

SLOW INSTITUTIONAL PROGRESS AND CAPITALIST DYNAMICS IN SOUTHERN AFRICAN INTEGRATION: INTERPRETATIONS AND PROJECTS IN SOUTH AFRICA AND ZIMBABWE¹

Jean Coussy

Southern Africa's international re-integration requires it to meet two challenges - globalisation and regionalisation of the world economy - which neither West, East nor Central Africa have been able to realise successfully up to the present.

In each of these three areas, the history of regional integration is ascribable not so much to what has actually been accomplished as to ideals which compensate for the lack of real progress. Some new projects, started at the time of the structural adjustment programmes, increased inter-African trade (simultaneous devaluation of the CFA Franc in all member states of the Franc zone, perhaps the 'Cross-Border Initiative' in East and Southern Africa ...). But even within the Franc zone, the intensification of trade was checked by a lack of harmonisation of trade policies: each country continued its own, even after signing regional agreements. In addition, all common external tariffs were criticised in principle and eroded in practice by the international organisations. After all, these organisations would only accept regional integration if it paved the way for world integration through an expansion of markets, the exploitation of increasing returns, the attraction of foreign investment and the progressive experience, through 'soft competition', of international competition. Even smuggling and policies which breached regional agreements were viewed leniently since they speeded up the process of opening up to the global economy.

But this integration into the world economy was another weak point for most of Africa. Up to 1990, the majority of countries had a negative growth rate in terms of integration into the world economy.² Being neither competitive nor an attractive destination for capital, it lacked the two necessary weapons of 'global competition strategies'. Moreover, the primary objective of the structural adjustment programmes (SAPs) was to prepare for world integration by

discouraging African countries from breaching the rule of comparative advantage, which was implicitly considered as a preliminary to improving competitiveness and the return of capital. So far the results have been limited. While the growth rate for integration into the world economy became positive in 1991-93, it only reached a tenth of the world average. This growth depends on a few countries in the east (Kenya, Uganda) or the west (Ghana, Côte d'Ivoire) and a few products (there is little growth in non-traditional exports, a return to specialising in primary and tertiary sectors and signs of de-industrialisation). The return to respect for comparative advantage has not, at least not yet, played the expected preparatory role for the worldwide dynamic of globalisation. This dynamic, it must be said, was hardly studied in the SAPs, which were rather disconnected from the lessons of other continents.

Can Africa's double failure in terms of international re-integration be avoided in Southern Africa? This is the hope that suddenly appeared at the end of apartheid. South Africa would become both the centre of a tightly integrated region and a bridge between marginalised Africa and the world economy.

No doubt this perception is all the more widely held today since it mobilises multiple desires: the desire to bypass Afro-pessimism by geographically shifting the area of study (or action); the desire of private investors to free themselves from blame for forsaking Africa; the desire to counteract 'aid fatigue' by offering a new consideration to financial backers; the desire, for advocates of African regionalisation, to describe a 'success story'; the desire to find an example of complementarity between regionalisation and opening up to the world, etc. Southern African integration would never have earned such renown if it was not, for so many actors and observers, an offset for the disappointments in the rest of Africa.

But this perception is also based on some indisputably specific characteristics of Southern African history.

The Historical Origins of the Southern Exception

Over the course of the centuries Southern Africa was both an extension of the Western economy and an integrated regional whole.

The Long Era of Simultaneous Integration with the Region and the World

As far back as the end of the 19th century, Southern Africa experienced a virtuous circle of integration into the world economy. Exports of primary products (in mining and agriculture) were competitive. Profitability, notably in the mining sector, was adequate to attract capital. Moreover, the receipts in foreign currencies were sufficient to finance the transfers of capital revenue,

reassure investors and finance the imports of equipment necessary to extended production.³

Simultaneously, South Africa and Southern Rhodesia successfully undertook regional integration in the modern sector (whereas regional integration in the rest of Africa took place mainly indirectly through the informal sector): construction of regional transport networks, cross-border migrations of hundreds of thousands of workers towards South Africa and Southern Rhodesia, regional trade in food-processing, then industrial consumer goods, local and inter-African transfers of migrants' revenue which represented an important part of the GDP of poor countries (such as Lesotho). Finally, the modern sector experienced capital flows impossible to compare to those in other sub-regions of Africa.

This regional integration was largely created by the private sector. In particular, Cecil Rhodes' chartered company played a decisive role. In close, but sometimes conflicting, co-operation with the political authorities, private groups located the possible sites for colonial expansion, pushed for expropriations which proved useful for mines and commercial agriculture, financed regional investments, created infrastructures, constructed the railway network, determined the number and organised the recruitment of migrant workers, providing for part of their housing.

Private sector regional integration sometimes even pre-dated regional institutions and political delimitations within the region. Regional institutions progressively appeared. SACU was established in 1910; the Rand Monetary Area, which became the Common Monetary Area (established in 1910, modified in 1974), was a natural extension of the scope of the South African Reserve Bank; the two Rhodesias and Malawi constituted the Central African Federation from 1953-63; bilateral agreements were signed in the 1960s between South Africa and Zimbabwe and South Africa and Zambia.

Regional integration even had to adapt, over and over again, to the political changes within the vast anglophone area. Transport networks, trade, circulation of capital and migratory movements influenced and reflected the evolution of political relations and conflicts of interest between farmers and miners (in both Rhodesia and South Africa) and between Rhodesian and South African farmers (who caused the union between Rhodesia and South Africa to fail). After 1945 every shifting of the border between white-controlled and black-controlled areas led to a reconfiguration of the regional economic institutions. The Central African Federation was independent of South Africa. It was divided up by the black majority's accession to power in Zambia and Malawi, which turned Southern Rhodesia south towards a relatively favourable preferential agreement with South Africa (1964). The Unilateral Declaration of Independence of

Southern Rhodesia (UDI, 1965) reinforced the bonds between the two countries but still did not result in a merger. Zimbabwe's independence did not force an end to the agreement with South Africa but allowed it to become the leader of SADC. Furthermore, the accession to power of South Africa's majority population is producing SADC's new regional recomposition.⁴

The Historical Complementarity between Regionalisation and World Integration

In this manner the region's history reveals the limits of debates on regionalisation and globalisation using static tools of analysis based on trade preferences. These debates, which were recently relaunched in the whole of Africa at the time of the external trade reforms, present globalisation and regionalisation in terms of an opposition. Historically, however, the two have been not only compatible but, in the case of South Africa and Zimbabwe, also complementary.

This complementarity at first resulted from techno-economic links between globalisation and regionalisation due to the dominance of the mines and export agriculture managed by European farmers. The high rates of profit simultaneously attracted external capital and created local investment capacity. The existence of heavy goods for export and the need for heavy equipment led to the creation (contrary to oil, for example, in West African countries) of the railway network which proved crucial to regional integration. The important need for labour in the mines created (again, contrary to oil) the need for migrant workers. The colonisation of the population created a local market for modern consumer goods. These are all concrete facts which seem 'unimportant', but are today left out of many comparisons between Southern Africa and other African regions.⁵

These techno-economic characteristics of the region would not, however, have sufficed to render regional integration and openness to the rest of the world complementary if the economic policies of Southern Africa, notably of South Africa and Rhodesia/Zimbabwe, had not been decidedly unorthodox. A portion of the export receipts was used to redistribute revenue (creating an internal market), establish a welfare state (for whites), ensure control of the economy by cartels with a substantial capacity for self-financing, institutionalise a system of stable, reserved jobs, subsidise public companies of questionable profitability, support areas of production other than those providing comparative advantage and, in particular, create an import substitution-based industry which would generate jobs: it is obvious that the above represent everything that the current orthodoxy forbids to countries experiencing adjustment.

This economic policy could never have been practised without the existence of an export sector sufficiently competitive to generate margins of profit.⁶ These margins made possible the historical arrangement in South Africa between mining capitalism and the social classes (particularly Afrikaner) who were in danger of economic marginalisation but who managed to build up their political power to compensate for this. It was also these margins which made it possible, through numerous continuous compromises, for the lobbies to obtain protectionist measures, subsidies, and regulations which gave the South African economy its identity as protected, corporatist, organised and characterised by the interpenetration of the public and private sectors. Each of these interventions had an obvious short-term cost: the costs of protection for consumers were high if one is to believe the totals cited during the SACU proceedings; public company deficits were costly for taxpayers; the existence of cartels created monopoly profits; the regulations on the displacement of the workforce had the obvious social and human costs. But it is due to this redistribution, created by export prices and the low costs of exploitation, that a diversified economy with its own manufacturing industry was established. This industry remained uncompetitive on the world market and could only exist because of the presence of a regional market and, within the country itself, of a distribution of purchasing power which did not always correspond to productive realities ('development without equity' in the current terminology).

This method of accumulation and protectionist regulation also existed in Zimbabwe, but later on and taking slightly different forms (social expenditure increased after 1980 to the benefit of the black majority). The two countries became success stories with the most diversified and industrialised economies in Africa.⁷ Thus we see the results of a long-term policy and not only, as is sometimes stated, the war-time strategy of the last decades. These decades were rather a destabilising period for the system.

The Apogee of Import Substitution Policies

After 1960, political and economic shocks, both internal and external, led Southern Africa even further away from liberalism (without necessarily eliminating the entire market economy). The next 30 years saw 'socialist' regimes adopted in all the countries of the region save South Africa and the BLSN (Botswana, Lesotho, Swaziland, Namibia), the Unilateral Declaration of Independence in Southern Rhodesia, independent Zimbabwe's (1980) renewal of its industrialisation policy, the confrontation between South Africa and SADCC and sanctions against apartheid. Import substitution policies were strengthened but modified. They were no longer only development choices but

were also used for political objectives. Within SADCC there was a will to reduce dependency on South Africa; in Rhodesia, then Zimbabwe, a 'siege economy' policy evolved; and South Africa seemed close enough to resembling a war economy (Pochon, 1995). In all of these cases, the need to reduce vulnerability in the presence of a hostile environment gave new legitimacy to the use of instruments of protection, subvention, organisation and interpenetration of state and corporations.

Competitiveness was no longer the key criterion determining activities in the event of a blockade or sanctions, notably for sectors useful to national defence (arms, energy, coal, metallurgy, chemicals). While the average rates of support were perhaps no higher because of them, they were more and more differentiated and decided on a case-specific basis. Any lobby or public firm which could link its activity to national defence could obtain a derogation of the common law. A logic of secrecy prevailed which made any audits unthinkable. At times even maintaining the fundamental macro-economic equilibria seemed, as in any war-time economy, to be relatively secondary (although South Africa took great pains to limit these disequilibria).

The need to reassure foreign investors and international organisations obviously became a secondary concern for South Africa once financial sanctions were put in place. Zimbabwe, on the other hand, as with all the SADCC countries, was highly favoured by lenders, principally northern European, who agreed to finance investments, notably in transport, to allow it to reduce its dependency on South Africa. In short, this period represented an abandoning of the goals of becoming competitive and attracting capital through profitability. In overdoing old tendencies, the countries turned their backs on the worldwide process of liberalisation and globalisation of competition.

There was both a recomposition of geographical relations and a strengthening of certain instruments of regional integration during this period. The conflict between South Africa and the Front Line states led SADCC to adopt as its first objective the interruption of regional integration centred on South Africa. It tried to reorient the region, but had very limited success, mainly in transport. South Africa, through a more complex method, used regional techno-economic relations as a weapon, by threatening the destruction of the communications infrastructures within SADCC, using the threat of a break-off of relations with landlocked countries (notably Zimbabwe), while taking care not to provoke a complete rupture in order to hold on to its means of pressure.⁸ In addition to the diminishing interdependence of South Africa and its partners, two contradictory effects could have had a role: on the one hand, the weak level of growth of the partners and the collapse of the countries at war (Angola and Mozambique); on

the other hand, the increase of European aid to SADCC which created revenue, increasing the demand for South African products.

At the same time, the instruments (protection, subsidies, etc.) which had traditionally served to build up regionalisation continued to be developed and yielded the expected results (industrialisation, diversification, production which was uncompetitive on the world market ...); but these operations were carried out on a more restricted level than that of the southern region as a whole (SADC, SACU or simply South Africa), creating production sectors which would become competitive at the end of the conflict (Zimbabwe's emergence as an industrial centre during this period, presently at risk, is a major problem in relations between South Africa and Zimbabwe). However, by developing activities which were uncompetitive on the world market but feasible in a protected region, this phase created the instruments and motivations for a renewal of regional integration.

The Destabilisation of Relations with the World Economy

South Africa's integration into the world economy was destabilised during this period. There was a deterioration in the terms of trade and fluctuations in the world price of gold. There was a loss of competitiveness, diminution of profit levels and a fall in foreign direct investment. Disinvestment of foreign firms was greatly accelerated by sanctions. In relation to the world economy, the proportion of loans grew to the detriment of direct investments, which increased the vulnerability of the balance of payments to political upheavals (Kahn, 1991). During the sanctions period, the financial paralysis proved more effective than ordinary economic sanctions. The growing pressure of international competition and the norms for competitiveness (due to the boom in Asia and the injunctions of the international bodies) created growing doubts about the effectiveness of South Africa's policy of protection, subsidies, industrialisation, organisation and cartelisation. The meticulous regulation of all markets (labour, housing, trade...) which apartheid instituted, the expenditure on security and the costs of armed conflicts appeared not only condemnable but responsible for economic ineffectiveness in an economically liberal world system. Moreover, the rise in salaries granted during the final years of apartheid brought into question the competitiveness of the mines and, to an even greater degree, of industry.

Southern Rhodesia experienced its own difficulties in maintaining its level of integration in the world economy. Even if there were ways to evade it, the blockade hurt its exports, especially tobacco. After 1980, Zimbabwe was able to rely on the recovery of its exports to the point of subordinating its entire domestic policy to it (breaking commitments on the redistribution of land). The

competitiveness of industrial products suffered from the inefficiency of a controlled economy and inflation, but wages were maintained at a lower level than in South Africa. In addition, foreign investment obviously shied away from the 'Marxist' tendency of the regime. These difficulties of international integration were even clearer in the other countries of Southern Africa, particularly in Zambia, whose entire economy relied on copper exports.

In this way a disparity grew between the objectives and means of the introverted economic policy. There was simultaneously an amplification of this policy and a reduction of the external revenues which usually financed it. In these economies, which henceforth found it more difficult to regulate their balances of payments, and whose exports became less competitive, the anti-export effect of all forms of protection (which could be overlooked as long as export profit margins were assured) became a threat to integration into the world economy. World integration henceforth competed with regional integration.

To this was added a second tension between the strengthening of introverted policies and the needs for new international competition. Diversification, industrialisation and the growing technical sophistication of the two leaders led to over-optimistic evaluations of their level of development, even while pondering the future of these specialisations could arouse pessimism.

A final tension: although new legitimations were found for the unorthodox policy in the last few decades, these legitimations led policy-makers to forget its rationality in the long-term. There was a great temptation to assume that it was only useful for circumstantial reasons and to stress that it was pushed too far for times of peace. The old development path was forgotten and there was an over-reaction against protectionist policies.

National Policies in Search of Liberal Orthodoxy

This over-reaction to the recent past and amnesia in relation to the more distant past facilitated the abandonment of non-liberal policies.

Recanting Unorthodox Policies

The political causes of this ideological rupture are obvious. The return of peace delegitimated interventions which were necessary to the war-time economy. The end of apartheid delegitimated regulations on the movements of people. The crisis of Marxism delegitimated 'socialist' strategies. The concern with creating equality between countries in the region delegitimated the extant forms of regional integration. Economically speaking, the final years had shown that the mode of development was running out of steam. As we have seen, this was less and less adapted to the contemporary international environment. Economic

orthodoxy came in the form not only of ideas but also agents (IMF, World Bank, GATT in the southern region and, more unexpectedly, the European Union).

Whereas not long ago it was possible, at least for South Africa, to be integrated into the world economy while still maintaining an autonomous policy, this freedom is today greatly diminished. The re-integration of Southern Africa into the world economy was realised when the Uruguay Round reduced the autonomy of trade policies. This period was also one in which, everywhere in the world, the importance of capital transfers in the balance of payments makes these policies particularly sensitive to the injunctions of international bodies and psychology of private investors (themselves more and more influenced in their assessments by credibility criteria similar to those of the organisations in Washington).

The result is that within a few months, all the countries of Southern Africa adopted in principle economic policies which were the exact opposites of those which had brought success to South Africa and Zimbabwe. The 'internalisation' of the orthodoxy was sufficient to allow the long history of unorthodoxy and its accomplishments to be forgotten.⁹

From the financial backers was borrowed the static micro-economic language which, by only recognising the effects of competition as between export promotion and import substitution policies, considers that this creates a bias against exports. It does not allow for a recalling of the fact that the region's past was shaped by their complementarity in the long term. It also does not allow for a comparison of the South African past with the experience of Asian countries which were nevertheless a source of fascination for Southern Africa.¹⁰ In this manner, the possibility of a comparison with Korea, where the current degree of openness could be considered all the more effective since it was preceded by support for infant industries, was eliminated. Likewise we see few references to the reconversion policies of countries which were protectionist a short time ago, such as Australia, Brazil or France (this last one, moreover, experienced the same amnesia and repression of its past).

The internalisation of liberalism meant putting aside, if not a repudiation, of Marxism by the two parties in power (ZANU-PF and ANC) in Zimbabwe and South Africa. Only a critique of errors in management was retained, and it is not used to analyse the current capitalist dynamic in the region. Protectionism was the target of all the criticisms.¹¹ The oligopolistic regime of South Africa, which not long ago was seen as the key to its dynamism and capacity for long-term vision, and whose positive role in the breakup of apartheid was acknowledged, is now particularly remembered for its static and thus negative effects: exploitation of the consumer and barriers to the entry of black and foreign

entrepreneurs. Only the unbalancing macro-economic effects of the welfare state and income policy were remembered, without which there would have been neither the social services for which Zimbabwe was recently praised, nor the internal markets which helped to industrialise the two countries. Public firms, who were essential actors in the dynamism and coherence of South Africa's expansion, go against the standard arguments in favour of privatisation. The functionalism of a planned economy seemed forgotten in this discourse (but not in practice, as will become clear). The historical account of South Africa's policy mix of export promotion and import substitution, recounted above, seems to be ignored.

In practice, of course, this amnesia was not a viable attitude. In both countries there were productive structures, especially industrial ones, which it would be impossible to dismantle without concern over conditions of reconversion. The contemporary social dynamics (distribution of income, social services, wage increases in the formal sector in South Africa) sow the seeds of their extension: in South Africa, it was not a question of reducing social expenditure but rather of extending it to the majority. The old ideologies left ideas and words in the political discourse, administrative practices and social conflicts. Finally even partial images of success (urban, road and rail infrastructures, technological advances, military potential and all the signs of belonging to the 'first world') remained highly valued and it was difficult to imagine that countries would choose no longer to maintain them.

It follows that, in both of these countries, economic policy could not avoid juxtaposing fragments of the different logics. This created conflicts, 'regrets', obstructions and inconsistencies which resulted in hesitant and sometimes contradictory meanderings of their economic policies. It also resulted in a lack of harmonisation and synchronisation of their policies, which created conflicts in the regional integration process.

In Zimbabwe: ideological dualism and lack of preparation for compromise

In the case of Zimbabwe, Marxism was not officially abandoned. Robert Mugabe still conveyed in the beginning of September 1995 his intention to recant none of his 'Marxist' choices but insisted on a necessary 'pragmatism' which would take into account the evolution of power relations in the world economy. This led the state to juxtapose the Marxist doctrine (which today at times focuses on minor symbolic aspects such as moral rectitude) and the adoption of a market logic.

But in daily life, it was difficult to maintain this juxtaposition. The internalisation of liberalism by economic actors had gone further than was foreseen. The acceptance of the market became ideological, radical and even dogmatic. The international competitiveness discourse was used at all levels in the hierarchy and created a new language of political clichés in a country which retained the remnants of the old. The everyday vocabulary has become one of productivity, efficiency, profitability of firms, competitiveness and even respect for comparative advantage (with neither protection nor subsidies). The 'socialist' administration did not hesitate to boast of maintaining wages lower than those of its competitors, particularly South Africa. The national experts manipulated with virtuosity proofs of the incoherence of past interventions of the state (such as those of effective protection). There is routine criticism of bureaucratic excesses (which could obviously be a coded means of euphemistically criticising the administration).

An astonishing indication that the international institutions' discourse had been internalised was that there was very little apprehension shown about the difficulties that the reconversion of a protected economy into an open economy would imply. Some experts even expressed (whether out of belief or to reassure themselves?) little anxiety about the future of Zimbabwe's industry (except when they denounced the unfair competition of their neighbour). The difficulty of reconversion was sometimes offered as the proof of its importance and interest. The press went so far as to present the list of the reforms deemed necessary as an enumeration of accomplishments compared to the past (the list of monetary and banking reforms planned in September 1995 by the Council of Ministers was interpreted in this manner).¹² This adherence to drastic objectives is in great danger of increasing rather than diminishing the real difficulties of the most important economic policies for regional integration.

Since 1991, **macro-economic policy** has been guided by the ESAP (Economic Structural Adjustment Programme) which had some consequences specific to Zimbabwe. The fact that ESAP was presented as an autonomous programme appears significant but no one can be unaware of the pressure of financial backers. More significant was the fact that liberalisation was readily accepted in a country which was among the most ideologically removed from the market economy. Its social consequences were, on the other hand, even more criticised than in other countries of sub-Saharan Africa since the reduction in social expenditure undermined one of the accomplishments of the regime (health and education efforts had been noteworthy from the beginning of the 1980s) and redistribution in favour of agriculture was in danger of benefitting the white minority which managed commercial agriculture. The effects on wage levels

were strongly felt but less criticised since the official discourse, as has been said, spoke highly of Zimbabwe's competitive capacity due to low wages (a third of South African wages). The financial effects, especially on public finances, met with more resistance and suffered delays sanctioned in September 1995 by the suspension of the IMF programme. Contrary to the regime's claim - pragmatic acceptance of ideologically rejected remedies - there was rather, in reality, the non-realisation of an ideologically accepted policy.

External trade policy experienced the same strain between the will to change and the difficulties in carrying out reforms. The financial backers and GATT laid down the principle of abandoning import substitution policy, which questioned the development logic adopted since UDI, threatened entire sections of industry and reduced the possibilities of regional integration through preferential trade agreements. Zimbabwe supported, at the time of the Uruguay Round, GATT's arguments in the hope of reaching European markets for its agricultural products and it thus entered (consciously?) into a dynamic of reciprocal concessions which led it to change from protecting its secondary sector to promoting its primary sector exports. Zimbabwe thus rejoined the numerous African countries in which the SAPs have provoked, for the moment, 're-primarisation' and 'tertiarisation'; which means particularly high costs in terms of economic decline due to the volume of capital invested and the structure of employment (25 percent of jobs are in industry).

It could therefore have been expected that Zimbabwe would be particularly heedful of the guarantees, exceptions and delays negotiated with GATT and its trading partners and seek co-operation - indeed a coalition - with South Africa in the negotiations over liberalisation. However it does rather seem that there was no regional co-operation and that the negotiations with GATT were approached alone (it is probably on the subject of foreign trade liberalisation that there has been the most praise for the tensions which can only produce an increase in efficiency).

When the first costs of liberalisation became evident (notably in the textile and component parts industries), the principle of liberalisation was not so much blamed as were the South Africans, who were criticised for having obtained more favourable conditions in negotiations with GATT. This did not, moreover, lead to any self-criticism over the lack of regional dialogue but rather bitter criticisms of South Africa, accused of not having respected the rules of liberalism (we shall return to this) and of creating taxes contrary to the commitments it made at GATT (at the time of the last budget). Here again the *ex ante* praise of a policy of breaking radically with the past led to backtracking once the costs of the decisions were understood *ex post facto*.

Foreign investment policy also experienced changes in theory, changes in reality, tentative efforts and failures. Concerning the principle, there was a clear break with the period during which direct investments fell from US \$7 million in 1980 to US \$2.4 million in 1990¹³; Marxist or nationalist opposition groups were no longer listened to; foreigners were granted the possibility of acquiring privatised public firms. The return to convertibility allowed for the freeing of transfers of capital and numerous incentives to new investments were offered without either discrimination against or preference for South African capital. The carrying out of these plans has begun: a body for investment promotion was created; a privatisation plan of Z \$1 billion¹⁴ was approved. Foreign investment has been spectacular in the mining sector (Australian investment in platinum, South African investment in other ores). Investment in services (tourism, banking) was noteworthy. Buybacks of companies were projected and mentioned at length in the press. The Stock Exchange in Harare (third largest in Africa) approved foreign purchases of Z \$555 million after June 1993. Finally, Zimbabwe's interest rates were very high, due to the public deficit financed by credit, which attracted foreign and especially banking capital. This expansion of foreign financing was not however even. The total volume of foreign direct investment only increased slowly (at least until 1993); the privatisation plan was long delayed. Nationalists woke with a start to the reality of South African capital and the sale of shares of Delta Corporation had to be stopped when it became publicly known that South African investors were taking large amounts of shares (*Financial Gazette*, September 1995). Studies are in progress whose aim it is to increase the amount of shares held by national financial institutions.

In South Africa: conflict management through negotiations and postponements of deadlines

South Africa also recanted economic policies which made industrialisation and regional integration possible. The forms of amnesia and precautions taken concerning reconversion were different, however. The success of liberal discourse in South Africa is astonishing. The crisis of Marxism within the ANC was total. It could have resulted in an Asian model of development which would have retained the legitimacy of South Africa's traditional planned economy. However, even in the final years of apartheid, liberalism sold itself as its economic opposite (whereas not long ago apartheid was qualified as an extreme form of capitalism). This theoretical evolution would not have been enough without a concerted pedagogical offensive by the IMF, World Bank, GATT, EU, the United States, independent observers, the Reserve Bank and the Finance Minister. All of them conveyed the message that the South African economy's

first concern had to be its re-integration into a globalised economy, which could only occur through the explicit acceptance of the new rules of the liberal game. Among the categorical imperatives presented were financial credibility, freedom of the foreign exchange market, the free movement of capital, a tenable balance of payments, competitiveness, and the abolition of any selective or preferential trade policy. All were objectives that easily demonstrated the internal needs for macro-economic equilibrium, separation of the economy and state, a fiscal policy favourable to investors, restraint in claims for wage increases, privatisation of public companies and a dismantling of oligopolies (unbundling). By overlooking the margins of freedom of any economic policy, it was easy to present by degrees a model which recanted all of South Africa's traditional heterodoxy.

Less liberal dynamics persisted behind this spectacular reversal in the official discourse. On the one hand, the past continued in the lasting influence and the capacity for reproduction of industry, infrastructural services and public firms, conglomerates, economic planning, corporatism, private-public interpenetration and regional policies. On the other hand, new aspirations appeared for redistribution, collective investments, the satisfaction of needs of those without corresponding purchasing power, generalisation of social services, shift in economic power, affirmative action, and subsidies to black business.

Faced with these contradictory needs, South Africa has not for the moment modified its discourse respecting the rules of the Western liberal economy. It is however at the centre of long negotiations and progressive compromises. This implies voluntary delays in decisions and execution; precautions were taken *ex ante* to avoid dismantling existing mechanisms and to ease reconversions. Great prudence was observed in relation to the scheduling and financing of new programmes, chiefly the Reconstruction and Development Programme (RDP). Moreover, the delay was presented as a means of democratising decisions and a learning experience for democracy (even if it was also sometimes indicative of inexperience or retreat in the presence of resistance from the forces of the past). This resulted in policies related to regional integration having a very different rhythm to those of Zimbabwe.

South Africa's macro-economic policy was not, unlike other African countries, guided by a World Bank framework. After carefully preparing its intervention and offering very substantial sums, the World Bank found itself forced to wait for political reasons. The cause: an interesting combination of the ANC's traditional hostility, nationalists' fear of the conditions imposed on neighbouring countries and the white minority's accumulated bitterness about the sanctions era. Moreover, South Africa was a fairly advanced case of the schizophrenia common to all assisted countries and it juxtaposed criticisms about

the inadequacy of aid and refusal of aid. The ambiguity was perceivable in Nelson Mandela's speech on American aid (qualified as 'peanuts') and in his perception of relations with the European Union, where he again took up the slogan 'trade not aid'.²⁵

The refusal to subscribe to the advice of the financial backers did not at all signify a lack of rigour in financial and monetary policy. The rigour was internalised and respected, particularly because of the independence and influence of the Reserve Bank, which was able to impose a respect for orthodoxy which it had already done in response to financial sanctions. This experience made it possible for this rigour to be managed with an accuracy and technical skill sometimes lacking in neighbouring countries. The fight against inflation, the upholding of competitiveness by managing the real exchange rate, and the progressive and successful abolition of the financial rand were the accomplishments of this shrewd management of liberalisation. This also allowed them to step back from orthodoxy when necessary, the principal sign today being the maintenance of exchange controls for residents (against the appeals of the international financial press). This rigorous administration does not, however, dismiss certain present worries about the inflation rate, growth of consumption, rise in an external deficit and its coverage through loans from abroad.

This rigour can be even more respected since, very unexpectedly, it had not yet come into open conflict with the RDP. There has not been, for the moment, any head-on collision between external constraints and the aspirations of the majority. The RDP's officials went to great lengths to prove the compatibility of the programme with international credibility. In addition, up to the present the RDP has been less criticised for financial rashness, as some feared would happen, than for its ineffectiveness. Nevertheless, its activities will perhaps speed up after the local elections, since a substantial portion of social uplift expenditure will be decided at that level. This will not necessarily cause a conflict between the needs for rigour and social expenditure, since this spending will release important amounts of external funding assigned to it. The macro-economic balance will be displaced but not necessarily disturbed.

External trade policy was where liberal transformation was most evident, since its declared objective was to replace import substitution with export promotion. Already during the final years of apartheid, the loss of competitiveness had led to a change of direction in intervention and a reinforcement of the General Export Incentive Scheme (GEIS). But under the pressure of GATT, SACU had to go even further and achieve competitiveness without subsidies. Here we find a questioning of the previous form of growth and regional integration. South Africa accepted this upheaval but had the

foresight to request precisely defined delays and guarantees. This preciseness was a result of the co-operation in South Africa between an administration accustomed to managing protection, employers' lobbies and unions which were very aware of the vulnerable aspects of industry. Instead of vacillating, like Zimbabwe, between an *ex ante* underestimation of the difficulties and their *ex post facto* correction, the *ex ante* choices made by South Africa appear to have been prudent (absence of regional harmonisation, whose consequences will be considered later). Ever since, there has been if anything a reduction in the foreseen delays (dismantling of the GEIS in 1995), which creates tension between the state and the pressure groups.

Foreign investment policy did not represent an ideological break as it was in Zimbabwe. It sought to re-establish the traditional levels of capital flows, whose interruption was the real reason for the effectiveness of sanctions. These former levels were however part and parcel of an international environment which had changed meanwhile. From then on, it was necessary to attract investments by restoring financial credibility, and orient them differently (less towards import substitution and more towards export sectors). Since, unlike Zimbabwe, labour costs were not attractive to investors, activities had to be selected which relied on natural resources and skilled labour. Many projects involved the beneficiation of mining products (value added to goods as they move down the production process), rather questionable if one adheres to the idea of a return to comparative advantage.

The results of this policy were often presented as very encouraging based on the list of foreign companies interested in the opening up of South Africa. This optimism appears excessive if one is to believe the statistics on new inflows of capital. American investments were often buybacks of former outlets lost during sanctions. There have been many new proposals, notably Japanese, on the drawing boards still. As we have seen, the balance of payments had to be reached through loans whose unreliability could have, in the Reserve Bank's opinion, created a Mexican-like crisis. This justified the maintenance of exchange controls (these are also motivated by the fear that resident companies might use their need for geographical diversification in view of a global competition strategy to proceed with capital flight).¹⁶ This weakness in external financing is a source of vulnerability not only for the South African economy but for the whole regional structure (since the South African 'springboard' is vulnerable).

Present State of the Return of Regionalisation

South African Reservations towards existing Regional Institutions

The cost/benefit re-evaluation of the different forms of regional integration is still being decided in South Africa. However, it is now clear that the delays are due to South Africa's reservations towards existing institutions. The customs union (SACU) was based on joint protection accompanied by financial compensation on the part of South Africa to countries which were net consumers of protected goods (the BLSN). This agreement has long been called into question by all the partners. The BLSN countries feel that their more rapid growth in GDP justifies an increase in the compensation payment to their consumers and blame the customs union for having restrained their industrialisation (since conglomerates discouraged the location of activity abroad). South Africa considers that the basis for the distribution of costs has become unfavourable and that the compensation payment to the BLSN's budgets (half the state revenue in Lesotho and Swaziland) are part of a past logic of guardianship, laxness and corruption rejected by both the old civil servants and the ANC today. A report on this matter was intended by South Africa for the beginning of 1996. The possibility of an enlargement of SACU to all members of SADC is often raised, not without creating concern for Zimbabwe; but there will certainly not be an extension before reviewing its current modalities. Furthermore, COMESA's proposals for a customs union are deemed too ambitious. Bilateral trade agreements were until recently the preferred practice of the different partners, but the agreement with Zimbabwe, which had survived the conflict, has not been renewed.

The Common Monetary Area, known as the Rand Area, is too outdated to serve as a model for a larger area (it was, in fact, unilateral money management by South Africa). It is however equally improbable that a more manageable monetary area will be created with South Africa as ultimate guarantor sustaining the convertibility and parity of the partners' currencies. The viewpoints expressed on the Franc zone are revealing on this point. Its influence in terms of African purchasing power and the management of African currencies is recognised (all the more so since the area's solvency could benefit South African exporters). On the other hand, it is immediately stressed that South Africa could not cover the costs of an analogous area (and whose effects on development are unobtrusively questioned). Monetary co-ordination is seen at best as premature in Southern Africa, where each country is accustomed to its financial sovereignty. Certainly, there is an amount of harmonisation of monetary policies due to the similar recommendations of the SAPs in all the countries.

Nevertheless, genuine monetary harmonisation is still far off, even taking into consideration South Africa's new functions in relation to the monetary sector of SADC.

The institutions for public financing of regional development also suffer from the combined political repudiation of the nation's past experience and the refusal to encourage the creation, even on a new basis, of regional extension. The Development Bank of South Africa (DBSA), which was reproached for having played the role of regional development bank in the homelands, now meets with less reservations due to its know-how in regional development. Nevertheless, the reticence towards extending regional financing beyond the borders persists, consistent with South Africa's explicit and repeated refusal to become Southern Africa's financier. This reticence explains its plan to restrict its role to ensuring intermediation of development financing by non-African money lenders, but this has not had much success. It is what motivated the proposal to buy only one percent of the capital of the ADB (which responded by refusing). This hesitancy was also behind the original refusal to accept the finance and investment sector of SADC when the distribution of its functions was being decided.

More generally, the inter-governmental institutions, whose rise and fall has elsewhere marked the history of African integration, have not been traditionally the key instruments in South Africa's regional expansion. They were not completely disregarded, if only for economic and diplomatic reasons. CONSAS was created but it was a failure. It has long been implicitly acknowledged that regional economic dynamics would not come from these institutions but from South African private or state enterprises and that agreements would have to remain limited to particular time periods and sectors.

In spite of the ANC's fear that the absence of institutions would allow an 'imperialist' and inegalitarian mode of regionalisation, the well-established tradition continues of implicitly committing the dynamics of economic regionalisation to the care of a market organised by South African conglomerates and state administrations, by relying on public (especially transport and energy) and private companies. In practice, the role of this group of actors is maintained; in the past, they boosted migration towards the mines and industries, made possible the supervision of potential competitors (diamonds, gold ...) and enhanced regional productive capacities for distribution in food-processing, services and tourism.

In the days when it opposed South Africa, SADCC was, for this reason, deemed much less important in South African ruling circles than in its own member states. Its accomplishments, except in the area of transport, were considered negligible

and its sectoral organisation as artificial and ineffective. Only its ability to attract European aid was adduced as a genuine result of integration, not very honestly.

The establishment of SADC could not, no matter what South Africa's opinion, be treated with such indifference. South Africa found itself forced to devote sufficient diplomatic activity to SADC in order to testify to both its desire to join and its intention not to assume a domineering attitude within it. It was necessary, in the opinion of the partners but also the ANC, to symbolise the new South Africa's abandonment of unilateral and arrogant economic strategies. But this accession did not mean, in the beginning, that South Africa expected much from this organisation so long as it remained unreformed. It could not, without presumption, request reforms too quickly. Nevertheless, this did not prevent it from, more or less discreetly, calling to attention the negative aspects of a multi-national management which had been spoken of so highly not long ago by European moneylenders and stressing the 'fatigue' that even the Europeans show today over projects which are too often only specified as 'regional' in order to attract funds.

SADC, a Cautious Institutionalisation of Regionalisation

Overcoming its hesitations, South Africa sent an important signal to its partners by joining SADC (while continuing to keep a low profile). Successive meetings of the organisation indicated a gradual but tangible widening of the areas of concerted policy. The harmonisation of trade policies is included, as within all regional institutions, but SADC remains much more wary than COMESA on the subjects of a free trade area and customs union. On the other hand, projects which sometimes dated from a long time back were given new impetus, especially at the Lilongwe meeting. These include joint management of water, energy, tourism and the environment, and are those which had always been South Africa's chief interests in terms of regional co-operation. The harmonisation of macro-economic policies is as yet only very cautiously taken up due to the considerable differences in capacity to manage financial controls and the complete disorganisation of the Portuguese-speaking countries, which are only now emerging from war. Moreover, South Africa fears that it will be implicated in the financial muddles and financing needs of its partners. Nevertheless, SADC decided to regenerate its finance and investment sector and left it to South Africa, which acquiesced after hesitating. This distinct break with its former attitude is interpreted by some as a diplomatic concession and by others as indicative of its interest in a potentially very important sector in the event of a harmonisation of monetary policies and in view of the already increasing interdependence of the systems of credit (with a rapid regional expansion of South African banks).

In addition, SADC appears to be taking on more of a role as a place for political dialogue, and in meetings, the diplomats' role is increasing in relation to that of the experts. The idea of a peacemaking function has been raised with regard to Angola and Mozambique. The idea of a military role in restoring peace and even intervention in the event of internal troubles (ie Lesotho) has even emerged, through the prompting of Robert Mugabe but not without the reticence of Nelson Mandela. It is becoming progressively more possible that regional co-operation will be less centred on the traditional objective of enhancing the flows of goods and capital (which will in any case be intensified by the globalisation of the world economy) and more on the will to manage the socio-political consequences of an increasing interpenetration of economies. One of the goals could be to provide remedies for the disequilibria and strains due to globalisation and spontaneous regionalisation. This would only be another example of an evolution which has been observed in other areas (United States and Mexico, European Union and the Mediterranean).

Even if it is not yet at this point, SADC's evolution has enhanced its credibility and it has registered several requests for accession. Another sign of its cautiousness is the fact that it has only accepted that of Mauritius and has indicated that this accession would be the last. The goal is to avoid adding more marginalised countries to the list of poor countries it already includes and to dissuade certain countries such as Zaire. Fears of diluting power and overly ambitious projects have led South Africa and Zimbabwe to be reticent towards COMESA.¹⁷

SADC's intention in creating new fields of action must not create illusions, however. Few agreements have yet to be signed with concrete economic consequences. Trade policies have not been harmonised. Bilateral trade agreements have not been renewed. Plans for joint management of natural resources are still only under consideration and guidelines for a distribution of the profits, products and costs of the exploitation of these resources have not yet been determined. Macro-economic programmes are still considerably far off. Co-ordination is difficult between countries when two are barely out of war, several are in a deep economic crisis (Zambia, Tanzania, Malawi) and two are in a process of profound transformation (South Africa and Zimbabwe). Numerous agreements (adjustment programmes, GATT agreements, Cross-Border Initiative for Trade Liberalisation, COMESA) have been signed without co-ordination between partners and geo-economic relations in every direction simultaneously are posited by each of them (in this Southern Africa is no more cautious than other regions in Africa).

SADC's slow progress is for the most part ascribable to South Africa, where the slowness of proceedings is an essential and voluntary element in the process of democratisation. Moreover South Africa's priority rests with internal matters; its diplomacy sometimes suffers from this and inter-African affairs are not high on the list of priorities. Choices concerning regional integration have not been worked out. The review of SACU, announced long ago, is hardly taking form. The bilateral agreement with Zimbabwe was not renewed by the date foreseen (whereas it had been tacitly renewed at the moment of maximum tension between the two countries); the immigration problem has not been attended to in spite of the initial intentions of the ANC and the antagonistic present recriminations of the press. In its inter-African relations, as with several internal problems, the slowness of South African public decision-making leaves room for private strategies which are reconstructing the style and consequences of the old strategies and are seeking to ensure their long-term continuity by taking lasting initiatives.

The Renewal of South African Capitalism's Regional Expansion

From the 1960s or 1970s, the SADCC countries (excluding SACU) adhered to 'socialism' and intensified state intervention. To varying degrees they pursued policies of import substitution, inconvertibility of currencies, trade control and restrictions on the flows of capital. This resulted not in a rupture with the rest of the world (exports of minerals and agricultural products continued and SADCC received very substantial public funds), but in a climate of restraints on external trade and indifference to foreign investment. The situation in the war-torn Portuguese-speaking countries was even bleaker (except for oil in Angola).

South Africa's re-integration into the international economy coincided with the internal and external liberalisation of its regional partners. At the very moment when South Africa was looking to new economic expansion in Africa, its neighbours opened their doors by lifting protection measures on external trade, privatising public companies, restructuring and requesting financing for state-subsidised companies, accepting foreign direct investments, liberalising capital flows and returning to currency convertibility. Thus there was simultaneously South Africa's will to export its goods and capital and the lifting of obstacles to imports and a call for foreign investments by its African partners.

In other words, the former SADCC countries accepted a return to capitalism at the same time that the South African private sector was pushing for an international expansion of capital. The present growth in inter-African relations in Southern Africa is thus not, or at least not principally, due to a policy of regionalisation through trade and/or regional institutions (even if both exist). It

is above all a return to capitalism by supply and demand of private investment in the region. South African capitalism resumes, in the 'New Scramble for Africa', an old tradition of northwards expansion. The scenario of an opening of borders is not that of Richard Cobden¹⁸ but Cecil Rhodes.

The difference is great compared to development in West, Central and East Africa where the majority of countries have not had long-term experience with socialism. More than a decade ago, their state interventions were eroded by liberal reforms, but this did not provoke an influx of goods or foreign capital. They are still in an intermediate phase where the function of the reforms (and especially of the SAPs) is to lift obstacles to the market and competition. This intermediate phase is moreover studied and guided with the use of micro-economic models of perfect competition which are far removed from any serious analysis of economic globalisation (since these must focus on international expansion of capital in oligopolistic competition). There is no doubt that the goal of reforms is in due time to re-integrate Africa into the global economy. So far, however, the subject of oligopolistic competition has not yet been broached.¹⁹

Southern Africa, on the other hand, has passed immediately to the phase of integration into the global strategies of competition between worldwide investors and large transnational corporations. Because of the region's natural resources, the mere announcement of the dismantling of socialism has attracted investors who have appeared, or rather returned, even before the reforms have been enacted. The adjustment of Zimbabwe and Zambia (still less Angola and Mozambique) is much less advanced than that of many African countries whose reforms have not yet revealed their capacity to attract capital.²⁰ But anticipation of long-term profits in the mining sector immediately make Southern Africa a new area of interest in the global strategies of South African conglomerates.

A Regionalisation Encouraged and Regulated by the Conglomerates

There is a second difference in relation to the other regions of sub-Saharan Africa: from the beginning, the return to capitalism was based on a logic of corporate capitalism holding strong relations with the state. This logic certainly exploited the opportunities presented by the adjustment programmes and the return to a market economy. It is, however, fairly far removed from the models of perfect competition which serve as guidelines for these programmes.

First of all, the profitability calculations of the large corporations are based on the long term and can accept periods of non-profitability in the short term. South African mining companies have always had to, and been able to, undertake very costly and long-term investments even while knowing that their production costs

fluctuate greatly. The sector's financial programming is impressive in terms of the amounts invested and the economic risks assumed. The regional expansion of capital operates in part according to this logic. Investments, especially those in the Portuguese-speaking countries, would not be profitable during the long and difficult periods of reconstruction. However, what is at stake is a bet on the long term, and not really a return to profitability. Paradoxically, it contributes to the reaction time of private investments in the region: an assurance of short-term profitability is not necessary if the investors' calculations are to anticipate long-term profitability and if they are in a position to tie up important amounts of capital.

The conglomerates also benefit from economies of scale, management techniques and technical advances. This sometimes allows them to restore, even in the short term, the profitability of sectors losing money due to poor management. South African investors have introduced their management style to badly run medium-sized companies (breweries) and extended into well-run service activities (tourism, banking ...). They use their technology to restore the profitability of gold mines (Mali). They use economies of scale in the distribution networks which they perfected when apartheid put up barriers to entry into the informal sector. Finally, they were in a position to create geographical (joint plans for tourism) and inter-sectoral complementarities (beneficiation) and support their direct investments with financial and banking penetration.

In addition to expanding investments, the conglomerates have made investments which safeguard against competition. De Beers' large presence in Angola and Botswana can certainly be explained by its search for new areas to exploit but also by its concern to stop the destabilisation of the diamond market through smuggling activity (and the uncertainty of Russian commercial strategies). Likewise, its plans for central African copper are part of a strategy to safeguard reserves.

The conglomerates' intervention influences the location of activities since the choices between exporting and relocating abroad were made for reasons internal to the corporations. Added to the lobbying activities of South African medium-sized companies, these choices are far from the rules of comparative advantage. Neighbouring countries, in particular those in SACU, blame them for slowing down investments from elsewhere (for example in the automobile industry). Writing on the use of South Africa as a locomotive for African development can only reinforce their fears. It is too soon to know if manufacturers will henceforth decide to relocate in countries with lower wages, as Zimbabwe insistently requests (the precedent of Korean investment in Botswana's automobile sector is ambiguous). In their commercial operations,

companies, both South African and foreign, tend to locate their headquarters, storage and component parts distribution sites (centres for trade dispersion) in South Africa.

Finally the conglomerates have always enjoyed close relations with the government in defining and carrying out major economic choices. They shared, and sometimes controlled functions which elsewhere belong to the government. They were involved in long-term national planning, social services, housing construction and migration control. In close co-operation with public companies, they organised transport, port facilities, relocation of activities and centres for regional development. Current regional expansion continues the traditional co-operation between companies and the state.²¹ It renewed the old tradition of putting northwards expansion into the hands of private enterprise, going back to the days of Cecil Rhodes. While West and Central Africa show signs of once again becoming African trading posts (cf the writing of A Mbembe), Southern Africa shows signs of returning to the days of the chartered companies.

Today however, relations with the state are more ambiguous. For the moment, the conglomerates tend to pursue policies of international diversification which will ensure their autonomy in relation to the new government, and it is not impossible that certain African activities are part of this diversification policy (De Beers' African strategy is not distinct from its strategy of geographical diversification in the rest of the world). In the years to come, relations with Africa could come under closer surveillance if the ANC's current drive to unbundle the conglomerates continues. For the moment, however, the criticisms of Ramaphosa and Manuel are mainly concerned with internal competition in South Africa and black empowerment.

Results of the Current Dynamic of Regionalisation

The Growth of Inter-African Trade Flows

Since 1991, the end of conflict, internal and external liberalisation, and South Africa's maintenance of certain export subsidies (which it promised to remove) have all increased the level of trade flows between South Africa and the other Southern African states.

Current immigration in South Africa has sharply increased. The total of five million indicated by the police services for a single year seems improbable. Doubt must also accrue to current total estimates which run from three to eight million immigrants. This immigration is less and less organised by the mining companies, as the mines are in a period of rationalisation. It is a spontaneous

immigration from ravaged countries such as Mozambique, or countries with considerable inequality and corruption such as Zaire and Nigeria.

South Africa's trade and surpluses in relation to the rest of Southern Africa greatly increased between 1992 and 1994.²² With the four SACU countries (who remain both the most important and those with the highest trade deficits of the partners), exports grew by 16 percent (from R12.9 to R15 billion) but imports dropped by 30 percent (from R2.2 to R1.6 billion), which increased an already substantial surplus (from R10.6 to R16.5 billion) and with a margin of 9.6 in 1994.

With the six other countries of SADC, exports increased by 38 percent (from R4.4 to R7.2 billion) and imports by 43 percent (from R1 to R1.4 billion) which brought the surplus from R3.4 to R4.7 billion (margin of 4.3 in 1994). This is the area where the expansion of trade is most visible. However, the growth of exports by R2.8 billion was due only to two importing countries. Mozambique alone accounted for half and Zimbabwe close to the other half by increasing purchases by R0.9 billion (58 percent). However, since it was the only country which also increased its exports to South Africa (by R0.3 billion, or 34 percent), its margin only fell from 49 percent to 41 percent in relation to South Africa. It is still the principal regional exporter to South Africa: of the R3 billion in exports from the whole of the SADC to South Africa, Zimbabwe accounted for a third, or R1 billion.²³

Formal intra-regional capital flows grew at a pace which was unequalled elsewhere in Africa for the above reasons. Unfortunately, it is impossible to fix a total. But hardly a day goes by without an announcement of new plans, not all convincing it is true, for the investment of South African companies. In the mining sector, schemes are increasing for the exploration and exploitation of new areas, taking of shares in existing companies and negotiations to buy back companies as important and symbolic as Zambia's ZISCO or even, according to a recurrent rumour, the entry of Anglo-American in Zaire's Gécamines. In the food-processing industry, South African interests are buying back companies as far away as Tanzania, which always was very neglected by South Africa. In the distribution sector, endeavours to locate profitable activities have even reached some countries in the Franc zone. There have been some industrial investments but they have not, for the moment, implied a relocation of South African activities to take advantage of countries with lower wages. Definite plans for investment in tourism have already been laid out in Zimbabwe and Mozambique. Countries whose level of interest rates and unavailability of credit have created important needs for funds and financing are calling for an expansion of the South African banking network. This network constitutes an important element in the

penetration strategies of South African business and capital. Investments in agriculture are pending in northern Mozambique. This movement should (barring unforeseen mishaps) continue with new privatisations and, in the longer term, with plans for the joint management of natural resources (although it has already been indicated that these plans will imply requests for European aid).

A Nearly Perfect Example of Polarised and Asymmetrical Regional Integration

Southern Africa's renewed integration has for the moment all the characteristics of polarised and asymmetrical integration: disparities in size (South Africa's GDP is four times that of the rest of SADC and 17 times larger than Zimbabwe's); polarisation (regional flows of goods, people and capital converge on South Africa and there are no multilateral agreements); trade surplus on the part of the centre (the margin for South Africa's imports ranges from 1 to 10); net outflows of capital from the centre to the periphery; migrations from the periphery to the centre; specialisation in secondary industry of the centre and in primary production of the periphery; specialisation in advanced technologies in the centre; brain drain (doctors and intellectuals) from Zimbabwe; location of headquarters, storage sites and centres for trade dispersion in South Africa; substitution of South Africa for Zimbabwe's role as the centre (within SADC, Zimbabwe was the centre of transactions, enjoyed a trade surplus and specialised in industry).

This nearly caricatural conformity to a polarised model of integration by no means implies, despite how it is frequently interpreted, that this integration indicates an incompatibility of interests, exploitation of the periphery or restraint on its development. Cases of development induced by asymmetrical integration have been numerous throughout history. This form of integration does create specific conflicts, however, which are already well known from mercantilist, nationalist and/or Marxist analyses. These criticisms were not long ago part of the official language in the SADCC countries. They would be inopportune now and are another aspect of current ideological amnesia. They are nevertheless part of a political repertoire which will be, and is already, used especially by the press when the slightest friction develops. Already now, this asymmetrical polarisation is in danger of giving South Africa an impression of hegemony on the ground which it is striving to avoid in its diplomatic relations. This profile is reinforced by its reticence to assume a leadership role.

A Centre Hesitant to Accept the Duties of a 'Substitute Metropole'

Already obvious in its attitude towards regional institutions, South Africa's reticence to take on the role of 'substitute metropole' (to use the expression of D Bach²⁴ can be equally observed in the structure of regional flows (except for investments). This refusal to become Africa's, or even Southern Africa's, locomotive has been repeated time and again. It is apparent in the refusal to grant any financial assistance. There is a fear of getting involved in uncertain credit operations. The refusal to take up more than 1 percent in the stocks of the ADB was close to a refusal to join (and was interpreted as thus by the ADB, who turned down the offer). South African macro-economic policy has not and will not be expansionist in order to improve the economic situation of its neighbours (although it will perhaps become so involuntarily). More conclusively, there is hardly any concern for the consequences of South Africa's policy on the level and structure of employment in neighbouring countries. Moreover, the cost-benefit balance sheet of integration for the different populations within these countries is not known.

There is a hesitation to take on the role of centre in the centre-periphery distribution of functions. The relocation of activities in the form of investments by South Africa seems as yet little developed: the majority are mining investments (a case of necessary relocation due to the depletion of resources?). This is far from an Asian model of re-investment of national or foreign capital.

There is, however, more evidence: in several areas one can detect a positive refusal to assume the usual duties of a centre to its periphery. Even existing relations with SACU and the Rand Monetary Area are considered too costly. There will also be, sooner or later, a check on immigration which will reduce its traditional role as income distributor through the transfer of migrant income.

Thus South Africa does not accept all the implications in the present evolution of forms of regionalisation. Like most leaders, it can explain its accession to SADC as a political decision, for some of the same motives which drove the USA towards NAFTA and the EU towards the association with the Maghreb: fear of migratory pressure, fear of disturbances on their borders, creation of jobs in the periphery, demands for capital by the periphery. But it cannot or will not assume the financial costs of other duties henceforth assigned to the leader: relocating activity, granting financial assistance, guaranteeing financial credibility, reducing the undesirable effects of polarisation, etc.²⁵

An Integration Fostered and Shaped by the Delayed Development of its Institutions

Even taking into account these checks on full regional integration, the current period is characterised simultaneously by a large amount of diplomatic activity within SADC and a remarkable dynamism on the part of the economic actors. The correlation between the two can be first of all explained by the fact that both arise from the same changes (end of regional conflicts, end of apartheid, the ANC's ideological evolution, crisis within the SADC countries, transition, etc). It is also partially explained by the fact that the rapid growth of economic relations forces them to express their intention to establish institutions. Nevertheless, the institutions deemed necessary to integration (customs unions or free trade areas, joint investment projects, sectoral co-ordination ...) are by no means up and running, whereas flows are already rapidly increasing.

A good deal of this development even stems from the disconnection between the two processes. Political negotiations are slow; economic activity is rapid. It is partially thanks to diplomacy's slow pace that economic integration is developing. This slowness increases the autonomy of economic actors, giving them time to act according to their own logic (business need not trouble itself with creating trade surpluses, investors take possession of resources which they feel will offer markets in the future). It also pushes them to acquire a stake before any agreements can be decided which impose regulations. The absence of a bilateral agreement with Zimbabwe encourages South African exporters to buy shares in Zimbabwean business.

It is particularly this time difference which explains these characteristics of the actual integration dynamic: growth in trade surpluses without the obligation of compensation, dynamism of investments, human migrations, the absence of aid, the refusal to be a metropole, etc.

It is even possible to consider this absence of institutions as the key to the rapidity with which integration is occurring. Unlike other African regions, where institutional activism did not translate into substantial economic results, Southern Africa is experiencing effective integration without institutions or, more precisely, outside the realm of existing regional institutions. Only institutional reforms at the national level, through internal and external liberalisation, are clearly accountable for this process.²⁶

The vacuum in terms of regional institutions has shaped the forms of present integration by accelerating the progress of economic relations and by allowing the leader to delay taking on some of its duties.

An Over-determined and Over-interpreted Institutional Delay

Is it possible to go further and assert that the institutional delay was deliberate in order to facilitate integration in its present forms? It would certainly simplify explaining a situation which has multiple causes.

Firstly, there is a lack of preparation on certain issues. There is a lot of concern with the necessity to undertake a lengthy re-evaluation of SACU, the Rand Monetary Area, an enlarged customs union and the bilateral agreement with Zimbabwe. Likewise, questions are multiplying as to South Africa's comparative advantage in relation to Southern Africa and alternative areas of co-operation. A delay was necessary while taking into account the numerous parameters which changed abruptly at the moment of returning to a profoundly altered international environment. It is difficult enough to master the complex systems of subsidies and tariff protection of South Africa and its partners and to calculate the impact that their abolishment would have on competitiveness, especially for different industrial products. However, the lack of preparation on certain issues is not only for technical reasons. At the very least, it shows the desire to slow down making choices (the studies on SACU have been going on for many years) and conscious or unconscious evaluation of the priorities.

Secondly, it is obvious that the problems of regional integration are not a priority for South Africa. They are marginal in terms of national indicators and are minor concerns compared to internal transformation. Their treatment was often considered too closely determined by internal choices to permit their resolution before these internal choices were made. There was even a moment when it seemed that their treatment would be radically different according to internal power relations. Indeed had not the ANC decided to transform regional relationships from relations of domination to co-operation? Inversely, the ANC's partners hoped that time would modify programmes deemed unrealistic.

Moreover, the time taken to make decisions has been interpreted by South African leaders as essential to the democratisation process. Slowness does not only allow agreements to be negotiated between majority and minority. It is a means of encouraging the expression of preferences. It is even a means of revealing the nature of democracy and getting accustomed to its practice. In other respects the slowness in decision-making brings to mind a certain slowness typical of planned economies.

On numerous points, this slowness of reforms is desired for the delay it gives the white minority holding on to economic power. For the moment, this delay permits a certain empowerment, and it is tempting to use it to ensure the permanent autonomy of economic power in relation to political power (through privatisation, diversification of financial assets abroad, an influx of foreign

investors which would increase in due time the state's need for international credibility, the control of foreign investments by conglomerates, etc). The long transition which preceded the creation of regional institutions seems indeed to be a particular example of these strategies. The lobbies are in charge of managing trade protection. The conglomerates are in a position to decide on investments in neighbouring countries. They make decisions, some of which will be irreversible.

This does not invalidate the reality of the diplomatic constraints; South Africa has not wanted to impose its viewpoint. For this reason, it even put off joining SADC for a time. The obsession with keeping a low profile would not mix well with institutional activism. Certain modifications which South Africa would like to see made with regard to SADC would be difficult to present too obviously by the very country which had been its basic adversary, and the slowness of the negotiations permits it to impose nothing by force.

It is also necessary to take into consideration South Africa's traditional mistrust of the regional institutions and its preference for limited and sector-by-sector agreements (and, not long ago, for bilateral agreements). This reticence as regards inter-governmental institutions did not stem from a liberal position but indeed, to the contrary, from the *dirigisme* of the South African government, which resolved problems with neighbouring partners, as well as with its own corporations, on a case-by-case basis. For opposite reasons (the delay allowed for internationalisation by the market) the international organisations (IMF, World Bank, and GATT) have not hastened to institutionalise the regionalisation process.

This diversity of factors explaining the regional institution vacuum allows each actor and observer to construct one or more interpretations of his own as to the *de facto* integration prior to the creation of institutions for that purpose. These interpretations sometimes conflict and they reflect and intensify actual internal or external conflicts concerning integration.

Conflicts in explanation are at their maximum where monist reasoning prevails. Everything can be explained by the influence of the minority holding economic power or everything can be explained by the ANC's slowness in elaborating a vision of regionalisation.

The clash of interpretations is sometimes harder to explain. There is a South African scepticism concerning the existence of a South African policy ('This government does not know where it is going') which leads to interpreting delays as additional proof of the absence of direction. In Zimbabwe, there is a tendency to picture South Africa as cunning, where the slowness of decisions is but one

more demonstration of South Africa's effectiveness in pursuing its goals of domination.

South Africa's self-portrait of ignorance as to the consequences of the choices it must make is in direct clash with Zimbabwe's perception of a concerted plot against itself. The non-renewal of the bilateral agreement is interpreted as forgetfulness by the South Africans and as an element of strategy by the Zimbabweans. The power of the South African lobbies in the absence of state prompting is described in South Africa as a protective measure and in Zimbabwe as a means of dodging all international discipline and creating irreversible regional inequalities.

In short, while South Africa wants to keep a low profile by only slowly entering into regional agreements it is perceived on the outside as arrogant in its refusal to respond immediately to offers of negotiation. Inside the country, a temporary abstention of the state is considered necessary while finding an internal compromise between the representatives of its prior regional policy and the ANC, whose regional policy was always the opposite. But this temporary withdrawal of the state is seen on the outside as a circuitous route to reconstructing forms of traditional hegemony and concealing a reversal of policy, or at the very least as indifference on the part of the ANC.

A Symptomatic Crisis: rumours of trade war between South Africa and Zimbabwe

The conflict which has erupted these last months between South Africa and Zimbabwe over trade is in this respect exemplary. In this example can be found all the mechanisms and strategies which, between two countries who flaunt their common desire to avoid the quarrels of days gone by, can create a tariff war, threaten the partner's industry and provoke an abrupt resurfacing of the words and attitudes of a recurrent animosity.

Traditionally it was assumed that Zimbabwe would export textiles to South Africa if the bilateral trade balance was in equilibrium and all protectionist measures and subsidies were lifted. In addition to its excellent raw cotton, Zimbabwe has - important to a labour-intensive industry - low-cost labour at its disposal, the wages in the formal sector being equal to one third that of South African wages. It could also hope to retain some import substitution industries, such as that of car batteries, against South African competition.

These expectations have remained abruptly and unexpectedly unfulfilled due to the lack of inter-governmental co-operation. The absence of a coalition or even simple concerted policy between the two countries during their negotiations with GATT lead each to obtain individually relative delays in the removal of

protections and subsidies. Zimbabwe maintains, not without exaggeration, that it accepted unhesitatingly the challenge of liberalisation and accuses South Africa of using the delays it obtained from GATT to conduct a policy of 'unfair' competition. On the one hand, South Africa could place tariffs on Zimbabwe's textiles and on the other hand it kept its system of export incentives to subsidise sales, notably of automobiles and batteries, to Zimbabwe.

Zimbabwe expressed its wish to see the bilateral trade agreement between the two countries renewed. South Africa, up to now, has not felt the same way (even though this agreement had survived all the conflicts between South Africa and SADCC). The reasons given are numerous and contradictory. South Africa's spokesmen, on this point as well as for the whole of its African economic policy, point out that its internal problems are a priority; it also expresses - a new point - certain reservations regarding bilateralism and its preference for the slow maturation of a multi-lateral agreement with the whole area: it strives to avoid any privileged agreement with Zimbabwe which could be interpreted as the seed of regional co-management by the two countries. Finally, it seems to want to avoid any sort of conflictual encounter with its partner.

The Zimbabwean press for its part interprets the slow pace of negotiations as a move which allows South Africa to regain, and even to increase, its shares of the market by profiting from the temporary autonomy of its trade policy. It fears that the reference to multi-lateral plans reveals a desire to include Zimbabwe in a customs union which would develop, on a Southern African level, the SACU logic (which is highly unlikely). Zimbabwe emphatically rejects such a possibility and not enough words can be found to describe the 'arrogance' of a partner which claims to be unhurried about settling mutual problems and the about-face of an administration which claims to temporarily leave the role of regulating current trade problems to private actors.

The important role of private actors and social partners in South Africa's trade policy has confirmed the legitimacy of some of Zimbabwe's fears. For the long term, South African trade unionists have already raised the possibility of a social provision opposing imports which are competitive due to lower wages. For the time being, employers' lobbies have secured a suspension of textile imports, a decision which goes against a calculation of the regional optimum or even national desiderata since these trade flows only represent a hundredth of South Africa's imports but hurt a significant portion of Zimbabwe's exports. On the other hand, South African products continue to benefit on a transitional basis from export subsidies.

This 'unfair' competition has consequences for a Zimbabwean industry which, especially since 1992, has been going through a crisis, evident through the

closing down of companies, the loss of thousands of jobs and the influx of manufactured goods which were produced in Zimbabwe not long ago (the example of car batteries seems to be symbolic). The possibility of a reversal of industrialisation in Zimbabwe cannot be excluded; the first signs were suspected in 1993. No doubt this industrial crisis was the consequence of both a general opening of trade, the deflation created by structural adjustment and the shrinking of the domestic market due to drought (indeed, a recovery of activity was observed between the droughts of 1992 and 1995). But it is certain that an asymmetry in the autonomy of trade policies, to the benefit of the more advantaged country, could only reinforce the risk of de-industrialisation of the weaker partner and an economic integration with industrial activities located in one country only.

This prospect provoked very intense reactions in Zimbabwe in September 1995. Representatives of Zimbabwean companies made very lively public complaints to South African diplomatic representatives. The press ran headlines such as 'South Africa Humbles Zimbabwe' or, under the portrait of Nelson Mandela, 'Plotting Against Zimbabwean Industry'. One can see the gap between the tone of institutional relations within SADC, where South Africa is determined to keep a low profile, and the results of this policy when, while still keeping a low profile, concrete decisions are left in the hands of other economic actors.

Finally, Zimbabwe used the debates on the passing of the budget to get around its GATT obligations in an atmosphere of urgency and in a wilfully paraded crisis in relations with its big neighbour. It altered its tariffs and placed surcharges on South African exports. To defuse the crisis, South Africa agreed to negotiate a preferential regime for Zimbabwean textiles and clothing. The crisis is not, however, any less premonitory of the hazards of integration in an environment of conflict: foreign observers wonder too whether the South African authorities are well aware that they are 'killing off' Zimbabwe's industry. In addition this crisis is indicative in many respects. It demonstrates the absence of co-operation which no one, it seems, thought to put into practice in negotiations with international organisations such as GATT, which, by the way, endangers the accomplishments that each country thought it had made through the strategy of maximising concessions. It revealed the processes by which the inequality in power became manifest at the very moment that South Africa was making institutional efforts to break with a hegemonic policy. Finally it showed how, through the slow pace of national deliberations over a policy to end the unequal relations with its neighbours not long ago, the South African authorities are in danger of giving free rein to a host of sectoral strategies which are indifferent to the consequences (inequalities and conflicts) which they provoke.

Long-term Prospects for Regionalisation and Globalisation

Beyond the conflicts and compromises which will continue, the long-term prospects for regional integration include many unknown factors: joint regional projects for water, energy and the environment have been determined but details have not been worked out; new private investments are foreseeable in services, banking, and tourism and will probably be desired by the lusophone countries (especially Mozambique); new privatisations (in Zambia and Zimbabwe) will create opportunities for investors. However, investors will require a profitability potential which is far from guaranteed due to the non-renewal of capital goods for several years running (as is the case of Zambian mines), political instability and the absence of financial stabilisation (in the view of the IMF).

Trade relations will perhaps undergo some transformations: the dangers of collapse in Zimbabwe's exporting industries, uncertainties about its capacity to create new industries and the questionable competitiveness of South African industries once GATT rules are fully enforced. South Africa's trade surplus can increase, but only if the partner countries can earn foreign exchange through aid and export to other countries, if South Africa remains competitive and if those partners showing deficits do not manifest their opposition to the present trade asymmetry.

Population migration cannot carry on at the present tempo, but no one knows whether the situation will stabilise on its own or whether it will provoke what could be sudden and very negative reactions (not to mention whether such reactions would be effective with such long borders). Even less foreseeable are future consequences on the various populations, their levels of consumption, the level of unemployment, the relocation of jobs and changing lifestyles, as these consequences were strangely enough very little studied in the past.

The most important threats of failed integration could come from the uncertainties hanging over the future of the South African centre. Foreign investors remain hesitant in spite of the numerous announcements of recovery. Positive trade balances are closely watched by the Reserve Bank but are continually threatened by a rise in consumption and the hunger for investments. One cannot yet foresee the consequences, on the trade balance, of social upliftment, whose undertaking up to the present has been too slow negatively to affect the economic situation. The RDP's impact on public finances is not yet indicative of the impact it will have if it becomes more effective. Finally forecasting is itself impossible as long as there prevails a sense of insecurity which has decisive effects on the perceptions of potential investors, on daily life, on tourist revenue (which official forecasts assume are very high), on the brain drain, on public finances and on the external balance of capital flows.

Finally, the entire region is subject to two important uncertainties: it is not clear whether the consolidated need for capital in the region will find the necessary finance; and it is not clear whether the totality of countries could, after removing financial assistance and regional preferences, find the comparative advantage which would enable them to accelerate re-integration into the world economy.

For the evolution of Southern Africa's mode of integration continually reflects the importance of the world economy. The mode of integration will be deeply altered by the changes that the international economy experienced over the decades during which South Africa as well as the socialist countries were distanced from it either voluntarily or due to sanctions. Even within the region, competition is already taking on the aspects of global competition of which it is an extension (the increased importance of the movement of capital, a dynamic guided more by the profitability of investments than comparative advantage or the influence of liberal ideology).

The balance of intra-regional payments, like the nature of the products traded, is shaped by the relations with those outside the region. It is external financing which permits the trading deficits of South Africa's partners in relation to South Africa. It is liberal doctrine which rejects integration based on trade preferences. It is the rules of international relations set by the West which limit Southern Africa's freedom to pursue its traditional policies or even to use an Asian strategy. The necessity to attract foreign investments creates the hope of a South African 'springboard' to help reverse the marginalisation of the former SADCC countries.

Inter-African relations have, moreover, a decidedly inferior importance to the relations which each country maintains directly with the whole world.²⁷ This is true for exports, imports, capital investment, foreign investment and international aid (but not for labour migration). Even though the region holds a geopolitical and economic importance for all of the reasons mentioned above, each of South Africa's partners knows that its greatest opportunities and the totality of its financial assistance must be found elsewhere. For its part, South Africa considers that its 'backyard' (the term sometimes slips from the mouths of top people) will never constitute more than a third or fourth of its own GDP, that the growth in opportunities that this backyard provides is, except for industry, equivalent to a few years of growth in national demand and that, in spite of the benefits of being paid in foreign currencies for uncompetitive products, it would be a mistake to let itself be confined to the region or even to Africa.

Each country tries to demonstrate the possibility of developing relations with other continents. By an unconscious or conscious homage to regional analyses, this discourse on direct globalisation is often expressed not in terms of openness

to the world, but by evoking the appeal of alternative regions. In South Africa, for example, the statistics on trade are mentioned (with Europe), 'natural' complementarities evoked (with investors such as Japan), relations prior to the past embargo remembered (with the US), bygone relations recalled (with the Indian Ocean)²⁸, geographical analogies are made (with Australia and the south of Latin America), hopes of catching up with emerging countries are uttered (the Asian NICs), and connections drawn with countries who have restructured race relations within their economies (Malaysia is a source of fascination because it satisfies several of these criteria).

Through this profusion of projects shines clearly a refusal to view globalisation too narrowly through an African prism. No one doubts that regional integration is necessary in order to maintain industry and avoid conflicts between neighbours. But each seeks to spot potential comparative advantage on the world level, which threatens to render the traditional strategies of regionalisation obsolete. The important point in coming years will be to redefine the articulation between regionalisation and globalisation.²⁹

ACRONYMS

ANC	African National Congress.
ADB	African Development Bank.
BLSN	Botswana, Lesotho, Swaziland, Namibia.
COMESA	Common Market for Eastern and Southern Africa (project, laid out in 1992, to merge the PTA and SADC).
CONSAS	Constellation of Southern African States (project to organise Southern African states under the guidance of South Africa; launched in 1979, it very quickly failed).
DBSA	Development Bank of South Africa.
ESAP	Economic Structural Adjustment Programme (term used by Zimbabwe for the SAP).
GEIS	General Export Incentive Scheme (South African mechanism for export support).
NAFTA	North American Free Trade Agreement.
PTA	Preferential Trade Area for Eastern and Southern Africa (includes Angola, Burundi, Comores, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Swaziland, Somalia, Sudan, Tanzania, Uganda, Zambia and Zimbabwe).
RDP	Reconstruction and Development Programme (programme established by the ANC and designated in government projects).
SACU	Southern African Customs Union (today includes South Africa and the BLSN).

SADC	Southern African Development Community (created in 1991 by the recasting of SADCC; today it includes South Africa and Mauritius, in addition to the ten members of the former SADCC).
SADCC	Southern African Development Coordination Conference (created in 1980 by the Front Line states, it consisted of ten countries in 1991: Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe).
SAP	Structural Adjustment Programme.
SSA	Sub-Saharan Africa.
UDI	Unilateral Declaration of Independence of Southern Rhodesia (1965).
ZANU-PF	Zimbabwe African National Union - Patriotic Front.

NOTES

1. This text would not have been possible without the hospitality in Harare of Mr Daniel Compagnon, Director of IFRA [French Institute for Research in Africa], and Mr Alice Anne Médard, envoy at the French Embassy and, in Johannesburg, of Mr Philippe Gervais-Lambony, Scientific Director of IFAS [French Institute of South Africa].

I would like to thank Mr Normand, envoy in Pretoria, the members of the PEE [French Trade Commission] and CFD [French Development Bank] in Harare and Johannesburg and the DREE [Bureau for External Trade Relations], for all the information which they have graciously given me and their thoughts on my research and, in particular, Mr Jean-Pierre Cling, Economic and Business Advisor at the PEE in Harare, for the prolonged discussions which we had during and after my mission.

I also thank Mr Patrice Dufour at the World Bank, Mr Bénédicte Chatel, of *Marchés tropicaux et méditerranéens*, and Mr Jacqueline Vitali, of the CFCE [French Centre for International Trade], for the assistance which they provided in Paris.

2. The rate of growth of integration into the world economy is measured by the difference between the growth rates in trade and production:

	1971-85	1986-90	1991-93	1994-96	1996-2004
World	3.7	5.1	3.9	7.7	6.0
SSA	-1.5	-0.7	0.4	1.4	0.4

Source: *Global Economic Prospects and the Developing Countries*, World Bank, 1995.

3. This competitiveness and capacity to attract capital were based, it is known, on the dualism of a society which had chosen non-integration. On the one hand, European immigration (which continued in Southern Rhodesia until after World War II) provided, besides capital, advanced techniques, know-how and modes of consumption linked to the Western economy. On the other hand, competitiveness and profitability were based on expropriation from Africans and also, at the turn of the century, on the exodus of the Afrikaners, the low wages of African unskilled labour, and rejection of the social costs of accumulation. This usage of

labour without covering social costs would culminate with apartheid, which separated workers from their families, systematically dissociated workplace and habitation, and carved up the use of time so that work and ways of life would not come in contact.

4. These successive institutional recompositions of the region must not be forgotten when opposing its seriousness to the instability of the regional institutions in other African areas. Particular interests, ideologies and normal political conflicts also had their importance in Southern Africa. On the one hand, the recompositions had, since World War II, a guiding direction (the very progressive geographical expansion of the rule of the majority). On the other hand, even when they were very conflictual, they did not suppress trade or nullify agreements for several reasons: the costs of a breakup seemed too great to the partners; certain attempts to break away, notably of SADCC, proved fruitless (for example in transport); finally, the dominant partner - in this particular case South Africa - had, even when it went so far as to cause destruction for its enemies, maintained its relations in order to hold onto its means of pressure.
5. The revenues created by mining exports are necessarily more stimulating than those of oil; the existence of cartels, which certain observers consider one of the principal reasons for the difficulties of the Franc zone countries, is not criticised when the cartels find sufficient resources in Southern Africa (as can also be said of the stability of inter-African relations - see footnote 4 - the difference compared to the situation in other regions is above all, quite simply, a difference in size and profitability).
6. The rise in costs induced by their taxation and the anti-export bias created by protection was not enough to erode this competitiveness.
7. They succeeded in avoiding the alternative in which one today tends to confine oil-producing or mining countries in Africa: either respect comparative advantage without restraining the import of consumer goods (which causes, by an effect of Dutch disease, the fall of the productive sector in competition with imports) or else invest capital abroad (for which Cameroon has long been congratulated). South Africa and Zimbabwe used a policy which is not dissimilar to that used by Asian countries, such as Indonesia, which financed its diversification (notably in rice production) through its oil receipts.
8. Trade relations probably fell off but the statistics are uncertain. Between 1982 and 1988, South Africa's share of the imports remained stable in Zimbabwe (around 23 percent) and Malawi (around 33 percent) and rose substantially (from 14 to 23 percent) in Zambia. They could not change in the SACU countries. South Africa's regional investments outside of SACU decreased to extents that are not well known and there was a suspension of the main joint projects.
9. These accomplishments were treated either as mistakes (diversification and industrialisation were excessive) or as accomplishments on which one does not reflect (at the risk of abolishing the support still necessary to industry) or finally as results which reduced the potentialities (there was a squandering of resources).
10. It is known that these countries succeeded in using methods which are not identical but comparable: combination of the market and intervention, export promotion and import substitution, calls for foreign investment and local accumulation.
11. Perhaps the strongest indication of forgetting its past rationality was, notably in South Africa, that each characteristic of protection changed name (flexibility became instability, discretion became lack of transparency, adaptation to immediate needs became incoherence over time, concertation between public and private became collusion amongst the lobbies ...).

12. All this is not without recalling the time when economic planners hoped to escape underdevelopment by designating sectors to be developed which were the least advanced or even the furthest removed from comparative advantages, and also the time when governments were congratulating themselves for undertaking projects the furthest removed from actual possibilities.
13. The following figures are from E. Rochou, *Les investissements français et étrangers en Afrique australe* (to appear shortly by the CFCB publishers) and we thank the author for having allowed us to refer to it before publication.
14. As of 8 September 1995, Z \$ 1 = US \$ 0.115.
15. South Africa combined refusals to receive and grant aid, which indicates motives other than generally materialistic ones. They could be: the memory of aid to the homelands, their political content and influence on corruption; a distrust of aid to the state which is seen as encouraging dependency and misappropriation; a distrust of decentralised aid, suspected of trying to break up the state; a certain contempt for states which, within the SACU or Franc zone framework, financed their public spending through external aid (a theme which is very often used in the argumentation against monetary areas); the fear that aid would discourage productive effort and reduce employment (its own refusal of external aid is accompanied, very rationally, by requests for external aid for its clients: they would become consumers and South Africa would become the producer).
16. Resident companies are already permitted to undertake swap operations with foreign companies wishing to settle in South Africa and use their assets abroad. More recently, it was accepted that exchange control would permit the export of capital wishing to invest in Africa, which could increase the return of regional capitalism.
17. Sharp words have even been exchanged between the Secretary of COMESA, who threatened South Africa with surcharges on its exports if it did not join COMESA, and Minister Trevor Manuel, whose tone was clearly contemptuous in response to such threats. No doubt a compromise will eventually arise such as a plan for a northern and southern COMESA.
18. The British apostle of free trade [translator's note].
19. A distinct shift from the theme of static analysis of perfect competition to that of a global economy is perceivable in the discussion of African problems in *Global Economic Prospects and the Developing Countries*, World Bank, 1995.
20. The public finance deficits of the former SADCC countries have even had the paradoxical effect of attracting foreign investment. Governments see in the privatisation of their public corporations a means of financing these deficits and attracting convertible foreign currencies, which increases the speed of privatisation and opening up to foreign investors.
21. For example, the present strategy for regional expansion is decided and financed by South African companies according to their own logic, but needs the support or at least the tolerance of the administration. Exchange control, in particular, does not create an obstacle but rather even gives preference to capital exports to Africa.
22. South Africa's statistics on African trade pose several problems: rather than South Africa's trade with the rest of Africa, most sources give the aggregate trade of SACU with the rest of Africa. Particular and general trade (which includes transit operations, essential in its relations with landlocked countries) of South Africa are often confused. Informal flows are substantial. Finally, trade was systematically underestimated during the sanctions period and

- the first publication, in 1992, of real inter-African trade revealed figures higher than prior official estimates. The figures given here must thus be considered with the greatest prudence.
23. With the rest of Africa, exports grew from R1.5 to R2.4, imports from R0.3 to R0.9, and the surplus from R1.2 to R1.6 billion (margin of 1.6 in 1994). In 1993, the African countries on the Indian Ocean bought a total of R389 million in exports. Attempts to penetrate the Franc zone were not insignificant (around R284 million in 1993) and could increase in the long term for certain particularly competitive products. However, it is far from the exaggerated hopes and fears which gave rise, in 1991 and 1992, to the diplomatic posing of South Africa and its African interlocutors. Of the four countries which had been identified as favoured targets, only Kenya has proven to be an important market (R205 million), the three others being negligible (Morocco R22 million, Egypt R55 million, and Nigeria R41 million).
 24. The French expression is '*métropole de substitution*' [translator's note].
 25. Naturally the acceptance of the leadership role would create other conflicts: relocation of activity would be seen as maintaining inequality, indeed as a sign of contempt; the undertaking of internal regulation of the periphery would be qualified as intervention; acceptance of migration would weigh more heavily on the population; etc. All integration creates conflict, even if it entails a converging of interests and has co-operative aspects. The history of a process of regional integration is also the history of a shift in the areas and forms of conflict. South Africa is very conscious of this. It is this fear which encourages it to not recognise its role, and which creates the danger of perpetuating current conflicts.
 26. This obviously does not mean that the process of liberalisation without regional institutions would have succeeded in other African regions, which do not have the same opportunities as Southern Africa (mining deposits, privatisation of potentially profitable firms, existence of capital and know-how).
 27. Fifteen percent of South Africa's exports go to Africa, as opposed to 43 percent to Europe, 20 percent to the Far East and 14 percent to North and South America.
 28. A conference organised in September 1995 by the University of the Witwatersrand and the French Institute in South Africa dealt with this theme.
 29. *Transformation* would like to thank *Les Etudes du CERI*, where this article first appeared in No 10 in December 1995. The article has been translated by Lynnaia R Main.

REFERENCES

- Pochon, Jean-François (1995) *Zimbabwe. Une économie assiégée*, Paris: L'Harmattan.
- Kahn, Brian (1991) 'The Crisis and South Africa's Balance of Payments', in Stephen Gelb (ed), *South Africa's Economic Crisis*, Cape Town: David Philip.