconditions of economic efficiency, profit motive, and outlet of individual energy that would foster economic growth and personal well-being.

3. **A Well-developed Integrated Infrastructure**: The economic growth of the region would need tremendous improvement and expansion of physical infrastructure such as railroads, highways, telecommunications, and air traffic. Many of the systems are in a state of terrible disrepair in a number of countries while they are incompatible among other countries. Our model would call for the creation of regional autonomous authorities to develop and manage these infrastructure projects. These projects would be jointly governed by a board of governors appointed by the countries involved, who would also contribute initial capital. The countries involved would act more as large shareholders rather than as operating managers. The overall agenda of these
organizations would be established by the participating countries. However, they would operate as commercial enterprises with no operational interference from their political bosses. They would raise additional capital both from the participating governments and also in the private capital markets on a pre-determined basis. The latter approach would impose the necessary discipline on their operations and also ensure that they are operating on a sound commercial basis. Moreover, in order to prevent these organizations from indulging in monopolistic practices, every effort would be made to expose them to competition either from foreign organizations or alternative modes of meeting market demands.

The infrastructure activities most suitable for this approach would be cross-national railroads, transnational highways, telecommunications systems and regional airlines, to name a few. All these projects share the common features of regional interdependencies; economies of scale; vast needs of fixed capital, manpower and technology; and, need for regional cooperation creating very large markets to justify huge fixed investments.

There are number of models available in the United States that offer good possibilities for adaptation. One such model is the New York – New Jersey Bridge and Tunnel Authority, which is jointly controlled by the States of New York and New Jersey. It manages the area’s three airports, all tunnels and bridges. In addition, it owns the twin towers of the World Trade Centre and is heavily involved in regional economic development. The Tennessee Valley Authority offers another model for regional production of electricity. Scandinavian Airlines system (SAS) provides a third such example from Europe of a multi-country cooperation in owning an airline with national and international network. SADCC’s own efforts in the case of the Beira Corridor Project would suggest another possibility. We are sure that there are other models available in Europe, Asia and even in Africa that might be worth investigation for this purpose.

Within Sub-Saharan Africa, the economies of a large number of countries are primarily agricultural and non-diversified. In order to bring all these economies into the developmental mode, an arrangement should be made whereby high value-added technology industries are dispersed among nations and are managed on a cooperative basis. Take, for example, the automobile industry; a highly capital-intensive and technology-oriented industry. It should be dispersed in clusters within the region without sacrificing the economies of scale and efficiency even though the final product is assembled at one or two central locations. This will require political negotiations amongst nations in terms of allocating resources to be managed as private enterprises.

4. **A Regional Industrial Policy:** The final element in this Strategic Economic Alliance involves the establishment of new industrial enterprises that, by their very nature, would be few in number and must be concentrated in one or two locations. Examples of these enterprises would be heavy capital goods industries, machine tools, automobiles and agricultural machinery, heavy building and construction equipment, advanced technologies such as computers and communications systems, biotechnology, advanced medical
and health care systems, and advanced scientific and technical education institutions, to name a few.

In the absence of a regional industrial policy, these industries would most likely be concentrated in those areas with strong available physical infrastructure and skilled human resources. Such an approach would clearly benefit South Africa and would condemn most other countries to the status of long-term economic backwardness – a condition clearly unacceptable to those countries and not in the best interest of the region’s long-term economic growth including that of South Africa. Furthermore, without political agreement and regional economic alliances, each country would be forced to develop their own “little high technology projects” which, for all intents and purposes, would become “status projects” and “white elephants”. Rather than creating the momentum for economic and technological growth, they would end up causing severe drain on those countries’ meagre economic resources.

A regional industrial policy would direct the establishment of these industries on the basis of political equity and economic rationality thereby creating oases of economic and technological excellence that would sprout further development of the region in a manner that would create economic growth and income enhancement on a parallel basis among many nations of the region. This would also stimulate mutual trust, and generate economic ties that would further strengthen the need in these countries to work cooperatively for the benefit of the entire region. Mutual economic dependency would also create conditions for stable political and monetary systems. The development of technologically oriented industries on a cluster basis will minimize the bargaining position of stronger nations and will facilitate economic development throughout the region. The trickle effect of this arrangement will be visible in the diversity and rapid growth of various economies within the region and, gradually, the rising standard of living of its people. And finally, this approach would avoid the cut-throat competition, and beggar-thy-neighbour policies that many less developed countries are forced to undertake in order to attract foreign investment within their borders.
<table>
<thead>
<tr>
<th>Regional/Country</th>
<th>Gross Domestic Product (Millions. U.S.$)</th>
<th>% of Regional total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>137,150</td>
<td>57%</td>
</tr>
<tr>
<td>(Excluding SADCC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SADCC</td>
<td>24,670</td>
<td>10</td>
</tr>
<tr>
<td>South Africa</td>
<td>80,370</td>
<td>33</td>
</tr>
<tr>
<td>Regional Total</td>
<td>242,190</td>
<td>100</td>
</tr>
<tr>
<td>Cameroon</td>
<td>11,080</td>
<td>5%</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>7,170</td>
<td>3</td>
</tr>
<tr>
<td>Ghana</td>
<td>5,260</td>
<td>2</td>
</tr>
<tr>
<td>Kenya</td>
<td>7,130</td>
<td>3</td>
</tr>
<tr>
<td>Nigeria</td>
<td>28,920</td>
<td>12</td>
</tr>
<tr>
<td>Zaire</td>
<td>9,610</td>
<td>4</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>5,250</td>
<td>2</td>
</tr>
</tbody>
</table>


**Notes:**
1. Sub-Saharan Africa consists of the following 45 countries:

- *Angola*
- Benin
- *Botswana*
- Burkina Faso
- Burundi
- Cameroon
- Cape Verde
- Central African Republic
- Chad
- Comoros
- Congo, Peoples Republic
- Cote d’Ivoire
- Djibouti
- Equatorial Guinea
- Ethiopia
- Gabon
- Gambia, the
- Ghana
- Guinea
- Guinea-Bissau
- Kenya
- *Lesotho*
- Liberia
- Madagascar
- *Malawi*
- Mali
- Mauritania
- Mauritius
- *Mozambique*
- Niger

2. The Southern African Development Co-Ordination Conference (SADCC) consists of 8 countries marked *above and Namibia.*
<table>
<thead>
<tr>
<th>Region</th>
<th>Population (million)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>425.3</td>
<td>82.0</td>
</tr>
<tr>
<td>(Excluding SADCC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SADCC</td>
<td>55.1</td>
<td>11.0</td>
</tr>
<tr>
<td>South Africa</td>
<td>35.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Regional Total</td>
<td>515.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Cameroon</td>
<td>11.6</td>
<td>2.0</td>
</tr>
<tr>
<td>Cote d’Ivoire (mid-1987)</td>
<td>11.7</td>
<td>2.3</td>
</tr>
<tr>
<td>Ghana</td>
<td>14.4</td>
<td>3.0</td>
</tr>
<tr>
<td>Kenya</td>
<td>23.5</td>
<td>4.6</td>
</tr>
<tr>
<td>Nigeria</td>
<td>113.8</td>
<td>22.0</td>
</tr>
<tr>
<td>Tanzania</td>
<td>23.8</td>
<td>5.0</td>
</tr>
<tr>
<td>Zaire</td>
<td>34.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>9.5</td>
<td>2.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>GNP Per Capita (U.S. Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>340</td>
</tr>
<tr>
<td>(including SADCC)</td>
<td></td>
</tr>
<tr>
<td><strong>South Africa</strong></td>
<td>2,470</td>
</tr>
<tr>
<td>*Botswana</td>
<td>1,600</td>
</tr>
<tr>
<td>Cameroon</td>
<td>1,000</td>
</tr>
<tr>
<td>Ghana</td>
<td>390</td>
</tr>
<tr>
<td>Kenya</td>
<td>360</td>
</tr>
<tr>
<td>*Lesotho</td>
<td>470</td>
</tr>
<tr>
<td>*Malawi</td>
<td>180</td>
</tr>
<tr>
<td>Mauritius</td>
<td>1,990</td>
</tr>
<tr>
<td>*Mozambique</td>
<td>80</td>
</tr>
<tr>
<td>Nigeria</td>
<td>250</td>
</tr>
<tr>
<td>Senegal</td>
<td>650</td>
</tr>
<tr>
<td>*Zaire</td>
<td>260</td>
</tr>
<tr>
<td>Zambia</td>
<td>390</td>
</tr>
<tr>
<td>*Zimbabwe</td>
<td>650</td>
</tr>
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Note: Countries marked with x are members of the Southern African Development Co-ordination Conference (SADCC)
Table IV
The Composition of Gross domestic Product in Sub-Saharan Africa and Selected Countries in 1989

<table>
<thead>
<tr>
<th>Composition of Gross Domestic Product</th>
<th>Agricultural</th>
<th>Industry¹</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in Percentages)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>32</td>
<td>27 (n.a.)</td>
<td>38</td>
</tr>
<tr>
<td>South Africa</td>
<td>6</td>
<td>44 (24)</td>
<td>50</td>
</tr>
<tr>
<td>Botswana</td>
<td>3</td>
<td>57 (4)</td>
<td>40</td>
</tr>
<tr>
<td>Cameroon</td>
<td>27</td>
<td>27 (15)</td>
<td>46</td>
</tr>
<tr>
<td>Ghana</td>
<td>49</td>
<td>17 (10)</td>
<td>34</td>
</tr>
<tr>
<td>Kenya</td>
<td>31</td>
<td>20 (12)</td>
<td>49</td>
</tr>
<tr>
<td>Lesotho</td>
<td>24</td>
<td>30 (14)</td>
<td>46</td>
</tr>
<tr>
<td>Madagascar</td>
<td>31</td>
<td>14 (11)</td>
<td>54</td>
</tr>
<tr>
<td>Malawi</td>
<td>35</td>
<td>19 (11)</td>
<td>45</td>
</tr>
<tr>
<td>Mozambique</td>
<td>64</td>
<td>22 (n.a)</td>
<td>14</td>
</tr>
<tr>
<td>Nigeria</td>
<td>31</td>
<td>44 (10)</td>
<td>25</td>
</tr>
<tr>
<td>Zaire</td>
<td>30</td>
<td>32 (10)</td>
<td>38</td>
</tr>
<tr>
<td>Zambia</td>
<td>13</td>
<td>47 (24)</td>
<td>40</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>13</td>
<td>39 (25)</td>
<td>49</td>
</tr>
</tbody>
</table>


Note: Figures in Parentheses indicate the percentage of the manufacturing industries contribution to the countries’ 1989 GDP.
<table>
<thead>
<tr>
<th>1. Education:</th>
<th>Sub-Saharan Africa</th>
<th>South Africa</th>
<th>Cameroon</th>
<th>Ethiopia</th>
<th>Ghana</th>
<th>Kenya</th>
<th>Nigeria</th>
<th>Zaire</th>
<th>Zimbabwe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Literacy Rate (%)</td>
<td>48</td>
<td>70</td>
<td>61</td>
<td>66</td>
<td>54</td>
<td>60</td>
<td>43</td>
<td>62</td>
<td>74</td>
</tr>
<tr>
<td>Radios (per 1000 people)</td>
<td>139</td>
<td>319</td>
<td>125</td>
<td>193</td>
<td>292</td>
<td>90</td>
<td>163</td>
<td>98</td>
<td>85</td>
</tr>
<tr>
<td>Television (per 1000 people)</td>
<td>14</td>
<td>97</td>
<td>12</td>
<td>2</td>
<td>13</td>
<td>6</td>
<td>6</td>
<td>1</td>
<td>22</td>
</tr>
<tr>
<td>Education Expenditure (% GNP)</td>
<td>3.6</td>
<td>4.6</td>
<td>2.8</td>
<td>4.2</td>
<td>3.5</td>
<td>5.0</td>
<td>1.4</td>
<td>0.4</td>
<td>7.9</td>
</tr>
</tbody>
</table>

2. Health Profile:

| - Life Expectancy (years) | 51 | 61 | 52 | 42 | 55 | 59 | 51 | 53 | 59 |
| - Infant Mortality (per 1000 Live Births) | 107 | 68 | 90 | 133 | 86 | 68 | 100 | 94 | 46 |
| - Access to Health Services (% of Population) | 45 | - | 41 | 46 | 60 | - | 40 | 26 | 71 |
| - Doctors (per 1000 people) | 25 | - | - | 77 | 15 | 10 | 8 | - | 7 |
| - Nurses (per 1000 people) | 2 | - | - | 5 | 1 | 1 | 1 | - | 1 |
| - Health Expenditure (% of GNP) | 0.8 | 0.6 | 0.7 | 1.0 | 0.3 | 0.7 | 0.4 | 0.8 | 2.3 |

3. Wealth and Poverty:

<table>
<thead>
<tr>
<th>- Population Below Poverty Line</th>
<th>Sub-Saharan Africa</th>
<th>South Africa</th>
<th>Cameroon</th>
<th>Ethiopia</th>
<th>Ghana</th>
<th>Kenya</th>
<th>Nigeria</th>
<th>Zaire</th>
<th>Zimbabwe</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of urban population</td>
<td>34</td>
<td>-</td>
<td>15</td>
<td>60</td>
<td>59</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>% of rural population</td>
<td>61</td>
<td>-</td>
<td>40</td>
<td>65</td>
<td>37</td>
<td>55</td>
<td>-</td>
<td>80</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>SADCC</th>
<th>SOUTH AFRICA</th>
<th>EC</th>
<th>USA</th>
<th>JAPAN</th>
<th>SADCC</th>
<th>SOUTH AFRICA</th>
<th>EC</th>
<th>USA</th>
<th>JAPAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td></td>
<td></td>
<td>27</td>
<td>19</td>
<td>13</td>
<td></td>
<td>35</td>
<td>10</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>SADCC Countries:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Angola</td>
<td>-</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Botswana</td>
<td></td>
<td>82</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lesotho</td>
<td>-</td>
<td></td>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malawi</td>
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<tr>
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Table VII


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<tr>
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<th>Africa</th>
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<th>Share of South Africa</th>
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<tr>
<td>Antimony (000 mt)</td>
<td>10,142</td>
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<tr>
<td>Coal (000 mt)</td>
<td>141,844</td>
<td>137,486</td>
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</tr>
<tr>
<td>Cobalt (mt)</td>
<td>9,296</td>
<td>5,800</td>
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</tr>
<tr>
<td>Chromium (000 mt)</td>
<td>1,234</td>
<td>995</td>
<td>81%</td>
</tr>
<tr>
<td>Copper (000 mt)</td>
<td>1,341</td>
<td>202</td>
<td>39%</td>
</tr>
<tr>
<td>Diamond (000 mc)</td>
<td>46,160</td>
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<td>21%</td>
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<tr>
<td>Gold (000 kg.)</td>
<td>692</td>
<td>664</td>
<td>96%</td>
</tr>
<tr>
<td>Iron Ore (000 mt)</td>
<td>56,800</td>
<td>24,500</td>
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</tr>
<tr>
<td>Manganese (000 mt)</td>
<td>3,074</td>
<td>2,175</td>
<td>71%</td>
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<tr>
<td>Petroleum (mil. Mt)</td>
<td>216</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Platinum (000 troy oz.)</td>
<td>2,400</td>
<td>2,400</td>
<td>100%</td>
</tr>
<tr>
<td>Uranium (000 mt)</td>
<td>15</td>
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</tr>
<tr>
<td>Vanadium (mt)</td>
<td>19,400</td>
<td>19,400</td>
<td>100%</td>
</tr>
</tbody>
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2. Ibid.

3. Ibid

4. Ibid., pp.208-209.


6. Ibid., p. 255.

7. Ibid, p. 247


I. BACKGROUND

The Treaty establishing the Preferential Trade Area for the Eastern and Southern African States (PTA) was signed on 1 December 1981 pursuant to the Lagos Plan of Action and the Final Act of Lagos. Its membership comprises Angola, Burundi, the Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Rwanda, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe. Eight of the PTA member states (Angola, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, Zimbabwe) are members of the Southern African Development Coordination Conference (SADCC); two of them (Lesotho and Swaziland) are members of the South African Customs Union; and Mauritius and Comoros are also members of the Indian Ocean Commission. These countries are inter-linked by historical, economic, and political destinies providing a rich and rewarding experience.

The recent developments in South Africa manifest a wind of change that has been blowing in Southern Africa over the past three decades. Among the critical events are: the independence of many countries in the region during the past three decades; the political economic and military destabilization policy and activities of South Africa against the neighbouring states; and the unfolding political reforms in the Republic of South Africa. These changes provide an opportunity for initiating a dialogue on the future relationship between the Preferential Trade Area for Eastern and Southern African States (PTA) and post-apartheid South Africa.

The analysis of the future of South Africa started with the lifting of the ban on the African National Congress (ANC) and the release of Nelson Mandela and other political detainees from prison. This enabled the ANC to initiate constructive dialogue aimed at finding genuine and lasting solutions to the situation in South Africa. This was followed by the historic address of President F.W. de Klerk at the opening of the second session of the ninth Parliament of the Republic of South Africa in Cape Town on 2 February 1990.

In that historic speech, he outlined the broad aim of what he called a new South Africa built on a “broad consensus about the fundamentals of a new, realistic and democratic dispensation”. He then emphasized the need for contact and cooperation with the rest of the world so as to promote the well-being and security of its citizens. According to his perception, the broad agenda for a new South Africa include “a new, democratic constitution; universal franchise, no domination; equality before an independent judiciary; the protection of the minority as well as individual rights; freedom of religion; a sound economy based on proven economic principles and private enterprise; dynamic programmes directed at better education, health services, housing and social conditions for all”.

* Secretary-General, Preferential Trade Area for Eastern and Southern African States
II. THE ISSUES

As a response to this initiative, a global consensus has now emerged that the process of transformation towards a post-apartheid and democratic South Africa, which is now underway, provides an adequate basis for initiating new changes in the PTA to cope with the new situation. This is based on the genuine concern that, while this process is welcome, the following issues are emerging for which no ready-made answers are available:

(a) In reviewing what is now taking place in South Africa, do the current events provide justification to conclude that the new political reforms are deep enough to address the real problems facing the majority blacks? By the same token, do these changes justify optimism that the changes are irreversible so as to form the basis for ordering new forms of relations between PTA and South Africa?

(b) Is the international community justified in lifting sanctions against South Africa? By lifting all the sanctions, would South Africa be encouraged to adopt further reforms or would this lead to complacency?

(c) Assuming that South Africa will apply for membership of the PTA, what steps need to be taken by the PTA member states and the international community to initiate an effective dialogue that would enable the PTA and South Africa to engage in a dialogue that will guarantee smooth political, economic and social transition towards a new economic and political order in this sub-region?

The immediate challenge facing the PTA is to design and implement appropriate measures to ensure that the economies of the member states are strengthened to respond effectively to the “awakening giant”. Against that background, there is a genuine fear that, unless specific conditions are observed, South Africa’s huge industrial and technological advancement would overshadow and thwart the industrialization and trade prospects of the PTA especially the least developed countries. What options are available?

III. WHY SOUTH AFRICA NEEDS THE PTA

Several factors tend to strengthen the case that South Africa needs the PTA as much as the latter needs South Africa. The first basic interest of South Africa in the PTA is to acquire a new political sphere of interest and to exploit the integrated market. A survey of social and economic conditions in the PTA member states clearly indicates an increasing trade dependence of many countries despite the existence of certain institutions created to reduce such dependence. Therefore, further development strategies and policies in the region will have to take full cognisance of the impact of possible relations between the PTA and post-apartheid South Africa. An overriding factor is that the creation of a Preferential Trade Area provides for the removal of tariff and non-tariff barriers that hinder the smooth flow of trade among the countries and hence, development. However, in the PTA, the issue of tariffs and non-tariff barriers, though important, is regulated by the non-availability of the competitive
goods and services that South Africa appears to have. South Africa, therefore, sees this as an opportunity for market penetration.

The second attraction of South Africa to the PTA is the latter’s immense development potentials and opportunities. Presently, the PTA-integrated market has an estimated population of over 220 million people or almost one-third of the entire African population. It has an estimated Gross Domestic Production of about US$70 billion (in 1990 prices). This region has one of the richest concentration of mineral and natural resources in the world; and it has some of the best arable and pasture lands; and it has some of the greatest hydro-power potentials in all Africa as well as some of the largest and richest wildlife and marine resources in the world. Evidence suggests that South Africa will be looking for primary commodities besides the wider African markets for its products offered by the proposed sub-regional common market. Clearly, the strength and opportunities created by this vast and expanding market would attract post-apartheid South Africa to forge new relations.

Thirdly, it is important to stress that PTA is quite different from the European Free Trade Area (EFTA), the Latin American Free Trade Area (LAFTA) or the Caribbean Free Trade Area (CARIFTA). Its Treaty has set as its basic objective “to promote cooperation and development in all fields of economic activity particularly in the field of trade, transport, communications, agriculture, natural resources and monetary affairs with the aim of raising the standard of living of its people, of fostering closer relations among its member states and to contribute to the progress and development of the African continent”. The PTA, therefore, approximates an economic community in its scope and coverage. South Africa sees this both as a challenge and as an opportunity. It is therefore evident that South Africa’s interest in the PTA would also arise from the fact that, as the member states see it, the PTA was established as a “first step” towards the establishment of a common market and eventually an economic community for Eastern and Southern African states.

Finally, another of South Africa’s attractions to the PTA is that it is emerging as one of the truly “success” stories in regional economic cooperation and integration in sub-Saharan Africa. The formative phase of the PTA has seen the establishment of the PTA Clearing House. The PTA has seen the establishment of the PTA Clearing House, the PTA Trade and Development Bank, the PTA Foundation of Chambers of Commerce and Industry and the PTA Association of Commercial Banks. An input achievement of the PTA is the introduction of the UAPTA Travellers Cheques, which have introduced limited “convertibility” of the national currencies. No other intergovernmental organization has succeeded in converting a unit of account into a medium of exchange. It is now possible for anyone to travel throughout PTA without requiring “hard” currency.

IV. FRAMEWORK FOR NEGOTIATIONS

Negotiations for South Africa’s relations with the PTA will be tough and complex. This is partly explained by the fact that the PTA Heads of State and Government are fully committed towards strengthening the institution for cooperation and development that have been created. The over-riding concern is that South Africa’s entry should not jeopardize the original PTA dream. In other words, the organization is searching for appropriate strategies for halting the deteriorating social and
economic conditions in most PTA countries. It is recognized that, individually, many of them are unable to redress the growing mass poverty, rural degradation, frequent food shortages, declining incomes, increasing unemployment, mounting external debt burdens and internal political problems. This is viable only through stronger economic cooperation and integration. For this reason, the PTA member states have set for themselves the transformation of the PTA into the “Common Market for Eastern and Southern African States” as its principal objective. Therefore, if South Africa can fit into this development module, then negotiations should be smooth.

Essentially, the position of the PTA member states will be to safeguard the following objectives that form the core of the future strategy:

(a) to increase the availability of goods and services for intra-PTA trade. Therefore, new industrial opportunities need to be explored with the assistance of the new South Africa. This will be achieved through measures that increase productivity in the major economic sectors. PTA will seek assurance to adopt new applications of science and technology and developing an integrated programme for strong linkages between trade and other major sectors such as agriculture, industry, energy, environment, transport, communications and human resource development. Here, the sharing of technology and investment from South Africa will be an important feature of the new relations.

(b) The need to bring the economies closer together through strengthening inter-state transport and communications. Existing railways, roads and airlines must be upgraded or rehabilitated to support an increased flow of intra PTA telephones and post services will be expanded to enable the business community to communicate better. Here, South Africa’s superior capacity in maintenance must be harnessed to the advantage of the PTA member states.

(c) To adopt special programmes for the industrialization of the PTA least developed countries (LDC). It hardly needs emphasizing that, presently, these countries are unable to take advantage of the South African market. Therefore, South Africa will have to look for new ways of assisting its economically weaker PTA member states as part of the negotiation package. There is also the need for a new form of assistance by South Africa to enable the PTA to attain a balanced growth of the entire PTA region.

(d) Attain optimal utilization and capacity building. The PTA region has a broad range of nationals with capacities, technologies and managerial skills and competence, which are presently under-utilized or not readily available to the member states. The first priority is to identify and determine skills and competence that can be shared between the PTA member states and South Africa. To this end, special emphasis will be placed on developing PTA’s own capabilities for the maintenance of capital equipment (e.g., plant and machinery, buildings and construction), physical infrastructures (e.g., schools, hospitals and primary health care units), and public utilities.
Increasing the role that the private sector can play in strengthening institutions for cooperation in the PTA is another area where South Africa can assist PTA member states. The lessons of the past decade clearly indicate that economic cooperation and integration is facilitated by the private sector. Consensus has now emerged that it is the private sector that can produce the goods and services for intra-PTA trade. Therefore, because of a strong private sector in South Africa, a new framework of relations between PTA and that country will be based on developing ways of working with the private sector through joint ventures and other arrangements. The private sector will also increase the inflow of foreign direct investment as well as South Africa-PTA investment in the process towards recovery and sustainable development.

To these must be added the need to develop a comprehensive information network to enable the PTA member states to know one another better. Such information will cover all areas of development such as trade, transport and communications, agriculture, industry, energy, environment, science and technology, and research. South Africa has acquired high capacities for information collection, processing and dissemination. Therefore, an aspect of the negotiation process will involve the recognition of the need to integrate the economies of the member states and South Africa through better knowledge and reliable information.

V. CONFLICTING INTERESTS

The preceding analysis on relations between PTA and post-apartheid South Africa suggests a number of possible conflicts of interests. These are:

(a) the PTA member states and their perception of the new south Africa’s role in regional cooperation and integration;

(b) South Africa’s perception of its future within the region vis-à-vis the integration process that has already been initiated; and

(c) The reaction of the business community, especially the transnational corporations, to the unfolding industrial and business opportunities.

To these should be added the perception of the international donor community and the United Nations and how they see their role in the Southern Africa region.

A. The PTA interest

The basic interests of the PTA have been outlined in the proceeding section. It now needs to be stressed that it is difficult to assess the impacts of the short-, medium-, and long-term trends, which will influence future political, economic and investment decisions. This is partly because the region is passing through a dynamic phase in its history where situation are rapidly altering. There is also the lack of adequate analytical studies to determine how the framework of the future South African will be structured.
From the point of view of the PTA member states, the following additional issues are of basic interest:

(a) The pressing need to fully understand the concerns of the PTA countries in this unfolding drama. This is compounded by the absence of an organized dialogue to design a mutual beneficial structure of relationship (political, economic, social and cultural) between PTA and the new South Africa. Evidence suggests that South Africa is quickly moving in for a “kill” by targeting its efforts at individual PTA member states. There is now a growing feeling that the United Nations should be the initiator of the process using its past accumulated experience in dealing with regional issues. Bilateral and multilateral donor agencies should also be involved.

(b) There is the need by PTA member states to put in place the mechanisms, programmes and strategies needed to ensure a stronger collective negotiating power base and bargaining position. The international community should fully recognize that regional economic cooperation and integration form the basis for relations among the PTA member states. It is imperative that the PTA should be given direct and immediate financial and technical support by the international community to re-adjust their economies individually and collectively to respond effectively to the new changes. The cardinal issue for the PTA countries is to ensure maximum advantages from the new structure of relationships while at the same time minimizing the possible adverse effects.

What the PTA member states shall be stressing is that, as a basis for new relations, the changes in the region should involve genuine reconciliation between the Frontline States members of the PTA and South Africa so as to heal the deep wounds and scars resulting from South Africa’s long destabilization destruction of infrastructure and lost business opportunities.

B. South Africa’s interests

From the events of recent months, evidence suggest that South Africa is basically interested in an immediate control and influence of the African economic development process. It is creating a scenario by which the PTA member states will face intense competition from foreign direct investment that will inevitably flow into post-apartheid South Africa. The business community generally believes that South Africa offers a better investment climate than the best of the countries in the region put together. Therefore, the new South African Government will have to give a firm commitment to the effect that its business community will not take undue advantage of the other states in frustrating the investment opportunities in the neighbouring states.
South Africa’s interests will have to be balanced against the need to design a new role for the private sector to effectively assist in solving the patterns of social and economic transformation in Southern Africa as a whole. It is important that the business community, especially the transnational corporations, should not respond negatively to the new changes in the market structures by shifting their investment away from the PTA. Related to this is the need to ensure appropriate behaviour towards science and technology so as to direct foreign investment in the mutual production and exchange of goods and services between South Africa and its neighbours.

C. The international community

The interests of the international community in the emerging situation in South Africa is quite complex. This is because of the overt support that some countries have directly provided to that country even at the height of sanctions. Their greatest challenge is to strike a reasonable balance in their support for sub-regional economic groupings in a rapidly changing political and economic environment. Therefore, the new role would be to smoothen the process of healing the wounds inflicted by apartheid and the destabilization policy on the countries neighbouring South Africa. But how can this balancing act be achieved?

It is envisaged that a two-way interactive process will emerge in the context of the PTA to promote the emergence of a new political, social and economic order. Thus, as a part of the international community, it is hoped that they must truly feel that they constitute a neutral but critical element of the process of change in the PTA. The primary responsibility of the developed countries is to persuade their operators to identify new investment opportunities and to take full advantage of the new PTA market potentials.

The other side of the interactive process is that the governments of the developed countries must individually and collectively create the necessary “enabling environment” for their private sector to operate efficiently and smoothly in the PTA. This implies that, within the framework of the PTA Treaty and subsequent promulgations, they must refrain from imposing any restrictions that have a negative effect on industrialization, business development and intra-PTA trade and investment. There is also need to adopt new legislation to enhance foreign direct investment and other intra-PTA investment and joint ventures.

VI. CONCLUSION

The stage is now being set for a new framework of relations between the PTA and post-apartheid South Africa. The conclusion form this brief analysis is that the wind of change is blowing hard over South Africa. The political, economic, social and cultural changes in that country have a profound impact on developments in the PTA. These offer great challenge to the PTA member states. However, they also offer great opportunities. What is required is an imaginative and constructive dialogue to reap the benefits.
There is a speculation that post-apartheid South Africa will not only be looking for overall political and economic dominance but also new friends and political allies. South Africa will greatly benefit from the new trade and investment opportunities offered by the proposed Common Market for Eastern and Southern African States, which will result from the transformation of the PTA. On the other hand, the PTA member states will expect South Africa to assist in the acquisition of new technologies, investment factor inputs and capital equipment that would enable them to industrialize faster. To that end, the biggest challenge of this decades is for the PTA, South Africa, the international community and the private sector to work together in a foursome to take full advantage of the future opportunities offered by the emerging political and economic situation in Eastern and Southern Africa.
STATEMENT AT THE AFRICA LEADERSHIP FORUM
CONFERENCE ON THE CHALLENGES OF
POST-APARTHEID SOUTH AFRICA

by
Boubacar Ndiaye*

It is a great pleasure and privilege for me to attend this Forum on behalf of Mr. Boubacar Ndiaye, the President of the African Development Bank, to discuss the challenges of post-apartheid South Africa. It is also with great pleasure that we welcome the holding of these discussions here in Namibia; a country that recently emerged into nationhood in this strategic sub-region of our continent. Indeed, Namibia is an important venue for discussing the challenges of post-apartheid South Africa, since, by its proximity, it will be among the first countries of the sub-region to feel the impact of a fully liberated South Africa.

The theme of this Conference is of immense significance, not only to South Africa but also, to the rest of Africa in the multilateral financial institutions operating in the continent, including our own institution, the African Development Bank. This Forum is being held at an appropriate moment in the political history of South Africa. Indeed, dramatic and unprecedented political changes have taken place during the past few months; changes that augur well for the future of the country, with the near-abolition of the vicious system of apartheid. The collapse of apartheid will usher in a new era for South Africa and the continent as a whole. It is, therefore, appropriate at this historical juncture, to examine the new set of challenges, problems and prospects for a post-apartheid democratic regime in South Africa and its implications for the rest of our continent.

The principal challenges of the post-apartheid era are both internal and external. The internal challenges are mainly those related to nation-building, equitable distribution of the national wealth and integrating indigenous South Africans into the mainstream of development.

The external challenges are even more formidable as they transcend the frontiers of South Africa. They relate to the new role expected of the new nation; first within the South African sub-region and, then, within the context of African regional economic integration.

First, we must contend with the task of nation-building within South Africa itself in the post-apartheid era. Difficult times lie ahead in trying to heal the wounds inflicted during several decades of apartheid; and in forging a democratic nation, with peace, stability and unity among diverse ethnic and religious groupings. This will require, among other things, a peaceful resolution of emerging conflicts through open dialogue on national and local issues, public tolerance, and participatory democracy. It will also be necessary to forgo national unity on the basis of a general consensus of the type of society needed in a new South Africa, taking into account the divergent interests of the population.

* President, Africa Development Bank
Second, a transition to a post-apartheid democratic South Africa will eventually necessitate a reallocation of resources to ensure social equity and fairness. Inevitably, the post-apartheid social policy framework must address the problem of poverty among the black community in particular and human welfare in general. This will entail the provision of basic primary and informal education, primary health care, adequate housing and sanitation, safe drinking water, minimum food requirements and the accessibility of social services to the poor segment of the society. The ultimate objective of social policy is the reduction of inequalities among the different racial groups. However, the relentless pursuit of equality must not distract our attention from the need to promote sustained economic growth in the country, along with equitable redistribution of incomes.

An equitable distribution of the national wealth will only be possible under conditions of sustained growth. Economic growth requires raising the level and productivity of investment in infrastructure, physical plants and human capital. Emphasis will have to be placed on the efficiency of resource mobilization and utilization. Political stability, effective incentive structure, and the enabling macroeconomic environment will be the key ingredients required for promoting domestic investment, for reversing capital flight and attracting foreign investment when economic sanctions are eventually lifted.

Sustained economic growth will also require a framework of an improved political climate and business environment, coupled with greater support for entrepreneurial capabilities to assist enterprises of varied sizes to make an effective contribution to the development process in South Africa. Specifically, efforts must be directed to tap the potential for rapid development of black-owned small-scale enterprises. Black entrepreneurs found mostly in the informal sector engage in a wide range of business; small-scale farming, trade, financial services, construction and manufacturing. These diverse small-scale enterprises thrive because of their close links with grassroots institutions and their reliance on local resources. The challenge is to sustain and build on these informal sector activities during the post-apartheid era.

It will also be necessary to achieve sustainable development by giving priority to human resources development. Investment in people through education and training is a pre-requisite for achieving this objective in post-apartheid South Africa. Investment in human capital, especially among the disadvantaged groups will greatly assist in promoting social equity and spreading economic opportunities to the disadvantaged segment of the population. Investment in human infrastructure in the current period will not only raise the current labour quality but will also raise the future stock of human capital required to promote sustainable growth with equity.

Let me now turn to the principal external challenges. The first concerns the impact on the neighbour countries of a new socio-economic order in South Africa. A fundamental contribution that a post-apartheid democratic South Africa could make to the Southern African region is the end to destabilization. In other words, to provide a framework for peace and stability without which meaningful development would be jeopardized.
In the economic sphere, the challenge of a post-apartheid South Africa is to assist in harnessing the enormous resources and untapped potential of the Southern Africa sub-region for the benefit of all countries in the area. The key to this lies in promoting investment, strengthening the private sector, expanding mineral production, financing infrastructure development, fostering intra- and extra-African trade and promoting regional economic integration.

In line with these thoughts, permit me to focus on three important aspects of cooperation within the sub-region. First, the sub-regional markets will need expansion as well as diversification. Trade and economic integration are some of the areas in which both South Africa and the Southern African countries could mutually benefit. This is not to deny the fact that the dominant economic presence of South Africa and the need to reduce dependence on it led the frontline states to form the Southern Africa Development Coordination conference (SADCC). SADCC has succeeded in mobilizing net external aid into the sub-region that averaged more than US$2 billion annually during the 1980s. The reality of the post-apartheid South Africa is that SADCC will have to be transformed into a regional forum in which South Africa will enjoy a significant economic relationship with all the member states. Learning from the experience of the SADCC, the prospects for mobilizing substantial resources with the participation of a democratic South Africa will even be greater.

Second, the Southern Africa sub-region enjoys a long tradition of labour mobility. Sub-regional labour mobility benefits both recipient and originating countries. Migrant workers leaving neighbouring countries relieve the pressure on local labour markets and send home remittances to dependents and extended families. Also, migrants contribute to host country economic development by helping to exploit its potential more fully by contributing productive labour. However, there are also costs involved in sub-regional labour migration. Neighbouring labour-exporting countries experience human capital flight and output losses when more dynamic and talented individuals migrate. In a post-apartheid South Africa, local workers, especially the disadvantaged groups, may become apprehensive of being displaced by foreign workers. The challenge is to minimize the costs and maximize returns from labour mobility within the sub-region.

Third, the mobilization of funds for large-scale investment within the region will require the strengthening of domestic financial systems in the various countries as well as accessing foreign private capital. It is hoped that the relatively well-developed financial market of South Africa will complement emerging domestic financial markets in the neighbouring countries. The prospect of a democratic South Africa also raises the possibility of establishing a Development Bank for the Southern Africa sub-region, to help in providing resources for investment projects.

What, if I may ask, are some of the strategic, political and economic implications of a democratic South Africa for the continent as a whole? On the political front, the emergence of a democratic South Africa on the African political scene will be an important event. This will enhance the voice and image of Africa in the various international fora. Within Africa, the new nation will be expected to play a critical role in conjunction with other member states of the Organization of African Unity, in mobilizing the support of the international community, and in addressing external factors that adversely influence African development.
On the economic front, the integration of the new South Africa into the council of nations following the abolition of apartheid and the establishment of a democratic government will augment Africa’s bargaining power on economic and other issues of contemporary significance, such as external debt, commodity prices and the environment. The tasks of transforming the African economies, raising their competitiveness and accelerating African economic integration constitute the major challenge for the 1990s. South Africa, which accounts for more than 25 per cent of the continent’s total output, will be an important partner in the proposed African Economic Community.

The African Development Bank Group, on its part, hopes to respond to the challenges of post-apartheid South Africa. ADB, as the leading regional multilateral financial institution, will continue to play a critical role in the development of the Southern African sub-region, as an instrument of mobilizing resources for financing development project and programmes. The African Development Bank, compared with other institutions operating in Africa, is better placed to understand the traditional, socio-economic and political realities of individual African countries.

Thus, the ADB group is well placed to seize the opportunities for meeting the challenges of post-apartheid South Africa. Our current initiatives within the sub-region indicate the potential future scope of Bank Group operations in the post-apartheid era. For example, the Bank Group is assisting independent Namibia to create a suitable macroeconomic framework and reduce sectoral and regional discrepancies in physical and social infrastructure. A democratic South Africa will benefit from the accumulated expertise and experience of the Bank in similar and other areas notably infrastructure and human resources development.

The Bank Group will also strengthen its operational programmes and projects for individual member countries of the Southern African sub-region. In global terms, our lending to the SADCC region has grown substantially since its creation in 1980. Between 1980 and 1987, the Bank group gave loans to support a total of 146 operations in various sectors, with the bulk of the commitments going to the agriculture and transport sectors.

In 1990, borrowing member countries in the Southern Africa sub-region received 12.1 per cent of total loan commitments by the Bank Group. These included loan approvals for a telecommunications project in Angola, an education project in Botswana, and for copper mining rehabilitation in Zambia. Bank Group operations in the sub-region were in line with the development priorities authorized by the governments of the sub-region.

The Bank Group will continue to build on these achievements and will pay more attention to multinational projects or country projects with a regional vocation. Projects of a multinational character in sectors such as transport and communications, energy, food security, trade and finance will become prominent in the years ahead. This will be done to facilitate cooperation and to harness the potential resources of Southern Africa for the mutual benefit of all countries in the sub-region. The new post-apartheid South Africa will also benefit from these experiences.
Our Regional Office for Southern Africa, based in Harare, Zimbabwe, will be instrumental in strengthening the role of the Bank Group in the sub-region during the post-apartheid era. The Office has been further strengthened to enhance co-operation with the SADCC, and to provide more effective and prompt services to member countries in the area. The Regional Office is also expected to play a more pivotal role in monitoring developments in Southern Africa. An in-depth study on the current socio-economic situation and emerging trends and prospects in South Africa is envisaged to form the basis for an Action Programme by the Bank Group.

In conclusion, we at the African Development Bank strongly believe that a post-apartheid South Africa will be a critical factor in the development and integration of our economies. The African continent contains vast human and economic resources, which require a strong development partnership for their effective development and utilization. The challenges facing our continent are therefore enormous. The vision for a wholly independent Africa with a new democratic South Africa playing its full role in Africa’s economic development is both a challenge and an objective that we dearly cherish.
THE CHALLENGES OF THE POST-APARTHEID PERIOD TO SOUTHERN AFRICA IN PARTICULAR AND AFRICA IN GENERAL

by

Stephen Denning*

I am happy that the World Bank has a chance to participate in this important conference. I am less happy to be asked to speak when more eloquently than I could ever match. For me, what need to be said as a statement are a few simple comments from the World Bank’s perspective that might be useful for the Conference.

It was not long ago that I was appointed as Director of the Southern Africa Department of the World Bank. As an Australian national and a newcomer to Southern Africa, I look forward to meeting with you during this conference. The World Bank is an organization that is often perceived as going round the world giving advice to others. We are also an organization that listens and learns from others, and I would like to be in this mode for most of this conference.

While I, personally, am a newcomer to Southern Africa, the World Bank is not. I am sure that most of you are very familiar with the World Bank’s long and distinguished experience in the SADCC countries, so I am not going to bore you with the statistics of this experience that stretches back several decades in most cases, and has involved lending of several billion dollars. The World Bank’s relationship with Namibia is shorter, given its recent independence and membership of the World Bank, but active work is under way, and I am sure that this relationship will be as fruitful and active as our relationships with the other members of the SADCC. Neither am I going to trouble you with the details of the World Bank’s support to regional organizations like SADCC, both directly with seconded staff to its secretariat and to its sectoral coordinating bodies in working out regional collaboration. I am sure that this is all familiar ground to you.

I did however want to say something about the World Bank’s involvement in the Republic of South Africa, and make clear what we are doing and what we are not doing there. Often, a bit of time seems to be spent at conferences like this one, with participants recommending that the World Bank stop doing things that it has never done in the first place, or that it start doing other things that are in fact already well under way. I am therefore happy to have a chance to be very clear about our activities here. Here are the main points:

*South Africa has been a member of the World Bank since its creation, but lending to South Africa ceased in the mid-sixties. All past loans to South Africa have been repaid.

*No lending to South Africa is under preparation or being contemplated.

*South Africa remains a member of the World Bank Group, and has made small contributions to the IDA as a donor.

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*In the last year, the World Bank has however recognized that important changes are under way in South Africa. Accordingly, at the request of a broad spectrum of groups in South Africa including the ANC, the Government, and others, the World Bank has initiated a small number of familiarization studies in South Africa. These studies are aimed at positioning the World Bank for a possible role in a post-apartheid South Africa. The work is being undertaken collaboratively with a representative range of groups in South Africa.

*The initial studies have a poverty reduction orientation and cover mainly (i) the macro economic situation; (ii) education and social services and (iii) housing. Other subjects will be covered as the work progresses.

*We plan to produce informal reports and make them available to all participants in the on-going discussions. We consider ourselves at this stage in a learning mode.

*I wish to stress again that there will be no lending to South Africa until there is a consensus in South Africa that the time is right.

*We do not believe that there is such a consensus at present in South Africa, but I would certainly welcome any views you may have on this subject during this conference.

*We want to be in a position such that, when the time is right for the World Bank to play a role in South Africa, we will be ready to play that role and play it immediately.

For the future, the World Bank plans to continue and expand its active operations with all SADCC members. The fact that the Southern Africa Department is one of the fastest growing departments in the World Bank reflects the recognition by the senior management and the board of Directors of the World Bank that this region is one of the most important areas in the world today. We also plan to continue and strengthen our regional collaboration with organizations like SADCC.

Let me however mention one area where you are going to see a change of emphasis in World Bank operations in Southern Africa, and that is the area of regional integration. There have of course already been organizations like the SADCC, particularly in areas like energy and transportation. However, in the critical area of trade integration, I am afraid to say that there has been a great deal of talk and not very much action: relatively little has been accomplished in terms of reducing barriers to trade among SADCC members, despite a great deal of rhetoric as to the desirability of that goal.

The recent political and economic developments in Southern Africa make this goal ever more important, particularly the ongoing economic adjustment and trade liberalization programmes in most SADCC countries, including Zimbabwe most recently, and the political developments in South Africa aimed at ending apartheid and bringing South Africa back into the community of nations.

Already, the potential of the SADCC members is enormous, with a combined annual GDP of some $30 billion. The addition of South Africa would more than double this.
We believe that increased regional integration could enhance the benefits of the positive political and economic developments in Southern Africa. We are therefore launching, in collaboration with ADB, SADCC and PTA, a study aimed at accelerating the economic links in the region, and identifying changes that could foster regional trade and integration. There is thus a risk that highly protected national markets could continue to hamper regional trade. We believe that reasonable and temporary barriers can accelerate the transformation of low-income societies, but not permanent and excessive protection, and this is what has happened in much of Africa.

We are looking for practical ways to foster a transition; in other words, the how of implementation, so that we get beyond rhetoric, and start to get real integration. We will be looking at:

- The elimination of the policy and administrative barriers that limit trade with neighbours
- Liberalization of factor markets
- Improved infrastructure links
- New ways to encourage the private sector

I personally believe that this work is very important.

When the history of the twentieth century is written, the period we are now living through will be seen as one in which great transformations were taken and great opportunities were opened up. This is of course true in Eastern Europe. It is also true in Southern Africa. When history is written, people will be asking whether we seized these opportunities, and took up the challenge of enhanced integration so as to maximize the benefits of the change, or whether we allowed the opportunities slip through our fingers and pursued change in an individualistic and nationalistic manner.

The challenge is going to be tough. General Obasanjo has talked a good deal about the winds of change blowing through Africa and this is certainly true. However, the winds of competition are blowing ever more stiffly throughout the whole world today, so that the world’s economy is trying to keep up. In this economic flux, there are opportunities, there are niches, there are possibilities, and this is the chance for Southern Africa, to take advantage of these niches and these opportunities. Economic survival depends on understanding the challenges and responding to them in a quick and agile fashion.

We believe that Southern Africa can handle the challenge.

We in the World Bank are pledged to support your efforts.

This forum offers an opportunity to broaden and deepen the understanding of the nature of the challenge,
THE CHALLENGES OF POST-APARTHEID SOUTH AFRICA TO SOUTHERN AFRICA IN PARTICULAR AND AFRICA IN GENERAL

LIST OF PARTICIPANTS

Chairman General Olusegun Obasanjo (Nigeria)

1. Yaya Abubakar (Nigeria), former Permanent Secretary, Political Department, Lagos.

2. Eddie Aderinokun (Nigeria), Journalist, Author, Poet, and Chairman of Nigerian Volleyball Association

3. Ad’Obe Obe (Nigeria), Editor-in-Chief, Africa Forum

4. E.A. Aina (Nigeria), High Commissioner to Namibia, Windhoek

5. Claude Ake (Nigeria), Professor of Political Economy, University of Port Harcourt, Nigeria.

6. Tejumade Alakija (Nigeria), Pro-Chancellor and Chairman of Council, University of Nigeria, Nsukka.

7. I.A. Aluko-Olokun (Nigeria), Corporate Planning Manager/Economic Adviser, UAC of Nigeria Plc.

8. E. Amkongo (Namibia), Permanent Secretary to the President, Windhoek

9. Chief S.O. Asabia (Nigeria), Managing Director and Chairman of the First Interstate Merchant Bank (Nigeria) Ltd.,

10. Chief Philip Asiodu (Nigeria), former Permanent Secretary; Former Presidential Adviser; now in private business.

11. Babafemi Badejo (Nigeria), Academician/Legal Practitioner


13. Alex Boraine (South Africa), Executive Director of the Institute for Democratic Alternatives for Africa (IDASA); Former Head of the Methodist Church of South Africa; Former Member of Parliament.

14. Robert S. Browne (USA), Former Staff Director, Sub-committee on International Development, Finance, Trade and Monetary Policy of the US House Banking Committee; Private Consultant.
15. Nicolas Bwakira (Burundi), Director, Regional Bureau for Africa, UNHCR, Headquarters, Geneva, Switzerland.


17. Stephen Denning (USA), Director, Southern Africa Department, The World Bank


19. Wayne Fredericks (USA), International Affairs Consultant, Institute of International Education; Former Head of the Ford Foundation Programme in Africa and the Middle East; Former Deputy Secretary of State for Africa 1961-8; Former Deputy Director of International Affairs, Ford Motor Company.

20. Major-General Joseph Nanven Garba (Nigeria)

21. Chief J. Garoeb (Namibia), M.P., President of the United Democratic Front

22. M.M. Garoeb (Namibia), M.P., Chief Whip of the Ruling Party, Head and Chief Co-ordinator of SWAPO

23. Philip Gawith (South Africa), Journalist, Financial Times, Johannesburg

24. Niilonga Geingob (Namibia) Public Relations/Marketing Manager, Cadilu Fishing Ltd., Windhoek

25. R.H. Green (USA), University of Sussex, England, Professor, Institute of Development Studies; Senior Social Policy Advisor – National Planning Commission, Mozambique; Trustee, International Centre on Law in Development; Advisor to the World Council of Churches.


27. Jean Herskovits (USA), Professor of African History, State University of New York.

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30. A. Kanguootui, (Namibia), Member of the Executive Committee of the Federal Convention of Namibia.
31. G. Katjimune (Namibia), Member of the Executive Committee of SWANU of Namibia, Windhoek; Government and Public Affairs Manager, BP Namibia Ltd.

32. F. Kozonguizi (Namibia), M.P. for the Democratic Alliance Party, Turnhalle, Windhoek


34. James Mapoma (Zambia), Special Assistant to the President (Economic)

35. David McAdams (USA), Resident Representative, UNDP Namibia; UNDP Programme Coordinator – South Africa.


37. H.M. King Moshoeshoe II (Lesotho)

38. S.M. Motsuenyane (South Africa), President, National African Federated Chamber of Commerce & Industry.

39. Victor Mpoyo (Nigeria), Industrialist

40. Edwin Mtei (Tanzania), Former Governor of the Bank of Tanzania; Secretary of General East Africa Community; Minister of Finance and Executive Director, International Monetary Fund

41. E. Musialela (Namibia), National Co-ordinator of SWAPO Women’s Council and Member of the Coordinating Committee of SWAPO Women’s Council; Former Treasurer and Projects Secretary of SWAPO Women’s Council.

42. Linus Mukasa (Namibia), Foreign Relations Officer, Ministry of Foreign Affairs, Windhoek

43. Alhaji Umaru Mutallab (Nigeria), Chairman, New Africa Merchant Bank Ltd.

44. Kasuka Mutukwa (Zambia), Director General Eastern and Southern Africa Management Institute (ESAMI), Arusha, Tanzania.

45. Dragoljub Najman (Yugoslavia), Executive Secretary, Inter Action Council, Paris; Former Assistant Director-General, UNESCO.

46. Z. Ngavirue (Namibia), Director-General, National Planning Commission; former Chairman of Rossing Uranium Ltd.

47. Tambayi Nyika, Correspondent, West Africa Magazine

48. Green Nwankwo (Nigeria), Professor of Finance, University of Lagos.
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59. Khehla Shubane (South Africa), Research Officer, Centre for Policy Studies, Wits University, Johannesburg

60. S. Simasiku (Namibia, Vice-President for Mobilization, National Patriotic Front

61. Frederick Van Zyl Slabbert (South Africa), Former Leader of Opposition (PFP) in SA Parliament, 1979-86; Professor of Sociology, University of Witwatersrand, 1973-74; Director of IDASA, 1986; Chairman of Metropolitan Chamber of Witwatersrand, 1991

62. Allister Sparks (South Africa) Journalist/Author

63. David Tembo (Zambia), Representative of The World Health Organization, Namibia.

64. Gibson Thula (South Africa), Chairman and Chief Executive, Vela Consultancy, South Africa.
65. Robert S.K. **Tucker** (South Africa), Attorney; Formerly Managing Director of PERM; Chairman of Old Mutual/Nedcor Scenario Team

66. Oscar **Van Oordt** (South Africa), Director, Africa Multilateral, Department of Foreign Affairs, Pretoria

67. J.C. **Van Zyl** (South Africa), Senior Economist, Development Bank of Southern Africa.