

68824

▪ **EASTERN AND SOUTHERN AFRICA IN THE 1990S AND BEYOND.** ▪

An occasional analysis paper
for internal circulation only.

Prepared by
Economic Cooperation Office

for
The Office of the Executive Secretary
UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA

Addis Ababa, Ethiopia.

April 1992.

" EASTERN AND SOUTHERN AFRICA IN THE 1990S AND BEYOND. "

1. On 17 March 1992, the white segment of that country's population, in spite of profound anxiety about their future welfare after the end of their decades-old privileged status, voted in a momentous referendum unanimously to leave the era of apartheid firmly behind, and to press ahead with negotiations for a new democratic constitution within the multi-racial and multi-party forum of the Convention for a Democratic South Africa (CODESA). This event will go down in the annals of South African history as the watershed marking the formal end of the era of apartheid.

2. So far, developments which have taken place in the four years of the presidency of Mr F. W. De Klerk in the direction of fundamental political and social reforms in the Republic of South Africa promise to put an end to Africa's old concerns regarding that country. Rather, attention must now increasingly focus on three new areas: The first is the plethora of deep-rooted socio-economic problems that have been wrought by many decades of institutionalised extreme inequality of political, social, and economic opportunities at the expense of the vast majority of that country's population, and which are a threat to the stability of the post-apartheid South Africa. Secondly, the necessary economic structural reforms that must be implemented with speed, so as to put South Africa on the course of sustained robust growth while, at the same time, taking measures to redress historical structural socio-economic imbalances. Thirdly, how South Africa's economy, the most advanced by regional standards, can be harnessed to play the rôle of a growth pole in the Southern and Eastern Africa sub-region, in spite of its vexing multitude of problems, without allowing it to dominate and exploit its regional partners or to export to them political and socio-economic its problems.

3. The first majority government will inherit a phenomenal burden of socio-economic and political problems of challenging proportions: massive unemployment of the order of 45 percent; urban overcrowding and homelessness; growing lawlessness and a

culture of endemic violence borne from institutionalised brutality; acute poverty, thanks to a racially skewed distribution of wealth, income, education, skills, and even health; woefully inadequate social services for the majority of the population; and economic stagnation and recession during most of the last ten years precipitated by a collapse of investor confidence and capital flight. The poverty-stricken Bantustans will soon have to be liquidated, transferring to the central government the massive social burden that the racist regime had saddled on them without adequate resources. After decades of suffering, the majority population will almost certainly expect to see a quick improvement in their living conditions. Overcoming these problems could distract the new South Africa from playing a constructive rôle in sub-regional and regional development strategies for the mutual benefit of all.

4. The post-apartheid government of South Africa will need all the help that it can get from the rest of the world. ECA in partnership with the OAU and ADB should organise a well-prepared appeal to OECD states as a group, the World Bank, and the International Monetary Fund to begin putting together a comprehensive programme of financial and technical assistance on a scale comparable to assistance that they have indicated that they will extend to the countries of Central and Eastern Europe and the defunct Soviet Union. Such an appeal should be designed to reinforce the international campaign for resources which the transitional multi-racial and, possibly, multi-party government of South Africa (--when CODESA finally sets up one --) is expected to launch. Serious efforts should also be addressed to private sector agents of OECD countries aiming to attract substantial private capital investment flows into the new South Africa to take advantage of the rich natural resource base not only of South Africa but of the Southern Africa subregion as a whole.

5. The people of South Africa should speed up negotiations in good faith towards a new constitutional dispensation that: (i) acknowledges the historical injustice and deep debt owed to the vast majority of the people, and the need for redress; and (ii)

affirms the principles of democracy, majority rule, and universal human rights, with respect and reasonable safeguards for the just rights of the minority. It is imperative that the people of the new South Africa display magnanimity and understanding towards one another; that they eschew violence and blood-shed and co-operate to solve the problems of their country to release its fabulous potential for the benefit of all. For investment capital flows to return from capital surplus regions of the world to the new South Africa, in the post-cold war era of ferocious economic competition, it is imperative that a peaceful and predictable climate that is conducive for the profitability of capital investments be created and maintained.

6. The integration of the new South Africa into Southern and Eastern Africa is very important for the future development not only of this subregion but of the whole of Africa. It is of no less significance to post-apartheid South Africa, itself, which will easily be a main beneficiary of economic integration. Embedding the new South Africa within the potentially vast market of the economic community of Eastern and Southern Africa, with all its long-unsatisfied pent-up demand will, in a sense, be Africa's vital contribution towards South Africa's future economic growth.

7. What needs to be determined as yet is: What course will the new South Africa want to take towards integrating her political-economy into the subregional one, in particular, and the Africa regional economy, in general? What impact would this have on the subregion's socio-economic development in aggregate as well as distributional terms? And what course would Eastern and Southern African countries, from the perspective of their own interests, want South African integration to follow? How can these countries influence the course of events in the subregion, so that an equitable process of socio-economic integration that is enthusiastically acceptable to all is set in motion? Only such an integration process is self-sustaining and can last. These considerations should weigh relative comparative advantages and bargaining powers, the stock of reciprocal goodwill, and the wide-

spread sense of fraternity, affinity, and shared history of this subregion.

8. The position of SADCC since August 1989, no doubt voicing the concerns of her current membership, has been that post-apartheid South Africa freed of the old dreams of subregional hegemony is most welcome to join the ranks of her members. SADCC was created in 1980, in the first place, to reduce her current members' economic vulnerability to external dependency, in general, and dependency on South Africa, in particular. Would this concern necessarily disappear following democratic majority rule? The question can be put more bluntly: Are there enduring features of South Africa's socio-economic structure that could continue to justify the historical concerns of SADCC member states at least through a period of transition?

9. The stance of SADCC has been endorsed by the ANC which has renounced hegemony in subregional political and economic relations after apartheid. According to the ANC's Discussion Document on Economic Policy of September 1990, the ANC declares itself in favour of greater regional economic interaction along lines that are non-exploitative. It would also take as a priority the protection of the interests of South Africa's most disadvantaged neighbours. It advocates measures to bring about a more equitable distribution of economic opportunities throughout the Southern Africa subregion.

10. Under one scenario, the new South Africa could join SADCC which would remain as a multi-sectoral development organ with a mandate limited only to co-ordinating subregional sectoral development projects, especially in areas of physical infrastructures, energy systems, basic industries, research and development and, perhaps, higher education: areas where multi-lateral co-operation is of the essence. Within this scenario, South Africa could also join the PTA, which is mandated to develop into a regional economic community with a unified internal market. Assuming that the responsibilities of SADCC and PTA are clearly demarcated, there should be little conflict, if any, between the

two organisations, and their co-ordination should not be pause any problems.

11. The Heads of State and Government of the Preferential Trade Area for Eastern and Southern African States (the PTA Authority) reached agreement at their Tenth Summit Meeting in Lusaka at the end of January 1992, that SADCC should be totally merged into the PTA by the year 2000. ECA should strongly endorse and urge the implementation of this accord, while encouraging a reasonably flexible approach which will permit subgroupings of PTA member States to move in some or all aspects of the process of integrating their socio-economies at different paces, duly taking into account their particular situations and economic difficulties.

12. The goal for Southern and Eastern Africa subregion in the foreseeable future should still remain the creation of an internal market in the subregion, unimpeded flow of commodities, capital and labour, and promoting robust and equitable economic expansion throughout the region. This goal is envisaged in the PTA's Trade and Development Strategy for the 1990s, which was adopted by its Authority at the tenth Summit Meeting in Lusaka. The future admission of South Africa into subregional economic co-operation schemes should not be an occasion to disrupt progress towards the attainment of these well-considered goals of subregional integration. Rather, the end of the era of apartheid, in spite of the massive socio-economic problems, political tensions and uncertainties that will accompany the birth of the new South Africa for the first decade or so, should give a significant boost to the economic prospects for the sub-region as a whole.