

## ORGANISATIONAL CLOAKING IN SOUTHERN AFRICA

### South Africa and the SADC after Apartheid

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#### Introduction

The end of apartheid-style government presents the opportunity to explore a fascinating theoretical question for analysts of political change: What happens when organisations born out of a particular political mandate survive into a period characterised by severely altered circumstances? Given the high transaction costs of establishing new organisations and institutions, political leaders may justify the maintenance of an organisation whose original mandate has become obsolete. Can we identify analytically distinctive features of such organisations and their impact on political and economic outcomes? Employing insights gleaned from Philip Selznick's 'Old Sociological Institutionalism' (OSI), this paper examines the impact of the end of apartheid at the most macro-level of institutions and policy: the Southern African region's main development organisation. This case study of the Southern African Development Community (SADC) demonstrates that under such circumstances, an organisation may be 'captured,' and used to pursue goals quite contrary to those for which it was originally established through a process of 'organisational cloaking.' The argument may provide the theoretical basis for analysis of other organisations and institutions in South Africa – and elsewhere – where organisations have outlived their original mandate, particularly in environments of rapid, non-revolutionary change. A key implication of the theoretical argument is that the South African political arena is likely comprised of a patchwork of fully functioning organisations which operate in a manner wholly unrelated to their stated goals and policies.

## Great expectations: Post-apartheid Southern Africa

When Nelson Mandela spoke to crowds of joyful South Africans as a free man on 11 February, 1990, his neighbours to the North celebrated the imminent dismantling of race-based government. As a group that contains a handful of the world's poorest nations, Southern Africa opened its arms – and hands – to a 'new' South Africa that might serve as a beacon of hope for more prosperous, cooperative development. Both African and international policy analysts have portrayed the inclusion of South Africa into Southern Africa's major regional organisation as symbolic of a watershed in prospects for regional development. (Baile, 1994). Amidst a wave of democratisation and economic liberalisation, some have argued, South Africa could jump-start a stalling organisation – the Southern African Development Community – into a vehicle for real change. Capital and technical expertise from South Africa, as well as its international status embodied in its leading statesman would be just the fuel needed to lift the sub-region out of its economic despair. Perhaps the experiment of South-South cooperation could come to fruition?

As several analysts have already indicated, there is good reason to be sanguine about the prospects for regional cooperation and development in Africa. While classical trade theory suggests that trade liberalisation of virtually any kind will result in mutual gains, revisionists have pointed out the limitations of this theory when considering 'non-complementary economics.' That is, as a set of primary commodity exporters, with small, largely fragmented markets, and very poor consumers, most Southern African countries have little to offer one another. As Carol Lancaster (1995:192) points out, all too often the hopes of regional arrangements in the developing world have evolved with the advanced countries in mind. The experiences of regional experiments elsewhere in Africa, have been notably ineffectual. In a similar vein, Jeffrey Herbst (1995:149) argues that in light of more attractive opportunities elsewhere, the end of apartheid does not represent a sea-change for economic activity in Southern Africa. 'The region will, in many traditional ways, matter less to South Africa's foreign policy than ever before and...many regional considerations will simply fade into the background.'

While some of the scepticism implied by these analyses are well founded, these conceptions tend to make sense of regional politics in almost binary terms: the region can work, or it can't. The optimistic view of Southern African cooperation fails to consider the realities of what can feasibly traded or integrated in these regional markets, but the pessimistic one simply ignores the inescapable significance of regional integration of *some* form. For example, Herbst's assertion that, 'South African investment is probably no different than foreign

investment by foreign businesses in other countries' (1995:194) simply rings untrue. Ease of trade, greater understanding of local culture, markets and legal agreements clearly distinguish South Africa from other foreign investors. Given the long history of South African involvement in the region, there will necessarily be some significant interaction between states, and the question becomes more how to specify the character and dynamics of that relationship.

In this article, I will review the development of the Southern African regional organisation and discuss why it persists into the post apartheid era. This helps to motivate the problem of understanding the impact of the end of apartheid on political and economic relations in Southern Africa. Secondly, I will argue why organisational analysis is appropriate for exploring the dynamics of the Southern African political-economy and I will explain how Philip Selznick's 'Old' Sociological Institutional (OSI) perspective provides analytic leverage over this question. Finally, I will present evidence suggesting that South Africa is able to exercise an unprecedented level of hegemony through 'organisational cloaking' in post-apartheid Southern Africa. I will argue that the SADC's loss of an ideational project left it subject to capture by a powerful political actor that could use the organisation to disguise its self-interested actions, without altering the organisation's formal structure or mission.

## **The Southern African Development Coordination Conference (SADCC)**

### **Goals and track record**

Intense political and economic circumstances motivated the formation of the Southern African Development Coordination Conference (SADCC). At the end of the 1970s, the Botha government's 'destabilisation' campaign compelled leaders of the surrounding states of Southern Africa to meet to discuss their common burden and strong moral opposition to apartheid-style government. While regional organisation was discussed in self-affirming developmental terms, more than any other issue, the shared commitment to opposing apartheid united Africans of the sub-region during the 1980s. Zambian President Kenneth Kaunda asserted at the founding of the Southern African Development Coordination Conference (SADCC), 'The economic success of the countries represented . . . will have an epoch making impact within South Africa and will certainly deal a mortal blow to the policy of apartheid' (SADCC, 1988:11). Southern Africans viewed the apartheid government as the remaining survivor of an unjust colonial presence on the continent and considering that each of these

countries had struggled with its own independence in recent history, apartheid was a concrete object of common disdain.

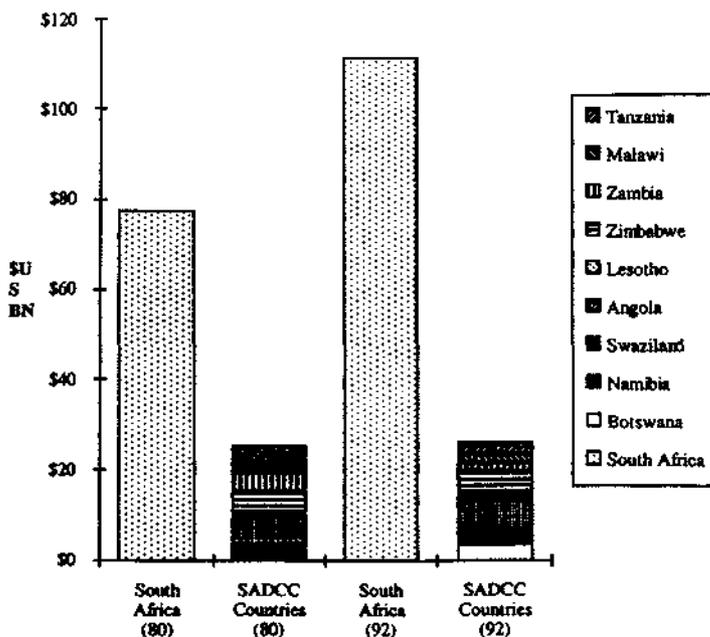
In its founding statement of principles, the SADCC – comprised of nine states (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe) and one occupied territory (Namibia) – argued that South African hegemony was a roadblock in the future development of these countries:

Southern Africa is dependent on the Republic of South Africa as a focus of transport and communications, an exporter of goods and services and as an importer of goods and cheap labour...The (Southern African states) were, in varying degrees, deliberately incorporated – by metropolitan powers, colonial rulers and large corporations – into the colonial and sub-colonial structures centering in general on the Republic of South Africa... Not surprisingly, therefore, Southern Africa is fragmented, grossly exploited and subject to economic manipulation by outsiders (SADCC, 1980: 3).

With such a basis for solidarity, the organisation articulated four goals: to reduce dependence on outside states, particularly South Africa; to forge links for equitable regional coordination; to mobilize resources for regional investments; and to secure international cooperation within their stated strategy of cooperation and economic liberation (SADCC, 1980:5).

However, as Figure 1 shows, after more than a decade of existence, SADCC failed to develop a significant regional economy that could compete with South Africa's. The organisation never gained autonomy from the weak state actors who feared losing any sort of sovereignty – even to an organisation comprised exclusively of members of the 'South'. In an otherwise highly laudatory account of SADCC's mission and prospects for success, Margaret Lee (1989:173) points out that SADCC's 'decentralised' organisation posed serious problems for creating an action-oriented approach to regional development. Defending this structure, SADCC secretariat member Emang Motlhabane Maphanyane (1993:175) explained that the young states, in forming the regional organisation, were reluctant to relinquish any of their own autonomy to an overarching body. 'A gradualist approach was instead adopted which aimed at consensus and confidence building and avoidance of anything that would infringe on national sovereignty which had just been acquired often through a long and bitter and bloody struggle.'

Figure 1  
South Africa vs. SADCC  
Gross Domestic Product (1980, 1992)



Source: World Bank, *World Tables*, (1994).

### The Survival of the Regional Organisation

If the SADCC was truly formed as an anti-apartheid organisation, why would it persist following the repeal of apartheid laws, and the first multiracial election in South Africa? Clearly a black-led government would no longer carry out any type of 'destabilisation' policy, and the struggle for the end of minority rule had become obsolete. Even before Nelson Mandela was elected in a multi-racial election in April, 1994, the SADCC signatories responded to the severely altered political terrain (which included the gaining of Namibian independence from

South Africa in 1990) by renewing the regional commitment. With hope that South Africa could now play a positive role in the region, and help to attain some modified goals for equitable, regional development, a decision was made at a 1992 meeting in Maputo, Mozambique to maintain the organisation in a more formal form, the Southern African Development Community (SADC). SADC's executive secretary explained, ... the organisation simply couldn't be abolished. It made tangible achievements and member states have benefited from it. But what was required was a deepening of the level of cooperation ... (Novicki, 1994:45).

The SADC persists not just because its members think they can benefit from it, but because it has developed into a recognised organisation that has gained credibility and legitimacy among its members and other international actors. Maphanyane (1993:174) argued against what he perceived as, 'a considerable attempt to see SADC only as an anti-apartheid organisation by those outside the region.' It is true that while the compelling anti-apartheid 'glue' was the basis for the forging of a regional organisation, the development and institution of SADC(C) also created a norm: regional cooperation as a viable development strategy. While each member country was firmly committed to individual state autonomy, over a decade of participation in this organisation firmly established a prevailing sentiment that together, these countries could achieve more than by acting alone. Furthermore, in an international political economy increasingly dominated by regional blocs, these countries came to believe – rightly or wrongly – that they too must increase their own leverage through some degree of integration. In its 1992 Secretariat Policy Document, SADCC pointed out,

Integration is fast becoming a global trend... It is only a matter of time before all the Nordic countries and the countries of Eastern Europe, in one form or another, join the common market. In north and central America, efforts are underway to create a free trade area, initially involving Canada, Mexico and the USA ... These movements towards bigger economic blocs will transform the world, both economically and politically. Firms within these economic blocs will benefit from economies of scale provided by large markets to become competitive both internally and internationally (CSAS, 1992:8-9).

In a trading environment that has become increasingly global in perspective<sup>2</sup> – if not globally integrated – it seems plausible that regional integration could provide both evidence of a more liberal approach towards trade as well as a viable bloc for shared negotiations with international trading partners. In fact, political actors inside and outside Southern Africa developed a shared perception that

regional cooperation *ought* to be pursued. While the introduction of multi-racial democracy in South Africa made the moral commitment to the anti-apartheid struggle obsolete, the 1992 Windhoek declaration – which established the terms for the Southern African Development Community – indicated an active desire on the part of the SADCC members to maintain the organisation and to include the ‘new’ South Africa in its future.

### **Organisational Analysis in post-apartheid Southern Africa**

Given the persistence of the SADC into the post-apartheid era, we may now ask what will be its impact, if any, on regional development – particularly with respect to the SADCC’s founding goals? In only a slightly re-constituted format, the SADC has been defended as a vehicle for promoting *equitable, regional development*. Absent well-established technical mechanisms, however, the SADC is subject to manipulation by powerful political actors, who may use the mantra of regional cooperation to pursue more narrowly constructed ends. Turning to the theoretical insights of Philip Selznick’s ‘Old’ Sociological Institutionalism<sup>3</sup>, I identify the mechanism by which powerful political actors employ such organisational ‘cloaks’ to mask narrow self-interest, and I attempt to demonstrate how this dynamic provides useful insights into the trajectory of regional development.

As an organisation which has gained wide acceptance because of its mission of ‘regional cooperation,’ the SADC resembles in many ways the Tennessee Valley Authority (TVA) which Selznick (1980) depicted in his seminal study. In *TVA and the Grass Roots*, Selznick demonstrated how a powerful constituency could co-opt an organisation to pursue a set of objectives wholly contradictory to the organisation’s formal goals. While this paper will not try to compare the two organisations explicitly, I find that many of Selznick’s analytical insights regarding actors and organisations are quite relevant to the Southern African case as neither formal nor informal rules shape actions. Instead, organisations can provide needed legitimacy for particular actors trying to pursue a particular agenda:

The halo thus eagerly proffered is in large measure a reflection of the needs and problems of the larger groups which require the symbol and use it. . . Yet however significant its symbolic feature may be, TVA is and must be more than idea. It is a living organisation in a concrete social environment ... new problems are technical and go beyond political loyalty to an objective; they arise out of the need to weigh means and judge consequences in the context of practical action ... In short, the institution must seek

some sort of equilibrium with the environment in which it lives (Selznick, 1980:20).

Similarly, I find that the end of apartheid renders the region without a compelling ideological basis for significant cooperation across Southern African countries. All that remains is commitment to a *norm* to pursue regional development. Moreover, in terms of material interests, there is little reason to expect formation of a regionally integrated economy. Instead, an analysis of material interests finds a common thread of bilateral interests between individual countries and South Africa – the very ‘hub-and-spokes’ dynamic which the SADCC had been established to eradicate. Following Selznick’s analysis of the TVA, I find that the norm – or ‘halo’ – of regional cooperation, absent a material or compelling ideological basis for such cooperation, leaves a political vessel in which the most powerful political actors (South Africa) can ‘cloak’ the pursuit of its self-interested actions. That is, I argue that South Africa has begun, and will likely continue, to pursue its own best interests *in the name of regional advancement*.

Rather than standing as an autonomous determinant of regional relations, the organisation becomes more of an intervening factor in determining how these countries will cooperate on political and economic matters. While formal goals and structures do influence the scope of what may be carried out through the organisation, in the absence of real autonomy from constituents, starker power relations tend to be particularly influential. As Selznick (1980:260) points out, ‘The organisational imperatives which define the need for co-optation (change in power structure) arise out of a situation in which formal authority may fail to reflect the true balance of power within the community.’ The end of apartheid clearly creates such a disparity as South Africa joined this organisation formally committed to equitable and decentralised power sharing. Without its own autonomous resources, the organisation represents some political space which powerful leaders can utilise to achieve their own objectives.

As the SADC 1992 Annual Report (1993:2-3) reflects, the leaders of the regional organisation had to re-blend their stated goals into a more technical and economic flavour in the post-apartheid environment. In this new formulation, the region would strive to promote,

deeper economic cooperation and integration on the basis of balance, equity and mutual benefit... common economic, political, social values and systems, enhancing enterprise competitiveness, democracy and good governance ... (as well as) strengthened regional solidarity, peace and security.

The statement reflected the reality that no strong political theme linked the region together, and that a more generic regionalism was in store. While only southern African states could have rallied around the anti-apartheid sentiment of the SADC treaty as a basis for cooperation, any set of countries in the world could have articulated the above-described SADC goals. This revealed a potential crisis of identity, and lack of basis for cooperation. But the legacy of the regional organisation would not be easily shed.

One could argue that the common bond of southern African countries in a 'victory' over apartheid could be the basis for a real common link. Upon coming to power in 1994, for example, the ANC foreign policy statement expressed gratitude to those in the region who had sacrificed on their behalf.

The region sustained us during our struggle and our destiny is intertwined with the region; our peoples belong with each other. Southern Africa is, therefore, a pillar upon which South Africa's foreign policy rests ... Closer regional co-operation and economic integration after apartheid will benefit the entire region. Defining the terms, conditions and principles on which this should be constructed is of fundamental importance ... (African National Congress, 1994).

There is no reason to believe that contemporary South African leaders have anything but favourable wishes for the political and economic development of neighbours in the region. Nonetheless, the project of maintaining power requires making a *domestic* agenda the chief priority. Numerous news reports of violence and animosity towards illegal immigrants in the country suggests the dawning of a new South African nationalism, particularly with respect to economic opportunities. The commitment of state actors to one another in celebrating the victory over apartheid cannot nearly approach the sentiment of anti-apartheid resistance during the decade of the 1980s. Despair constituted a strong ideational imperative, but regional re-construction hardly connotes such passion.

Without a compelling political linkage, as Selznick points out, 'individuals upon whom the group is dependent for funds or other resources' – in this case, the South African state and its leading capitalists – may begin to co-opt the organisation's agenda. Of course, it would be futile to try to reduce the interests of the South African 'state' in any monolithic fashion. However, given the state's record since the transition, it is fair to say that economic growth and stability have been very high priorities. Moreover South African leaders have not been persuaded that the goal of economic growth will be achieved through regional development. Many policy-makers agree with South African Reserve Bank governor Chris Stals, who in 1992 argued that, 'There's too great a divergence

between the stages of development of the various countries making it impossible to integrate the economies and placing a huge burden on the more advanced nations.' (in Davies, 1993:217). As Rich (1994:42) confirms, 'the imperatives of domestic South African reconstruction might well prove, at least in the short run, to be more important than these (regional) ideological considerations.' The political transition to date has been characterised by an ANC willingness to pursue relatively liberal international economic policies in line with the demands of white South African business interests.

While South Africa could benefit from expanded markets in the region, a simple cost/benefit analysis indicates that just as under the apartheid years, its own domestic economy and non-African capital and markets are of greater significance. An analysis of power relations in the region is trivial: in terms of strength of economy, population, international political clout and state strength, South Africa dwarfs the remainder of the region. A more nuanced consideration would be superfluous. Its neighbours can pose no credible threat to the exercise of South African economic disparity in the region, and the equilibrium outcome for the region is one in which South Africa pursues its own best investment and development decisions, selectively interacting with other members of the region on a bilateral basis when it sees its own interests as being advanced by such cooperation. Without the means to economically retaliate against South Africa for pursuing a non-cooperative outcome, the Southern African neighbours are left to do the best they can within this political-economic playing field. The best the remaining countries can hope for is favourable bilateral arrangements with South Africa. Through contact within the SADC organisation, and through the idiom of the SADC region, other countries court formerly taboo South African participation in their economies. A cloak of 'regionalism' provides an acceptable label to a dynamic that seem much closer to imperialism in practice.

### **Institutional 'cloaking': South African self-interest in disguise**

I have tried to demonstrate above that the position of South Africa relative to the SADC and Southern Africa following the end of apartheid is many ways similar to the power dynamics that Selznick identifies with respect to the TVA. In the remaining sections of the paper, I will try to demonstrate how organisational 'cloaking' largely characterises the dynamics between South Africa and the rest of the region. I find that in formal statements and political negotiations, South African government and business leaders can consistently disguise pursuit of self-interest through invocation of the SADC and associated regional benefits.

In particular, I consider four aspects of Southern African economic interaction: intra-regional trade; migration; regional investment and infrastructure development; and inter-regional relations. I do not deny that there will be numerous instances of bilateral or other cooperation within the region – rather, in looking at the key economic questions, I point out that no issue area reflects great prospects for cooperation that promotes equitable development among all (or even most) Southern African states. The post-apartheid admittance of South Africa into SADC means that South Africa sets the policy agenda, and when we consider the major issue areas, equitable regional development is not the primary goal that South Africa will advance. Rather, this player shifts the real regional *modus operandi* to 'What's good for South Africa,' as opposed to 'What's good for the region,' because when necessary, the South African government suggests to its neighbours and the world that, 'What's good for South Africa is good for the region.' SADC, as a regional receptacle for the interests of South Africa, helps to cloak these interests in a palatable manner both to the region as well as the international community. For example, in an article which mostly discusses his goal of economic growth for South Africa, then-State President FW de Klerk wrote (De Klerk, 1992:12), 'Southern Africa is one of the pieces of the international jigsaw puzzle of economic groupings which is still not in place. Before we can complete the picture, we must address a number of challenges.' And, not surprisingly, he continued, 'Firstly, we in South Africa must succeed.'

### **Intraregional Trade**

The notion of organisational 'cloaking' in Southern Africa suggests that South Africa can resume a hegemonic trade position with respect to other countries in the region to an unprecedented level while arguing that it is acting towards the good of the region.

Prior to the end of apartheid, the SADCC countries were never able to significantly increase the level of intraregional trade for a simple reason: these countries did not want what the others had to offer. Although SADC's annual report (1993:48) argues that, 'Among the main conclusions of the (trade facilitation workshop) were that intra-SADC trade is constrained by prohibitive taxes, cumbersome trade rules and procedures and inadequate trade financing facilities,' a much simpler explanation can be found in an examination of what each country produces. With the exception of South Africa, the region consists of economies that are primarily exporters of primary products for consumption (and processing) by industrialised countries. Cheru (1992:14) also points out that most trade in the region is conducted with former colonial powers because infrastructure was set up to facilitate such trade; aid may be tied to trade in some

cases; and a legacy of colonialism has been that Africans have become a captive audience for European products. The SADCC countries have never managed to increase trade among themselves to much more than four per cent of total trade (Baile, 1994:23). The prospects for developing truly regional trade while individual states remain in a relative state of economic infancy are grim<sup>4</sup>.

Recalling that one of the objectives of SADCC was to reduce trade dependence on South Africa, one could argue that the organisation failed in this regard because during the decade of the 1980s, SADCC member country trade with South Africa did not decrease overall – imports from South Africa continued to represent 25 per cent–30 per cent of all SADCC imports throughout the 1980s (Davies, 1990:16). On the other hand, when considering the trade data since the end of apartheid – at which point the ‘moral’ objection to trade with South Africa became obsolete – we find that the trade patterns of some countries has surged with South Africa. Given what seems to have been pent up demand for trade, SADCC may have helped to at least curb the flow of trade with South Africa. In the absence of SADCC-imposed imperatives, such an increase in trade with South Africa could be predicted from a simple core-periphery conception of trade relations, with the added advantage of geographic proximity. The end of apartheid creates no new basis for equitable trade among SADCC members, but it does facilitate the strengthening of South Africa’s dominant position in the region.

Consider, for example Zimbabwe’s (on many counts, the region’s second most viable economy) trade with Southern African neighbours. Since the end of apartheid, trade has soared with South Africa, but remains unchanged, or has been depressed, with the other SADC countries. Moreover, while Zimbabwe expanded its exports to South Africa from 1988–94 from less than ten per cent of exports to more than 16 per cent, during the same period, its imports from South Africa increased more than five-fold, from about seven per cent of total imports to almost 40 per cent (IMF, 1995). In Botswana, the end of apartheid has meant little for export markets to the sub-region as the lion’s share go to Europe – exports to the EU stayed constant at 88 per cent in 1988 and 1992. Imports from South Africa, however, increased from 78 per cent to 82 per cent of total imports during the same period. The only major post-apartheid modification of trade linkages in the sub-region has been increased South African exports. In the absence of some other deeply felt, cross-cutting ideology which would prohibit the development of this core-periphery relationship, South African trade with individual countries will likely increase and other intra-regional trade will remain low until other countries in the region develop more significant manufacturing bases to compete with South Africa’s role in the regional economy. As South

Africa tries to increase the competitiveness of its manufacturing base following a long period of import substitution industrialisation (ISI) policies, it will try to sell as large a portion of goods to the captive African consumer market as possible. In a representative case of the large regional beer market, *Economist* reporter Sebastian Mallaby (1993:217), for example, found that in 1990, the Zambian decision to import South African beer meant that, 'the local Mosi brew was soon pushed to the back of the shelves. The South African beer was twice the price; but it was smartly packaged and more alcoholic.'

The South African government, however, has portrayed its increased trade with members of the Southern African region in 'regional terms.' The South African consulate in New York City, which sits just blocks from the United Nations building, maintains documentation on regional cooperation, and boasts of its increased trade with the region in recent years. However, exports to Africa<sup>5</sup> have increased between 1988 and 1994 by over \$1.5 billion to \$2.5 billion while imports increased less than \$200 million during the same period to just over \$500 million. Furthermore, exports from South Africa are much higher value-added to the region than the predominantly primary commodity nature of imports from the rest of the region. In the case of Angola, for example, South Africa is now likely to rival former colonial power Portugal as a chief exporter to the country, while enjoying the potential benefits of Angola's oil wealth (*Economist Intelligence Unit*, 1995). What would have been condemned in the apartheid years as an exercise of economic hegemony in the region, is now a basis for international public relations – that South Africa is playing a more positive role in the region as a member of the SADC.

### Migration

Perhaps the most representative issue for the argument being advanced here concerns policies towards regional labour flows following the end of apartheid. Labour migration has traditionally been an important source of income and foreign exchange earnings for the neighbouring countries of Botswana, Lesotho, Malawi, Mozambique, Swaziland and Zimbabwe (Baile, 1994:23). Because of South Africa's strong trade union movement which gained higher wages for South African workers relative to other countries and South Africa's relative abundance of manufacturing operations, migrant workers provided a cheaper source of labour for manufacturing and mining enterprises than did South African workers. In a post-apartheid context – even with a government which is trying to tame union demands – cheap, migrant labour has become a source of tension. Nelson Mandela's government has found it difficult enough to identify employment for the vast majority of black South Africans who are either

unemployed or who work in the low-paying, low value-added informal sector, let alone facing competition from neighbouring countries which provide even fewer opportunities for work. Such accommodation under the apartheid era has left millions of illegal immigrants in South Africa, and these individuals are seen as threatening to the job opportunities for non-white South Africans who suffered under apartheid.

As a result, for a region expecting more hospitable treatment from a black-led South African government, the experience has been far from welcoming. As the *Economist* has observed:

South Africa, for so long the region's thug, is finding it hard to reconcile its new spirit of neighbourliness with the need to curb the inflow of people. For years, it has recruited cheap labour, from countries such as Mozambique and Swaziland, to work in the mines or as labourers. But the past ten months since the election have brought a surge of people creeping in illegally. Guesses about the number of illegal immigrants now in the country range from two to eight million. The new government's response has so far been as fierce as its predecessor's. The electric fence that runs along South Africa's long land border is still turned on, though now on low, non-lethal voltage ... Yet the African National Congress, which dominates the government, is uneasy. Control means slamming the foot on people from countries that sheltered the movement during apartheid ... (1995).

Perhaps analogous to the US position relative to Mexico following the signing of the NAFTA, illegal immigration has become an important topic on the South African domestic agenda. As President Mandela put it at the August meeting of SADC leaders, 'If we move with undue speed towards the noble ideas of full integration and trade liberalisation, negative migration trends in capital, skills and labour might well set in' (*Financial Mail*, 1995a). Home Affairs Minister Mangosuthu Buthelezi has taken a tough stance on immigration policies, refusing to sign a Draft Protocol on the Free Movement of Persons in the region. (Inter Press Service, March 21, 1997)

Where does organisational 'cloaking' come in? Ironically, one of the 'key issues' raised by the South African government as an item that could be addressed by the SADC is illegal immigration. At a 1994 SADC summit, South African foreign minister Alfred Nzo asked that SADC try to cooperate to act against the flood of illegal immigration into South Africa, complaining that neighbours perceived the cities of South Africa as places where, 'you can pick up gold on the streets,' and that South Africa had to deal with its own unemployment

problems. (*Guardian*, 1994). In January of this year, Home Affairs spokesperson Hennie Meyer explained, 'We have tightened our visa regulations, increased patrols along our borders and constantly check the usual "flash" points for illegals. Deportations will be intensified this year' (Inter Press Service, 31 January, 1997).

Since neither the SADCC nor the SADC had established technical capacity to deal with this issue, the regional leader can in this case promote a protectionist, self-interested policy – one that an apartheid government could never have proposed to its neighbours – and gain cooperation through the SADC. Referred to as 'SADC nationals,' individuals from neighbouring countries are increasingly monitored in a way that was never possible under apartheid because of South Africa's capture of the regional organisation's agenda. Just as the leaders of the TVA pursued the interests of wealthy agriculturalists in contradiction to the organisation's formal mission as a conservation agency, the SADC is being used to resurrect borders – when its mission was, in fact, to make those borders less divisive.

### **Investment and infrastructure development**

Organisational cloaking allows South Africa to leverage regional opportunities for investment and development of infrastructure that primarily benefit the South African economy, and re-inforce its hegemony in the region. Indeed, before the creation of the SADCC, South Africa laid the foundation for a regional transport and communications network in which 'all roads' led to Johannesburg. While I pointed out above that given the non-complementarity of export commodities, the prospects for trade among SADCC countries was inherently weak, the lack of accessibility between countries further stymied efforts to exchange goods, to develop regional investment projects and to communicate between countries. At its conception, the SADCC made explicit the problems this state of affairs posed for their collective development and made infrastructure development a priority. Toward this goal, the organisation made some limited progress during the apartheid era, expanding some ports in the region, developing and protecting railway lines and laying some roads for intraregional transportation. What we find with the end of apartheid, however, is that much of the progress made towards collective self-reliance may become obsolete with a new, morally acceptable South Africa controlling investment and infrastructure development. That is, without a moral opposition to using South African capital, infrastructure or technical expertise, the clock is turned back, and the core-periphery relationship is reinforced. In the post-apartheid setting, however, South Africa advertises new investments as 'regional projects,' when we see no evidence of

policies or actions for promoting equitable development projects that do not disproportionately profit South Africa. By the time South Africa joined the SADC, the organisation never established a firm technical capacity for regional investment and infrastructure development. The window of opportunity in which a partisan organisation could have mobilised resources for an enduring, cooperative outcome had passed. No economic incentives had been created which would entice countries to act toward longer-term regional goals – though state actors have consistently argued publicly that they realise such action would be in the longer-term interests of each country. (Particularly for the six land-locked countries in the region who must rely on neighbours' ports for access to trade outside the region). Where apartheid created at least a partisan objective that would allow actors to see something other than instrumental interests, SADC has no such force as an institution. Furthermore, South Africa changes the parameters around which regional investment is considered.

For example, Saasa observed that a major intra-regional railway linking Tanzania and Zambia could become increasingly obsolete in the wake of the post-apartheid South African presence.

TAZARA's viability is being threatened by the prospects of peace in post-apartheid Southern Africa. The January 1992 SADCC review of the transport sector, for instance, revealed that total transit traffic handled by the railway system declined in 1990 to about 710,000 tonnes as opposed to 775,000 the previous year. This was in spite of the fact that 13 new locomotives were acquired for TAZARA during this period. Additionally, total throughput at the port of Dar es Salaam also decreased to 3.6 million tonnes in 1990 as opposed to 4.0 million in 1989 (Saasa, 1993:130-1).

Both TAZARA and the Dar es Salaam port – whose rehabilitation represented key SADCC projects – became immediately less significant in 1991, when Zambia decided to trade openly with South Africa using the South African routes. Based on market considerations alone, South Africa's infrastructure – including container handling in ports as well as railway linkages – is significantly more competitive than what was built by the SADCC countries.

The 1992 SADC annual report reveals that total international traffic on the regional railway system declined 25 per cent from 1990 to 1991; throughput of SADC ports declined 11 per cent during that time (representing only 26.5 per cent use of installed capacity) (SADC, 1993:62). Meanwhile, larger South African ports have experienced increasing demands since the transition to a post-apartheid government. The 121 million tons of goods which passed through South African ports in 1994 represented a four per cent increase over the previous

year (Cooke, 1995). The increase – which port officials expect to continue at an accelerated rate – is due to both an increase in South African trade in the post-sanctions environment as well as trade diverted from elsewhere in the region.

While the SADC/SADCC may not have provided a basis for cooperative investment and development, as I indicated before, it did leave political space for South Africa to act in its own interests in the image of the organisation. Not only does South Africa benefit from the end of the moral blockade to apartheid, now it can invest in projects that are economically self-serving in the name of regional cooperation. Particularly since South Africa was appointed head of the 'finance and investment' sector of the SADC, and will presumably be the host to any regional development bank (*Financial Mail*, 1995b) any investment made in a neighbouring country can be cloaked under the prevailing norm which is embodied by the SADC organisation. Economic hegemony can be advanced in the name of equitable development.

Where South Africa's large corporate interests, particularly in mining, were partially hamstrung by the apartheid stigma – even if individual companies were committed to 'non-racial policies' – today, their natural interests in the region, particularly in mining opportunities and export markets, can be fruitfully realised. Indeed South Africa invested extensively throughout the region despite SADCC opposition, but continually faced a resistance to South African presence that no longer holds today. Mallaby (1993:211-3), for example, found that soon after the end of apartheid, South African business interests in the region were sprouting up all over the place: In Lesotho, the financing of a vast water project would help to provide water to serve the needs of South Africa's industrial centre, Johannesburg; The proposed building of dams in Zambia, Mozambique and Zimbabwe could help South Africa's large power company, Eskom, to tap new sources of energy; In February 1991, a new agreement was forged with Tanzania to prospect for new mines; and the Maputo railway which links South Africa to Mozambique – with no connection even to Swaziland – is scheduled to be completed in 1997 (Nevin, 1996). Ultimately, these projects may well benefit the host countries, but the dynamic of regional cooperation on such projects is likely to be a far cry from that envisioned by the SADCC. The nature of cooperation will be based on decisions made by South African (which will continue to be white-run for some time) business interests. Since these seem imminently more appealing than cooperation with other, smaller neighbours, the Southern African states will throw up their arms and accept South Africa's control of investment and infrastructure development agendas.

Though the dominant position which South Africa assumes in this investment climate is largely predicated on market forces, the existence of the SADC as well as the notion of the 'region,' ironically allow South Africa to maintain hegemony with some legitimacy. SADCC defined an area in which South Africa should view its regional interests. For example, South Africa would not have been more likely to develop a relationship with Tanzania than countries such as Kenya or Nigeria if it were not a member of the SADC. Obviously most of the country links to South Africa could be explained based on geography alone, but the SADC has created an expectation of South African response. In the absence of overriding moral suasion, power relationships have come to define the nature of that relationship. Unwilling to expend scarce capital on projects that would disproportionately benefit its neighbours, the South African state instead has made clear its wish that market-based investment in the region will characterise its response. As this section has demonstrated, South African investment in the SADC, particularly in infrastructure projects, actually turns back the accomplishments made toward more equitable development in favour of a South African-centric development path.

### **Inter-regional trade, aid and investment**

Finally, organisational cloaking facilitates the disproportionate allocation of foreign investment and aid to South Africa. In dealing with the 'North,' Southern African leaders believed that by acting cooperatively through the SADCC, they could achieve more than by acting alone. Not only in securing greater amounts and better terms for development assistance, they hoped they could gain greater access to the sizable markets of the industrialised countries, solicit investment in African projects and perhaps entice the wealthy countries to visit their region as tourists. The leaders of many of these relatively small states realised that individually, they represented very little of interest to the wealthy, industrialised world<sup>6</sup>, but together – particularly when considering the collective mineral wealth possessed by the region – they would represent something more of a force to be reckoned with.

While the SADCC certainly enjoyed some success on this front during the apartheid years, much of this can be attributed to donor country sympathy with the anti-apartheid struggle: helping South Africa's enemies was a way of working against the apartheid-style government. The founding moral link among the SADCC countries was an ideal marketing strategy until apartheid was dismantled. In the post-apartheid world, the 'North' still likes the idea of dealing with a cohesive region, but again, the table has turned. It is clear to all outside the region who represents the core of the new SADC grouping. Particularly in

its dealings with the industrialised world, South Africa can now negotiate for trade, aid and investment in 'Southern Africa,' which has become a euphemism for South Africa. Since no country could serve as such an obvious leader before South Africa's entry into the region, no country gained the overwhelming share of benefits from North-South economic relations. (that there were some disparities in funding, particularly amidst cold war politics, was inevitable) In the post-apartheid era, however, South Africa clearly becomes the focus of Northern attention and is able to selfishly reap benefits – often in the name of the region.

Enjoying the end of its pariah status, South Africa today similarly desires greater aid, trade, investment and tourism from the North. However, it recognises that international as well as regional norms shun the notion of any single actor getting the lion's share of benefits in a development context. Regionalism is a norm which appeals to the international aid community as well as to Southern Africa. Considered on the basis of equity, one might ask why should South Africa receive all the assistance, when it is the richest country in the region? In pragmatic terms, multinational corporations prefer South Africa to its neighbours as a manufacturing base because it possesses greater infrastructure, larger markets and better trained labour and management. It is a semi-industrialised, rather than 'third world' country. Donors also view South Africa as a better aid candidate than its neighbours because it is better equipped to make productive use of aid, and because South Africa could be of strategic importance as a relatively large economy and potentially important ally. But, for political reasons, such country-specific plans are not widely boasted by either South Africa or the North. Rather, these two parties cooperate in the 'name' of regional development. The evidence bares out that equity among the countries has not been the prevailing consideration, but the 'notion' of equity can be maintained by pretending – and SADC is the most visible stage for such make-believe.

On the aid front, the SADCC countries were quite successful. Between 1985 and 1990, ODA to the region increased threefold (World Bank, 1994). Most SADCC documents, in fact, read more like aid proposals than anything else, and since most major SADCC meetings were well attended by representatives from donor countries, that they received significant funding was not a surprise. However, virtually all aid is granted on an annual basis; that is, there is nothing that the organisation could have done to ensure long-term outcomes as the aid donors simply would not have committed to such a promise. Funding is by project, subject to availability and approval, and in the absence of a compelling moral impetus such as anti-apartheid sentiment, and with the obvious excitement generated around the end of apartheid for *South Africa*, it appears that other

countries in the region will not continue to enjoy such success. It would be futile to try to deduce what the future will hold as this outcome is determined by the domestic structures of the donor countries and not the recipients, but what is interesting for this analysis is to show once again that South Africa can reap disproportionate benefits and claim regional benevolence.

For example, South African ambassador to the United States, Franklin Sonn, pointed out that South Africa must appear to be acting on behalf of the region in negotiations with the North. 'We want to be seen to be sharing,' he said, in discussing his desire to participate in the organisation<sup>7</sup>. SADC and the idea of 'Southern Africa' allows diplomats such as Sonn to make pleas to the North when it will be to his country's advantage and of course, South African political and economic leaders may be sincere in their beliefs that if their country succeeds, it will be the basis for prosperity in the region. Sonn pointed out, however, that the U.S. had recently granted South Africa \$134 million in direct aid compared to only \$5 million for Angola, \$3.5 million for Botswana and \$12 million for Namibia. Frank Taverner, special envoy to the IMF and World Bank estimated that between \$800 million and \$1,000 million had been committed by all donors to South Africa for 1996, which was 'much more than any of the other countries in the region are getting'<sup>8</sup>. The implied 'trickle-down' economic agenda runs counter to the equitable development goals outlined in both the SADCC and SADC founding treaties.

In pledging to seek growth – and not outright redistribution of wealth – as the path for creating a more equitable society, the ANC-led government has vigorously courted financial capital, and has been fairly successful in this regard. *The New York Times* (Keller, 1995:31) quoted the United States' economic counsellor in Pretoria as saying, 'We're getting to the point now where it's hard to say which of the *Fortune* 500 companies are *not* here.' Meanwhile, new foreign investment elsewhere in the region continues to be scarce. With the opportunity to develop in a significant market such as South Africa's, except for certain mineral-related projects, the rest of the region has much less to offer in the near term. Certainly multinational corporations who manufacture from South Africa will export to any of the neighbouring markets which appear attractive for its goods, but again, this type of relationship is exactly what the SADCC countries originally set out to avoid. The other countries in the region have no choice but to accept the situation; SADC leader Mbuende points out:

I think we are better off with a rich South Africa than a poor one. We are better off with more investment in South Africa than with less investment. Obviously we would like to see more investment in Lesotho, Swaziland and so on, but we are happy if investment

is going to South Africa instead of Russia or any other part of the world (Novicki, 1994: 47).

Post-apartheid South Africa's inclusion in the SADC could provide some tangible benefits to its neighbours as leader of an inter-regional bargaining organisation in terms of access to foreign markets, particularly the European market. As a region, SADC hopes to bargain on a region-to-region basis with the EU to allow preferential treatment into markets largely closed to its agricultural exports. But, there exist complications on this front as well: On the one hand, Goncalves (1994:21) writes that the EU had courted South Africa for preferential treatment to gain access to its special strategic minerals production, but the other SADC members made it clear that the EU should negotiate with the region as a whole. On the other hand, the Economics Intelligence Unit (EIU) points out that the EU is reluctant to grant regional consolations to SADC under the Lome convention now that a relatively affluent country is a member of that region. Trade between EU and SADC countries other than South Africa was \$6.4 billion in 1992 but was \$12.8 billion between just South Africa and the EU (EIU, 1995b:40). The imbalance between South Africa and the rest of the region poses some problems for inter-regional trade negotiation, and South Africa is likely to wear its low-income SADC mask when appropriate and its upper-middle income mask in other international settings.

### Conclusions

While I have suggested that the prospects for equitable regional development in this post-apartheid era are grim, this has not been the main contribution of this paper. Simply by looking at the poor track record of other regional development organisations – particularly in the third world – we might have come to that conclusion with less effort. Rather, what has been of particular interest in this analysis of the Southern African political economy has been the focus on the intermediary – disguising role – of an organisation in shaping outcomes, guided by the 'old' institutional analysis of Philip Selznick. In the absence of a compelling moral basis for regional solidarity, power and state interests revealed themselves as the key factors for shaping outcomes – while the SADC is used effectively as a shell or 'cloak' with which to pursue these interests in the post-apartheid world.

More generally, this may indicate that when an organisation persists only because it has gained norm-based legitimacy, without a well-specified technical agenda, it may represent political space in which powerful actors can further their own ends, even if directly contrary to the stated aims of the organisation. The case considered here indicates that periods of moral euphoria – typically during

the creation of an institution – may be key for establishing technical guidelines which facilitate the achievement of cooperative equilibria which ordinarily would be unachievable in a pure interest-oriented situation. The larger SADCC/SADC experience may provide some lessons for the current South African government: the moral bond of building a new government will undoubtedly give way to a more technical environment in which constituents demand material benefits from the government. Without well-institutionalised functions and technical capacities, government and non-government agencies are much more likely to be 'captured' by powerful constituents who will pursue more narrow interests before considering the larger collective welfare.

As a result, development prospects in Southern Africa will more likely than ever be predicated on the workings of a market whose terms are set by the most dominant participant. SADC membership provides little insulation to weak domestic economies from prevailing market forces – which have been unfavorable for terms of trade and investment. However, while I have argued that the prospects for equitable regional development through the SADC are not likely in the foreseeable future, that does not necessarily imply that the economic performance of these countries will be poor. I have made no assumptions that the future development of the Southern African political-economy represents a zero-sum game. In fact, political and economic liberalisation may well reap rewards for many of the countries and even core-periphery relations with South Africa *could* ultimately benefit individual countries as increased investment may promote growth. If countries in the region are able to develop along these lines, the original objectives of the SADC may eventually become more viable as the region is raised to a more equitable, semi-industrialised status. In the meantime, however, I have demonstrated that the notion of regionalism provides no panacea to the less developed world. Without complementary interests, SADC does not begin to resemble the European Union just because it calls itself a region. Regardless of whether, 'what is good for South Africa' does turn out to be, 'what's good for the region,' this paper has demonstrated that the interests of the most powerful political actors may be pursued in the most clever of guises. Even in a land where the successful end of oppressive rule was only recently realised the interests of the relatively powerful are the interests that shape outcomes.

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**NOTES**

1. I would like to thank Ernst Haas, Robert Price and Steve Weber for suggestions on earlier drafts of this article.
2. At the very least, the Uruguay Round, and the re-constitution of the World Trade Organization (WTO) have recognized regionalism as part of a 'global' trading environment.
3. As contrasted with two forms of 'New' institutionalism, including the 'New Institutional Economics' of Douglass North and the 'New Sociological Institutionalism,' which is presented by Powell and DiMaggio (1991).
4. Wonnacott and Lutz (1987:70) recall Viner's classic theory on trade, that if countries have relatively similar economies, lowering trade barriers is not likely to have much impact: 'they will continue to import third-country goods in which neither has a comparative advantage'.
5. More than 80 per cent of South African trade with Africa is with SADC members.
6. Obviously cold war interests in the region made some Southern African countries the target of superpower interest. Recall here my *ceteris paribus* assumptions stated at the outset, however.
7. Ambassador Franklin Sonn, lecture presented at the Institute of International Studies: Berkeley, March 23, 1995.
8. Phone interview, Frank Taverner, South African Envoy to the IMF/World Bank, May 10, 1995.