SOUTHERN AFRICAN DEVELOPMENT COMMUNITY FOREIGN POLICY BEHAVIOUR: THE CASE OF TRADE WITH EXTERNAL ACTORS

THESIS

SUBMITTED IN PARTIAL FULFILMENT

OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS

(INTERNATIONAL STUDIES)

BY

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RHODES UNIVERSITY

FEBRUARY 2000

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ABSTRACT

This thesis is structured around two main and interwoven assumptions operating at two levels. On the one level the external dimension of security threat in Southern Africa is assumed to be the most critical factor for regional renewal and stability. It hinges on pertinent regional issues such as negative trade balances, economic dependence, poverty, unemployment, poor economic growth rates and so forth. The corollary of this assumption is that within the cooperative framework of SADC, Southern African states are assumed capable of effectively integrating their economies through trade and related arrangements with dominant external actors in the highly competitive global economy. The European Union (EU) and the United States (US) are used as the focal points for illumination. A structured interaction between SADC and the EU within a revised North-South framework of interaction is hypothesized and critically examined. On the other hand, SADC-US interactions are assessed within the context of the new US Africa policy. At another level, the assumption is also made that the post-apartheid democratic state possesses both the political will and the wherewithal to provide regional leadership. This latter assumption is put to test within the framework of South Africa's regional foreign policy.

Adopting an explicit regional unit of analysis, the study utilizes international regime theory as the theoretical and conceptual point of departure. The realist conception of the international system and the underlying assumptions usually considered as obstacles to international cooperation are critically examined in the context of the post-Cold War expanded security agenda. Regime theory is used to provide insight on the motivations that lead states to cooperate in situations of mutual dilemma by institutionalizing patterns of interaction at the regional and international systemic levels. Interstate economic relations at these levels are explained as state actions that are influenced by certain norms and that such norm-governed behaviour is wholly consistent with the pursuit of national interest. Application of the theory explains why such foreign policy behaviour of states is particularly relevant in the post-Cold War era.

The thesis has argued that SADC states are capable of conducting a coordinated trade foreign

policy in which regional positions are elaborated and adopted. It is argued further that a regional capacity to institute trade and economic policies that reflect local circumstances (necessary for effective integration with the world economy) calls for strong regional developmental democracies in the tradition of social market economy. Regional leadership by South Africa is considered indispensable where South Africa must find a sustainable balance between its national and regional interests.

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LIST OF ACRONYMS

ACP	African Caribbean and Pacific
ANC	African National Congress
BLS	Botswana, Lesotho and Swaziland
BNLS	Botswana, Namibia, Lesotho and Swaziland
CFSP	Common Foreign and Security Policy
CONSAS	Constellation of Southern African States
DFA	Department of Foreign Affairs
DRC	Democratic Republic of Congo
DTI	Department of Trade and Industry
EC	European Community
EU	European Union
FLS	Frontline States
FRELIMO	Front for the Liberation of Mozambique
HIPCs	Highly Indebted Poor Countries
IDA	International Development Association
IMF	International Monetary Fund
LIEO	Liberal International Economic Order
MPLA	Peoples Movement for the Liberation of Angola
NAFTA	North Atlantic Free Trade Agreement
NAM	Non-Alligned Movement
NICs	Newly Industrialised Countries
REPA	Regional Economic Partnership Agreement

SA	South Africa
SACU	Southern Africa Customs Union
SADCC	Southern African Development Coordination Conference
SADC	Southern African Development Community
SAPEM	Southern African Political and Economic Monthly
SAPs	Structural Adjustment Programs
SWAPO	South West Africa Peoples Organization
TDCA	Trade and Development Cooperation Agreement
US	United States
WTO	World Trade Organization
ZANU	Zimbabwe African National Union
ZAPU	Zimbabwe African Peoples Union

ACKNOWLEDGEMENTS

I would like to thank Professor Roger J. Southall for facilitating my tutoring, teaching and research assistantships especially for the 1999 period. These proved critical for sustenance, the absence of which would have placed this project in jeopardy.

I am also grateful to my girlfiend Sponki B. Mogwe for her love, support and understanding throughout the enterprise.

Most of all I am deeply grateful to the supervisor of this work Dr. Korwa G. Adar for impacting positiveness, valuable input in stimulating me to think purposively and generally for guiding the discourse.

TO ISABELLA AHSANTE EMANG AND KIMBERLEY WANJIRU WITH HOPE

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CHAPTER ONE

Introduction

At any one period or historical juncture, states or governments have pursued various goals such as security, prestige, autonomy and welfare. These goals are prioritized depending on various domestic and international constraints. In the post-apartheid and post-Cold War period, security has increasingly been defined in economic terms. It has been argued (Buzan 1991: 99) that weak states may find themselves trapped by historical patterns of economic development and political power, leaving them underdeveloped and politically penetrated and their efforts to mobilize economic and political resources to build a stronger state constrained. In Southern Africa this reality has generated economic dependence, negative trade balances, unemployment, poor economic growth rates, poverty, debt crises, economic disparities and so forth. These are serious threats to security and stability in the region and are exacerbated by pervasiveness of global capitalism through the processes of economic globalization. The external dimension of security threat in Southern Africa is therefore a critical factor for the survival of the region as a whole. Yet to minimize this threat, states in the region have little choice but to integrate with the highly competitive global economy. Therefore, for the economically vulnerable and politically weak states of Southern Africa, economic progress is a major priority issue. To increase their wealth and economic efficiency, these states must develop innovative ways to effectively engage in international trade. As such, there are choices to be made as well as options to be adopted.

This thesis examines the question whether Southern African states within the framework of Southern African Development Community (SADC) are capable of effectively integrating their economies through trade and related arrangements with the highly competitive global economy. In this endeavour, the role of South Africa (SA) as the region's economic powerhouse and partner within SADC cooperative framework is critically assessed. The European Union (EU)

and the United States (US) , as the two most dominant actors within the global economy, are used as the focal point for illumination.

The study is conducted within the framework of international regime theory as a theoretical construct to explain interstate relations. The study begins by using the framework as a tool to examine the motivations that lead states to cooperate in situations of mutual dilemma by institutionalizing patterns of interaction. Obstacles to cooperation posed by the realist conception of the international system and the units (states) of interaction within it are challenged by a critical examination of the underlying tenets of realism. The argument advanced is that cooperation among sovereign states in an anarchic world without a supreme authority is still possible. That is, egoistic self-interested state behaviour does not necessarily inhibit cooperation because states are more interested in the pursuit of their own welfare in a world that is increasingly interdependent. The result of this has been the development by states of cooperative institutions such as the Frontline States, Southern African Development Coordination Conference (SADCC), SADC, EU and so forth. The concept of regime is also used to explain region to region cooperative arrangements such as SADC-US Forum and SADC-EU post-Lome Convention arrangement currently under discussion.

Using a historical perspective, chapter three places Southern African region in its historical socio-politico-economic reality. The genesis and evolution of cooperative behaviour in Southern African region is critically reviewed for the purpose of tracing the historical determinants of cooperation among the states of the region. The implications of these on the current patterns of cooperation are drawn out to provide insight on the depth, the pace and the general direction of present collaborative efforts under the SADC regime. Specific emphasis is placed on the role of the post-apartheid democratic South Africa in the SADC efforts to find and implement innovative strategies to reconstruct regional economic relations for regional renewal and stability as well as for effective positioning in the global economy.

In Chapter Four a systematic and structured interaction between SADC and the EU within a revised and selective North-South framework is hypothesized. The view considered is that the presence of the post-apartheid democratic state in its ranks as partner, SADC will have the wherewithal to conduct a systematic foreign policy activity on trade and related matters towards

the EU. That is, South Africa's middle power status and the current international goodwill it enjoys, coupled with its position as the regional linchpin and gateway to Southern Africa for trade and foreign investment, all serve to strengthen the subregion's attractiveness to the EU. The cohesiveness of the subregion and its relative stability coupled with its vast natural wealth will strengthen its joint positions on specific issue areas on trade matters. The chapter begins with an assessment of the post-Cold War era as the global economic reality in which SADC states must interact with the dominant global actors. The implications on SADC states of specific characteristics of this reality such as the decline on real spending on development assistance, emphasis on trade rather than aid and reciprocity in trade rather than non-reciprocity are assessed. In this context the merits and demerits of the Lome Convention are reviewed and conclusions drawn about the Convention's relevance as a model for North-South cooperation. The recently signed SA-EU trade pact is also assessed and its implications on SADC-EU future trade interactions drawn out.

Chapter Five explores further the possibility that SADC's innovative interactions with dominant external actors could result in beneficial outcomes. The US is used as the focal point for illumination. The centrality of the US in the global political economy is emphasized. SADC-US interactions are examined within the understanding that the US constitutes a huge export market and is potentially a source of economic assistance in the form of trade and investment deals and associated accommodations. The focus of the analysis is the new US Africa policy. Particular attention is directed towards a critical assessment of the US African Growth and Opportunity Act bill as a central instrument of this policy. The bill's inherent conditionalities are placed in the context of the attempt by SADC states to develop a capacity to institute trade and economic policies that reflect local circumstances. In regard to this, conclusions are drawn about the appropriate form of political economy for SADC states as a whole. The special US interest in South Africa is used to stress the centrality of South Africa's role in any major SADC contacts with the dominant global economic actors.

The recurrent theme in the previous chapters of South Africa's centrality in SADC contacts with the two dominant actors is itself the object of analysis in Chapter Six. The key question being addressed here is the willingness of South Africa to act the role of the regional leader. That willingness or the lack thereof is assessed in terms of specific policy pronouncements and more

critically in terms of substantive behaviour of the region`s economic powerhouse towards its economically weaker neighbours. The assessment is conducted within the context of South Africa`s regional foreign policy.

This thesis argues that effective integration of SADC states with the global economy through effective international trade has the potential to sustain regional renewal towards longterm stability. However, this will require the coordination of policies on a regional platform to strengthen collective or joint positions on trade and related matters and to institute regional political economies with the capacity to mitigate the inescapable insecurities (for example, massive inequalities) inherent within global capitalism of market-based relations. The leadership role of South Africa in this endeavour will be indispensable.

CHAPTER TWO

International Regime: A Theoretical and Conceptual Framework for Analysis in International Relations

In this study, regime concept is used as a theoretical point of departure to illustrate cooperation among SADC states and to assess SADC's relations on trade and related matters with two key external actors. Essentially the thesis attempts to explore the more general question regarding the ability or otherwise of Southern African countries to relate effectively (that is in a manner more beneficial to Southern Africa) on matters of trade and related issues with a select group of economically rich and powerful Northern industrialized states.

This question is posed within the new security agenda or new security thinking which accepts a broader conceptualization of security both in the post-apartheid regional environment and the post-Cold War era. According to Buzan et al (1998), a broad conceptualization of security does not only include the state as the referent object of security but also includes its peoples, its institutions, its economy and so forth. In this sense, even a supranational entity such as SADC is a referent object of security since it can be existentially threatened by situations that undermine the rules, norms and institutions that constitute it. As Solomon (1998) argues, the expanded security agenda does not altogether ignore the previously dominant paradigm in the realist tradition of state-centric military-centered approaches. It does, however, challenge the realist conceptualization of politics as a zero-sum, relative gains seeking and pure struggle for power. It is a view which finds much common ground with the theoretical discourse on complex interdependence as expounded by Keohane and Nye (1989). The broad conceptualization of security suggests that cooperation among states motivated by pursuit of national interest is still possible. The concept of international regime is used to provide insights on whether cooperation among states in Southern Africa on the one part and between Southern Africa and external actors on the other is viable for purposes of mutual gain. To do this, the theoretical conceptualization of the international system through the realist lens is weighed against the institutionalist (neorealist) lens.

2.1 Perceived Obstacles to International Cooperation

Realism as a conceptual framework for analysis of the international system and of the behaviour of states within that system is seen as the main stumbling block by those who favour international cooperation. From its classical setting (Smith 1986; Viotti and Kauppi 1993) realism equates the international system to primordial relations of man in an anarchic environment (state of nature) which is characterized by "war of all against all".[1]
As Smith (1986:1) notes, the pessimistic view of human nature as one characterized by the struggle for power in a social setting is realism's most basic outline of world politics. In realist view and thought the struggle for power is a permanent condition which no social arrangement can eradicate (Smith 1986:1). In the view of Morgenthau (1966:25) international politics, like all politics, is a struggle for power and that whatever the ultimate aims of international politics, power is always the immediate aim.

Within the framework of such a conceptualization, the likelihood of international cooperation is perceived to be impossible and at best minimal. The rationale for this conceptualization is based on several realist assumptions. Using the assumption of anarchy, realists argue (Viotti and Kauppi 1993:48) that as there is a hierarchy of power in international politics and no hierarchy of authority, states seek to maintain or increase their power positions relative to other states. The further assumption that national security is of the highest value among issues in world politics has meant that states must seek security where prudence dictates a necessary focus on relative gains (Waltz 1979). In line with this argument the need for state survival places military security or strategic issues (high politics) above social and economic issues (low politics). As such, states are assumed to be in a permanent struggle or competition for power within the international system in which they are also assumed to be the principal or dominant actors. Non-state actors such as multinational corporations, international organizations and other

[1]This conception is influenced by Hobbes's view of the international state of nature as a state of war in which states as autonomous sovereign entities have no power or authority above them and are responsible only to themselves. In this environment of permanent conflict, states maximize their own security (Smith 1986:13).

transnational non-state actors are considered less influential and therefore less important.

There is the further assumption that the state is a unitary and rational actor. As a rational actor the state makes decisions objectively in terms of existing capabilities. For realists (Viotti and Kauppi 1993:6), it matters less that decisions arrived at in this manner may produce suboptimal results as that they are at least satisfactory or good enough in terms of the objectives sought. When foreign policy behaviour of states is conceptualized in this manner the result is the creation of zero-sum conditions that significantly minimize prospects for cooperation.

Realists especially focus on the condition of anarchy in the international system as being central to any endeavor of cooperation. Prospects for cooperation are affected at all times by the possibility of defection. Lack of trust in the condition of anarchy creates uncertainty for the future and as such even international agreements and alliances cannot be trusted as guarantees for state security and survival or as mediums through which national interest could be maximized. For realists, today's friends are tomorrow's enemies. Jervis (1978:168) captures this fear of the future appropriately when he notes, "minds can be changed, new leaders can come to power, values can shift, new opportunities and dangers can arise". This implies that states fear that other states will not honor agreements. There is perpetual fear of the future and fear of defection which acts to limit possibilities for cooperation. Even in situations where interdependence among states might exist, realist have remained skeptical in their view about international cooperation. They argue (Viotti and Kauppi 1993:56) that interdependence implies a degree of vulnerability of one state to another in a dominance-dependence relationship where the dependent party is vulnerable to the choices of the dominant party. For realists (Viotti and Kauppi 1993: 57) dependency on others is to be minimized, whereas dependency of others on one's own state is desirable as it increases one's leverage over those other states. This perception disregards the possibility of a cooperative situation in which states would establish rules and procedures for regulating interdependence among them.

For realists, cooperation if at all possible may occur only in the non-military strategic sphere. This is because a clear distinction is made between military-political strategic issues and economic issues where the latter (low politics) are relatively less important. Within the realist framework of thought, hegemonic stability theory is used to explain emergence of cooperative regimes in the domain of low politics. As young (1982) argues, regimes emerging under this framework of thought must be understood in terms of power and are therefore imposed regimes. Such regimes simply represent the realist posture of relative gains seeking strategy since coercion and manipulation by the hegemon is involved both in the creation and maintenance of the regimes. In this sense such regimes can be said to be suboptimal arrangements and also in the sense that absolute gains considerations are ignored.

2.2 Regimes and International Relations

In contrast to the realist perspective, neorealists view the international system differently. While accepting the condition of anarchy in the international system, they reject the notion that cooperation is not possible. Neorealists make the assumption (Snidal 1991) that in an anarchic world without a central authority to enforce agreements, egoistic self-interested state behaviour does not necessarily inhibit cooperation since states are more interested in the pursuit of their own welfare. The pursuit of state welfare means that maximizing absolute gains is important irrespective of the fact that the gains might be asymmetrical (Snidal 1991). It is argued that this scenario represents the real world more frequently.

Neorealist have used the concept of regime to show that cooperation among sovereign states in an anarchic world is still possible. Their approach is also state-centric but it accepts the significant role of non-state actors in the international system. Proponents of this view such as Keohane (1984, 1982); Young (1986, 1982); Krasner (1982) and Stein (1982) contend that regimes are significant in international relations. The basic argument in this orientation is that in certain specific issue-areas the need for cooperation among states via a framework of policy collaboration arises as a means to cope with circumstances of common threats or problems. It is

also an argument increasingly being informed by such concepts as complex interdependence even though regime proponents have treated states as unified, rational actors (Haggard and Simmons 1987:492). Moreover, the expanded concept of security in the post-Cold War era increases the relevance of attempts by states to establish various forms of cooperative schemes.

Regimes are defined as "sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given area of international relations" (Krasner 1982:186). There is an element of overlap and inter-relatedness between principles, norms and rules. For instance, principles, which are explained (Haggard and Simmons 1987:493) as beliefs of fact and causation as well as correctness of judgement, tend to shade off into norms. Norms are standards of behaviour defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. On the other hand, Haggard and Simmons (1987:493) note that norms are difficult to distinguish from rules. Decision-making procedures are explained (Krasner 1982:186) as prevailing practices for making and implementing collective choice. Within a regime, convergence of actor expectations is underpinned by the concept of reciprocity as an important principle in a continuous process of interaction. Jervis (1982:357) argues that in a successful regime the concept of reciprocity implies a form of cooperation that is more than the following of short-run self interest. It is this aspect which distinguishes regimes from agreements where the latter are seen as ad hoc or one-shot arrangements. Therefore principles and norms (Krasner 1982:187) remain the basic defining characteristics of a regime since there are many rules and decision-making procedures that are consistent with the same principles and norms. As such, Krasner (1982:187-188) notes, changes in rules and decision-making procedures are changes within a regime that continues to exist, while changes in principles and norms are changes of the regime itself.

As Haggard and Simmons (1987:492) observe, regime proponents, unlike realists, posit that patterns of state action are influenced by norms and that such norm-governed behaviour is wholly consistent with the pursuit of national interest. The literature on regime emergence and transformation is grouped into four categories: structural, game-theoretic, functional and

cognitive. The first three are state-centered in the sense that they assume unified rational actors. It is important to note (Haggard and Simmons 1987:498) at the outset that all four categories are not mutually exclusive since most interpretations tend to draw from more than one theoretical approach. We focus on game-theoretic and functional theories of regimes to provide insight on cooperation in Southern Africa and the envisaged cooperation between Southern Africa and external actors. To some extent game-theoretic and functional theories of regimes draw from the neorealism of the Grotian perspective.[2]

Game theoretic approach explains how unified, rational state actors are capable of achieving cooperation in an anarchic international system. Regime theorists use a variation of the two actor one-shot prisoners' dilemma game to illustrate this. It is therefore important first to show how the two actor one-shot prisoners' dilemma game illustrates the dilemma of common interests and how that is circumvented in the domestic domain. The dilemma of common interests is said to arise (Stein 1982:304) when independent decision making results in equilibrium outcomes that are Pareto-deficient (that is outcomes in which actors prefer another given outcome to the equilibrium outcome).

The concept of dilemma of common interests presents the state of nature as a prisoners' dilemma in which (Stein 1982:306) rational, self-interested individuals have a dominant strategy of defecting from common action but in which the results of the mutual defection is deficient for all. The prisoners' dilemma depicts this problem by using a two actor, one-shot game in which the actors face the choice of either defecting or cooperating. The actors have no information about the choice the other party might make and there is the assumption that their actions are guided by individual strategic rationality. The result is that the actors dominant individual strategy leads them to defect. As stein argues (1982:301), in this situation defection is inevitable

[2]A Grotian perspective towards anarchy of international relations differs markedly from that depicted by Hobbes or Machiavelli. Grotius, a contemporary of Hobbes, argued that values or norms are important in maintaining order among states especially when recognized as forming international law and accepted by states as binding. This tradition of thought has to some extent influenced regime theorists.

as long as behaviour results from unconstrained and independent decision making. This is commonly stipulated to be a representation of international anarchy. In the domestic state of nature this problem is overcome by collaboration whereby (Stein 1982:307) individuals' common interest lead them to form domestic political regimes (establishment of the state as a supreme authority) to constrain the free rein of their individuality and independent rationality and to provide security and order among other things.

In contrast to the realist position, regime theorists have argued (Krasner 1982:186) that this domestic arrangement can be achieved at the level of the international state of nature (the anarchic international system) in specific issue areas under certain constrained conditions involving the failure of individual action to secure Pareto-optimal outcomes (outcomes that are non zero-sum because actors show preference for negotiation whereby all benefit). Strategic game theorists, Axelrod (1984), Snidal (1991) and Stein (1982) have argued that cooperation is possible even among egoistic self-interest maximizers in an anarchic setting.[3] Their view adopts an interest-oriented perspective of the formation and maintenance of international regimes.

Using a variation of the prisoners' dilemma game, they start off with the position that one-shot, two actor game is not representative of real-life state interactions. They therefore use an iterated prisoners' dilemma game where interactions are repeated many times over. Lack of trust and uncertainty for the future, a feature common in the realist relative-gains seeking postures, is mitigated by the fact that actors interact frequently. Drawing from Keohane's (1984) functionalist view, the argument is that states take the future into consideration when they encounter each other more than once. In this sense cooperation is promoted and a regime is established to lower transaction costs, reduce uncertainty and extend the shadow of the future. Arguing that relative gains in game theory do not inhibit cooperation to nearly the extent suggested by realist theorists, Snidal (1991:387) posits that as the number of actors increases, relative gains become

[3]As used here, Krasner (1982:195) defines egoistic self-interest as the desire to maximize one's own utility function where that function does not include the utility of another party, except that the egoist is concerned with the behaviour of others only insofar as that behaviour can affect the egoist's utility.

increasingly irrelevant to the prospects for cooperation.

Cooperation in Southern Africa and elsewhere would seem to support this view. SADC is currently made up of fourteen member states. This number compares well with that of the European Union membership before the recent expansions. Simply put, this suggests that cooperation is more feasible as actors increase in a multilateral setting. However, the appropriate multilateral setting is one in which states share common characteristics such as common cultural, historical and economic legacy. SADC membership, as indeed that of the European Union, is largely comprised of states with such intrinsic links. Snidal (1991:399) argues that a multilateral setting for cooperation is useful because it substantially reduces the assurance problem since the defection of a single actor would not mean a regime breakdown. This would suggest that cooperation among SADC states is founded on firm ground. Numbers are therefore important as the case of the defunct East African Community members, Kenya, Uganda and Tanzania, would suggest.

It is emphasized (Stein 1982:301) that regimes arise not because states' choices are circumscribed but because states eschew independent decision-making in favour of joint decision making. This results in a patterned behaviour suggesting that participants are responding to certain principles and norms and adhering to certain rules and procedures. This view of regime emergence does not contest the fact that power and anarchy are important variables. Rather, it is argued (Keohane and Nye 1989) that regimes affect states' perceptions of anarchy and power and therefore influence their foreign policy behaviour towards other states.

This argument implies that international regimes, as intervening variables, enable states to consider the inherent possibilities of maximizing their interest (seen in terms of welfare and hence absolute gains) through cooperative arrangements. This helps to overcome the obstacle to cooperation caused by the perception that states pursue only relative gains. This interest-based perspective to regime formation is especially relevant in circumstances in which states have to cope, as Young (1986) argues, with such situations as security dilemmas, common interests

dilemma, trade wars and so forth. In such a world, Keohane and Nye (1989) point out, costly interdependence among states exist. Costly interdependence implies costly transactional costs. Rittberger (1995:9) argues that such costs can be alleviated by institutionalized cooperation which enables states to escape inefficiencies of self-help strategies.[4]

2.3 Regimes and Interdependence

In terms of a broadened security agenda, Buzan (1991:19) identifies five sources of security threats to human collectivities: military, political, economic, societal and environmental. These five dimensions of security are interrelated and for Southern Africa, as indeed elsewhere, they cannot be confined to national boundaries. As such, national security defined in a multidimensional sense cannot be separated from regional security. SADC states are mindful of the need to approach the question of security as an integrated and regional project. Accordingly, the overall SADC framework has addressed economic security concerns via the SADC Trade Protocol of 1996 and traditional politico-military concerns under the Organ on Politics, Defense and Security. It can be said that this integrated approach to security is informed by the need to redefine the concept of security in the post-apartheid and post-Cold War era. More important, however, is the question of prioritization of issues for policy focus but not in the traditional sense of a rigid hierarchical classification whereby military security issues (high politics) predominate. Rather, we mean prioritization in terms of urgency.

A broadened security agenda implies an increase of issue areas requiring policy focus. For the state this also means an increase of contact points with other actors and other states alike. As a result, an environment characterized by a web of interdependence has become a prominent feature of global as well as regional relations. This is captured well in Keohane and Nye's

[4]In cooperation theory, a self-help strategy among states is considered anarchic and Pareto sub-optimal. It is motivated by the fear for survival. Such fear conditions states' behaviour and works against their cooperation. "Self-help is necessarily the principle of action in an anarchic order" (Waltz 1979:111). In a self-help system, considerations of security subordinate economic gain to political interest. For a thorough treatment of this idea see Kenneth N. Waltz 1979, Theory of International Politics. New York: Random House.

(1989:8) definition of interdependence in world politics as referring situations characterized by reciprocal costly effects among countries or among actors in different countries. In a highly interdependent world in which a rigid hierarchy of issues is absent, the trend has been to focus on the issues that seem to command immediate attention. As a result, prioritization in terms of urgency has resulted in the overwhelming focus on economic affairs and other social issues (low politics) in the post-Cold War era.

Against this background of interdependence, regimes are becoming increasingly relevant. For instance, visible attempts by states to cooperate in economic and security affairs has characterized the last decade of the millennium. Cooperative outcomes in specific issue-areas have been increasingly sought by states both at the international and regional systemic levels. The defining characteristic underpinning the search for cooperative outcomes at these two levels has been an overwhelming focus on economic affairs as opposed to military affairs. At the international level, the transformation of the General Agreement on Tariffs and Trade (GATT) into the World Trade Organization (WTO) at the conclusion of the Uruguay Round in 1995 witnessed a general marked increase in trade liberalization in the world. At the regional level the decade has witnessed closer European economic integration culminating into a single market and currency for Western Europe under the auspices of the European Union as an economic trading bloc. Another development was the formation of an economic grouping between United States, Mexico and Canada, namely the North Atlantic Free Trade Association (NAFTA) of 1993. In Africa, the Southern African region has regrouped itself around SADC. Elsewhere on the continent as well as in Asia and Latin America similar developments are evident.

These regional regroupings are not accidental. Rather, it can be argued, they represent deliberate and purposive cooperative efforts by states to coordinate their economic policies for mutual gain in the face of what they perceive as common problems. Such collaboration by states results into the development of cooperative regimes to enable coordination of policy on specific issue-areas such as trade at the regional as well as the international level. SADC is viewed in this study as comprising a cooperative framework within which the region can deal with the various aspects of

economic interdependencies especially in the case of trade with external actors. In this regard, the political and economic dimensions of security are important because international trade relations are complex interactions involving political and economic matters simultaneously. This is more so the case given the unprecedented development of economic globalization in the post-Cold War global political economy. As so far indicated, regime theory coupled with the need for reconceptualization of security threat provides useful insight on how states may form cooperative frameworks for dealing with emergent new threats collectively.

Our focus is clearly on the interest-based conception of regime emergence. This approach approximates more closely to the reality of the contemporary world order in which explicitly power-based approaches to international relations have receded. Therefore we view the SADC cooperative arrangement as a perfect example of an interest-based arrangement in which coercion or manipulation by more dominant actors within it is absent. Cooperative arrangements such as SADC represent what regime theorists have called negotiated regimes or orders. Young (1982:283) notes that negotiated orders emerge as a product of conscious efforts to agree on their major provisions, explicit consent on the part of individual participants, and the formal expression of the results. Keohane (1982) calls this the "demand side"for regime creation as it explains the desire or willingness on the part of governments to establish international regimes to cope with the competitiveness, uncertainty and conflict of interests in world politics. It can be said that these type of regimes are the most common at the international level whereby explicit bargaining processes are undertaken. Both the GATT arrangement and the EU-South Africa Free Trade Agreement concluded in March 1999 are good examples of negotiated regimes.

In contrast to negotiated regimes, imposed regimes do not typically involve explicit consent on the part of subordinate actors. Young (1982:284) posits that imposed orders are fostered deliberately by a dominant power or a consortia of dominant actors where compliance is obtained by several means involving coercion, cooptation and manipulation of incentives. Certain versions of hegemonic stability theory have explained cooperation in these terms. In Southern Africa, an example of an imposed regime is the Constellation of Southern African States (CONSAS) as

attempted by the erstwhile apartheid state a decade a go. To a lesser extent, the Southern Africa Customs Union (SACU) also fits this description and as McGowan and Ahwireng-Obeng (1998:181) observe, it is being renegotiated in order to reflect a more balanced and mutually beneficial arrangement.

Despite the apparent clear distinction between negotiated and imposed regimes, it is nevertheless important to point out that these regime typologies are not exactly mutually exclusive. Therefore, while SADC is clearly not an imposed regime, the role of South Africa as the most economically and militarily powerful member in the regime remains a crucial factor in terms of the regime stability, maintenance and persistence. Essentially, South Africa is viewed in this study not only as a cooperating partner within the framework of SADC but also as the undisputed regional leader given its status as the most dominant actor in the region. As mentioned earlier, dealing with dilemmas of common interests implies dealing with costly interdependence. Given South Africa's economic and technological superiority, there is the inevitability of asymmetric distribution of benefits and costs associated with interdependent regional relations. In such a setting, disputes involving conflict of interest on a number of issues would not be uncommon. For instance, there are well known trade disputes (McGowan and Ahwireng-Obeng 1998) involving South Africa and Zimbabwe on the one part and South Africa and Botswana on the other. With Zimbabwe the dispute is on textile trade where South Africa enjoys more benefits of the uneven trade between them. In the case of South Africa and Botswana the dispute involves the latter's assembly of hyundai cars targeting the South African market. There has also been disputes (dividing SADC membership into two camps) over the management and nature of institutionalization of the Organ on Politics, Defense and Security. SADC, as an international regime has a clear role to play in restraining and managing such conflictual relations to prevent them from becoming major conflicts. Simultaneously, South Africa, as the key player in the region, is expected to bring its influence to bear within a leadership capacity where leadership need not imply dominance.

At the international level and within SADC cooperative framework, South Africa's leadership

role is even more critical. At this level, asymmetric distribution of benefits and costs associated with instances of complex interdependence is even much higher than at the regional level. There is also the problem of regional vulnerability to the forces of global capitalism. A regional platform for bargaining and negotiation with external actors is therefore necessary. In this study, SADC is viewed as the appropriately constituted platform within which the regional states can elaborate their joint positions on matters of trade and related issues when dealing with external actors. That is, negotiated regimes can be developed between SADC and dominant global actors such as the EU and the US. For instance, it is envisaged that an economic arrangement (that is, a negotiated regime) similar to the EU-South Africa Free Trade Agreement of March 1999, but allowing for more asymmetry and differentiation in recognition of level of development differential, can be elaborated between SADC and the EU and SADC and the US. The point that is important to stress here is that whether at the regional (inter-state relations in Southern Africa) or the international level (SADC relations with other actors), increased interdependence will motivate states to develop cooperative frameworks to manage their relations for mutual benefit. Van Aardt (1998:107) argues that this translates into sharing of sovereignty whereby it is enhanced by means of diminishing it. That is, states give up certain competencies in order to strengthen themselves collectively by increasing regional strength to enable achievement of certain goals and objectives.

2.4 Conclusion

We have argued that the expanded security agenda in the post-apartheid post-Cold War dispensation reveals that conceptualization of politics as a zero sum, relative gains seeking and pure struggle for power is outdated. It is not inevitable that states remain self-seeking agents always attempting to maximize their short term individual or self interests . The level of interdependence in the present Liberal International Economic Order ameliorates the condition of anarchy by elevating the concept of reciprocity.

In a world of complex interdependence relative power position in the realist perspective is not

beneficial. As such, the realist world of power politics within a rigid international structure independent of the wishes and actions of statesmen is guiding policy formulations less and less. Rather, in a broadened conceptualization of security and within a framework of complex interdependence, the structure of the system, regional or international, can influence states operating in it as much as states can influence it.. Accordingly, in an international system in which politico-military issues have lost prominence, the elevated importance of socio-economic issues has come to mean increased levels of interdependence and reciprocity. This has led to a corresponding increase in the demand for governance structures or regimes as necessary intermediate mechanisms for collective management of a high density of issues. In this setting, a rigid hierarchy of power or of issues in international politics is minimal or absent. National security is redefined to include regional security and interests. This is a relevant perception in Southern Africa where even the most powerful regional state (South Africa) views its long term stability as being inextricably linked to that of the region as a whole.

Cooperation in economic and security affairs (embracing of expanded security agenda) has therefore come to increasingly characterize affairs of states. The SADC Organ on Politics , Defense and Security and the European Union`s Common Foreign and Security Policy (CFSP) are politico-military cooperative structures within larger cooperative frameworks addressing socio-economic issues. This development demonstrates that a rigid dichotomy between politico-military strategic issues and socio-economic issues has become irrelevant. Our analysis of regime concept within the framework of the post-Cold War Liberal International Economic Order suggests that this trend has now become irreversible.

The trend confirms the enduring relevance of cooperative regimes among and between states. It is a manifestation of the fact that even in an anarchic world without a central authority, the pursuit of state welfare to maximize absolute gains (irrespective of asymmetries in the gains) remains a powerful incentive to cooperate. Our analysis of regime concept further suggests that patterned state behaviour emerges as states respond to certain principles, norms, rules and procedures. This occurs in an environment whereby in specific issue areas states voluntarily

eschew independent decision-making in favour of joint decision-making because their individual interests are jointly served. This study is firmly grounded in this view.

CHAPTER THREE.

SADC in Perspective : The Evolution of Cooperative Behavior.

The two extremes of economic debate are autarkic self reliance and international cooperation along the lines of unrestricted free trade. Each extreme poses a dilemma. This reality has motivated states to form cooperative arrangements to cope with perceived security dilemmas, whether these are politico-military or economic based. This is more so the case in an increasingly interdependent post-Cold War era. Yet , as Zartman (1971: 5) observes, cooperation always poses the problem of domination. For SADC states the problem of domination exists at two levels. One is at the local or sub regional level where the strongest state may exhibit a self-interested behavior at the expense of weaker partners. The second is at the international level whereby the negotiating partner such as the EU or the US dominates SADC. Despite the potential for domination, groups of states in the contemporary international system continue to emerge as actors on the international scene.

This chapter examines the historical development of cooperative behavior in the Southern African region. Two levels of this development are examined up to the point where the two merge into one demonstrating mutual compatibility of values. In the one part historical determinants of cooperation are assessed using the apartheid state perspective, while in the other the perspective of independent Southern African states is used. The final part examines the changed nature of regional security threat within the framework of current patterns of regional cooperation. It is argued that despite conflict and confrontation, Southern Africa has had a tradition of cooperative behaviour and that historical and current interdependence makes the region one that is inextricably linked. It is further argued that the current patterns of regional cooperation are attempts to cope with the new set of regional threats which are largely economic in nature and having an external dimension. In this setting, the post apartheid state in association with the SADC states as partner is perceived as constituting the greatest hope for regional renewal, security and stability.

3.1 Historical Determinants of Cooperation in the Southern African Region.

Southern African region is generally regarded as a sub-system of international relations (Zacarias 1998 ; Sefali 1985; Davies and O'Meara 1985). As a subsystem, Southern Africa was further integrated and consolidated by the mineral discovery in South Africa in the second half of the nineteenth century, the apartheid system and the liberation struggle against apartheid (Zacarias 1998: 44). The exploitation of minerals, mainly diamonds and gold, led to the development of the capitalist economic complex in Southern Africa. Within the subsystem, the principal poles of accumulation were located in South Africa while the neighbouring territories were subordinated to serve the needs of capital accumulation in South Africa (Davies and O'Meara 1985: 22). In this regard the neighbouring territories served as sources of cheap labour, cheap raw materials and as markets for South Africa's manufactured products. This system of unequal exchange and development, exacerbated by economic interactions within the wider global economy, has characterised Southern African region for many decades. Economic and political imbalances led to a condition of regional instability and constant fears. It can be argued that this development constituted the bedrock of conflict and confrontation in the Southern African subsystem. At the same time, this development is responsible for the emergence of cooperative attempts in the region informed by contradictory objectives.

3.1.1 Regional Cooperation in the Perspective of the Sub-Colonial and Apartheid State

Cooperative efforts in Southern Africa began in the colonial era motivated largely by the same considerations that later informed cooperation as seen from the perspective of apartheid South Africa. As Sefali (1985) has argued, the development of the economic complex in Southern Africa centered around South Africa resulted in South Africa becoming a sub-imperial power. To enhance this position, Sefali (1985) argues, South Africa's state monopoly capitalism sought to intensify integrationist ties between itself and its neighbours. Prior to 1910, South Africa itself did not constitute a single and coherent political entity. Rather, it was made up of the two British colonies of the Cape and Natal and the two Boer republics of Transvaal and the Orange Free

State. It is therefore possible to argue that the 1910 agreement between the British colonies and the two Boer republics to form the Union of South Africa constituted the first major cooperative effort to integrate and therefore stabilize Southern Africa under the British sub- colonial hegemony. Zacarias (1998: 45) notes that this arrangement was extended to include the present Botswana, Swaziland and Lesotho (BLS states, but British Protectorates then) as junior partners of South Africa in the 1910 South African dominated Southern African Customs Union (SACU). In addition, Sefali (1985: 165) notes, preferential trade arrangements were entered into by South Africa with the Portuguese colony of Mozambique as well as with the British colony of Rhodesia.

As Sefali (1985: 165) further notes, the over-riding objective of these trade arrangements engineered by South Africa was to facilitate the flow of industrial goods from South Africa, as the center or core of accumulation, to the markets of the neighbouring labour-exporting peripheries. This was further enhanced by a system of transport and communication controlled and centered on South Africa. Despite being heavily steeped in favour of South Africa these arrangements and others that followed laid the foundation for a cooperative culture in the subregion. For instance, it is worth noting that the preferential trade agreement of 1964 between South Africa and Rhodesia was kept in place (until it lapsed in 1992) even after the latter became independent in 1980. Similarly, following political independence of Botswana, Lesotho and Swaziland in the mid 1960s SACU was renegotiated in 1969 between the apartheid state and the three BLS states. In terms of regime theory, SACU cannot be said to constitute a negotiated regime. Explicit bargaining process and consent on the part of BLS states as participants in the regime was not always present. Instead, SACU represents an imposed order maintained by hegemonic power of South Africa whereby the hegemon maximizes its interests. This is underscored by the observation (Sefali 1985: 166) that under the pretext of protecting new industries in the BLS states, the 1969 agreement under SACU serve South Africa's interests more by enabling South Africa's manufacturing sector to monopolise the markets of its industrially underdeveloped partners. Despite this fact SACU represents an important example of cooperative behaviour in the subregion.

Apartheid state's expansionist policy into the BLS states through cooperative arrangements was further extended when it established the Rand Monetary Zone in 1974 between itself and Swaziland and Lesotho. In effect, Sefali (1985: 166) notes, the South African Reserve Bank became the defacto central bank of these independent countries. While this arrangement enhanced regional interdependence, it also reflected the level of dependence of these weak states to the apartheid state. It remained the ongoing interest of the apartheid state to maintain a high level of dependency of the regional states to itself. Mutual agreement on this objective with the regional independent states was absent.

The desire to preserve this status quo found explicit expression within the framework of the Total National Strategy under the Botha regime in 1979. As Davies and O'Meara (1985: 25) note, total strategy called for the mobilization of economic, political and psycho-social resources including military resources, for the sole purpose of advancing the apartheid states's regional interests. This included use of military and economic measures to frustrate attempts by independent regional states to reduce their economic dependence on South Africa. The scheme therefore envisaged a coerced form of political and economic collaboration among the states of Southern Africa. A Constellation of Southern African States (CONSAS) linked to apartheid state through a range of economic projects was seen as the ultimate objective. This was perceived as a necessary step in the scheme to enhance South Africa's hegemony in the region where the neighbouring states remained dependent and subordinate partners economically and politically. The CONSAS scheme failed to attract interest among the independent regional states and instead triggered a counter reaction or collaboration in the opposite direction. The neighbouring states therefore sought to minimize their collective dependence on South Africa.

It is possible to argue that through its schemes to integrate the regional states economically and politically as subordinate partners, apartheid state constituted the main source of threat to security and regional stability. Its regional destabilization and its use of incentive and disincentive levers or carrot and stick measures to obtain collaboration characterise this threat. The sponsorship by South Africa of political and economic sabotage in the neighbouring states meant that the very

survival of these states as viable political economic units was threatened.

In the final analysis it may be argued that South African engineered cooperative attempts failed because of lack of shared interest and incompatibility of values between itself and neighbours. The Rand Monetary Zone collapsed while serious disputes over SACU arrangements persisted. Commenting on the lack of compatible values , Zacarias (1998: 46) observes that apartheid underscored the existence of different values between South Africa and its partners and discouraged socio-political and other links necessary for deeper institutionalization of relations. In terms of regime theory, South African engineered cooperation failed to result into negotiated arrangements in which actors expectations converge. Instead, it remained a unilateral approach capable only of producing imposed orders which are inherently unstable. Lack of convergence in actors' expectations was largely due to the fact that the perception of what constituted threat was not mutual. Yet despite socio-political disharmony between South Africa and its neighbours , colonial and historical economic links ensured that a cooperative culture remained but within an unstable environment characterised by fear and uncertainty.

3.1.2 Regional Cooperation in the Perspective of Independent Southern African States

The evolution of cooperative behaviour among the independent Southern African states has mainly addressed the objective of regional political and economic independence (Thompson 1985). Political liberation from colonial domination of majority African populations in the region informs the first instances of cooperation. This was achieved through coordination of efforts and strategies at the regional level within the framework of the liberation struggle. Despite new objectives, the present level of cooperation in the economic, political and other fields has direct roots in the political cooperation and struggle against colonialism and oppressive racist white minority regimes. Emphasizing this fact, Khama in Nsekela (1981: viii) notes that the drive for economic coordination originated in the experiences of political coordination in the struggle for independence. For instance, Thompson (1985:164) observes that the Front for the Liberation of Mozambique (FRELIMO) and the Peoples' Movement for the Liberation of Angola (MPLA) had

established extensive contacts with each other and with Zimbabwe African National Union (ZANU) and Zimbabwe African Peoples' Union (ZAPU) while all were in exile.

It can be argued that this remarkable interaction produced a functional regime in which participants' expectations converged around the common interest of political liberation of their respective countries. This implied a compatibility of values based on shared historical experiences of being dominated. Relative gains in terms of some liberation movements obtaining independence for their countries served to strengthen the cooperative regime as stronger bonds for cooperation between the newly independent states and remaining liberation movements were deepened. On the other hand, the regional states that had come to independence in the early and mid sixties (that is, Tanzania, Zambia, Malawi and the BLS states) provided extensive support to the liberation struggle of the remaining parts of the region. Following the independence of Angola and Mozambique in 1975, the spirit for collaboration was deepened. This resulted in the formation of Frontline States (FLS) group (Angola, Botswana, Mozambique, Tanzania and Zambia).

The FLS evolved as an ad hoc organizing framework for the collaboration and coordination of efforts and strategies aimed at securing the political independence of Rhodesia. At this stage of the evolution of cooperative behavior, the participants in the FLS framework had concretized the perception of what constituted the major threat to regional security and stability. They saw this threat, Thompson (1985: 202) argues, in the form of imperialism represented by domination by both South African capital as well as that of its British and American allies. It is worthwhile to note that the FLS struggle was taking place in the period (mid to late 1970s and early 1980s) that was also characterized by the geopolitics of the Cold War. This was therefore a highly anarchic bipolar international environment. This international context inevitably influenced the nature of the struggle and cooperation in Southern Africa. The presence of extensive British and American interests in Rhodesia and South Africa translated into their direct support for South African armed aggression against Angola and in the region generally (Thompson 1985: 202). At the same time, the American government refused to recognize the new government in Angola because of

the perception that it was a Soviet Surrogate.

The geopolitical dimension of the FLS struggle meant that they had to look East for economic assistance and other forms of material aid including arms and even trade. Political collaboration within the framework of the FLS began to take a material base. As Thompson (1985: 297) observes, the FLS group came to the conclusion that the political independence of Zimbabwe, as the second strongest regional economy besides that of South Africa , was the key to reducing the dominance of South African and foreign capital interests over their own economies. This development meant that political coordination had began to take the shape of economic coordination. Part of this process was made easier by the fact that the goals of FLS were consistent with national ideology. For instance, Thompson (1985: 298) observes, the leadership in Mozambique (FRELIMO government) explained that Mozambique could not reduce its own economic problems without joining the Frontline. As a result of Frontline pressure and assistance in various forms, independence for Zimbabwe was finally secured in 1980 and an independent Zimbabwe became the sixth member of the Frontline. In line with the plans for regional economic cooperation, the Frontline States together with Malawi, Lesotho and Swaziland formally launched the Southern African Development Coordination Conference (SADCC) in 1980 at Lusaka, Zambia. This became a direct rejection of the apartheid state's plan for a Constellation of Southern African States centered on South Africa.

The adopted SADCC document outlined four objectives as follows: the reduction of economic dependence particularly but not only on the Republic of South Africa; the forging of links to create a genuine and equitable regional integration; the mobilization of resources to promote the implementation of national, inter-state and regional policies; and concerted action to secure international cooperation within the framework of the strategy for economic liberation (Sefali 1985: 170). A decentralized structure of sectoral coordination was adopted as the appropriate strategy for the achievement of these goals. This meant that SADCC secretariat in Gaborone was by design denied institutional capacity to supervise the implementation of projects. Instead, focus was placed on the need to achieve regional complementarity in production by coordinating

national strategies (Sefali 1985: 174). Both the Frontline States and SADCC can be seen as examples of cooperative regimes which manifest behavior from which rules , norms , principles and procedures can be inferred. Clear convergence of actors' expectations is manifest in the specific issue areas of struggle for political and economic independence. Member states worked together despite the fact that different political systems coexisted side by side.[5] This demonstrated the strong bond of historical experiences and shared economic interests.

In terms of progressive evolution of cooperative behaviour in the perspective of independent Southern African states, the dimension of political coordination of liberation movements was complemented by bilateral dealings which were already fairly advanced in the region. Of particular note is the Tanzania-Mozambique Permanent Commission of Cooperation. Green and Thompson (1986:262) state that cooperation between these two states stands out as the most innovative of bilateral cooperation prior to SADCC initiative because it provided the foundation on which SADCC was modelled. Other bilaterals included what Khama (in Nsekela 1981: xi) has described as instances of practical examples of economic coordination in the region in which Zambia, Tanzania, Angola, Malawi, Botswana, Mozambique and Swaziland were involved in highway and rail development and rehabilitation projects prior to SADCC. Unlike apartheid state's engineered cooperation in the region, the guiding principle of the cooperative efforts of the independent Southern African states remained the presence of shared interests and the absence of fear or distrust among the actors. This is a necessary prerequisite for long term goals.

While the SADCC vision projected an economically independent Southern Africa, it can be argued that the vision was informed by a rational as well as pragmatic approach. For instance, the SADCC objective of reduction and not elimination of economic dependence on South Africa was a clear acknowledgement of the region's historical links and therefore the indivisibility of Southern Africa as a region. Therefore while the launching of the SADCC initiative by the

[5]The uniqueness of the Frontline States and SADCC cooperation is underscored by the fact of the heterogeneity of the actors' political values. As Zacarias (1998:46-47) observes, Botswana, a liberal democracy, and Malawi, a dictatorship, coexisted with unconstitutional monarchies in Lesotho and Swaziland; Marxist regimes in Angola and Mozambique coexisted with single-party states with mixed economies in Tanzania and Zambia.

Lusaka Declaration was an important expression of political voluntarism to cooperate, and also an important turning point in the struggle to liberate the region politically and economically, the end point of this struggle remained far in sight. In this regard the FLS as a functional regime for coordination of liberation strategies continued to support South West Africa Peoples' Organization (SWAPO) and African National Congress (ANC) for political and economic liberation of Namibia and South Africa respectively. Apartheid South Africa and its allies remained the single most important threat to regional stability. Commenting on the prerequisite for the success of the struggle for economic liberation and regional cooperation in Southern Africa, Sefali (1985: 178) noted that the greatest obstacle was the task of dismantling apartheid in South Africa and the creation of a democratic post apartheid state.

Regarding regional interaction within the larger framework of global capitalism, SADCC vision for regional economic independence was equally pragmatic. SADCC's objective for concerted action to secure international recognition and cooperation within the framework of the strategy for economic liberation can be seen as an explicit admission of vulnerability to the external dimension. This vulnerability translates into dependence of Southern Africa particularly with respect to development aid and various other forms of assistance such as trade accommodations, foreign investments, technology transfer and even debt remission. It therefore appears a contradiction for SADCC states to put in place a policy committed to minimization of dependence on international capital and simultaneously seek international cooperation and financing to realize this objective. In reality there is no contradiction. This strategy is both appropriate and necessary for Southern Africa and is again applied albeit in different regional and international contexts in the next evolutionary stage of Southern African cooperation. Short to medium term dependence might be a necessary strategy for achieving relative economic independence in the long term.

3.2 The Changed Nature of Security Threat in the Region and Relevance of Current Patterns of Cooperation

The period early 1990s witnessed radical political changes in Southern Africa. Namibia secured political independence through a negotiated settlement in 1990. On the other hand apartheid South Africa began political dialogue with the previously banned political parties with the view to find a political settlement and to instal a democratic South African state through universal suffrage. These regional developments did not take place in isolation of events occuring at the international political level. To the contrary, it is possible to argue that radical political changes in the region were preceded and even influenced up to a certain degree by radical changes in the bipolar international system. In this sense, the fall of communism gave rise to increased pressures on undemocratic societies (which included apartheid South Africa) to adopt liberal democratic values. Simultaneously, this also meant the end of cold war hostilities and a gradual but certain cessation of its associated tensions in Southern Africa and elsewhere in the world.

The Frontline States and SADCC organizations responded to this new regional and international environment by commencing a gradual transformation of regional strategies for cooperation. A new framework for cooperation became a vital necessity in order to address new regional threats and opportunities. Accordingly, in August 1992, SADCC was transformed by a treaty to become Southern African Development Community (SADC). Two years later a democratic post apartheid state under a government based on national unity was installed in 1994. In August 1994 the new South Africa joined SADC membership. Also, apartheid ceased to be the source of threat and destabilization in the region thereby ending an era of conflict and confrontation. Despite the radical and positive political transformation in Southern Africa, the question of neighbouring states' economic dependence on South Africa (a critical issue in the SADCC phase) has not been resolved. However, it is possible to argue that the opportunity to ameliorate this dependency condition is now available via cooperative means under the SADC framework and in the context of a politically stable Southern Africa. It is possible to argue that SADC represents a level of cooperative behaviour in Southern Africa whereby relative to previous times mutual compatibility of values now exist. Unlike in the SADCC phase, the SADC phase of regional cooperation witnesses a greater convergence of economic, political and social values. This is underlined by the fact that all regional states (except the monarchy in Swaziland) embrace

liberal democratic values and the related social relations of production. The convergence of interests is an important regional asset in terms of resolving historical problems of inequality and coping with emergent new threats to regional stability.

With the end of apartheid, regional cooperation within the SADC framework has to focus on new regional threats. Developing the capacity to deal with the new threats is inevitably the first challenge. Economic dependence and wide economic asymmetries in the region stand as serious obstacles for developing a regional capacity to cope with the post-apartheid and post-Cold War threats. Unlike SADCC, the new framework of cooperation is institutionalized within a binding treaty which implies a stronger institutional capacity. While SADCC was nothing more than an inter-governmental organization, SADC has the capacity to engage in transnational cooperation with external actors. It has supranational institutions that include, inter alia: the Summit of Heads of State which make and direct policy; the Council of Ministers , which is tasked to oversee policy implementation and the overall functioning and development of SADC; a Secretariat responsible for planning, management and implementation of SADC programmes; and a Tribunal for settling disputes between members. With explicit rules and procedures, SADC can be seen as a purely formal regime in which participants recognize it as having a continuing validity. The plans (within its substructures) toward a fully integrated common market by 2004 will further increase its supranational competencies and its continued relevance in the present global economy. New threats to the region associated with the present global economy will best be addressed within a framework of a more integrated region.

As Muller (1998: 118) states, the current prominence of "low politics" issues has given rise to the idea of integrated approach to security and development. For Southern Africa, Muller (1998:118) observes, there are serious threats to security such as: food shortages, mass migration, unemployment, insufficient economic growth and so forth. It can be argued that poor health-care , illiteracy, unequal development and the perennial debt problem compound the threats. In recent times export led growth has been hailed as a useful strategy for marginalized countries to improve their economies. This new thinking is buttressed by a preference within the donor

community, of trade-not-aid foreign policy. Southern African states must therefore focus on trade as a strategy for development in order to reduce or manage the new threats to security. To do this effectively means devising strategies for coping with the much larger external threat posed by economic globalization and liberalization. The ability of Southern African economies to integrate effectively with the global economy through trade will also mean the enhancement of their ability to manage the new threats to security. In this regard, the role of South Africa as the region's economic powerhouse will be indispensable for success just as much as its credibility and long term prosperity is historically linked to that of the region.

As suppliers of primary goods and other basic intermediate manufactures, poor countries are concerned about the dangers of de-industrialization in an unregulated world economy. It is therefore possible to argue that a global self regulating market constitutes an economic threat to poor countries where governments become limited in their general economic policy. These countries, Buzan et al (1998: 98) note, have the fear of exploitation, debt crises, marginalization and the resultant unemployment and social polarization. For Southern Africa, regional regrouping under SADC is an appropriate response to the threat posed by globalization. If properly institutionalized in terms of closer adherence to norms and principles, the SADC regime is capable of guiding the member states towards institutionalization of strong developmental democracies in the tradition of social market economy. This suggests that the role of government is crucial to invest in people, infrastructure and so forth. This is vital for long term sustainable progress where the aim is ultimately to provide the requisite capacity to trade effectively in the global economy.

This type of political economy is relevant for Southern Africa for two reasons. First, it conforms with the liberal values of free enterprise, capitalist market economy. Second, it provides for social and political stability necessary for emerging democracies by not allowing unbridled market free rein. This view is in conformity with that expressed by the declaration establishing SADC treaty (SADC 1992: 3) which emphasizes the urgent imperative of the need to achieve economic growth and development with equity. A cooperative regime has a clear role to play in

this enterprise. Hurrel (1995: 346,356) supports this view by arguing that regional groupings can provide both a more achievable institutional scale for handling interdependence problems of collective management posed by global liberalization and also as a way of preserving particular forms of political economy.

3.3 Conclusion

The examination of historical cooperation in Southern Africa reveals that despite contradictory cooperative objectives of the actors involved, a tradition of cooperation nevertheless became embedded in their relations. Colonialism, racism, apartheid and South Africa's regional destabilization and its integrationist designs to subordinate the entire subregion politically and economically constituted the primary threat to regional security. South Africa's engineered attempts at cooperation lacked mutuality of interest and compatibility of values because of its hegemonic designs coupled with white supremacist ideology.

After Zimbabwean independence in 1980 the racist apartheid state's domination of the region remained the persistent threat to regional peace and cooperation. The liberation struggle within the framework of the Frontline states was instrumental in countering this threat. Through political coordination of the liberation movements complemented by bilateral collaboration, an enduring cooperative regime within the Frontline emerged. This was sustained by shared interest motivated by the need to overcome domination and dependence. This found explicit expression in the formation of SADCC inter-governmental framework. Together, the Frontline and SADCC initiative constituted an integrative approach to security. Subsequent transformation of SADCC to SADC in August 1992 reflected the changing regional and international dynamics as much as it was a demonstration of confidence and political will to deepen institutionalization of regional relations. SADC is therefore a relevant pattern of cooperation in the post-apartheid Southern Africa because it creates the basis for common security in a new spirit of regional cooperation within a broadened framework of security. The transformation of the apartheid state into a democratic state ushered in an era of relative peace in the region. In the absence of the apartheid

state as the primary source of threat, its legacies now pose a serious threat to security in the region . Dependency, unemployment, poverty, illiteracy, unequal development, poorly performing economies, debt problems and so forth are elements of this threat. However, the international dimension of this threat is critical. As such, Southern Africa has to organize its political economies in ways that address these problems and simultaneously seek ways to integrate the region effectively within the global economy. SADC provides the framework within which this objective is possible. This may call for the presence of strong developmental democracies in the tradition of social market economy as an important prerequisite. Equally important is the role of the new South Africa as the regional leader.

As the strongest economy in the region, South Africa is viewed as the gateway for foreign investment in the region. This thinking conceives for South Africa a role as a benign hegemon operating as a partner within the SADC regime. Accordingly, South Africa is in a position to lead a regional foreign policy of trade where its relatively superior resources can be brought to bear in SADC negotiations with economically powerful external actors. Using the EU as the focal point for illumination the next chapter examines this possibility.

CHAPTER FOUR

SADC Foreign Policy of Trade Towards the European Union: A Revised North-South Partnership

As presently constituted and in terms of regime theory the institution of SADC represents an example of a negotiated regional order or regime. It has specific rules and decision-making procedures to guide the participants towards their goals and objectives. Accordingly, member states have explicitly agreed to eschew independent decision-making in certain issue areas. Such issue areas range from purely economic ones to matters of physical security. Our focus here is mainly on economic matters in general and trade and related issues in particular. This is what traditionally has been called "low politics", whose significance has risen dramatically to the level of "high politics" in global relations in the 1990s and beyond. Besides being a regional regime network, SADC is also an economic bloc of the Southern African states albeit a weak one relative to such economic blocs as the EU or NAFTA.

The purpose of this chapter is to establish a case for a systematic and structured cooperation between SADC and the EU within a selective North-South[6] framework. We adopt the conception of a regional foreign policy activity approach in which SADC is perceived as a framework and strategy for negotiation with the EU. We hypothesize a framework that seeks deviation from past North-South dialogues in order to avoid what Williams (1994: 47) calls past structural and institutional impediment caused by coalition maintenance (that is, maintenance of hard line positions by both parties). New initiatives, dialogue methods and accommodations will be necessary. Matambalya (1997: 226) argues that such a move necessitates the conception of new global economic strategies for SADC states if they are to remain relevant in the current highly competitive global economy. Still, weak states are believed to have some degree of political and economic

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[6] The term "North-South" captures the global question or debate surrounding economic equity and justice in the global system whereby the interests of developing countries (The South) are perceived by many observers as being marginalised by the prevalent global political and economic arrangements that favour the developed industrialised states (The North). This contention is known as the North-South debate and has focussed primarily, though not exclusively, on matters of international trade and related issues. Within this understanding, and as used in this thesis, a North-South negotiating framework comprises a strategy by a section of the "South" (in this case SADC states) for securing meaningful gains or fairer deals by way of selective engagement with certain key actors in the global political economy.

choice to engage effectively with dominant economic actors. For instance, Rothstein (1977: 9) argues that while the available choices for the countries in the South may be sharply circumscribed by their weakness and poverty, and the options considered may be heavily conditioned by the attitudes and assumptions of the rich Northern states, even within these limitations, the possibility of better or worse decisions for each country or sub-region has frequently remained open.

Part one of this chapter outlines the global political economy as the context within which SADC-EU cooperation efficiency can be enhanced by a deliberate SADC initiative. The relevant unique set of circumstances inherent within it are drawn out, analysed, and their impact evaluated on SADC countries as part of the weak, sub-Saharan, Global South[7] states. Part two examines the on-going debate on the future of the Lome Convention where its merits, demerits and relevance are assessed. At the same time, the question as to whether in the new millennium the Lome Convention provides a blueprint on which an SADC-EU partnership can be based is assessed. Part three examines the implications for SADC countries of the South Africa-EU trade agreement concluded in March 1999. Finally, SADC as a framework for negotiation with the EU is critically assessed.

We advance the basic argument that it is in the interest of both parties, that is SADC and EU, to enhance cooperation efficiency between them. Because of trade interdependencies, reciprocal effects between the two groups of countries already exist. It is true we can only talk of relative reciprocity as the EU is much more powerful economically as well as politically than SADC. Despite this fact, we posit that a mutuality of interests as well as reciprocal effects exist because ultimately it is incentives that bring cooperating partners together.

It is argued that because of their marginalised status in the global economy there is more urgency on the part of SADC countries to enter into a structured cooperation arrangement

[7] A term now often used instead of "Third World" to refer to the World's less economically developed countries. The term Global South is therefore used here as an economic concept and will be used interchangeably with other terms (such as, the South, developing, less developed, underdeveloped and so forth) which signify the level of economic development attained by a country or a group of countries. The defining condition for the Global South is shared underdevelopment. The exact opposite of the term is Global North.

with the EU. We envisage for the SADC countries, a foreign policy of trade initiative towards the EU. The initiative should form the backbone of a long term cooperation touching on a myriad of issues such as export market concessions, development assistance, technology transfer as well as negotiations on debt cancellations among others. An SADC foreign policy of trade towards the EU is in essence development diplomacy[8] whereby SADC as an economic block is seen as attempting to negotiate improvements in its position vis-a-vis the EU and in the global political economy generally. Within this approach various strategies for bargaining and engagement can be devised and adopted by SADC.

4.1 The Context: Global Political Economy in the Post-Cold War Era

The overriding characteristic of the current international political economy or world economy is that it has experienced a drastic transformation as a result of accelerated growth of transnational economic interests especially in the last two decades. With the fall of communism and the subsequent end of the Cold War, this process has deepened both in form and substance. Underlying this process is the rapid growth of interdependence among nations caused mainly by economic globalization[9].

For our purposes we adopt Grant's (1997: 320) definition of economic globalization as a process in which transactions across the borders of nation-states increase in importance relative to those within nation-states and whereby national boundaries cease to be a significant impediment to the movement of goods and services. While dispute still persists regarding what economic globalization is or is not, what is beyond dispute, observes Schmitter (1997: 313), is the fact that underlying the concept of economic

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[8] We adopt Williams (1994: 46) usage of the term "development diplomacy" to denote the process whereby Third World countries attempt to negotiate improvements in their position in the international political economy. This process takes the form of bargaining with Western industrialised countries. We argue, however, that old approaches (that is, previous and in some cases existing dialogue platforms) are inefficient and simply untenable in the current global political economy and that a revisionist approach is warranted.

[9] In a globalized international economy, distinct national economies are subsumed and re-articulated into the system by international processes and transactions. In such a setting the international system becomes autonomized as market and production processes are globalized. The national level is permeated by and transformed by the international (Ohmae: 1991). This poses a governance problem as national authorities are confronted with the issue of how to construct regulatory policies to cope with the systematic interdependence between their economic actors (Hirst and Thompson 1997: 339).

globalization, the most comprehensive system of exchanges of goods, services, capital and labour have been so substantial and so pervasive that even the most isolated national or local economy has felt its effects.

Schmitter (1997: 314) argues that the euphoria and excessive optimism among the supporters of economic globalization is that it is coupled with deregulation that compels the dismantling of whole parts of national apparatuses for the governance of specific issue areas, sectors, professions, localities and so forth as the logic that now informs the integrated world economy. McGowan (1991: 1) correctly points out that the futures of peoples as well as regions, such as Southern African region, are increasingly determined by the workings of the world economy.

The method through which SADC countries can improve their participation in the world economy is to develop regional strategies for bargaining and negotiating with key actors in the world economy. In this regard, focus should be on those actors with whom there exists important trade, investment and political links as well as those possessing a substantial influence on the workings of the global political economy. The EU is one such major actor in the world today and with whom SADC states share important trade, investment and political ties. According to Kegley and Wittkopf (1997:165), a combined gross national product of more than six trillion dollars makes the EU the largest and richest single consumer market in the world. The US is the other key actor in the current global political economy. This is underlined by its continued hegemonic influence in the multilateral dimension (Mitchell: 1996a) of global politico-economic affairs. That is, the US influence in multinational organisations such as the International Monetary Fund (IMF), the World Bank and World Trade Organization (WTO) continues to be substantial, giving it a huge clout to influence policy directions especially in developing states.

The global economy in the post-Cold War era is inevitably influenced by the policies of such key actors as the EU and US. Since the end of the Cold War signifies the ideological victory of capitalism over communism, the concern for the sub-Saharan countries, of which SADC countries are a part, should be about how the West will use

this victory in its relations with Africa. So far, initial developments in this regard have not been favourable for the sub-Saharan countries in general. As Parfitt (1996: 56) has noted, the liberation of the Warsaw Pact states from Soviet domination following the fall of communism has meant the emergence of a rival area for aid funding.

According to Matambalya (1997: 230) such a development is exacerbated by economic globalization in which the preservation of the welfare status among the West European economic powers will be derived less from the primordial links such as that of the EU-ACP (African, Caribbean and Pacific), and more from their strategic positioning in the new global political economy. Accordingly, Matambalya (1997: 230) further notes, EU's interest will be focussed more to Eastern Europe and South East Asia as immediate sources of economic interest.

Regarding the West's economic interest in Eastern Europe, Agonafer (1996: 21) outlines four critical factors currently shaping EU's external policy as follows: the markets in Eastern Europe and the developmental potential of their economies are more attractive than markets in Africa; East Europeans are geographically close to the production centres in the West and their infrastructures are comparatively well developed; relative to Africa, there are plenty of skilled and educated people in Eastern Europe. Finally, the European bonds of common history, culture, race and sometimes even language make Eastern Europe a natural location for Western economic investment and expansion. This new EU orientation translates into a clear shift of the development assistance focus in favour of Eastern Europe and therefore marginalization of African countries.

In contrast to Eastern European countries, the sub-Saharan countries in the 1990s are bedevilled by a host of seemingly intractable economic problems or crises. Lumumba-Kasongo (1994: 5) observes that the late 1980s negative growth syndrome has persisted with minimal economic growth in the early 1990s of between one and three point one percent. It is such poor economic performance, notes Cheru (1996: 49), that made Africa account for less than one percent of world trade in the early 1990s. The problem is compounded, argues Cheru (1996: 49), by major advances in biotechnology in the West

which has effectively reduced the significance of traditional sub-Saharan exports as a result of substitution.

But of all the problems confronting the sub-Saharan region in the 1990s, the external debt crisis remains the prime reason for the persistence of the socio-economic crisis. This means that for the majority of SADC countries, prosperity will remain a pipe-dream until the debt problem is efficiently tackled. While the debt morass the sub-Saharan countries find themselves embedded in is quite crippling economically and especially from a development perspective, there appears to be no urgency on the part of the rich creditor nations to address this problem. Instead, Mitchell (1996a: 69) notes, they continue to press for further liberalization as part of the neo-liberal free market strategies which underlie the ideological theme of the "new world order"[10]. Black and Swatuk (1997: 50) have stated that this new order is also characterised by donor fatigue and the global decline in real spending on development assistance.

The relations of the poor sub-Saharan African countries with the creditor nations and international financial institutions in the new world order have substantially been altered. Trade and not aid is the accompanying theme of the 1990s and beyond and as Mitchell (1996a: 70) observes, is part of the American vision for political and economic development in sub-Saharan Africa. It is in this context that US is developing new instruments for engagement with Africa. Key among them are, the Africa Growth and Opportunity Act and Partnership for Economic Growth in Africa Program. These two policy instruments can be said to be mutually reinforcing. Castiel (1997: 1100) observes that both emphasize the fact that only those African states carrying out serious economic and political reforms can reap full benefits. Castiel (1997: 1100) has noted that the essential provisions embraced by these instruments are a comprehensive package of trade, investment and development measures that include the establishment of a US-Africa

[10] The "new world order" as a concept can be said to reflect the post – Cold War paradigm shift in security conception towards greater focus on economic issues. The prime mover of this concept and process is the United States. Some observers such as Mitchell (1996a: 69) have referred to this US influence as the "grand strategy" of American foreign policy informed by a vision of enlargement and consolidation of the global community of democratic capitalist societies.

free trade zone, a US-Africa economic Forum, and two investment funds worth US dollars 650 million.

Access to any of these benefits is conditioned to political and economic reforms. Therefore the actualization of these benefits by the targeted recipients will be in a long while to come given the current debate on the validity and viability of conditionality[11] and related policy demands. This is coupled with what some (Williams 1994) see as the obvious attempt by the United States and its capitalist allies to impose universal standards through the process of globalization. Some commentators in this debate such as Matambalya (1997: 238) see no harm in the introduction by donor countries of some form of conditionality based on plausible criteria. However, what may constitute plausible criteria is itself a contested terrain. Mitchell (1996a: 80), for instance argues that the pace of the inculcation in the sub-Saharan Africa of Western models for political and economic development should take cognizance of the specific circumstances of the society in question.

With a focus on Southern Africa , Shaw (1996: 86) believes that IMF/World Bank conditionality and reform policies have served to divide SADC States and exacerbate inequalities most noticeably between the non-reformers (Botswana, Namibia, Swaziland), late reformers (Angola, Lesotho, Zimbabwe), strong reformers (Malawi, Mozambique, Tanzania) and the ex-reformer (Zambia). It can therefore be argued that the net result has been increased dependence on aid and external assistance in general and invariably more loans. Shaw (1996: 86) takes the view that the problem of dependence cannot be solved by the more intense application of conventional development strategies (those prescribed by the IMF and the World Bank) that created the problem in the first place.

[11]The policy demands made by the IMF comprise what is commonly referred to as "conditionality", whose provisions (Mitchell 1996a: 75) are ostensibly designed so as to enable the borrower to achieve balance of payment equilibrium in the short-term and self-sustained growth in the long-term. The World Bank also employs conditionality in its policy-based lending termed Structural Adjustment Programs(SAPs). Mitchell (1996b: 35) contends that overall result of SAPs in the Global South has been failure and economic viability still an elusive goal. In the 1990s, multilateral as well as bilateral sources of aid have extended conditionality to include policy demands in the political domain. Some commentators (Matambalya 1997: 195) cite humanitarian justification in the use of aid as an instrument for achieving higher goals of good governance and democratic consolidation. Others (Williams 1994: 23) have argued that the practice of the use of resource flows by multilateral and bilateral donors to exercise leverage over domestic economic policy in the Global South amounts to continued infringement of economic sovereignty.

In the case of Southern Africa Shaw (1996: 85) has referred to these external economic interventions by the creditor nations, the IMF and the World Bank as contemporary forms of destabilisation with adverse socio-economic consequences.

Most commentators on the debate are aware and acknowledge the imperative of structural change and economic reform in particular for the majority of the sub-Saharan countries. This awareness has increased the need for new policy initiatives and especially home-grown initiatives. The critical component of this awareness should be an appreciation as Lumumba-Kasongo (1994) has explained, that externally imposed and directed policies and programs cannot be a substitute for a country's own policies to achieve structural transformation. Underlying the need for new initiatives is the high cost of debt and what Shaw (1996: 86) has termed the obsolescence of colonial commodity economies in the global political economy of the 1990s.

In terms of new policy orientation for the marginalised sub-Saharan African countries, some commentators have more specific policy prescriptions or directions. Arguing from the pragmatic and realistic premise that for better or for worse Africa will remain in and continue to function as part of the world system, Lumumba-Kasongo (1994) addresses the question of the terms of relations for African states in the global political economy and favours internally generated policy orientations. Lumumba-kasongo (1994:1) contends that significant and appropriate political and policy changes which may have positive impact on Africa's relations with other countries will have to be internally generated. This orientation, argues Lumumba-Kasongo (1994: 8), requires a conscious political rethinking or re-invention on the part of the marginalised African countries.

Lumumba-Kasongo (1994: 10) argues that as part of a political and intellectual effort the re-invention needed will require the break-up of the old ideological barriers (the colonial and neo-colonial ones) and the building of new ones as a prerequisite for regional as well as continental renewal. Lumumba-Kasongo's view can be said to be in line with the currently expressed view in the West that Africa should solve its own problems. For this to be a viable project Lumumba-Kasongo (1994: 34) argues that new political alliances based on common political interests and objectives at the regional

and continental level will be necessary. Lumumba-Kasongo (1994: 20) further argues that more importantly, African countries should see development as not only being an adaptive process, but also as a reflective and creative force and a product of systematic imagination. Implicit in Lumumba-Kasongo's overall view is the fact that the role of the state as an agent for directing change and providing an enabling regulatory framework is crucial.

This argument contradicts the one advocated by the creditor nations as the staunch supporters of the globalization processes and economic liberalization. But the irony is that the globalization process itself is a politically facilitated as well as enforced project. Grant (1997: 322) puts this into perspective as he points out that economic liberalization is a politically mediated change aimed at facilitating globalization by reducing restrictions on foreign investment, trade and capital movements to ensure a regulatory climate for economic operations on a global scale. But such a regulatory climate is precisely what is unsuitable for most sub-Saharan countries in the 1990s especially because of the rising external debt and failed Structural Adjustment Programs (SAPs).

Onimode (1996: 111) has stated that the heavy external debt burden and the failed SAPs define the essence of the ongoing re-colonization of Africa under the aegis of the IMF and the World Bank. Along this line of argument Mitchell (1996b: 37) states that a nation may be regarded as being conditionality dependent if it continues to implement conditionality provisions even when they have proven to be detrimental to development efforts. If we accept that this state of affairs is increasingly becoming a pervasive characteristic of sub-Saharan countries' relations with the creditor nations and the multilateral agencies under their control, then we also accept that a process of re-colonization is underway. In other words, Mitchell (1996b: 37) further argues, the loss of policy-making prerogative places the debtor nations in a state that in fundamental ways resembles their colonial past.

Yet shifts in the global political economy in the 1990s continue to place significant constraints on the Third World countries in general and the poorest countries in the sub-Saharan Africa in particular. A notable development in the 1990s has been the

conclusion of the Uruguay Round of multilateral trade negotiations and the establishment of the World Trade Organisation (WTO) in 1993. In effect this now means that through the institutional machinery of WTO the cause of global free trade has gained new impetus.

For the poor SADC countries there are more costs or constraints than benefits associated with this development. As part of the poor sub-Saharan countries, what SADC states perceive as beneficial trade arrangements may now face the prospect of being rolled back under pressure from the developed states favouring economic liberalisation. A key development in this regard is the changed behaviour of the EU towards its trading partners in the South. Koning (1997: 16) notes that partly in response to international pressure, the EU has sought to create reciprocal agreements with countries and regions in the South in the form mainly of free trade areas. The recently concluded SA-EU Free Trade Agreement symbolizes this trend. The EU's trade cooperation with the sub-Saharan Africa has been conducted on the basis of the latter's preferential access to the EU market through the Lome Convention. The Lome Convention is a non- reciprocal, trade and other economic concessions extended by the EU to the African, Caribbean and Pacific (ACP) group of developing countries since 1975. These non-reciprocal accommodations to the ACP group have been criticised by the United States which cite them as serious obstacles to the promotion of global free trade as they are seen to be incompatible with provisions of the WTO.

As Goodison (1997: 60) observes, the movement away from more traditional development cooperation (such as the EU-ACP arrangement) is most implicitly related to the imperatives of the WTO and the new global trading system. In this regard it is worthwhile to note, Mitchell (1996a: 71) points out, the avowed intent of the Clinton Administration to raise a multilateral consensus in support of its policies and to utilize constituent institutions (namely WTO, IMF, World Bank and so forth) in their implementation. In the 1990s post-Cold War era, Mitchell (1996a: 71) contends that the US has positioned itself as the custodian for the maintenance of global equilibrium. He further argues (1996a: 70) that for the Clinton Administration the objective is also one of supporting the effort by societies making the transition to democracy and capitalism

from more closed political and economic systems. On this issue it appears that there is a clear and open policy by the dominant global economic players in the 1990s to influence policy outcomes on a global scale to suit their preferences. For instance, Goodison (1997: 59) observes that the EU trade policy is actually very global and that the EU is as committed to multilateralism as any other world player. The debate on the future of the Lome Convention has not been immune to these kind of views.

4.2 Debate on the Future of Lome Convention Beyond 2000 : Implications for SADC States

Lome Convention was instituted in 1975 in Lome, Togo. The signatories of the convention are the EU and the ACP group of countries. All sub-Saharan African countries except South Africa are members of the Lome Convention. Since 1975 the Lome Convention has been renegotiated three times, that is, 1980, 1985 and 1989. The current Lome IV, which covers ten years is due to expire in February 2000. The Lome Convention can be said to be an aid program or package for ACP group of countries from the European Community, now European Union. The substance of the program has included over the years the following main concessions: a non-reciprocal trade preference; an economic assistance program; an industrial and technical cooperation program; two insurance schemes for commodities and other protocols on sugar, bananas, rum, veal, and so forth. The main rationale for this trade promotion and financial assistance program has been to facilitate the development of the ACP group of countries.

The debate on the future of Lome Convention beyond 2000 and the implications for SADC countries as Southern Africa ACP members is informed by several view points. Many observers see ACP-EU cooperation as a successful model for North-South relations in general (Babarinde 1999; Matambalya 1997). In addressing this issue, Schmuck (1990: 45) observes that while some commentators have glorified the Lome Convention as an important marker on the road to a new international economic order (Matambalya 1997), others (Koning 1997: 18) have described it as a tool of Western imperialism and neo-colonialism that perpetuates dependence on the EU and therefore in need of modification.

In analysing the debate on the future of the Lome Convention, its merits are set against its demerits. In this regard two considerations are critical. The first is the question of Lome's success or failure in bringing about a measure of development of the ACP group of countries in the last two and a half decades it has been in operation. The second is the question of the relevance of a regime such as Lome in the radically changed global political economy as well as the profound changes within the EU itself. In terms of current thinking, the nature of the Lome trade and financial cooperation regime is the type considered traditional trade and development cooperation which is characterized by non-reciprocal nature of concessions. This is in contrast to a framework of cooperation such as the kind referred to by Goodison (1997: 38) as "the new innovative comprehensive economic cooperation approach". This is the type of cooperation the EU now prefers as it includes, Koning (1997: 18) observes, non-traditional instruments and is increasingly based on mutual interest and a business-like approach to development. Such an arrangement essentially fits the framework of a free trade cooperation agreement.

On the question of success of the Lome Convention, some observers (Matambalya 1997; Schmuck 1990) present a scenario depicting the ACP countries in the absence of the Lome arrangements and accordingly argue that their economic situation would have worsened. Implicitly, the Lome arrangements have significantly improved their economic prospects. These same observers point to the systematic proliferation of Lome Convention membership as being perhaps the most obvious evidence of its merits. Schmuck (1990: 52) observes that the partners to the Lome Convention have rated the institutional provisions of the Lome cooperation as being positive and that the meetings are regularly characterized as constructive and open-minded.

Specifically, Matambalya (1997: 187) heralds as an obvious and important merit, the comprehensiveness of the Lome Convention to include such diverse areas as trade development, protection of the environment, enterprise development and so forth. With a specific focus on Southern Africa region, Matambalya (1997: 188) intimates that the European Development Fund (EDF), a component of Lome arrangements, constituted a significant and probably the most reliable source of resource transfers to Southern Africa in the absence of a conducive environment in the region for stimulating resource inflows

via the conventional sources such as venture capital and foreign investment. Matambalya (1997: 189) emphasizes the significance of the Lome Convention as the only platform of the North-South dialogue which brings together the North and the South as equal partners despite the clear economic and political asymmetries between them.

Besides the inherent benefits to the ACP states (Matambalya 1997) as a result of the institutionalization of economic concessions under the various Lome negotiations (that is Lome I to IV), Matambalya (1997: 195) also argues that the Lome Conventions have been instrumental in the aspect of institutionalizing political relations between the partners. As evidence, he (1997: 195) cites the ACP-EU contacts via the ACP-EU Council of Ministers, the ACP-EU committee of Ambassadors and the joint ACP-EU Assembly (where the EU is represented by members of the European Parliament).

For instance, it has been considered (Schmuck 1990: 52) as Lome success, the extensive discussion by the joint ACP-EU Assembly of the issue of economic sanctions against the Republic of South Africa in the Lome III negotiations. This happened despite the fact that for a long time (Schmuck 1990: 520) the European Community (EC) ministers refused to discuss the question at all because this "political problem" was not covered explicitly by the Lome Convention.

Institutionalization of economic and political relations is clearly an important merit of the Lome convention. The trend by the ACP countries to follow an institutional strategy was developed from Lome inception in 1975 and has continued through the various Lome negotiations. This trend, according to Schmuck (1990: 52), gradually introduced new questions (issue area expansion) such as the fight against apartheid, cultural cooperation and the debt problem into the parliamentary forum to obtain a common position, after which the ACP side would put the issue on the agenda of the ACP-EC Council of Ministers, which is the ultimate decision maker on questions of cooperation.

Addressing the issue of institutionalization from the perspective of North-South relations, Sandberg and Shambaugh (1993: 160) argue that the achievement of the South's long-term economic and political goals requires the institutionalization of ongoing negotiations

with Northern states. They contend (1993: 160) that this is necessary as it creates a permanent platform for dialogue and therefore helps to monitor and safeguard negotiated gains. In this regard it can be argued that the Lome Conventions have made important in-roads.

It would appear that both parties favour the continuation of cooperation. However, Koning (1997: 23) points to the shifting priorities of the EU and the aid fatigue among European nations as indicative of a desired change of the Lome arrangements. Babarinde (1999: 231) notes that the enlarged EU now has new European members who are not as sympathetic to ACP countries and would gladly welcome the severance of the EU-ACP links. However, Matambalya (1997: 231) notes that the current thinking in the EU circles would favour the retention of the EU-ACP links but in a substantially altered form. This analysis of the Lome debate thus far has focussed on the merits of the Lome arrangements. The assessment of the demerits will paint a clearer picture.

Schmuck (1990: 47) observes that by 1990 (fifteen years since Lome inception) majority of the ACP countries still belonged to the group of the least developed countries in which even basic human needs such as food, housing and medical care are not guaranteed. It would appear then that the development of trade between the EC and ACP remains unsatisfactory. Two and a half decades later, Babarinde (1999: 230) notes, the circumstances remain very much the same with observers criticizing the Lome Convention for failing to advance the development of the ACP countries as a group.

At present, according to Babarinde (1999: 231), the lack of leadership, the poor economic performance within the ACP group, and the profoundly altered global political economy, the ACP group has lost any leverage it might have possessed and now find itself in a take-it-or-leave-it dependent relationship with the EU. Ravenhill (1993: 45) observes that by far the most important negotiations took place not between the EC and the ACP but between the EC Commission and the European member states. This revelation obviously has a serious implication. It suggests that the outcomes which ultimately bind the ACP countries are largely of a unilateral nature. The Lome Convention`s principles of equality

of partnership and joint decision-making are therefore only a legalistic formality (Schmuck 1990: 51). Ravenhill (1993: 59) contends that the effectiveness of ACP as a group has always been hampered by the weakness of the ACP Secretariat.

Besides the lack of technical skills, Schmuck (1990: 49) believes that the effectiveness of the ACP as a group was further hampered by the group's heterogeneity which created problems in articulating and implementing far-reaching common goals. In this regard, Schmuck (1990: 49) cites as an example the fact that in the Lome IV negotiations it was extremely difficult for the ACP delegation to articulate clear-cut priorities in the trade sector because of the obvious rivalry between them and their specific aims and problems. He further (1990: 49) notes that neither the mechanisms nor group solidarity have been strong enough to formulate clear group positions with this problem extending to serious disagreements over the appointment of the Secretary-General.

With such problems of cohesion it is no wonder that a number of observers have criticized the ACP Secretariat for its inefficiency and overall unsatisfactory functioning. In the view of Babarinde (1999: 231) the negotiation processes of the Convention became ritualised and outcomes fairly predictable. This becomes a credible view given the unilateral nature of the negotiation process. Babarinde goes on to suggest (1999: 232) that many analysts believe that the EU has maintained its relationship with the ACP countries because of their collective weakness. The other dimension of this weakness is the lack of technical skills on the part of ACP countries. It has been argued (Matambalya 1997; 200) that the Lome Convention is characterised by such complex arrangements with diverse cooperation areas and a multitude of instruments (including complex rules of origin) to the extent that some ACP participants have experienced difficulty understanding the provisions. However, it is also argued (Graumans 1997: 16) that part of this problem is due to lack of implementing capacity of the EC Commission. It is possible to argue that Lome's poor impact was partly a result of lack of shared responsibility on the part of the parties concerned.

Another critical aspect of Lome`s poor impact on ACP, Graumans (1997: 16) has noted, is to do with the financial cooperation component whereby sixty to eighty percent of the resources are channelled back to Europe. Matambalya lists four more Lome drawbacks. First, he notes (1997: 202) that vested interests in the EU have continued to ensure that returns on aid results in aid being tied to securing of contracts to EU governments and firms as well as creation of employment for EU nationals. As a consequence of this, the net aid available to the recipient ACP economies is substantially reduced by expatriate salaries, consultancy fees and so forth. This observation would suggest that the non-reciprocal benefits for the ACP countries under the EU-ACP partnership are seriously eroded. It also suggests that the benefits of this relationship have been articulated on the basis of inaccurate assessment of the direction of resource flows. It can also be argued that the Lome arrangements have in fact been more beneficial to the EU states than ACP states.

The second drawback and one that has a Southern African focus is explained (Matambalya 1997: 203) as the excessive focus of Lome Convention activities on the use of external income base (mainly in terms of aid) to combat economic underdevelopment in Southern African subregion, instead of augmenting the internal income base by supporting and transforming internal production. As a result, the promotion of self-sustaining and competitive economies failed. Thirdly, Matambalya (1997: 204) notes how the improvement of the political environment in most ACP states was compromised for geopolitical considerations to the extent that the Lome Convention did not hinder the rise and consolidation in many ACP states of de facto "one party" and "military regime" cultures. To the extent that Western external policies towards the Third World have linked economic growth and development to good governance (Mitchell 1996a), it can be argued that geopolitics presented both a contradiction and a serious obstacle to development efforts in ACP countries. Finally, Matambalya (1997: 204) contends that the debt problem of SADC states has persisted and deteriorated despite their membership to Lome Convention.

Table 4.1 Developing Countries' Share of EU Imports, 1976 –1994 (%)

	1976	1980	1985	1990	1992	1994
ACP	6.7	7.2	6.7	4.7	3.7	2.8
Asia	4.2	5.9	6.5	11.0	13.6	13.1
Latin America	5.3	5.1	6.5	4.6	5.1	5.4
Mediterranean	6.1	6.1	8.1	6.5	6.2	6.1
All developing Countries	44.8	42.4	34.7	31.2	29.2	34.2

Source: cited in Koning, A. 1997. "The EU's Trade and Development Policy: Past, Present and Future" in Houghton, R. (ed.) Trading on Development: South Africa's Relations with the European Union. Bramfontein: Foundation for Global Dialogue, pp.12-26.

With all these drawbacks, it can be argued that the Lome Convention has met with minimal success as measured against its objectives of improving the sustainable development of Southern Africa ACP associates through improved trading opportunities and other measures. The statistics on table 4.1 above depict the deterioration of EU imports from ACP countries as compared to other developing countries. According to these statistics, in 1976 the ACP imports to the EU market accounted for 6.7 percent share of the total EU imports. In 1994 this share plummeted to a dismal 2.8 percent representing a loss of over half the ACP share of the EU market. This is a clear quantitative manifestation of the drawbacks inherent in the Lome arrangements and hence the ineffectiveness of the whole enterprise. Asia's share of the EU market tripled over the same period, while exports from Latin America and the Mediterranean region remained at least fairly constant.

Nevertheless, it is necessary to establish a reasonable balance between internal and external factors contributing to the poor trade and development performance of Southern Africa ACP states in the effort to understand their marginalization in the world economy.

In this regard Rothstein (1977: 10) notes that the Third World countries and the very poor ones in particular, such as the sub-Saharan countries, have devoted minimal resources in improving the domestic policy-making framework. He (1977: 11) further argues that efforts to remove hindrances like trade barriers and associated problems cannot overcome problems created by corrupt and conservative ruling elites because they compromise aid utilisation efficiency.

It is expected that after expiry of the current Lome arrangements in February 2000, the shape and form of the SADC-EU cooperation will address the issue of the internal policy field in SADC states and ACP states in general. This expectation is informed by the formally established objectives of EU development cooperation policy as stipulated in the Maastricht Treaty of 1992[12]. Graumans (1997:12) cites the relevant objectives contained in article 130u of the treaty as follows: respect for human rights, fundamental freedoms and the rule of law; the promotion and consolidation of democracy; the smooth and gradual integration of developing countries into the world economy. Implied in these objectives is the clear message that development assistance and related cooperation partnership will increasingly embody a measure of conditionality.

As the debate on the future of Lome continues, it has become evident that deficits in the internal policy make-up of ACP countries are noted as a significant contribution to the poor impact of Lome. Matambalya (1997: 235) notes especially that past Lome Convention measures focussed mainly on cooperation with the public sector and that therefore the Lome Convention in its current form is no longer the appropriate device to guide cooperation between the EU and the SADC states. This view obviously accepts the increasing involvement and growing role of the private sector in the economic reforms taking place in many countries of the world presently. In this regard Matambalya

[12] Maastricht is a city in Netherlands where the European Union Treaty was signed in 1992. The treaty entered into force in November 1993 and created the EU as the umbrella term for the European Community's diverse institutions. The treaty also provided, among other things, a timetable for completing a single-market Economic and Monetary Union (EMU) and aimed to create a single currency in 1999 to serve as the most potent symbol of Europe's new dynamism (Kegley and Wittkopf 1997: 510).

(1997:235) notes that in the long-run, SADC links with the EU must be in conformity with the resolutions of the WTO.

Despite radical opinions and viewpoints regarding the relevance and future of the Lome Convention after February 2000, the development cooperation policy contained in the Maastricht Treaty suggests that the links between the EU and its ACP partners will continue. Equally obvious now is the fact that the new links will be substantially altered in the effort to adopt new forms of cooperation that are compatible with the general resolutions of the WTO. The fact that Maastricht Treaty contains specific policy guidelines on the modality of EU interaction with the Global South states (with emphasis on human rights, rule of law, promotion and consolidation of democracy and so forth) is sufficient evidence of the importance the EU attaches to its role as a key player in the North-South economic cooperation.

The bottom line of the debate on Lome's future suggests that on the whole the benefits of the Lome arrangement have been marginal for SADC region. The debate also suggests that much now needs to be done by the SADC countries themselves to improve their own development prospects. This poses new challenges for SADC states especially with regard to development of new terms of engagement with the EU as an important economic partner. Of particular note, the Lome debate has produced a consensus on the imperatives of structural change and economic reform required of the majority of the sub-Saharan states. Further, it is expected that a large component of the needed transformative policies be increasingly internally generated and directed. Inevitably this will mean placing on the SADC states a heavy demand for informed policy input as well as accountable and efficient management of the development effort and of available resources.

It is also reasonable to conclude that given the overwhelming deficits or demerits of the Lome Convention at the dawn of the new millennium, it does not as a framework for cooperation provide a blueprint on which an SADC-EU partnership for the next millennium can be constructed. It may, however, be said to constitute a useful starting

point by way of providing inspiration and as a guide for the way forward at this important juncture.

In terms of inspiration to guide the way forward into the future, it will be necessary for SADC states to take into consideration the pertinent issues in the debate on Lome's future as they react to the recently concluded (March1999) SA-EU trade pact. The implications of this agreement for the subregion should be carefully evaluated especially in terms of the precedent it seems to have set for long-term SADC-EU cooperation. Equally important, the outcome of the SA-EU trade agreement should considerably inform the SADC position in respect of the type and form of its cooperation not only with the EU, but also with other powerful external economic actors such as the United States in the post-Lome regime and into the next millennium.

4.3 SA-EU Trade, Development and Cooperation Agreement (TDCA) : Implications for SADC States

On March 24, 1999 the bilateral agreement between South Africa and the EU was finally concluded at the Berlin Summit for EU Heads of State. It has been termed the Trade, Development and Cooperation Agreement (TDCA) and is quite a unique agreement as it has combined free trade, development cooperation and political dialogue. The date of effectiveness of the TDCA is January 2000. Another unique aspect of the agreement is the fact that for the first time the EU has concluded a free trade[13] deal that provides for the general elimination of trade restrictions in the area of agriculture.

Because of the inherent implications on SADC states of the free trade component of the TDCA, it is necessary to investigate closely the exact nature of this component. Five key principles, namely: asymmetry and differentiation; protection for sensitive sectors; support for regional integration; WTO compatibility; integration of South Africa into the global

[13] Free Trade is meant to denote a condition in which exchange of goods and services between countries is free from tariffs or other non-tariff barriers. Orthodox economic theory contends that free trade will maximise global welfare but in a world of self-interested states this ideal has never fully operated (Nel and McGowan 1999: 318).

economy; have been identified as the pillars around which the nature of the free trade component revolves (European Union News 1999: 4). It is worthwhile to note that the developmental aspect of the signed SA-EU pact was, as Keet (1997: 125) has noted, South Africa's proactive strategy to change the paradigmatic framework of what initially was in essence bilateral free trade negotiations. Further, Keet (1997: 124) observes, South Africa took the position that its strategic political, security, trade and development relations with its fellow members of Southern African Customs Union (SACU) and SADC are of fundamental significance in its approach to negotiations with the EU. This stance by South Africa demonstrates its commitment to the region and clearly identifies itself as part of Southern Africa.

The substance of the TDCA and especially the developmental approach of the trade provisions is explained within the twin concept of asymmetry and differentiation. In this regard, the focus was on the quantity and period of liberalization in percentage and temporal terms respectively. Accordingly, Block (1999: 6) has noted, under the accord, the EU will liberalize ninety-five percent of its South African imports within ten years while South Africa is to remove barriers to eighty-six percent of its EU imports over a period of twelve years. The transitional periods are to commence upon entry into force of the agreement, that is January 2000. This asymmetry and differentiation is intended to reflect the different development levels of South Africa and the EU as well as the fact that South Africa is undergoing a difficult period restructuring the apartheid economy. Also, to underscore this fact, within these periods the bulk of liberalization of industrial products of the EU side will take place in the first four years, while on the corresponding South Africa side tariff reduction for most industrial products will only start after six years (European Union News 1999: 4). As part of the TDCA the EU offered South Africa qualified membership[14] of the Lome Convention in April 1997.

[14] Qualified membership essentially means that South Africa cannot participate fully in the benefits of Lome and is therefore excluded from the general trade regime and special trade protocols of the Convention. Qualified membership was, among other things, intended to assist South Africa redress its historically isolated position, both at the international level and in respect of its neighbours in SADC region. It also allows South Africa to tender for European Development Fund Projects under the Lome Convention and to participate fully in the institutions of the Convention which provide for a permanent dialogue. Presently, South Africa is participating as a full partner in the on-going negotiations to establish a new framework for cooperation after expiry of Lome in February 2000. This is a positive development for SADC states as they are able to benefit from South Africa's relatively superior and extensive research resources and skilled negotiating capacity.

The immediate implication of the SA-EU agreement is that it places South Africa in a better position than the rest of SADC states in terms of closeness and overall relationship with the European Union. This is the case especially with regard to access to the EU market. An associated sectoral agreement with the EU namely, Science and Technology Agreement (signed December 1996) reinforces SA-EU technological links and places South Africa in quite a favourable position with the EU.

Table 4.2 Access of Third Countries to the EU Market (Most Preferred Partners)

	European Union
Level 6	European Economic Area (Possible historical position of ACP)
Level 5	Central and Eastern European Countries
Level 4	Free trade areas: Israel, Turkey... (SA's position after TDCA)
Level 3	Mediterranean countries
Level 2	African, Caribbean and Pacific countries (ACP)
Level 1	Generalised System of Preferences[15] (SA's position before TDCA)
Bottom	Other Countries: MFN treatment[16]

Source: Adapted from Koning, A. 1997. "The EU's Trade and Development Policy: Past, Present and Future" in Houghton, R. (ed.) Trading on Development: South Africa's Relations with the European Union. Bramfontein: Foundation for Global Dialogue, pp.12-26.

In terms of table 4.2 which depicts access of third countries to the EU market, Koning (1997: I6) contends that it is likely that the ACP states at one time stood as the most

[15] This is an arrangement permitted by GATT (now WTO) in which certain goods from the Global South are granted privileged access to markets in the North. The scheme provides compatibility with the non-discrimination principle of GATT.

[16] MFN (Most Favoured Nation) treatment underpins the central principle of GATT (that is, non-discrimination in trade). The principle stipulates that tariff preferences extended to one country in respect of a particular product should be extended to all other countries trading in the same product.

preferred partners of the EU outside its own region. This would correspond to level 6 in Table 4.2. Their current position at level 2 is a reflection of the diminished importance of the Lome Convention to the EU. In the case of South Africa, before the TDCA it occupied level 1 and improved markedly to level 4 after signing the TDCA with the EU. This is a position far better than level 2 position for the ACP group of countries.

At the same time, South Africa is in a more preferred position vis-à-vis EU cooperation than the Mediterranean countries which have also signed free trade agreements with the EU. The TDCA is qualitatively a more advanced agreement since it includes the farm sector whereas EU's trade-liberalizing agreements with southern Mediterranean states do not. Some observers have stated that the TDCA will boost South Africa's economic and political clout within the EU tremendously. For example, Islam (1999a: 47) observes that the TDCA will put South Africa's relations with the EU on a footing similar to Europe's high-level dialogue with major actors because it provides for regular political contacts of a joint cooperation council at ministerial or senior official level as well as regular contacts between the European and South Africa parliaments.

The bottom line is that two important and positive implications for SADC states are evident. The first is that the TDCA sets the stage for SADC-EU trade and development cooperation in the post-Lome future. SADC should welcome this as a positive development especially because South Africa will be negotiating as a member of SADC where its skills and overall clout will be a worthwhile asset. In any case this development fits in with EU policy towards developing states as provided for in the Maastricht Treaty of 1992. Under the Treaty, Graumans (1997: 12) observes, EU member states' trade and development policies were harmonised and made more complementary. This inevitably now means that the EU's competence extends to nearly all trade issues and into aid matters. A further development of this, Koning (1997: 17) has argued, is that the EU trade policy is now concentrating on regional blocs.

Supporting this view, Islam (1999b: 52) notes that the EU intends to replace Lome Convention with Regional Economic Partnership Agreements (REPAs) based loosely on

the TDCA negotiated with South Africa. This will obviously mark a clear departure with the past since the new REPAs that will be modelled on the TDCA will have trade reciprocity as a central feature. This should be a logical development given the dismal performance of Lome Convention whose central feature has been non-reciprocal trade preferences for the entire ACP group (includes all SADC states with South Africa as a qualified member). According to Islam (1999b: 53) the EU has already stated that the new partnership pacts will go into effect in 2005.

The second positive implication of the TDCA on the SADC states can be explained in terms of skills resource that SADC states can draw from South Africa. Given South Africa is a member of SADC, and given that it has committed itself to safeguard the overall interests of Southern Africa region as being of fundamental interest to itself (Solomon 1997), South Africa will be an important asset to SADC as the group engages in negotiations with the EU to determine the new framework for cooperation in the post-Lome dispensation. That is, South Africa's experience derived from negotiating the TDCA can be applied effectively in any related negotiations between the EU and SADC states as a whole.

Three more positive implications for SADC states can be outlined. First, it is instructive to note that the TDCA incorporated the feature of asymmetry and differentiation in consideration of the parties different levels of development. It follows that an SADC-EU REPA modelled on the TDCA would allow for even greater asymmetry and differentiation given that SADC states are at much lower level of development than South Africa. Secondly, SADC would stand to benefit from the opening up of EU agricultural sector as it is expected that the farm sector would also be included in the REPA. Finally, an SADC-EU REPA will be indicative of the willingness on the part of Southern Africa to embrace reform and trade liberalization and thereby encourage investment inflows to the region.

Negative implications also exist. It has been argued (Southey 1999: 50) that because the TDCA offers preferential access of EU goods into the South African market, SADC

imports to South Africa will consequently suffer. Another negative implication affects Botswana, Namibia, Lesotho and Swaziland (BNLS countries). These countries, also members of SADC, will suffer loss of customs revenue from the common Southern African Customs Union (SACU) pool account. South Africa and BNLS states are linked together as partners under SACU. It is estimated (Southey 1999: 50) that the BNLS states could suffer declines in revenue of between R1.9 to R3.5 billion a year as a result of lower duties on EU goods and also because of the reduced levels of import duty gained on non-EU goods as these reduce relative to the increased EU share of the SACU market.

There are counter arguments to the issue of BNLS loss of customs revenue. It is argued that there is already acknowledgement within SACU that this form of financing is inefficient and unsustainable. Other views indicate that the loss in revenue will occur only gradually and given that the EU Commission is providing a "support package" the transitional difficulties for BNLS states will be substantially reduced (European Union News 1999: 5). It is further argued that most sensitive products are excluded from the TDCA and that the agreement has made provision for the protection of infant industries in both South Africa and the BNLS states through the incorporation of a safeguard clause that can always be invoked if the need arises (European Union News 1999:5). All indications suggest that an SADC-EU post-Lome cooperation would incorporate similar and possibly improved features. It is argued (Southey 1999: 50) by the business lobby group, SA Foundation, that Southern Africa should embrace the TDCA as it offers many opportunities for longer term benefit.

In sum, it can be concluded that the net effect of the TDCA on the SADC states is in the long run going to be of beneficial nature. It is also clear that the EU is poised to make the TDCA the model (with appropriate adjustments) for its future trade and development cooperation frameworks with developing countries and for these to take the form of Regional Economic Partnership Agreements. Given the present close ties between South Africa and the EU, and given South Africa's commitment to cooperate with its neighbours to develop an effective growth and development strategy for Southern Africa, the SADC states for their part ought to embrace the TDCA.

It is evident that more than any other ACP group, the SADC bloc is in an advantageous position to develop a framework for negotiations with the EU given that South Africa, with its relatively extensive resources, is an inextricable part of the Southern Africa region. It is expected that SADC states (including South Africa) have the desire and joint interest to remain committed to their existing and still evolving joint institutions to enable achievement of integrative solutions. A more integrated region is better able to negotiate cooperative arrangements with other integrated actors. Still, at the present level of integration, the institution of SADC remains coherent enough to constitute a framework capable of articulating joint positions in matters of trade and related issues.

4.4 SADC as a Framework and Strategy for Negotiations with the European Union

SADC as a framework and strategy for negotiations with the EU is here viewed in terms of a purposeful and deliberate plan for engaging the EU on specific issues of trade and related matters. Such a plan will constitute a range of foreign policy activities or policies in which many factors and actors play important roles. As such we do not envisage or argue for the existence of a common SADC foreign policy framework. We argue, however, that the absence of a common foreign policy framework within SADC does not mean the absence of SADC foreign policy on specific issues. There are many instances in which SADC has demonstrated a unity in purpose and action with respect to specific issues. For our purposes, an SADC foreign policy action is considered to have taken place when the national foreign policies of member states are coordinated and expressed as a single position in respect of a specific issue area.

We focus mainly on the various dialogue methods or strategies of negotiations and positioning that SADC as a region can use in its interactions with the EU. The objective of such an endeavour being the attempt to improve the subregions's economic opportunities in the global economy. Our approach is informed by two important

considerations. First, for the sub-Saharan African countries, involvement in the global political economy is inevitable. Second, a regional response to problems of international trade and associated development problems (for example, the debt burden) is by far much better than individual state responses or responses on the basis of huge platforms such as the ACP grouping, the African Economic Community, the Group of 77 or the Non-Aligned Movement (NAM).

In the case of the first consideration, two reasons may be cited. First, as Southall (1999:163) argues, an indebted, poverty stricken, technologically backward Africa now has little chance of success striving for self-reliance and instead should engage with the world economy. He argues (1999: 163) that this approach still offers African states some degree of political and economic choice. Secondly, in order to engage effectively within the global political economy, the Southern African states will need to define their interests and their shared efforts within a regional context and articulate these on a regional platform. A regional approach to problems in the global political economy is especially important in terms of coordinating strategies for response to shocks caused by economic globalization.

Such an approach by Southern African region fits well within the region's ongoing attempts to forge cooperative efforts towards establishment by 2004 of a fully integrated common market. This in itself is a manifestation of a working regime network at the regional level. It is a realisation that deliberate and purposive cooperative efforts to coordinate regional economic policies in the face of common problems will translate into mutual gain.

Our attempt to examine SADC as a framework for dialogue with the EU is informed within the simultaneous attempt to answer three important questions: Is SADC as a framework for cooperation with its new membership and an increased sense of purpose capable of wielding effective authority within a regional context? Are the SADC member states sufficiently committed to the overall aims and objectives of SADC such that they are willing and capable of coordinating within the SADC structures their external trade

policies? Is South Africa as the regional economic power-house committed enough to spearhead the effort for the achievement of SADC's overall aims and objectives? An examination of a joint regional foreign policy approach provides useful insight in the attempt to answer these questions.

Foreign policy making is generally set within four distinct environments, namely; the domestic, the international, the psychological and the bureaucratic or organisational (Vale and Mphaisha 1999: 90). Within these setting some variables that affect the range of foreign policy choices are resource endowments, level of economic development, geo-strategic location, history and type of government (Kegley and Wittkopf 1997: 40-45). As Le Pere and Van Nieuwkerk (1999: 199) observe, the basic objectives of a country's foreign policy are determined within a domestic context as the state attempts to secure national security, economic growth and the general welfare of its peoples. For SADC states, the domestic setting as a source of foreign policy is important especially in terms of the internal economic conditions of these states. As weak, underdeveloped and therefore relatively poor states, SADC countries' individual trade foreign policies are considerably constrained. At the same time, the international environment imposes severe constraints on the available foreign policy options for these states and especially because the external setting remains dynamic and not static in nature.

Wright (1999: 2) correctly observes that traditional approaches to foreign policy making in Africa have significantly altered. He notes (1999: 2) that foreign policy was previously shaped by such factors as impact of colonialism, non-alignment, security and sovereignty, unity against apartheid and centralised decision-making among others. But presently, Wright (1999: 7) further notes, distinct reference points for African states' foreign policies are the end the Cold War, the pressures of liberalization and democratization, and the changing character of the global economy. Commenting on this new foreign policy environment facing the African states, Van Wyk (1994: 89) observes that the end of the Cold War has inevitably led to changes in non-aligned postures and that middle powers like South Africa will adopt regional leadership and bargaining roles in the North-South politics. The implication here is that multilateral platforms such as NAM,

the Group of 77 and UNCTAD have lost bargaining clout as the shift moves towards regionalism. This trend is in part a result of economic issues acquiring the status of high politics as strategic-military considerations become relatively less important in the post-Cold War global economy.

Shaw and Nyangoro (1999) have observed that in general, foreign policy making in Africa is faced with a radically changed post-Cold War global political economy now preoccupied with structural change and adjustment. They note (1999: 237) that in this new setting there is a shift in terms of actors, issues and levels such that actors are now multiple and predominantly economic ones, issues mainly economic and the levels of policy making increasingly regional.

These developments clearly suggest that concerns for economic viability at the sub-system level have in essence rivalled military security issues. Commenting on this general shift, Van Wyk (1994: 81) stresses that the dominance of capitalism in the contemporary interdependent world has meant that foreign policy decision makers have now got to balance the demands for domestic economic restructuring and growth with the need to achieve a competitive niche in international markets. While Van Wyk's observation is in respect of an individual state, we extend this view to the sub-system level as the appropriate decision-making or coordinating framework.

It is necessary at this point to draw the distinction between what is termed a joint foreign policy and a joint foreign policy activity. Ginsberg (1989: 2) defines a joint foreign policy as a composition of mutually related joint actions that set forth a unified position intended to serve pre-determined objectives. In this regard he gives the example of the EC Middle East policy. On the other hand, he (1989: 2) defines a joint foreign policy activity as a specific, conscious goal-oriented undertaking putting forth a unified membership position toward non-members, international bodies, international events and issues. For example, Ginsberg (1989: 2) observes that the EC took many foreign policy actions but had only a few fully developed foreign policies and that even those did not together constitute an

integrated foreign policy in the sense that a nation- state may be said to have a single foreign policy.

But presently, Regelsberger et al (1997: 1-2) note that the EC, now as the EU following the conclusion of the Maastricht Treaty of 1992, has attained far greater levels of integration to the point that the EU now has many features of supranationality under the institution of Common Foreign and Security Policy (CFSP). Therefore, using the EU as an example and a point of departure, it cannot be expected that SADC can posses a foreign policy in the same way that a nation-state does since it is not a sovereign state. It follows therefore that even the joint actions of SADC member states on specific issues (in terms of Ginsberg's definition) will themselves not add up to a whole foreign policy of SADC as such. However, a joint action by SADC member states on a specific issue can be construed as a foreign policy action by the operationalization of the concept of "pooled sovereignty"[17].

The bottom line is that an SADC foreign policy activity may not be adequately explained by traditional conceptual approaches and that other explanations are required. These explanations or reference points for SADC foreign policy activity are externally driven events such as pressures of liberalization, global economic interdependence and the changing character of the global economy. It is nevertheless expected that each SADC member state has a set of domestic circumstances that will have an impact on each member's views on joint foreign policy actions towards third parties. This suggests, as Babarinde (1999: 224) has noted, that an SADC foreign policy will be nothing more than an amalgamation of the foreign policies of member states (hence pooled sovereignty).

It can be argued that given the level of international interdependence influenced by such international trends as economic globalization, pooled sovereignty on certain specific

[17] "Pooled Sovereignty" may be termed simply as a strategy of cooperation (facilitated within a multilateral framework such as the SADC grouping) which enables states to circumvent the problems caused by the lack of a supranational entity among them at the regional or international level. Kegley and Wittkopf (1997: 537) define "pooled sovereignty" as "the sharing of decision-making responsibility among several governments and between them and international institutions".

issues will increasingly become a common feature at the regional level. This trend will inevitably result in the strengthening of SADC as an existing regime for cooperation and therefore a framework for joint foreign policy activity. Whenever joint positions on specific issues are reached, the SADC member states will, in each time this happens, have utilised the leverage of collective action. Ginsberg (1989) refers to this approach as the maximisation of politics of scale[18].

Because of the evident paradigm shift in security conception in the post-Cold War environment towards greater focus on economic issues, it is conceivable that the apparent pervasiveness of economic issues on a global scale also implies that this trend will persist in temporal terms. If we accept this postulation as a given, it can be argued that an incremental SADC foreign policy activity towards external actors will increase and improve in quantitative and qualitative terms respectively. It would then follow that the quality of foreign policy actions will increasingly become a function of the quantity of issues dealt with. That is, as the number of issues increase (issue density) in which SADC enters into dialogue with such entities as the EU or United States, the quality of dialogue as well as the range of possible outcomes will get better incrementally. Such a development will translate into opportunities in the global economy for SADC states as the group thus develops skills in negotiations and bargaining.

There are a number of important dialogue areas or issues in which SADC foreign policy activity can be directed in respect of SADC contacts with the EU. These would form the basis of a calculated attempt to make a positive impact on the overall trade cooperation efficiency between them and in particular to improve on the competitiveness of SADC states in order to enable them to face the current competitive trading environment. For our purposes we will identify three such issue areas and examine them by applying SADC as a framework and strategy for negotiations. But first we examine the appropriateness of

[18] Referring to the conduct of the EC foreign policy, Ginsberg (1989: 3) describes politics of scale as a facilitator of joint foreign policy actions at lower costs and risks than when the participants act on their own. Babarinde (1999: 227) concurs, as he notes that members of a regional structure are inclined to use the regional framework for their foreign policy only when it serves their interests. These views reinforce the concept of SADC as a working regime network and as a framework for articulating the region's joint positions on certain issues.

SADC as a framework for North-South dialogue as opposed to some previous and existing larger Third World dialogue platforms.

We argue that effective negotiations on issues with the EU will require SADC as a group to exercise foresight and pragmatism. This will mean putting less emphasis in a structure such as the ACP grouping as a collective capable of bringing meaningful benefits to the Southern African region. Given its poor record as an institution meant to promote economic growth through trade facilitation, the ACP grouping is today similar to the Group of 77 and NAM in that these groupings have become marginal in the current global economy. Some commentators lament the increased peripheralization of these organisations as facilitators for joint consultations and argue (Cheru 1996: 48) that neo-liberal free market strategies have been offered as substitutes for multilateral consultations. This is really not the case since multilateral consultations have not yet lost their motive force. To the contrary we argue that a paradigmatic shift has occurred. That multilateral consultations have shifted focus and operation level in order to become more effective and beneficial for the participants concerned. The dominant approach now is regionalism. An understanding of this shift by SADC group is an appreciation of the need to coordinate and harmonize their specific trade foreign policies and thereby strengthen their joint regional positions and responses.

This suggested approach finds little merit in a strategy for the entire Third World or for huge sections of the Third World. Supporting one side of this view, Williams (1994: 24) argues that the uneven development of capitalism and the diverging economic fortunes of the Global South countries would suggest that these countries pursue individual interests rather than bloc goals. While correct in one respect (that is the jettisoning of perceived utility of huge blocs such as ACP or Group of 77), Williams ignores the inherent weakness of most Third World states to attempt to individually integrate or position themselves in the world economy.

In the case of trade and related issues, circumstances within the current global economy would suggest the pursuit by poor states of joint goals but within much smaller groupings.

A common geographical setting and possession of several aspects of homogeneity adds weight to this approach. The increased integration and enlargement of the EU, the formation of NAFTA, the formation of the Mercosur group[19] and so forth are examples of responses in this direction. All these groups exhibit joint trade foreign policy actions towards third parties. Similarly, the membership expansion and progressing integration of SADC prepares it for increased joint foreign policy activity . Babarinde (1999: 226) similarly argues that states participate in foreign policy enterprises within the framework of regional integration and cooperation because their interests are directly or otherwise involved.

The appropriateness of SADC as a selective framework for North-South dialogue at the regional level may however be said to be compromised by three situations. The first is in respect of the institutional capacity. As presently constituted, the institution of SADC has a small staff. Babarinde (1999: 224) has noted that SADC lacks an elaborate bureaucracy with which to conduct foreign policy. Given that the target date for a complete regional integration (creation of a free trade area) is 2004, a large bureaucracy for SADC is still a long while to come.

The second compromising situation is the fact that SADC countries have not moved quickly enough to ratify important protocols under the SADC umbrella. For instance, the important SADC trade protocol signed in 1996 is yet to be ratified by two thirds of SADC members, a requirement for the protocol's effectiveness. Especially important, the two strong regional economies, South Africa and Zimbabwe, should pave the way in the ratification of protocols. McGowan (1999: 255) has stated that the SADC trade protocol will not come to much until it is signed by Zimbabwe and South Africa because of the size and importance of their economies in the region. Finally, McGowan (1999:

[19] Mercosur is the Latin American trade bloc made up of Brazil, Argentina, Paraguay and Uruguay. Chile is an associate member. The group's objective is to promote trade between the member states (Nel and Mcgowan 1999: 323).

255) charges that many SADC states belong to competing organisations[20] that divert attention from SADC's goal of greater economic cooperation. He has argued (1999: 256) that the fact that the Common Market for Eastern and Southern Africa (COMESA) and the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) both seek greater economic integration among their members has implications on the coordination efficiency and prioritisation for SADC states and may result in sub-optimal focus on issues at the SADC level.

Despite these possible drawbacks the distinctiveness of the Southern Africa subsystem will continue to propel SADC as the most coherent and consistent regional organisation on the continent. The sub-system's distinctive past in terms of mutual sensitivity and familiarity (especially the intergovernmental experiences made possible within the Front Line States and SADCC arrangements) suggest that petrifugal forces in the institution of SADC will predominate as member states move closer towards economic integration. This development coupled with the now obvious trend towards regionalism makes SADC the most appropriate platform on which the region should articulate its positions on important trade issues within a selective North-South framework.

By using SADC as a regional framework for negotiations with the EU on important trade and related issues the interests of SADC states will therefore be jointly and positively affected. This can be illustrated by an examination of three possible dialogue areas. These are as follows: the issue regarding the type of relationship the EU will have with the ACP countries after expiry of Lome Convention in February 2000; considerations for SADC states to adopt (within a cooperation agreement with the EU) "strategic" as

[20] Currently ten SADC members have overlapping membership with the Common Market for Eastern and Southern Africa (COMESA) originally founded in 1981. At the same time three SADC members (South Africa, Mozambique and Tanzania) also belong to the newly created Indian Ocean Rim Association for Regional Co-operation (IOR-ARC) (McGowan 1999: 255).

opposed to "close" integration[21] with the world economy; and negotiations over debt cancellation of the EU portion of the crippling debt to SADC states.

Regarding the first issue or dialogue area, negotiations between the ACP group and the EU are already in progress. In an interim report in May 1997 (Graumans 1997: 2) a preliminary SADC joint position favoured the retention of the status quo of the Lome Convention. This is not an informed decision. A more realistic and in fact strategic position by SADC would be to favour a regionally differentiated approach to cooperation with the EU and to accept a measure of reciprocity in a new SADC-EU cooperation. Such an approach would be a departure from past negotiation mistakes made by, for example, the Group of 77 whereby, Rothstein (1977: 153) observes, the group sought concessions from the rich countries but failed to offer any reciprocal benefits to them.

Table 4.3 A Comparison of Gross Domestic Product (GDP) of Three Prominent sub-Saharan Regional Economic Groupings

GROUP	GDP($bn)
Southern African Development Community (SADC)	182.89
Economic Community of West African States (ECOWAS)	91.40
Economic Community of Central African States (ECCAS)	28.53

Source: Adapted from Sikhakhane, J. 1999. "Indulging in a Daydream?: Regional Trade Pacts Flawed", Financial Mail, May 21, pp.52-53.

[21] As supporters of heterodox interpretation of the East Asian experience, Dut et al (1994) posit that the East Asian countries pursued 'strategic" integration with the world economy during their periods of rapid growth. They argue (1994: 14) that this involved, among other things, a whole range of government measures to guide the market towards planned structural change. That is, governments in these countries followed strong, purposeful industrial policies with public enterprises playing a significant role. 'Close' integration on the other hand means simply following the market.

What is important for SADC countries is to appeal to the self interest of the EU. One way of doing this is to present Southern African region as an attractive trade partner as well as a lucrative destination of foreign direct investment. For instance, table 4.3 clearly indicates that among the key trade blocs in the sub-Saharan Africa, the SADC group is the largest economic player with a gross domestic product of US Dollars 182.89 billion which is twice the size of the second largest, ECOWAS group US Dollars 91.40 billion. The presence of South Africa in SADC as a strong middle-income economic actor makes Southern African region even more attractive. At the same time it gives SADC group additional political and economic leverage relative to the other groups on the continent. In terms of negotiations with the EU this translates into an important foreign policy asset.

Further, using the political and economic weight of South Africa, SADC states are now in a unique position to negotiate an arrangement with the EU modelled on the SA-EU TDCA. Within such an arrangement SADC will be able to negotiate for the incorporation of improved features of asymmetry and differentiation to take cognizance of the relative low level of development of the SADC states. Asymmetry will be in respect of provisions for relative reciprocity. Differentiation will deal with the question of the transitional phase for tariff reductions by the partners where the weaker partners reduce tariffs over a much longer period. SADC states are therefore in a position to grasp the opportunity to negotiate a lucrative post-Lome deal with the EU in the form of Regional Economic Partnership Agreement (REPA).

A REPA between SADC and the EU would serve to institutionalize negotiations on an on-going basis by way of creating institutional links for a long-term relationship. Sandberg and Shambaugh (1993: 160) have argued that success in respect of North-South negotiations requires the establishment of an institution in which bargaining takes place routinely. They argue (1993: 170) that within a continuous bargaining framework afforded by institutional links, incremental expansion of issue-areas can take place with greater chance for success than would be the case in a major one-off negotiation demanding drastic changes (such as those made by the Group of 77).

A second possible dialogue area would be one in which SADC negotiates for certain safety clauses within a REPA with the EU. Among other uses, such safety clauses would provide room for SADC states to adopt strategic as opposed to close integration with the world economy. By this we do not suggest that the state should supplant the market but rather that SADC states are too fragile to simply follow the dictates of the market. As much as international trade is an important aspect of the much hailed export-led growth, it is vitally important to focus, Tsie (1996: 98) argues, on the need to promote balance, equity and mutual benefit in order to promote social development and poverty eradication. This view suggests that while SADC should project a market friendly posture in its foreign policy activities, "strong" regional states must not be compromised.

Therefore SADC as a framework for negotiation with the EU can ensure that SADC-EU REPA does not weaken the Southern African states. Tsie (1996: 97) correctly observes that the SADC region needs strong states with sufficient autonomy and capacity to institutionalize sustained capitalist development. This view accepts the role and importance of non-state actors in the current global political economy, but as Grant (1997: 321) argues, it is too early yet to proclaim a "Borderless World"[22]. It is suggested that the state and the market be viewed not as competing but complementary institutions. Of particular note is the fact that SADC states (with industry-specific exceptions in the case of South Africa) are too weak and vulnerable to allow unrestrained market complete autonomy. Strong regional states will be vital in guiding the market towards planned structural change by a series of market friendly, interventionist but essentially regulatory measures.

Finally, a third possible dialogue area would be on the critical issue of debt cancellation. As a framework for the articulation of regional positions, SADC can play an important role in respect of the debt question. For example, the group can utilize the political and other links that would be established within the proposed SADC-EU REPA to lobby the

[22] "Borderless World" is the title of a book by Kenichi Ohmae (1991) in which the central argument is a focus on globalization as a function of global market forces in which the role of the state is completely rolled back. But the approach in this thesis is that this view overstates the impact of globalization. The role of the state as a regulatory agency at the national, regional and international levels is still crucial. The surge in sub-groupism (Rosenau 1997), that is, economic trade blocs, is one method by which states continue to wield regulatory capacity whether they are weak states such as the SADC group or strong states such as those of the EU or NAFTA.

EU to write-off the portion of SADC debt owed to its members and institutions. Other debt elimination mechanisms such as debt-equity swaps can also be negotiated. It is expected that the EU might place certain conditions in respect of debt cancellations. Likely conditions may take the form of a demand for a clear demonstration of good political as well as economic governance and accountability on the part of SADC countries prior to any debt cancellations.

Given the general wave of democratisation in the region, except in the case of Angola where civil war has reversed this process, such a condition has a fair chance of being met by most SADC states. Also, South Africa's fairly successful democratic consolidation is a useful asset for negotiation in this regard. Through demonstration effect (that is, by example) Le Pere and Van Nieuwkerk (1999: 201) argue that the successful democratic consolidation in South Africa has impacted the region positively in terms of promoting regional norms of democracy and human rights. They note (1999: 201) that as the regional economic powerhouse, South Africa expresses its commitment to regionalism and hence regional integration in Southern Africa. If this rhetoric is translated into practical and harmonised policy actions within the SADC regional framework, it becomes a strong negotiating asset for Southern Africa. A politically stable and economically prosperous Southern Africa makes an attractive cooperating partner for the EU. Debt relief will contribute positively to this endeavour.

Debt relief for SADC states would also go a long way towards improving their export performance. Resources untied by debt cancellation by the EU can be invested in skills development as a deliberate and purposeful long-term strategy to enhance technology transfer. In turn, acquired requisite skills would be applied to the efforts of diversifying the export product base as a necessary strategy to improve SADC trade performance. The EU's professed commitment (Fouere 1997: 34; Ismail 1997: 88) to support the development and regional integration of the Southern African region should be seen to be part of this process. Similarly, South Africa's professed commitment (Keet 1997: 124) to protect the interests of the region in negotiations with the EU should also be part of this process. Other commentators (Shaw 1997: 35) specifically charge that South Africa

should show its usefulness by negotiating on behalf of the region on issues that affect the region's capacity to integrate with the world economy.

4.5 Conclusion

The post-Cold War paradigm shift in security conception away from military strategic issues towards greater focus on economic issues is now a dominant characteristic of the present international system. Within this paradigm shift other sub-themes have manifested themselves in ways that critically affect the economic prospects of the sub-Saharan countries. The new world order resulting from this dominant shift is characterised by donor fatigue and decline in real spending on development assistance. Relations of the poor sub-Saharan states with the creditor nations and international financial institutions is shown to have been substantially altered so that "trade and not aid" is the accompanying theme of the 1990's and beyond. Along this thinking, the Lome Convention's non-reciprocal trade arrangements have lost relevance and are about to be replaced by a new cooperative arrangement radically different in form and substance. This is further buttressed by the evidence of extensive failure on the part of Lome arrangement to improve trade prospects of the ACP countries. The uniqueness and innovativeness of the SA-EU trade pact has been shown to have net positive effects on the SADC countries. The trade pact's inclusion of the agriculture domain and its features of asymmetry and differentiation makes it an attractive model for SADC-EU cooperation in the post-Lome dispensation.

In an environment which has substantially rolled back economic sovereignty of the individual sub-Saharan African state, regionalism, it is argued, offers an alternative way for Southern African states to position themselves in the global political economy. At the same time the market should not be allowed free reign. Strong regional states will be necessary to ameliorate the adverse effects of liberalization by guiding the market towards a planned structural change. This approach sees little relevance for the SADC group to attempt to use larger Third World forums such as the Group of 77, NAM or the ACP grouping to curve out a niche for itself in the world economy. With South Africa in its

midst, SADC is in a unique position to utilize South Africa's present good will (including its new and innovative relationship with the EU) as well as its relatively better resources, to articulate regional positions on important trade and related issues. Such an approach, which should be characterised by a joint foreign policy activity by the member states (under the auspices of SADC as the framework for negotiation) reflects a general trend in the global economy.

While the SADC institution is fairly small in terms of bureaucratic capacity, the political will to coordinate member states' external trade policies nevertheless exists. Many instances of this can be cited. One such example discussed in the chapter (but considered unpragmatic in the view of this thesis) is the preliminary SADC joint position that favoured the retention of the Lome status quo. On the issue of regional leadership it has been shown that South Africa is committed to play the leadership role. For instance, in its negotiations with the EU it emphasized the fundamental significance to itself of SACU and other SADC members in respect of strategic, political, security, trade and development relations with them.

From a policy perspective, our analysis suggests that SADC as a framework for negotiation can effectively be employed not only in the case of interactions with the EU, but also in the case of SADC interactions with the US (a huge export market and a potential source of various types of trade and investment accommodations). As we pointed out, the US is a central actor in the global political economy and especially in respect of its influence over the regulatory processes of global trade and international financial institutions. The US is also deeply involved in the issues surrounding such themes as the linkage between aid and politico-economic reforms. Within the context of the new US Africa policy, the next chapter explores further the possibility that SADC's innovative interactions with dominant external actors could result in beneficial outcomes.

CHAPTER FIVE

SADC-United States Relations: Opportunities and Risks

Current wisdom in the sphere of international political economy suggests that even the very poorly performing economies of the Third World, mostly in the sub-Saharan Africa, should direct their efforts towards finding ways and means to integrate with the world economy. SADC states seek economic development based on equality and social justice. They seek export-led growth through sustainable trade and investment. As such, SADC states must engage with the world economy. Recent SADC trade and economic contacts or relations with the US should be seen as part of this process. However, there are challenges in the form of risks and opportunities associated with this process.

For instance, the US Africa policy is now based on the new thinking epitomised by the slogan "trade-not-aid". Within this thinking, the objectives of the US are to promote democracy and prosperity in Africa, and through that, its own national interest. Through its influence over the regulatory processes of global trade and international financial institutions, the US has increasingly pushed for the linkage between aid and politico-economic reforms. The US goals are well facilitated within the larger framework of globalization and liberalization which has given rise to the primacy of the market. The dominance of market capitalism in the contemporary world of complex interdependence necessitates SADC states to restructure their economies and to adopt policies aimed at achieving a competitive niche in international markets. However, to achieve this objective, certain requirements might be necessary regarding the type of the individual Southern African state as a politico-economic organizational unit. In any event, SADC states will need to use the political and economic weight of South Africa to negotiate beneficial partnerships with the US. The successful democratic transition provides South Africa with reasonable political clout and goodwill in this regard.

Part one of this chapter discusses the new US policy towards Africa in general and how the SADC states in particular stand to benefit from it. Also discussed is the US Africa Growth and Opportunity Act as an important instrument of the US Africa policy. The implications of

the Act's conditionalities on Southern African trade and development prospects are critically examined in the second part. Finally, the type of SADC states (that is, as politico-economic organizational units or as specific types of political economies) necessary for coping with the intense global competition as well as for the articulation of regional positions on matters of trade and related issues are discussed. This discussion is conducted within the assumption that South Africa is well positioned and willing to provide regional leadership, both politically and economically.

It is argued that while the US Africa policy is innovative, fundamentally it advances the interests of market capitalism. To benefit from this policy Southern Africa will need to articulate joint policy positions in trade relations with the US where these positions enhance the capacity to determine the level of state intervention in the economy.Accordingly, SADC states will need to reconstitute their political economies in order to curve out a middle way necessarry in coping with inescapable insecurities of global capitalism. Leadership by South Africa will have to be a vital component of this strategy.

5.1 United State's Africa Policy: An Opportunity for SADC States to Enhance Trade Contacts with United States

Under the second phase of Clinton Administration US Africa policy has undergone a tremendous change compared to that witnessed during the Cold War period. In the three decades prior to 1990 the US viewed the entire continent through a Cold War prism This therefore meant that foreign aid and other forms of assistance basically served US political goals. In looking at how SADC states can benefit in terms of trade from a renewed US Africa policy, it is important, as Strange (1988: 161) cautions, to always begin from a position of facts so far as they are known and then proceed to the conflicting issues on trade and related matters. This approach is useful, Strange (1988: 161) argues, because facts help to put into perspective the way in which the flows, the content and terms of international trade are so heavily dependent on other structures such as security, production (that is mode of production), finance and technology (or knowledge). This suggests that exchanges in international trade are far from being merely the outcome of market forces of relative supply and demand. Much more to the point, international trade exchanges are the result, Strange

(1988: 161) asserts, of a complex and interlocking network of bargains that are partly economic and partly political, involving the unequal access of trading partners to both finance and technology.

It is important to note, Cason (1997: 148) observes, that US Africa policy has always been driven by national interest calculations. This is an important fact. Following the end of the Cold War, the prism through which the US viewed Africa has been shattered. This too is another important fact. As Cason (1997: 148) argues, in the post-Cold War era US foreign policy priorities towards Africa have shifted toward other political goals such as supporting the transition to market economies or cultivating warm relations with new important governments such as South Africa and addressing humanitarian crises. It is also possible to argue that the disintegration of the Soviet Union and the subsequent fall of Communism has given a new impetus to the neoliberal perspective. From this, other facts can also be drawn. As Mengisteab (1995: 164) observes, much of the North-South economic interaction now take place within the framework of liberalization as the dominant ideology. Further, Mengisteab (1995:164) notes, influenced mainly by the US, the other industrial powers and the powerful multilateral institutions (mainly the IMF and the World Bank) now use liberalization as a condition for the integration of Global South economies into the global economic system.

In dealing with the US on matters of political economy, this set of facts are critically important for any state or a group of states, whether poor or of middle income status. For SADC states, recognising the influential role of the US in the multilateral dimension of political economy is a good starting point for any dialogue with it. In the attempts to establish new post-Cold War links with African states, the US for its part has made bold new steps in this direction. In the 1994 White House Conference on Africa, President Clinton stated (Clough 1994:2) that the US has a new responsibility to see Africa as specific nations with specific problems and as specific promises. The President specifically used South Africa as a reference point (Clough 1994: 2) for hope on the continent, as well as throughout the world, and emphasized US role to provide practical and meaningful assistance to ensure such hope remains aglow. Since South Africa is an inextricable part of the Southern African subsystem, increased US focus on South Africa inevitably implies opening up opportunities

for greater US contacts (essentially trade and investment opportunities) with the rest of SADC states.

In the same White House Conference on Africa, the Vice-President, Al Gore, cited two important regional initiatives undertaken by the US in Southern Africa through the United States Agency for International Development (USAID). These two initiatives are a Southern Africa Enterprise Fund to encourage indigenous private sector development and a Southern Africa Democracy Fund to strengthen participatory democracy in the subregion (Clough 1994: 3). If SADC states can respond adequately to these initiatives, Southern African region is set to become a major growth centre on the continent. The US focus on Southern Africa and particularly on South Africa has been extensive. It has been instrumental in the funding of structures in South Africa that target the strengthening of democratic institutions, creation of jobs, and redressing inequities of the past such as healthcare, housing, education system and so forth (Clough 1994: 5). At the regional level and working closely with SADC in recent years, the US has contributed funds to strengthen economic ties to capitalize small businesses and to improve transportation and communication systems (Clough 1994: 5). This represents a window of opportunity for the region to institute appropriate trade policies and initiatives to take advantage of this renewed US focus on Southern Africa.

All these initiatives in Southern Africa by the US are useful as they contribute to the establishment of an enabling environment in which sustainable development and international trade can take place. Yet there is little development, much less international trade, that can take place if conflicts such as those in the Democratic Republic of the Congo (DRC) and Angola continue. This critical dimension of development (that is maintenance of a security structure within states and regions) has also received attention within the framework of the new US Africa policy

Clough (1994: 4) notes that a comprehensive legislation (the African Conflict Resolution Act) has already been introduced in Congress. Representative Harry Johnston (Chairman, Sub-committee on Africa House Foreign Affairs Committee) has stated (Clough 1994: 4) that this initiative aims to provide assistance to the Organization of African Unity (OAU) conflict prevention, management and resolution efforts, to sub-regional organizations (such as SADC)

and to non-governmental organizations involved in mediation in Africa. This initiative indicates the sensitivity of the US Africa policy to the need for political stability as this is vital to the establishment of trade and investment links. SADC is reasonably well constituted in terms of regional security arrangements with a great deal of potential for improvement. The SADC security structure, the Organ on Politics, Defense and Security, has been reasonably active in peace initiatives and intervention in Lesotho and the DRC. Therefore, constructive engagement with the US under the auspices of the US Africa policy will strengthen regional peace and security initiatives as a critical dimension of trade.

In recognition of the dire need for funds by the majority of African countries, the Clinton Administration is also making efforts in this direction, but against stiff opposition from the Republican controlled Congress. Traditionally the sub-Saharan African countries have benefitted from the almost interest-free long-term project loans extended by the International Development Association (IDA), a subsidiary of the World Bank. But as Cason (1997: 147) observes, Congress has effectively withdrawn all IDA funding to the poorest countries for the three year period beginning in 1997. Cason (1997: 147) notes that as a measure of support for the US Africa policy, the Clinton administration is lobbying Congress to restore IDA funding for the poorest countries. The funds in question are the one billion dollars annual US appropriation to IDA. The Republican-controlled Congress would rather have these funds be applied to cut the federal budget deficit.

Whatever the US national interest might be in its renewed Africa policy, it is vitally important for strategic subregions such as Southern Africa to take cognizance of the dynamics of US behaviour towards the Third World. In doing so, certain specific benefits can be negotiated and extracted. Krasner (1985: 23) points out that Democratic US Administrations have tended to accept reformist liberal arguments (for example Jimmy Carter Administration) while Republicans have largely preferred orthodox liberal perspectives. The result has been that Democratic Administrations have been more sympathetic to the plight of poor African states. The further marginalisation of Africa during the Republican Administration of President Reagan puts this argument into perspective.

For instance, on the question of the global campaign to forgive debt to the Highly Indebted

Poor Countries (HIPC), the current US Democratic Administration has demonstrated great support for this endeavour. In this regard, it is noted (Brummer 1999: 19) that President Clinton has urged the Republican Congress to approve a hundred percent of US bilateral debts to the HIPC group. He also appealed to the World Bank, IMF and other lenders to consider total debt relief to HIPC before the end of the millennium (Brummer 1999: 19). It follows therefore that the current Democratic Administration of President Clinton is sympathetic and willing to mobilise assistance (political and capital) on behalf of Africa, even within the framework of US national interest. But since Africa is not one homogenous entity, despite certain similar problems, those that stand to benefit from the current US Africa policy will be those countries and/or regions that position themselves strategically.

The most critical component of the US Africa policy is the shift from aid to trade and investment cooperation. This is a policy supposedly informed by the thinking that export-led growth holds the promise for the poor African countries. The US trade-not-aid policy is the engine that is driving the draft bill African Growth and Opportunity Act sponsored by, among others, representative Phil Crane and Senator Richard Lugar. This new US policy towards Africa has certain shortcomings and constructive criticism should be levelled accordingly. It should, at the same time, be seen by those it concerns most (the targeted African states) as a new and innovative move to initiate serious and sustained dialogue on Africa's problems and challenges and coming as it does from a sympathetic Democratic Administration. Major developments in the direction of increased high level contacts between specific African countries and/or specific regions and the US are therefore expected. Clough (1994: 1) concludes that the first-ever White House Conference on Africa in June 1994 achieved both its objective of focusing the attention of senior administration officials (especially President Clinton) on Africa and enlisting interested US groups in a concerted effort to assist Africa.

SADC states are well positioned to benefit from the renewed US focus on Africa. With South Africa (the strongest economy on the continent) as a central player in Southern Africa, the subregion commands strategic importance. This is so not least because of the democracy promise demonstrated by the 1994 South African landmark transformation and followed by the successful multi-party democratic elections in June 1999. The successful consolidation of democracy and the positive potential it possesses in terms of "demonstration effect" on

regional countries, accords the subregion a new importance in the global political economy.

Because of this demonstrable importance of the subregion, a number of useful contacts between the region and the US have already occurred. First was the Memorandum of Understanding signed by the SADC Executive Secretary and the late US Secretary of Commerce, Ron Brown, in February 1996. The Memorandum aimed at promoting trade and economic relations between the US and SADC and identified agri-business, manufacturing and mining as some of the areas of focus (SADC 1997: 1). A second important contact took place in April 1997. In this contact a mission to the US of a delegation of SADC trade and industry ministers met with the new US Secretary of Commerce, William Daley, and senior US officials who outlined the details of the US commercial policy for Africa (SADC 1997:1). In yet another high-level contact (Sharpe 1998: 3) William Daley, US Secretary of Commerce, led a trade delegation of fifteen US business leaders to the Southern African region in December 1998. At the same time, notes Sharpe (1998: 3), an agreement which aims to promote investment between the US and South Africa was signed by South Africa's Trade Minister and US Commerce Secretary. It can be argued that this bilateral arrangement is an indication of South Africa's centrality in these contacts.

These sustained contacts culminated in the establishment of the US-SADC Forum in April 1999 in Botswana, the seat of SADC headquarters. Again this took place within the framework of high-level contact involving the US Under Secretary of State for Economic Affairs, Stuart Eizenstart, who led a delegation of private businessmen and one hundred representatives of ten US government agencies (The Reporter 1999: 2). It can be argued that these high-level commercial initiatives on the part of the US signal the upgrading of Southern Africa in US commercial foreign policy. It is also an indication of the region's strategic importance as the part of Africa with the greatest potential for economic growth and consolidation of democracy and hence political stability.

For these high-level contacts to translate into substantive gains for Southern Africa, the region must critically assess the US trade-not-aid policy and the conditions underlying the Africa Growth and Opportunity Act. When this is done, the region can then engage the US creatively within such structures as the US-SADC Forum and US-South Africa Binational

Commission[23] established by the high-level contacts. In this way the region can negotiate and bargain for specific trade and investment needs by taking joint positions on issues. Seen from this perspective the US Africa policy constitutes a window of opportunity for Southern Africa to improve its trade with the US by opening up channels of technology, capital and investments inflows to the region. The improved economic performance in the region arising from these resource inflows would then enhance the region's trade with the US as the latter removes barriers to trade for SADC products. However, the fundamentals of the Africa Growth and Opportunity Act must first be understood.

5.2 United States Conditionalities and Trade Implications for Southern Africa

The US Africa policy, as represented by the African Growth and Opportunity Act, is on the whole more a reflection of the furtherance of US national interest than a new enlightenment about the need to uplift the poor states of Africa. It is a new foreign policy greatly influenced by domestic as much as by international political and economic circumstances. As Cason (1997: 148) has observed, there has been increasing domestic pressure since the late 1980's on the US to end government assistance programs even to US citizens. In such a domestic environment the US is hard-pressed to justify development assistance to Africa. On the other hand, the US foreign aid program, as Cason (1997: 148) points out, has always been an adjunct to Washington's political and economic interests or security. Commenting on the central objective of the new US Africa trade and foreign aid policy, Vice President Al Gore made this clear when he asserted:

> It is a three-pronged vision: one that seeks to promote democracy, promote prosperity, and promote our own national security in an age when the Berlin Wall has been dismantled and people are casting ballots in the Kremlin (Clough 1994: 3).

[23]The high level contacts between the US and SADC are largely a result of US interest in South Africa's peaceful political transition and its value as a model for other unstable regions. The US-South Africa Binational Commission is part of this process. This presents a window of opportunity for Southern Africa where South Africa's goodwill and political clout should work as a bargaining resource.

It is argued (Cason 1997: 148) that these perceptions and objectives of foreign aid place a demand on US assistance to be justified first and foremost by how well it advances short-term US political and economic interests. Long-term economic progress for African states is not given much consideration if at all any. As Cason (1997:151) notes, the trend in US economic aid has been to re-direct so called "development assistance" budget for Africa toward very short-term humanitarian relief or medium-term relief projects. Development assistance to Africa through trade and development cooperation is planned to be achieved within the framework of the African Growth and Opportunity Act. However, a critical assessment of the fundamentals of the draft bill has revealed serious deficiencies in terms of the bill's ability to assist African countries.

First and foremost the draft bill has been criticized (Martin 1998: 532) for its reproduction of IMF and other international financial institutions' conditionalities. Yet, as Martin (1998: 532) aptly observes, documented evidence abound on how conditions imposed by IMF and associated institutions have resulted in increased poverty, inequality and unstable economies. It is these negative outcomes, Martin (1998: 532) further notes, that have led to widespread opposition to IMF and World Bank reform-conditioned structural adjustment funds by African democratic movements, church groups, women's organizations and so forth. Because of its unilateralism and imposition of IMF-type conditions, the US Africa trade bill has been severely criticized by a broad spectrum of Africa advocacy organizations and scholars. These include Congressional Black Caucus, TransAfrica, Association of Concerned African Scholars, among others.

A TransAfrica letter signed by twenty eight prominent African Americans (Congressional leaders, academics and so forth), has levelled specific criticisms and proposed specific amendments to the bill that, in their view, would make it viable and pro-development oriented. The letter summarizes the bill's conditions in three categories (SAPEM 1998: 2). Firstly, the bill seeks compliance with IMF rules which include cuts in domestic spending and corporate tax rates and broad privatization through divestiture. Secondly, it demands compliance with WTO rules such as deep tariff cuts, systematic removal of import restrictions and subsidies (including those relating to agriculture and food) and opening of service sectors (communications, transportation, banking and so forth) to allow unlimited

foreign acquisitions while limiting government regulation. Thirdly, the bill demands establishment of new rights for foreign investors to acquire ownership over Africa's natural resources and land, and for treatment of such foreign investors equal to treatment of local African businesses.

The condition to cut domestic spending is criticized for not being based on a sound policy that takes cognizance of the unique circumstances in most African countries. The TransAfrica letter (SAPEM 1998: 28) argues that many African countries have found that substantial public investment in education, health care and infrastructure-building creates a solid foundation for vigorous economic development and therefore demand for cuts in these areas is misinformed. Other proponents of this view (McGowan 1991: 9) point out that a critical mass of highly skilled people, developed communication and transportation structures will be the guarantee for wealth generation in the new millennium. The letter (SAPEM 1998: 28) has also argued that Africa is the only developing region in which school attendance rates are declining and this being directly related to the collapse of public investment. The letter (SAPEM 1998: 28) further argues that the demand for cuts in corporate taxes is equally misinformed and is an application of double standards as countries around the world use corporate taxes extensively to finance essential public services. The letter (SAPEM 1998: 29) also criticizes the demand for compliance with WTO rules despite evidence that WTO's tariff escalation on finished products would undermine development by African countries of diversified economies with value-added processing industries. As such, the immediate reality is that the bill's demands present more risks than opportunities for African countries.

The US Africa trade bill provides for quota free, duty free access to the US market for textile and apparel goods shipped from Africa. The TransAfrica letter (SAPEM 1998: 30) criticizes this provision for not being specific enough to ensure new investments in this important trade (that is, trade in which most poor African countries have comparative advantage) or that African labour is actually utilized. Instead, under the current terms of the bill, goods transhipped via Africa but produced in a third country such as China would still qualify for entry into the US market (SAPEM 1998: 30). The magnitude of this single problem is illustrated by the fact that the American Textile manufacturers Institute (ATMI) has re-affirmed its opposition to the Africa trade bill because it also finds its opportunity to invest in

Africa being compromised by the transhipment problem (SAPEM 1998: 30).

The bottom line of these criticisms is that if the bill's objective of shifting US relationship with Africa from aid to trade and investment is to be achieved, a number of amendments must be put in place. The TransAfrica letter (SAPEM 1998: 30) suggests amendments at two levels. First, that the language of the bill be changed to state that the listed economic and social policies are policy guidelines and not conditionalities. Second, that some specific provisions be deleted including the requirements for material compliance with IMF, compulsory WTO membership, binding tariffs to WTO levels, reduction of corporate taxes and government spending, treatment of foreign investors equal to local businesses, and privatization of government-controlled assets through divestiture. It is argued (Martin 1998: 532) that in its current form the bill becomes an instrument for stripping African countries of their democratic right to institute the most basic of economic policy decisions, while the US and its multinational corporations dictate trade and investment rules.

Because of the importance of investment in textile and apparel manufacturing in Africa, the TransAfrica letter (SAPEM 1998: 31) has stated that the bill must be amended to add: comprehensive provisions banning transhipment through Africa (duty and quota-free) of goods manufactured in third countries; the requirement that goods must contain sixty percent African value-added to obtain duty-free, quota-free access; the requirement that companies must have fifty-five percent African ownership and African workers to comprise at least ninety percent of plant workforce for goods to obtain duty-free, quota-free treatment. If incorporated, these amendments will greatly benefit nearly all SADC countries as well as those on the continent with similar economic structures.

Given the high-level contacts that have already taken place between the US and Southern Africa, it can be argued that the US would like to implement the US-Africa trade bill in the subregion before it is implemented anywhere else. However, given the bill's shortcomings, it would be imprudent on the part of SADC countries to immediately embrace it without caution. But since the bill simultaneously represents an important opportunity for trade and development cooperation with a major actor in the global economy, the immediate objective for SADC would be to lobby and negotiate for its amendment. So far the TransAfrica letter

represents the best framework on which the bill should be amended to alter the excessive "Washington consensus"[24] perspective on which it is based.

5.3 An Alternative Form of Political Economy for Southern Africa

As analysed in the Trans Africa letter the new US Africa policy is simply another facet of the liberalization agenda setting the strong against the weak. At the centre of the agenda is the deliberate attempt to completely diminish the regulatory capacity of the African state and especially the capacity as well as the sovereign right to institute trade and economic policies that reflect local circumstances. The trade bill overemphasizes the role of the private sector and essentially the role of the market. Archer (1994: 29) argues that an environment of this type produces Darwinian consequences.[25] In such a setting, US multinational corporations would gain an upper hand and lead to greater foreign control of the Southern African region and consequently affect the region's capacity to trade effectively. Martin (1998: 532) observes that these fears by the region have already been articulated by South Africa which finds the trade bill's provisions inadequate and therefore unacceptable.

However, as the key regional player, South Africa should issue a specific statement and make specific recommendations regarding the trade bill. This will be necessary not only because it will indicate the general direction of South Africa's foreign policy on trade matters but also because it will strengthen the region's image as one cohesive unit. SADC has raised its concern regarding the unilateral authority the trade bill confers to the US in terms of determining all the eligibility criteria for participation in the trade bill's programs of aid and cooperation (SADC 1997: 3). SADC's position favours an approach of genuine partnership in which such eligibility is a matter for joint discussion and agreement (SADC 1997: 3).

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[24]From an economist's perspective, the term "Washington Consensus" refers to a cluster of policy ideas claimed by Western industrialized governments to constitute a model for good economic and political management. The same ideas are referred to as "good governance" from a political perspective. Irrespective of the perspective used, it is argued (Archer 1994: 8) that the ideas advance a highly market driven competitive model which favours the strong against the weak in terms of technology, education, politics, economics, finances and so forth.

[25]The term is used here to amplify the argument that entirely market driven approaches in economic management have a huge potential to marginalise the poor and least well endowed states. That is, weak competitors (when these are states) will fail if major decisions are not taken to mitigate their weakness.

Despite such pronouncements by SADC as a group, the centrality of South Africa in the region as the leading economy requires a separate statement by itself which reinforces the joint regional position on such an important issue. The point in this is that the search for the type of political economy (for example, social market economy within a democratic setting) that would be appropriate for Southern Africa in terms of its specific needs and circumstances, is a project that should greatly involve the strongest economy in the region. This is consistent with part of the argument in this thesis that deeper and constructive involvement of South Africa in the region is a critical prerequisite for more effective participation of the region in the global economy.

As stated, the US vision for Africa is to promote democracy and prosperity as well as its own national interest. Yet, as the bill's conditionalities reveal, both democracy and prosperity in Southern Africa would be threatened if the bill were to be implemented in its present form. The bill's conditionalities, seen as an extension of the liberalization agenda (political and economic), a global objective in which the US plays a pivotal role, presents an important reason of the need for strong developmental and democratic states[26] in Southern Africa. There is a tendency to think of strong developmental states in terms of dirigiste authoritarian states. While this may have been true of most of the Newly Industrialised Countries (NICs) in South East Asia, it is still possible to have strong developmental democracies in Africa and certainly in Southern Africa.

This thinking is premised on the understanding as Fitoussi (1997: 152) has argued, that capitalism in its extreme form disappeared more than fifty years ago and is replaced everywhere, including in the US, by "middle ways". These "middle ways" Fitoussi (1997: 152) further argues, have been the progressive introduction of institutions destined to mitigate the excesses of the free market. To be sure, Fitoussi (1997: 152) further argues, the capitalism that we know is "contaminated" by the concern for justice and social welfare that springs

[26]The concept of strong developmental democracies as used here refers to what is termed as the degree of social-political cohesion (Buzan 1991: 97). Perceived in this sense, these are governing units with potential to provide the framework within which the fragile democracies in Southern Africa can cope with the demands of complex economic and political relations both in the domestic as well as in the internationl sphere. The argument is that strong and stable democracies are necessary as security stabilizing structures for effective international trade and investment.

from the spontaneous functioning of democracy. This conception accepts the regulatory role of the state in a market economy and it is a view that has gained widespread support even within World Bank circles. As Greenaway and Milner (1993: 58) point out, the essence of state regulation is to ensure that policy is fundamentally directed at market augmentation and not market replacement. Strong developmental democracies such as those in the Scandinavian countries (social market democracies) have directed state intervention toward market augmentation and have achieved growth, development and reasonable levels of equality.

SADC states are not only seeking efficient export-led growth through sustainable trade and investment, but also aim for equality and social justice as critical bases for development. Their long-term objective to develop common political values, systems and institutions (Article 5 (b) of SADC Treaty) is part of this process. In this regard it is worthwhile to note that democracy and rule of law is one of the guiding principles of SADC (Article 4 (c) of SADC Treaty). Because of South Africa's presence in the subregion (as Africa's strongest economy and democracy), Southern Africa can be seen as both an emerging market and democracy. This calls for a workable relationship between a free market economy and democracy as an important goal. The conditionalities contained in the US bill for Africa, especially the cut on public expenditure, tend to frustrate rather than complement this goal. For instance, it is argued (Fitoussi: 1997: 159) that in a liberal democracy public expenditure is a decisive element in the social contract as it is biased towards projects such as education and health, which promote justice and equal opportunity. Seen from another perspective, it is also argued (Fitoussi 1997:158) that public investment expenditure especially on education, research and development, health and infrastructure has a knock-on effect in terms of the efficient functioning of the private sector. These are elements of efficiently working developmental democracy in the tradition of social market economy practised with a fair amount of success in Germany and the Nordic countries.

Even irrespective of the label, it would appear that this is the form of political economy that is suitable for Southern Africa (a region steeped in politico-socio-economic inequalities) because it makes inclusion its basis. As Karlsson (1998: 25) has put it, "a social market economy integrates social policy into overall policy and nurtures institutions at all levels to provide the framework for an efficient market. As a goal for Southern Africa, export-led

growth with equity is more likely to be achieved within a framework of regional democracies with social market economies. This objective is fully consistent with SADC objectives and would sufficiently contain external pressures and globalization shocks by moderating them to fit local circumstances.

Apartheid policies engendered gross inequalities in all spheres of life in South Africa as well as in the region because of the historical economic links. Because of this, South Africa, as the undisputed regional leader, has responsibility to ensure that genuine SADC partnership with external actors allows for alternative choices of economic policies that are appropriate for Southern Africa. As the hope and promise for Africa, South Africa must first be able to demonstrate capacity for leadership in the sub-region. One way to do this is to use its resources, including its current goodwill as a result of the remarkable democratic transition, to lead the sub-region in its partnerships with powerful external actors.

Commenting on African countries cooperation with the rich and more developed countries, Karlsson (1998: 23) outlines some important aspects of meaningful partnerships as follows: explicitness about shared values (for instance, respect for democracy, rule of law and human rights); transparency in interests so that where these diverge (as they may for good reason) common ground can still be found and deals made; and equality of capacity so that parties are, to the extent possible, in equal command of all the issues in a contractual arrangement.

Emphasis especially of respect for democracy, rule of law and human rights will help eradicate widespread corruption in most African countries. This will also have a positive effect in strengthening regional social market economies. Leadership by South Arica will help to strengthen civil society in the subregion. A strengthened civil society would in turn lead to the development a democratic culture and stable governments. As Karlsson (1998: 24) argues, a strong civil society and a democratic culture will be a factor in creating economic progress and not a result of it. Therefore, priority is for economic partnerships that simultaneously seek to strengthen civil society and democratic culture in Southern Africa. Since this objective is also consistent with the US vision for Africa to promote democracy and prosperity, the US will be hard pressed not to engage in genuine and meaningful

partnership with Southern Africa.

5.4 Conclusion

In this chapter we have examined the current US policy towards Africa and the apparent opportunities within it likely to be of benefit to SADC states. Of particular note, this policy is intended to promote democracy and prosperity in Africa. In part, the policy is attributable to the new international environment now free of Cold War conflict. From the examination of the policy, it is clear that while it is an Africa-wide policy, specific African countries and regions stand to benefit from it more than others. For instance, a series of high-level trade contacts between the US and South Africa on the one hand and the US and SADC on the othe,r demonstrates that Southern Africa is well positioned to negotiate beneficial trade deals with the US. Here then lies the opportunities. In this regard, the US Africa Growth and Opportunity Act is seen as an important milestone in US Africa policy. However, further examination of the US Africa policy especially within the context of the Africa Growth and Opportunity Act reveals that the central consideration is the furtherance of the US national interest seen as the promotion of market capitalism and democracy on a global scale. It is a reform-oriented policy seeking the integration of African economies into the world economy but in ways that worsen the trade and economic prospects for African countries.

As a response to this situation, it has been argued that the case for a regional response within the SADC cooperative structure remains a powerful option. This conception is partly informed by the stated fact that international trade exchanges remain a complex network of economic and political bargains involving unequal partners. As such, the interests of the weak partners, in this case the Southern African states, will best be served by coordination of their trade foreign policies to form joint positions on specific issues. It is suggested that this approach be adopted by SADC states in their response to the conditionalities posed by the Africa Growth and Opportunity Act.

On the part of SADC states, merely presenting coordinated joint positions on specific trade matters will not constitute a sufficient strategy for confronting US conditionalities. A more holistic approach, it is suggested, should include embracing a form of market capitalism as

well as democracy. Because of serious inequalities in Southern Africa as a result of apartheid and other historical circumstances, developmental democracies in the tradition of social market economy appear to be the most appropriate approach. This is the organizational framework, in political and economic terms, that has the best chance of addressing important development issues such as education, health, promotion of justice and equal opportunity as well as efficient functioning of the private sector. At the same time, it will enhance respect for democracy, rule of law and human rights and therefore greatly influence the eradication of widespread corruption which also pose a threat to efficiency of African economies. Still, for SADC states, development in this direction (that is, adoption and internalization of this holistic approach) places demands on South Africa to provide regional leadership.

The tension between the US and African countries over issues of political and economic conditionalities appears destined to persist. However, even within this tension, the US is nevertheless keen to be seen as a cooperating partner sensitive to the development needs of African countries. As stated, Democratic US Administrations have traditionally been more sympathetic to the African condition. Going by this perception, the current special US interest in South Africa and by extension in Southern Africa, provides an opportunity for South Africa to lead the region towards meaningful partnerships (informed by shared values and transparency in interests) with this important global actor as well as others. The next chapter will explore further this widely accepted assumption by assessing critically the level of South Africa`s commitment to provide such leadership.

CHAPTER 6

South Africa's Regional Foreign Policy: Implications for the Region

It is widely accepted that South Africa is the natural leader in the Southern African sub region. Given the problems currently faced by the region, this places a heavy burden on the new post-apartheid state. The set of common problems facing the region includes unemployment, poverty, massive inequalities, illegal migration, poorly performing economies and so forth. These problems pose serious economic threat to the region as a whole. At the same time there is great pressure for national economies to conform to the liberalization and globalization trends in the global economy. Southern African countries genuinely fear exploitation, marginalisation and debt crises. The external dimension of the economic threat is therefore the most critical. Southern African region must therefore develop political as well as economic capacity to cope with this economic threat. Within the framework of SADC, the regional countries have the objective of promoting equitable regional development and sustainable economic growth through industrialisation and trade promotion. They hope to do this by harmonising political and socio-economic policies of their individual countries. This is viewed in this study as an important prerequisite for coping with the external dimension of the economic threat.

This chapter focuses on South Africa's regional foreign policy as it seeks to address key threats facing the democratic post apartheid state and the Southern African region as a whole. The debate on South Africa's regional foreign policy is briefly assessed in the first part of the chapter. In the second part the stated goals of this policy are established and assessed within the framework of SADC of which South Africa is part. Policy convergence or divergence in terms of goals and objectives of both South Africa and SADC is assessed in the third part. Finally, the stated goals and objectives of South Africa's regional foreign policy are evaluated against actual policy decisions and implementation. It is argued that for the region to cope with the economic threat posed by globalization and liberalization, the role of South Africa as the regional leader will be a vital requirement. Further, as a corollary of this, South Africa as the dominant actor in the region must reconcile its national and regional interests (by eliminating any

contradictions in its regional foreign policy) and minimize the potential for disputes with neighbours.

6.1 The Debate on South Africa's Regional Foreign Policy

The debate surrounding the appropriate regional foreign policy orientation for the democratic post-apartheid South Africa has been deep and protracted. The general understanding within this debate is that the new South Africa's regional foreign policy should make a decisive break with the past. Some analysts (Evans 1996) have charged that the regional foreign policy of the new South Africa is not new as it is dominated largely by characteristics of the past. This view would therefore seem to hold that the regional foreign policy of the new South Africa is inward -looking, concentrating more on national interest narrowly defined. It can further be construed that the proponents of this view suggest that the new South Africa's regional policy preference ordering cares little about the considerations for the welfare and general interest of its relatively weaker (politically, economically and militarily) neighbours in the Southern Africa subsystem.

Other analysts focus on South African capital as being a very effective instrument of foreign policy and particularly at the subregional and continental levels. In this regard, McGowan and Ahwireng-Obeng (1998) charge that using structural power, the new South African government has adopted a regional foreign policy of export and investment promotion that is fully consistent with the desires of South African capital. This, it is implied, is not a new orientation in South Africa's regional foreign policy as it represents continuity with past policies. However, some commentators (Black and Swatuk 1997) believe that the regional foreign policy of the post apartheid state represents both continuity and change, while at the same time suggesting that a holistic approach to the South African regional policy should take cognizance of the role of non-state actors such as South African business corporations.

The debate on South Africa's regional foreign policy notwithstanding, the institution of SADC brings Southern African countries together to form a regime network capable of addressing the regional threats and opportunities on a single multilateral framework. This

is a particularly relevant development as it reflects a general trend whereby regional states are seeking cooperative outcomes especially in economic affairs. Faced with the threats of marginalisation arising from globalization and liberalization trends in the global economy, there is a need for the poor and weak SADC economies to counterbalance such threats by developing appropriate regional responses. In this regard one can expect that the foreign policy of the strongest regional state will reflect such concerns by being purposive and coherent.

6.2 South Africa's Stated Regional Foreign Policy Goals: Principles, Objectives and Priorities

Whatever the actual or observable foreign policy actions of the post apartheid state have been to date, policy pronouncements by key foreign policy actors have been consistent in terms of showing a decisive break with the past. This has been heralded as a necessary and also very important development (Van Wyk 1994). As Le Pere and Van Nieuwkerk (1999: 202) have noted, another development has been the formulation and planning of foreign policy principles and priorities by a range of multiple actors. These include among others, the president, the vice president, the foreign minister, the Department of Foreign Affairs (DFA), the Department of Trade and Industry (DTI), the parliament, trade and foreign affairs parliamentary committees and so forth. Policy input and decision implementation has therefore become broader and more transparent.

Henwood (1997: 7) has noted that as early as August 1994, the foreign minister pronounced some foreign policy guidelines that included: centrality of South Africa's national interest in all policy matters, that South Africa should increase its participation in regional, continental and global multilateral organisations and that economic stability and regional cooperation were fundamental principles in South Africa's foreign policy. Henwood (1997:7) further notes that the minister also declared five foreign policy priorities that included promotion of economic development in Southern Africa and constructive interaction with Africa. These pronouncements indicate the early signs that South Africa perceives the region to be of central importance to itself. Venter (1998: 11)

notes that this perception is also reflected in DFA circles where South Africa's first priority is seen to be the Southern African region first, followed and closely linked with the rest of the continent.

In fact, in the view of other analysts, the early prognosis of a democratic South Africa's regional foreign policy orientation suggested (Van Wyk 1994: 86) the existence of the political will to play a more benevolent and constructive role in the region. A benevolent and constructive role meant (VanWyk 1994: 86) an orientation as regional leader, pursuing a facilitator role for the negotiation of a more equitable regional economy and a regional security regime. Van Wyk (1994: 86) states that a democratic South Africa's foreign policy orientation as a regional leader would, in a cooperative environment, lead to the development of a regional strategy to attract foreign aid, investment and trade.

The policy bearing of this orientation is clearly the generally accepted view that the destiny of South Africa is inextricably linked to that of the Southern Africa region. In order to give real effect and substance to this view, it is imperative that South Africa's regional foreign policy be specific and coherent in this regard. Attempts by South Africa to stay on course in this policy dimension has been, as Black and Swatuk (1997: 36) observe, the repeated professed intent (by the new policy elite) to create a new form of economic interaction in the region based on principles of mutual benefit and interdependence. It is expected that once the structures for the new form of economic interaction are put in place, a relatively equitable regional economic growth would be the result instead of the situation where South Africa is an island of prosperity surrounded by a sea of poverty. Clearly this view is informed by the realisation that the historical injustices in the region and the serious inequities they engendered (both a legacy of apartheid and colonialism) pose a major threat to regional stability. Equally important, a region characterised by defects of uneven development is least able to cope with the current pressures of economic globalization and liberalization.

These perceptions have also shaped policy view in another important circle of government establishment. The DTI is acutely aware of the nature of South African trade with the region. This remains highly skewed in South Africa's favour. Nkuhlu

(1997: 79) observes that South African exports have been rising very sharply and that imports from the region are virtually stagnant. It is insightful to note that this observation is made by Mfundo Nkuhlu, himself the chief director of African Bi-lateral Trade Relations at DTI. The DTI therefore accepts that a serious structural defect exists in South Africa's economic relationship with the region. On the basis of this understanding and perhaps more as part of broad policy formulation and planning within DTI, it appears that South Africa is keen on correcting this structural defect.

Commenting on this issue, Nkuhlu (1997: 80) states that the South African government seeks to restructure its relations with other SADC states along the following parameters: creation of an asymmetrical free trade arrangement in Southern Africa; recognition of variable speeds in the dismantling of barriers to trade (South Africa to dismantle more barriers and at a faster rate than its weaker neighbours); and promotion of new investment in infrastructure and the productive sector. It would be expected that if implemented, such an arrangement would allow for inflows of South African technology and capital to the region. That is, inflows in a more beneficial manner and not simply using SADC states as captive markets for manufactured South African products. This in turn would boost regional productive capacity, promote SADC exports and make SADC states more competitive and better able to integrate with the global economy.

According to Nkuhlu (1997: 81), the vision of South African government can be identified within the following objectives: attainment of the highest possible level of regional economic development that can integrate well into the global economy; promotion of sustainable growth and development on the basis of balance, equity and mutual benefit; and the promotion of deeper economic cooperation and integration as the basis for more effective restructuring and participation of the region in the global economy. Nkuhlu (1997: 81) further clarifies that the conceptual basis of this vision is the coming to terms with at least two important facts as follows: first, that South Africa's own best interest (national interest) in growth and development is best pursued within a Southern African region that is characterised by relative growth and stability; second, that the existing trade relations are unsustainable.

While the new South Africa has made Africa the central focus of its foreign policy (Muller 1997: 65), Southern Africa commands top priority in South Africa's foreign policy (Nkuhlu 1997: 82). This observation implies that South Africa is keen on using the SADC cooperative regime, in a deliberate and purposive effort to coordinate its economic policies with other SADC states for mutual gain. One of the overriding concerns is stated as the objective of effectively integrating Southern African region into the global economy. The further implication of this is that given its relative strength in all dimensions, South Africa is prepared to defend and advance regional trade interests in multilateral platforms and other fora.

While this is not to suggest that South Africa's regional foreign policy will become an extension of its general foreign policy, it can be argued that the more the latter is driven by regional circumstances, the greater will be regional development and stability. The corollary of this is that it is in South Africa's best national interest. The stated principles, objectives and priorities of South Africa's regional foreign policy so far seem to agree with this view.

6.3 The Views of Policy Makers and Scholars in Southern Africa: Convergence or Divergence?

South Africa's regional policy particularly on trade and investment issues and generally on economic development of the region remains a topical issue within the region and outside of it. There are some fears that South Africa will simply overwhelm its neighbours and subject them to a form of economic imperialism (McGowan and Ahwireng-Obeng 1998). Other scholars (Solomon 1997;Black and Swatuk 1997) have viewed the post-apartheid state's legitimate involvement in the region as creating a window of opportunity for the entire region. It is therefore important to visit the views of the policy makers in the region in order to gain some insight of the general thinking on the issue.

First, it is important to note that in an Article 4 (d) of SADC Treaty, members states are called upon to act in accordance with the principle of equity, balance and mutual benefit (SADC Treaty 1992). Inter alia, the Treaty further states in article 5(h) that SADC shall promote the coordination and harmonisation of the international relations of member states as part of the actions necessary for achieving the objective of development and economic growth in the region (SADC Treaty 1992:). Clearly, these are important guideposts as to how member states are expected to conduct their affairs and especially where this has potential for impact on other members. As such, South Africa's regional and general foreign policy of trade and investment is expected to take cognizance of these guideposts. Evidence is legion that a policy direction conforming to these guide posts had been articulated early enough by the African National Congress (ANC) at the time in the transition period when it had become apparent that it was a government in waiting.

The ANC view, Venter (1998: 4) observes, stated that South Africa has inextricable links with Southern Africa and as such post-apartheid regional economic relations must avoid exacerbating inequities. This view also specifically stated (Venter 1998: 5) that South Africa will accept its regional responsibilities on the basis of mutual respect and cooperation and resist any temptation to pursue its own interests at the expense of those of the subregion. If implemented, such a policy would assign to South Africa the role as partner and benevolent hegemony in Southern Africa.

South Africa has also been described as a middle power. As a theoretical construct, Solomon (1997: 54) notes that middle powers are found in the middle rank of material capabilities both military and economic and that they seek to bolster international institutions for cooperative management. It is argued (Solomon 1997: 54) that middle powers maximize their own interest as they pursue the general interest. It is further argued (Solomon 1997: 54) that policy makers in the middle powers perceive for their state the role of a regional or subregional leader in a variety of issue settings and generally as a bridge or mediator and manager. As manager, it is argued (Solomon 1997:54) that a middle power would be involved in a broad capacity of facilitating not only institution-building (that is, formal organisations and regimes such as SADC) but

also development of conventions and norms. It is possible to argue that SADC leaders perceived such a leadership role for South Africa when they requested the new democratic state to chair the institution of SADC. To be sure, the bottom line suggests that leadership must come with certain responsibilities. So far the political elite in the South African government has indicated (at least by way of rhetoric) its awareness of this important fact.

The former President of Botswana, Ketumile Masire, has argued (Schneider 1992: 38) that in today's world, economic power should mean leadership not dominance both in the Southern African region as well as in global affairs. Stressing the importance of interaction within a framework of clearly defined principles, Masire believes (Schneider 1992: 38) that as long as the rights of smaller members in SADC are protected within a set of rules agreed by all, there is little risk of dominance. This is evidence of a policy orientation that places faith in SADC as a cooperative framework capable of harmonising the interests of its members including those of South Africa as a new SADC member. It is also evidence of trust in multilateralism as the way forward for the region in terms of meeting regional as well as international challenges.

Yet this is not to suggest that SADC is unaware of South Africa's overall strength in all dimensions. The former executive secretary of SADC, Kaire Mbuende, has pointed out (Novicki 1994: 47) that South Africa stands to benefit from a larger regional market since its manufactures are always going to be dominant in the regional markets. However, he places more emphasis (Novicki 1994: 47) on the potential for mutually beneficial relations between South Africa and the region in a new formal arrangement under SADC. The expectation here is that while the new South Africa is going to benefit greatly from its renewed interaction with the region, the SADC states in turn expect new opportunities from a reformed apartheid state. For instance, because of their support for the struggle against apartheid, the regional states suffered greatly from acts of economic sabotage and general destabilization in the hands of apartheid state's military machine. Consequently, some analysts (Ajulu 1995: 52) have argued that there are expectations on the part of South Africa's neighbours to see that South Africa recognises this "debt".

Recognition of South Africa's "debt" to the region may come in a number of ways and not least the halting of attempts by South Africa, directly or indirectly, to exploit historical regional imbalances. As Bischoff and Southall (1999: 156) observe, the neighbours expect the new South Africa to be able to contribute to the stability needed for growth and simultaneously provide the markets, investment and skills to support development in the sub region. So far, on the basis of stated regional policy objectives, it may be said that the political will committing South Africa to a more active and beneficial role in the region has been well documented in policy pronouncements even by very key players. This can be summed up by Mandela's pronouncement:

> No longer shall South Africa be the fountainhead of our neighbour's woes. No longer shall South Africa's government operate in isolation without due recognition of our neighbours interests (Shubin 1995: 9).

It appears that policy makers in the region have similar beliefs and objectives about what needs to be done. This means convergence more than divergence and it is a useful starting point in the search for regional solutions for sustainable trade and development. It is also evidence of South Africa's change rather than continuity (at least at the policy rhetorical level) of its regional trade and investment policy. The central objective in the region is clearly that of achieving development and economic growth. This is expected to be achieved through increased investment and industrialisation in the region. In turn this will enable SADC states to trade more effectively at the intra-regional level and more importantly, increase competitiveness as well as expand extra-regional trade. Economic viability in turn will become security for stability in the region as it will improve chances for the survival of democracy and protection and promotion of human rights. In view of this, policy pronouncements must be measured against actual developments on the ground.

6.4 Actual Foreign Policy Implementation and General Direction of South Africa's Trade and Investment Policies

On the basis of actual behaviour, South Africa's attitude towards the region appears to

be characterised by ambiguity. The very visible rhetoric of its professed commitment to be supportive of regional goals does not seem to be matched by evidence of practical enthusiasm for economic cooperation. Black and Swatuk (1997: 43) blame this on the fact that despite the challenges and opportunities of regional relations, South Africa's immediate interests seem to be better served by the current regional economic status quo. It is necessary therefore to cite a couple of examples in which South Africa's professed commitment to support and provide leadership to the region appears ambiguous.

The issues surrounding the SADC trade protocol signed in August 1996 provide an important example of South Africa's apparent ambivalence to regional needs. The trade protocol aims to achieve a fully integrated common market by 2004 within the larger SADC framework. It aims to complement the overall regional objectives of increased investment and industrialisation as well as competitiveness and overall economic growth. For instance, both industrialisation and competitiveness can be expanded by relocation of some of South Africa's industries to other SADC states with much lower production costs. This would also create spin-offs and allow for diversification to begin to take place in the region.

Despite the protocol's potential for advancing development in the region, there has been little progress associated with it. The key problem is the fact that the protocol has yet to come into force and South Africa for its part has not yet ratified it (McGowan and Ahwireng-Obeng 1998: 185). All protocols under SADC require ratification by two thirds of the organisation's membership. Out of the total of eight protocols already negotiated by SADC member states, South Africa has ratified only one while Botswana has ratified all eight of them (McGowan and Ahwireng-Obeng 1998: 185). As the country expected to lead the region towards more cooperative and constructive engagement locally and internationally, the lukewarm approach by South Africa on the issue of ratification of protocols can only mean that it seeks to maximize its own narrow self interest since maintenance of the status quo works to its advantage.

Further, McGowan and Ahwireng-Obeng (1998: 184) argue, the trade protocol does not provide for differential treatment for the least developed member states and

provisions for equitable industrial development in the region are inadequate. South Africa`s relations with the BNLS states (South Africa`s SACU partners) have generated additional ambiguities over its overall regional policy. In this regard, McGowan and Ahwireng-Obeng (1998: 182) cite South Africa's unilateralism in the case where in 1995 it cancelled a SACU treaty provision which allowed BNLS states to import from outside SACU raw materials for textile products destined for South African markets. The objective, McGowan and Ahwireng-Obeng (1998:182) observe, was to protect inefficient South African producers of the same raw materials despite protestations from SACU members that South African supplies were inferior and could not meet delivery schedules. It is obvious from this that such behaviour by the strongest regional state does not augur well for regional development efforts. This behaviour clearly frustrates the dynamics of regional comparative advantage. The losers in this particular case are obviously the BNLS textile manufacturers and the other SADC suppliers of higher quality, cost-effective raw materials. Disregarding the shorter-term gain by South African raw material producers (made possible in this particular case by unfair intervention) the longer term loss is to the region as a whole because of attempts by South Africa to perpetuate uneconomic dependencies.

Disputes with neighbours also exist especially with Zimbabwe and Botswana. There is serious tension in the case of Zimbabwe over unequal trade skewed hugely in favour of South Africa. According to McGowan and Ahwireng-Obeng (1998: 187), tension mounted in 1992 when South Africa imposed high tariffs on Zimbabwean goods following the lapse of 1964 bilateral preferential trade agreement. This tension has persisted and has resulted into a low key trade war between the two countries in the face of failure to renegotiate the lapsed bi-lateral arrangement. Goods such as textiles and garments in which Zimbabwe has competitive advantage face up to ninety percent import duty in the South African market. With Botswana, a member of SACU, the dispute involves demands from South Africa that the semi-built Hyundai cars assembled in Botswana should not enjoy "local status" under the customs union when they enter the South African market (McGowan and Ahwireng-Obeng 1998: 183).

Other disputes include accusations being levelled against South Africa for allegedly instituting measures to hamper new industrial projects in Namibia, Lesotho and Swaziland as a measure to prevent competition from them (McGowan and Ahwireng-Obeng 1998: 83). Whatever the merits in all these disputes, it is possible to argue that they place serious strains on regional relations and raise serious questions about South Africa's regional foreign policy. The further implication of this is that it leaves the region fragmented and least able to cope with the economic threat posed by globalization and liberalisation trends.

On the other hand it may be that South Africa's behaviour is simply conforming to that typical of a semi-peripheral state in terms of world systems theory.[27] As argued, (McGowan and Ahwireng-Obeng 1998: 168-169), because of economic and technological superiority, the core exploits the semi-periphery through trade and investment and for the same reason and in a similar manner the semi-periphery exploits the periphery. Within this conception core states will ally themselves with South Africa by allowing it to enforce the regional economic and political status quo. However, it can be argued that as the regional hegemon with middle power status, it will be up to South Africa itself and how it defines national and regional interest, to choose how it will balance external pressures (to conform to certain standards) with regional needs for economic development, growth and stability as long term goals.

There are other equally conspicuous examples of South Africa's contradictions of its regional posture as a cooperating partner. Following the successful political transformation in 1994, South Africa's trade with its neighbours expanded drastically with high trade balances in its favour. McGowan and Ahwireng-Obeng (1998: 166) have

[27]As a structuralist theoretical construct of international political economy, world systems theory identifies a core, periphery and semi-periphery as distinct spheres of economic activity within the world economy. The core is technologically advanced and produces high technology goods. The periphery produces mainly low-wage agricultural and mineral primary commodities. The semi-periphery possesses characteristics of both the core and the periphery and is the crucial point for the reproduction of the world system. South Africa occupies this semi-periphery sphere. It can choose to behave as a partner for mutual growth and development within SADC structures or alternatively choose to pursue predominantly national interest at the expense of regional renewal and longterm stability.

noted that South Africa's economy is about four times larger than that of Southern Africa combined and that South Africa's exports to its neighbours are approximately seven times larger than its imports from them. They have argued (1998: 166) that these trade imbalances coupled with South Africa's reluctance to open its markets to regional imports have raised fears of regional domination by South Africa. At the same time there has been a major thrust of investment in the region by South African business corporations.

The neighbours' fears might be justified because as Black and Swatuk (1997: 40) argue, the greater proportion of South Africa's economic thrust into the region represents the pursuit of new markets for trade (hence the huge trade imbalance in its favour) as opposed to opportunities for longer term investments with the potential of benefiting the neighbours. The indication generally, as McGowan and Ahwireng-Obeng (1998) have argued, is that the overall scenario is one that simply underlines South Africa's hegemonic domination of the region directed by its own selfish national interest. Black and Swatuk (1997: 42) charge that it is such regional developments that have caused South African interests, private and government, to be lukewarm in their approach to reform and re-negotiation of regional trading and investment arrangements.

6.5 Conclusion

This chapter began with the assumption that South Africa is well positioned to provide political as well as economic leadership to the region. To test this assumption South Africa's regional foreign policy, in terms of its principles, objectives and priorities was assessed within the context of SADC's stated objectives. This assessment reveals that a regional consensus prevails regarding priority issues. However, convergence at the policy pronouncement level requires a corresponding convergence at the policy implementation level. This too was assessed in order to establish South Africa's level of commitment to bolster the region's capacity to engage more effectively in the global economy. A prerequisite of this being the need for South Africa to facilitate a sustainable and mutually beneficial regional development.

Despite policy pronouncements that favour mutual and beneficial regional trade relations, South Africa's actual behaviour towards the region reveal a totally different picture. It fails to support the enhancement of equitable regional development and economic growth through industrialisation and trade promotion, a key regional objective around which consensus prevails. The image that is coming through depicts South Africa in a dilemma regarding how to conduct its relations with the region. This dilemma is highly visible in the trade disputes between itself and key regional actors such as Zimbabwe and Botswana. It is also visible in South Africa's disputes with BNLS states in 1995 regarding the importation of cost effective raw materials (from non-SACU SADC states) for textile products destined for the South African market. Amidst these disputes South Africa has continued to pursue an aggressive economic policy in search of new markets in the region resulting in unsustainable trade imbalances in its favour. At the same time, it has failed to ratify the trade protocol of 1996 and has shown great reluctance to open its markets to regional imports.

Within South Africa itself, the promotion of economic growth, development and job creation must remain important policy priorities. This is important for consolidation of democracy. Yet South Africa cannot pursue this objective at the expense of the region as this amounts to short-term to medium-term narrow and therefore selfish calculation of interest. In any case, pursing this narrow objective will exacerbate historical economic imbalances between South Africa and its neighbours and lead to further tension and instability. Since coping with global economic liberalisation requires a strong regional platform such as SADC on which to articulate and implement joint positions on issues, the evidence of tense regional relations poses difficulty in achieving this objective. Further, tense relations in the region hamper progress in other areas where extra-regional contacts between SADC and external actors are needed.

The lesson that emerges from the tense regional relations engendered by South Africa's regional foreign policy behaviour is that the first step toward tackling the external economic threat must be regional economic harmony and stability. This implies a responsibility on the part of South Africa to find constructive and innovative ways to

balance national with regional interests. This will pave the way for finding joint regional solutions necessary for coping and integrating effectively within the global economy.

CHAPTER SEVEN

Conclusion

The thesis set out to explore the more general question regarding the ability or otherwise of SADC states to relate effectively (that is, in a manner more beneficial to Southern Africa) on matters of trade and related issues with a select group of economically rich and powerful Northern industrialized states. For that purpose EU and US were used as the focal point for illumination. The discourse was premised on two assumptions. The first purported that for Southern Africa the present security threats in the form of negative trade balances, economic dependence, poverty, unemployment, poor economic growth rates, poor health-care, illiteracy, debt crises, economic disparities and so forth are exacerbated by the external threat in the form of unbridled market capitalism. The corollary of this first assumption was that SADC states are capable of effectively integrating their economies through trade and related arrangements with the dominant external actors in the global economy. The second assumption held that South Africa possesses both the requisite resources as well as the political will to provide the needed regional leadership for effective integration of the region with the global economy.

In the assessment of these assumptions the concept of regime theory was applied to provide insight on interstate relations in the interdependent post-Cold War era. Examination of the concept demonstrates that cooperation among and between states in the anarchic international system is still possible. Post-apartheid and post-Cold War contexts present particularly conducive environments for the achievement of various forms cooperation. The demise of communism has meant emergence of a Liberal International Economic Order which largely ameliorates the condition of anarchy by elevating the concept of reciprocity in an increasingly interdependent world. Obstacles to cooperation as posed by the realist conception of states as relative-gains and short-term self interest maximizers have substantially disappeared. As such, affairs of states are increasingly conducted within an expanded security agenda which places socio-economic issues (low politics) on an equal footing with military-security issues (high politics). Cooperative regimes as governance structures have emerged to mediate between state relations in their pursuit of state welfare to maximize absolute gains through collective effort. It is against this backdrop that regionalism as an organizing concept has emerged at one level and region to region relations

at another level. Intra-SADC as well as extra-SADC relations take place within this understanding.

Colonial, sub-colonial and apartheid structures and policies progressively had posed the greatest threat to security and stability of Southern African region. Despite this and partly because of it, a cooperative culture in the region nevertheless emerged. Today, in an ironic twist of history, the democratic post-apartheid state represents the greatest hope for the security and stability of the region as new threats become more urgent. This is expected to be achieved through its constructive involvement in the region as a partner and in the context of extra-regional trade relations within SADC framework. For instance, the unique TDCA signed between South Africa and EU demonstrates the importance EU attaches to its relations with South Africa. The agreement includes the farm sector (a sector fiercely protected by EU and not included in similar agreements with the Mediterranean countries) and features of asymmetry and differentiation in consideration of the parties' different levels of development. The importance of this is that a similar arrangement between SADC and the EU is currently being discussed as part of the proposed Regional Economic Partnership Agreements meant to succeed the Lome Convention which expires February 2000. The role of South Africa in such an agreement will be instrumental for SADC states in terms of providing requisite bargaining and negotiating skills for joint SADC positions. In the context of this understanding South Africa also declares that its neighbours are crucial to its longterm stability as well as that of the region.

The examination of the current global economic context within which SADC trade relations with EU and US take place reveals that it is a hostile environment for weak and fragile democracies such as those comprising SADC states. The demise of communism and the paradigm shift towards greater focus on economic issues has meant dominance of market capitalism in global economic relations. This new order is characterized by donor fatigue and decline in real spending on development assistance. Simultaneously, trade and not aid is emphasized as a new theme. Within the context of the new US-Africa policy, the US has increased the pressure for the linkage between trade and investments cooperation arrangements with politico-economic reforms. Such conditionalities characterize the ostensibly innovative US Africa Growth and Opportunity Act. Evidence of extensive failure of the Lome Convention to improve trade prospects of the Southern African ACP associates mean that new SADC

cooperative arrangements with EU and US cannot be modelled on it. Still, the overwhelming importance of external trade as a means for economic progress suggest that SADC states should seek to engage and integrate with the world economy as this option still offers a degree of political and economic choice.

The thesis has argued that using SADC as a regional framework for negotiations, SADC states can conduct a coordinated trade foreign policy where regional positions are elaborated and adopted. This will mean a pooling or sharing of sovereignty whereby it is enhanced by the action of diminishing it. In other words, states will agree to surrender certain competences for the sake of strengthening a collective regional position aimed at achieving a specific objective in a specific issue area. It was argued that the correlate of this argument is that both weak and strong states are brought together in a cooperative arrangement by certain economic interests. In the case of EU-SADC cooperation, EU perceives certain interests by wishing to enter into a post-Lome arrangement with SADC states. Similarly, the recent high level US-SADC contacts leading to a US-SADC Forum in April 1999 demonstrates the perception by US of certain interests to be pursued in Southern Africa.

Within the context of perceived reciprocal benefits, SADC states are therefore in a position to enhance cooperation efficiency with these dominant actors. Both EU and US greatly value the democratic political transformation in South Africa as it provides a beacon of hope in the subregion and the continent as a whole. This gives South Africa a considerable amount of international good will and political clout. It was argued that this asset coupled with its position as the region`s economic powerhouse, South Africa possesses the wherewithal to influence positive developments in SADC trade relations with the two dominant actors.

It was also argued that a critical component of the ability for SADC states to integrate effectively with the global economy is the capacity to institute trade and economic policies that reflect local circumstances. Given historical dependent development and the distortions engendered by apartheid policies, local circumstances demand sustained public investment expenditure on education, health, research and development as well as on infrastructure. This has the potential to create a workable relationship between a free market economy and democracy. There is at least a very strong need for an integrative system that nurtures institutions at all levels to create the

requisite foundation for an effective trading region. As the majority of states in the region are weak in terms of socio-political cohesion (as well as in economic terms) they need to put in place strong developmental democracies in the tradition of social market economy. As the thesis argued, this approach has the potential to consolidate young democracies since it emphasizes respect for democracy, rule of law and human rights, and simultaneously provides the institutional framework to mitigate the inescapable insecurities of market-based relations. Essentially this approach allows for "strategic" integration with the world economy by guiding the market towards planned structural change. This has the potential to enable weak states to curve out a middle way because the anarchy of the market should be as undesirable as centrally planned economies. The important point to note is that maximizing economic growth through effective trade and integration with the dominant actors remains a critical objective for SADC states. However, historical patterns of dependent economic development should be gradually reduced by approaches that aim to increase the viability of the individual units with a view to increase collective strength.

Increasing collective regional strength (a prerequisite for effective positioning on trade matters) places a heavy demand on South Africa`s regional role as leader. South Africa is also faced with the task of reconstructing its own social and economic fabric. For South Africa this has meant a balancing act to reconcile its national and regional interests. Rhetoric of its regional foreign policy has been strong in articulating its regional leadership position and the strategic importance of regional renewal and stability. In particular, policy think tanks at DTI identify South Africa`s vision for the region as involving the promotion of sustainable growth and development on the basis of balance, equity and mutual benefit. Part of this vision includes the promotion of deeper economic cooperation and integration as a basis for more effective participation of the region in the global economy. Judged on the basis of rhetoric, South Africa`s regional foreign policy is principled and possesses clear objectives and priorities

South Africa`s policy rhetoric on its regional foreign policy has not been matched with substantive practical behaviour. Instead it has pursued an aggressive promotion of its manufactured products to regional markets and refused to open up its markets to SADC products. This has threatened to exacerbate the historical structural defects in its economic relations with the region. Serious trade disputes with its neighbours have resulted from this behaviour.

South Africa has also failed to demonstrate leadership in the ratification of the various protocols under the SADC cooperative framework. This has led to some frustrations in the domain of extra-regional contacts. South Africa`s behaviour towards the region has been consistent with that of a typical semi-peripheral state for its apparent preference of the regional economic status quo.

On the basis of its foreign policy rhetoric it is clear that South Africa perceives a middle power status for itself and a corresponding subregional leadership role. This view is widely shared by other actors in the region. However, the general view is that South Africa should demonstrate leadership without domination. In precise terms this means a role as a benign hegemon capable of many positive actions among which should include influencing states to cohere and uphold the norms and principles of SADC cooperative framework. This also means strengthening the region`s capacity to coordinate participants` policies for joint regional positions in external relations. In the absence of this management role of the region`s strongest state, there remains the possible threat to the survival of SADC as a viable cooperative structure. This is represented by the fear among South Africa`s neighbours that it might use its dominant position to continue pursuing narrow self interest and thereby threaten key SADC principles such as solidarity and security, equity, balance and mutual benefit. Given this fear, South Africa should guard against the temptation of becoming a selfish hegemon and a threat to its neighbours and generally to regional progress. Until South Africa finds a sustainable balance between its national and regional interests this threat will remain real. Simultaneously, regional capacity to trade and integrate effectively with dominant external actors and generally with the global economy will remain compromised.

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