Can Southern Africa Become an Integrated Community?

HERMAN J. COHEN

Former US Assistant Secretary of State for African Affairs

Africans have been talking about various forms of regional and subregional integration for three decades but have done very little by way of actual implementation. A significant number of subregional groupings exist, replete with headquarters, secretariats, and budgets. Most of them call for the eventual elimination of cross-border barriers to trade and investment flows among African states. Nevertheless, there has been virtually no actual movement in that direction.

The two monetary unions among francophone African countries, which share the CFA currency in common, come the closest to economic integration. They are joined by the existence of a single central bank for each subregional grouping. The West African Monetary Union (UMOA) has its headquarters in Dakar, Senegal, while the Central African Monetary Union (UMEAC) is based in Yaounde, Cameroon. Despite the single currency and the two central banks shared by the twelve countries since 1946, the amount of actual economic integration that has actually taken place is negligible. These two monetary unions come closer to economic union than any of the others, thereby providing a vivid illustration of the virtual absence of any real progress in this area of sub-Saharan Africa.

Among the many other subregional groupings that have been formed since 1960, three remain viable as organizations in the sense that they have annual summit meetings which vote resolutions and budgets and express hopes for future progress toward greater economic and political union. These are the Economic Community of West African States (ECOWAS), the Southern African Development Council (SADC), and the Preferential Trade Area for East and Southern Africa (PTA). There is considerable overlap between the membership of SADC and PTA. In addition to the existence of these subregional organizations, the Heads of State of the Organization of African Unity enacted the Treaty of Abuja in June 1991, which calls for graduated economic integration toward a full Africa-wide common market, scheduled to come into effect in the year 2025. The Abuja Treaty was officially ratified by the requisite number of states in mid-1994.

Since its establishment in 1975, ECOWAS has proven to be a big disappointment. Its combined population of over 175 million showed promise of becoming a giant market that would attract both African and foreign investors. Progress in ECOWAS has been blocked, however, because the francophone countries, led by the Ivory Coast, fear domination by the anglophone Nigerian giant. The polarization between the anglophone and francophone blocs in ECOWAS was accentuated in 1990 when Nigeria led a coalition of combat troops into Liberia to restore order after insurgency and anarchy had caused the Liberian state to collapse. The Ivory Coast and other francophone governments protested the Nigerian-led invasion of Liberia under an ECOWAS flag because they were sympathetic to one of the insurgent Liberian fighting groups that was thwarted by the action.

It is in the southern third of Africa, under the auspices of SADC, that the prospects for real progress in subregional integration appear to be relatively promising. There is a certain irony in this analysis: SADC was started originally by the "Front Line" countries (Mozambique, Botswana, Angola, Zimbabwe, Zambia, Namibia, and Tanzania) that wanted to do everything possible to disentangle their economies from apartheid South Africa. Because of this "political" objective, SADC programs were generously funded by donor governments seeking to strike a blow against apartheid. While modest victories were achieved in reorienting some rail and road traffic away from South Africa toward Tanzania and Mozambique during the 1980s, the overall impact of SADC in reducing the Front Line States' economic dependence on South Africa was minimal.

Fortunately for the cause of post-apartheid economic integration in Southern Africa, the apartheid South African Government did its utmost to maintain trade and transit links between itself and its Front Line neighbors as efficient and as price competitive as possible. South Africa had a hammer lock on the export/import lifelines of Botswana, Zimbabwe, Zambia, and southeastern Zaire, and it could have exploited this fact to apply political-military pressure to its neighbors. But the apartheid regime wisely did nothing to destabilize these links in order to blackmail the governments into expelling black South African freedom fighters using those territories for safe havens and training. The white South Africans sacrificed possible short-term political gains for long-term economic prospects for the eventual benefit of the southern African region as a whole.

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With the formal end of apartheid taking place in May, 1994 as the Interim Government of National Unity took office, the confrontational relationship between South Africa and its neighbors came to an end. A month later, during a meeting in Harare, Zimbabwe, the Organization of Front Line States was formally dissolved, and the Republic of South Africa was formally admitted to SADC.

Is Southern Africa a more likely candidate to become an integrated region now that the Republic of South Africa is a full-fledged member of SADC? There are a number of factors that distinguish Southern Africa from ECOWAS, the Horn of Africa, and other subregional entities:

Democracy: Overnight, South Africa was transformed from one of the most repressive, to one of the most democratic countries in Africa. It is now a role model for the principles of reconciliation, national unity, decentralization, and mass participation. Most of South Africa's neighbors are also doing well in the context of honest and serious democratization. These include Botswana, Namibia, Swaziland, Zimbabwe, Malawi, Zambia, Mozambique and Tanzania. If Southern Africa is to become a community, there are no severe "political" incompatibilities.

Anglo-Saxon Overlay: Unlike ECOWAS, where West African francophone and anglophone cultures and political traditions clash, most of southern Africa is united by a British politico-administrative heritage. The civil servants, judges, traders, and "intellectuals" speak the same language and tend to be on the same wave-length. What about the former Portuguese colonies? Mozambique has essentially turned its back on Portugal in view of the bitterness of the decolonization process, and it has been increasingly oriented toward anglophone South Africa since independence. Even while it was still a Portuguese colony, Mozambique's main ties were with South Africa in the south, Zimbabwe in the center, and Tanzania/Malawi in the north—all of which are anglophone by history. Similarly, Angola has been heavily influenced by South Africans, Namibians, and Zambians since independence despite the fact that lusophone Portugal and Brazil remain privileged economic and cultural partners.

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Interdependent and Linked Infrastructure: With the exception of Angola, whose infrastructure suffered as a result of more than two decades of internal conflict, virtually all the SADC countries are linked by transportation and energy networks. Hard surface roads within South Africa lead to Mozambique, Namibia, Botswana, Malawi, Zimbabwe, and Zambia, and rail lines interconnect from Capetown to Dar es Salaam, and from Durban to Kananga. When the Benguela railway line is eventually rehabilitated in Angola, the Atlantic Ocean at Labito Bay will be reconnected through Zaire, Zambia, and Zimbabwe to all of South Africa.

In terms of energy networks, many national electricity grids are interconnected, and plans are in the works to intensify these links. South Africa and Zimbabwe currently purchase electricity from the Zaire Inga Hydroelectric complex over 1,500 miles away. The power lines between the Cabora Bassa Hydroelectric Dam on the Zambezi River in central Mozambique, and South Africa, are currently being restored after ten years of destruction wrought by Mozambique's RENAMO insurgency. A side connection from Cabora Bassa to Zimbabwe will make it possible to delay, or altogether avoid, adding capacity to the joint Zambian/Zimbabwe Kariba Dam complex on their portion of the upper Zambezi River.

Emergency Response Collaboration: During the great Southern African drought of 1991-92, maize import requirements were over 5 million tons for South Africa, Zimbabwe, Zambia, Mozambique, Namibia, and Botswana. The problem was not supply or financial resources, but transportation, storage, and handling of for such an extraordinary movement of cargo on top of regular imports and exports. The various governments could not officially collaborate with apartheid South Africa, but their railway authorities set up a coordinating office in Johannesburg that carried out a highly successful operation over an 18 month period.

Regional Security: With South Africa fully integrated into SADC, the sub-region is beginning to take control of its own security requirements. Actions since mid 1993 indicate a mutual penchant to act early and decisively to prevent destabilizing events from getting out of hand. In Lesotho, for instance, when the military high command started to push around the democratically elected civilian government in late 1993, Botswana, South Africa, and Zimbabwe engaged in some tough preventive diplomacy in support of the government.

Similarly, during the Mozambique elections of October/November, 1994, South Africa's First Vice-President Thabo Mbeki personally persuaded RENAMO President Dhaklama to end his boycott of the voting and negotiated modalities for post-election power sharing between RENAMO and the FRELIMO Government. At the same time, the SADC nations met in emergency session and promised (and threatened), to deploy armed forces to enforce the results of the election in case any of the protagonists had ideas of going back to war following unsatisfactory results.

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In August/September, 1994, Lesotho was again troubled when its constitutional monarch, King Letsie, decided to dissolve the government in order to pave the way for a return to power of his father, ex-King Moshoeshoe. This unconstitutional act was overturned very quickly by a combination of South African diplomacy and a rapid deployment of troops to the border.

Finally, in November, 1994, the UN-brokered peace settlement in Angola was having difficulty being implemented because the Angolan Government military refused to stop fighting. They were on a roll and wanted to deal the UNITA rebel movement a final knock-out blow. The situation was saved by an *ad hoc* Southern/Eastern Africa summit meeting in Lusaka on November 14 which knocked heads together and put the peace treaty back on track. As they did in the case of Mozambique, the SADC heads of state pledged to use force, if necessary, to help defeat any attempt to sabotage the implementation of the Lusaka Accords.

As of the end of 1994, planning was underway within the SADC secretariat to establish a subregional security treaty modeled on the CSCE process in Europe.

While political and security cooperation in the southern Africa subregion are well underway, the prospects for economic integration are more problematic. Much will depend on economic, trade, and investment policies still to be adopted by the Republic of South Africa. As of the last quarter of 1994, South Africa was still saddled with economic policies designed for a pariah state seeking to defeat international sanctions. There are vested interests in South Africa, especially the labor unions and the "import substitution" manufacturers who would prefer to maintain the status quo. The big question is, will multiracial South Africa open itself to international and subregional competition, and will it liberalize its trade policies and its foreign exchange controls so as to encourage greater regional integration?

The South African Government will be faced with some tough decisions during 1995. To begin with, will South Africa reform its tariff structure to make it less complex and user friendly? It is a highly bureaucratic and discretionary system which is driven less by economic policy than by representatives from firms. Economists generally agree that the system imparts a strong anti-export bias and that it inhibits productivity and development of a broader industrial base. But lowering protection for consumer goods industries could threaten employment in an economy that suffers from as much as 40 percent unemployment.

Second, when will South Africa decide to abolish exchange controls? In this author's opinion, exchange controls are a major impediment to investment. Experience in the rest of Africa, as well as Latin America, has demonstrated that the abolition of exchange controls usually results in an inflow of capital, especially the capital flight that has left the country to escape such controls. Some white business leaders have told me that they would move some of their money out of South Africa if exchange controls are lifted, and expressed the hope that controls would remain in place. I would hope that the new leadership of the country will be more enlightened about this issue.

Third, will it be possible to rationalize the payments system among Southern African states? During SADC's anti-apartheid years, there were schemes financed by international donors designed to make Southern African currencies convertible in intraregional trade. None of the schemes came to fruition, and intraregional trade is only 5 to 7 percent of southern Africa's trading volume. Most exports are in the form of primary commodities headed for Europe, Japan, and the United States. South

African consumer goods have penetrated southern African markets, but a lot more can be accomplished in the area of intraregional trade.

Finally, will the customs union with Botswana, Namibia, Swaziland, and Lesotho be maintained, and if so, with what modifications? South African economists have complained that this nucleus of a future Southern African common market has been a drain on South African finances. The smaller countries, especially Lesotho and Swaziland, have been receiving higher percentages of the union's customs revenue that has been justified by actual imports. In effect, South Africa has subsidized those countries. How much South Africa wishes to continue subsidizing its neighbors will be a political decision, but the new authorities should think twice before deciding to abolish the union which could eventually expand into the rest of the region.

In general, the prospects for subregional economic integration are real. Liberal trade and investment policies on the part of the Southern African governments would guarantee that this community of democracies will integrate progressively, and will flourish economically. Much will depend on the enlightened policies of the old and new leadership. Will they be willing to take the medium and long-term view, and will they be willing to take the risks of competition? One would hope that in South Africa, at least, the black political leadership will be a lot more audacious than their white predecessors.