



## Entering the Dragon's Den:



## Neoliberalism and the SADC Free Trade Agreement

EJN has over the last two years coordinated the South Africa Trade Strategy Group (TSG). The TSG traditionally is a forum to discuss and strategise around key trade issues, particularly in order to inform and mobilise broader involvement of key constituents to lobby the South African government. TSG members are trade unions, community and faith-based organisations, women's, civic, youth and other non-governmental organisations. Over the years, TSG has played an instrumental role in building capacity, raising awareness and developing positions for civil society organisations for the WTO meetings.

In 2010 Richard Kamidza was commissioned to do an overview of the SADC Free Trade Area and assess where things are at. It was then decided that this information would be useful in a policy brief for debates, discussion and ongoing advocacy towards regional alternatives. Dale T. McKinley then put together this policy brief. TSG will use this brief for debates, discussion and ongoing advocacy towards regional alternatives.

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## THEORY AND PRACTICE

The core theoretical underpinnings of free trade theory arose from the doctrine of comparative advantage, advocated in the early 1800s by British economist David Ricardo. The basic foundation of Ricardo's theory was that nations would reap the most benefits if they specialised in the products in which they had the greatest advantage or least disadvantage compared to other countries. In other words, those nations that were, for example, 'most efficient in industrial production would continue to industrialise while the most relatively efficient hewers of wood and drawers of water would go on doing just that'.<sup>1</sup> This was then taken further by Ricardo's successors,<sup>2</sup> who expanded the doctrine of comparative advantage into what became known as the 'Pure Theory of Trade'. The underlying assertions of this 'pure' theory - that competition is perfect, that the public interest is best realised through private economic endeavour and that all resources will be fully employed - translate into a 'free trade' that will create sufficient gains/benefits for everyone, as long as such benefits are redistributed widely. Crucially though, the theory never argues that such redistribution will actually occur but 'rather predicts that there will be winners and losers'.<sup>3</sup>

Since the 1980s ascent of neoliberalism<sup>4</sup> as the overarching development paradigm for our world, the main vehicle for these theoretical assumptions to be translated into actual practice has been 'free trade areas/agreements' (FTAs). Consisting of a specific number of nation states in an equally specific geographical area, FTAs have been implemented across the globe in order to give practical content to the belief that 'free trade generates predictable and positive consequences for economic growth' and material benefit to everyone. FTAs will, according to this construct, 'allow goods and services produced within the designated area to flow freely across political borders without artificial constraints and hold-ups'<sup>5</sup> such as tariffs, import/export quotas and differential tax regimes. In turn, those member states who participate will naturally proceed to export exclusively those goods in which they have a comparative advantage while, contrarily, they will be importing those goods that they cannot efficiently produce from other members.

Predominately realised over the last two-three decades through regional forms (such as the Southern Africa Development Community - SADC), proponents of FTAs further posit that such 'market integration' will engender a double positive: trade creation in which there is a shift in the geographic location of production from a higher-cost to a lower-cost member country such that both benefit from additional revenue generation and the spin-offs of generic specialisation; and, trade diversion in which the locus of production of formerly imported goods shifts from a lower-cost non-member country to a higher-cost member country such that FTA members can now benefit from the various spin-offs of enhanced internalised trade (for example, wealth creation, increased employment and enhanced competitiveness).<sup>6</sup> Accordingly then, such constructed FTAs, realised through organised 'free trade' amongst nations, becomes a positive sum activity for all involved.

Not surprisingly, as the theoretical assumptions have been applied in the real world through FTAs, 'free trade', like its framing neoliberal parent, has come to represent an empirically unsubstantiated 'faith'. The universal power and applicability of the capitalist market has been 'sanctified in the name of economic efficiency' and

<sup>1</sup> Constantini (1999), 'Free trade theory takes a beating' (December) - <http://www.twinside.org.sg/title/1980.htm>

<sup>2</sup> The main exponent of this 'pure theory' was Auguste Walras (1800-66), a French economist and author of *De la nature de la richesse et de l'origine de la valeur* ('On the Nature of Wealth and on the Origin of Value' published in 1848.

<sup>3</sup> Constantini (1999).

<sup>4</sup> Neoliberalism is a macro-development paradigm - originally championed by the Chicago School of Economics under the tutelage of Milton Friedman - which posits: that the capitalist market possesses a 'natural efficiency' (both productive and allocative); that government interventions and/or regulation of the economy is inherently distorting and inefficient; and, that when capitalist 'free markets' fail they can be easily corrected, with minimal socio-economic costs - the opposite applies to government failure.

<sup>5</sup> Urbach (2008), 'Can the SADC Free Trade Area create growth, development and wealth?' (15 September) - [http://www.moneyweb.co.za/mw/view/mw/en/page292681?oid=223419&sn=2009+Detail&pid=292681&ccs\\_clear\\_cache=1&ccs\\_clear\\_cache=1](http://www.moneyweb.co.za/mw/view/mw/en/page292681?oid=223419&sn=2009+Detail&pid=292681&ccs_clear_cache=1&ccs_clear_cache=1)

<sup>6</sup> These specific theoretical offerings of 'trade creation' and 'trade diversion' derive from the work of another disciple of the Chicago School of Economic, Jacob Viner.



‘economic freedom’ has been turned into a pre-determined rationale for the unfettered pursuit of profit regardless of the political, social, economic and/or cultural consequences for the majority of humanity. Practically, this has meant the widespread ‘elimination of administrative or political barriers capable of inconveniencing the owners of capital in their quest for the maximisation of profit ... the subordination of nation-states to the requirements of “economic freedom” for the masters of the economy and the suppression of any regulation of any market, beginning with the labour market, the prohibition of deficits and inflation, the general privatisation of public services, and the reduction of public and social expenses’.<sup>7</sup>

Indeed, the theory of ‘free trade’ intrinsically accepts the existing balance of political and economic power and wealth amongst nation states. In other words, the entire theoretical construct is underpinned by the patently absurd assumption that historically entrenched and sustained structural inequality will, through the practice of ‘free trade’, eventually lead to structured equality and mutual benefit. As a result, the practical implementation of FTAs necessarily demands that the poorer, developing nations must simply adjust to such realities and trust the magical workings of ‘free trade’ and its market-driven mechanisms. As will become both conceptually and empirically clear in the ensuing critique of the SADC FTA, the very idea and practice of ‘free trade’ regimes under the existing conditions of global and regional capitalist ownership, production and distribution entrenches economic inequality, catalyses the social marginalisation of the majority of people and undermines the possibilities of collective human solidarity and societal transformation.

### CONTEXT AND STRATEGY

The dominant history of Southern Africa is one of conquest and division, initially by Western colonial powers and/or racial minorities and then subsequently by the combined impacts of militarism and economic neo-colonialism. Taken together, the reality is that since the 15<sup>th</sup> century, Southern Africa’s developmental paradigm has been defined by its enforced place in the international economic (capitalist) division of labour - to produce and export raw materials/ primary commodities in line with its perceived comparative advantages. On the other side of the coin, ‘value adding by way of processing, manufacturing, packaging, branding etc. has been the preserve of developed, industrialised countries’. Simply put, Southern Africa by-and-large, ‘produces what it does not consume and consumes what it does not produce.’<sup>8</sup>

More specifically though, over the last few decades the global spread and dominance of neoliberalism has even further entrenched this systemic arrangement, predominately through the institutional vehicles of the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO).<sup>9</sup> As a core plank of that neoliberal agenda, ‘free trade’ (or, interchangeably, ‘trade liberalisation’) has taken centre stage with the main message being that if developing nations fail to ‘integrate’ into the global economy the result will be perpetual political, social and economic marginalisation and stagnation.

<sup>7</sup> Pierre Bourdieu (1998), ‘Utopia of endless exploitation: The essence of neoliberalism’, *Le Monde Diplomatique* (December) - translated by Jeremy J. Shapiro.

<sup>8</sup> Ong’wen (2004), ‘The Political Economy of Regional trade Agreements in Africa’, *Pambazuka* (5 June, Issue 155) – <http://pambazuka.org/en/category/comment/21977>

<sup>9</sup> The IMF and World Bank’s bi-lateral ‘Structural Adjustment Programmes’ in which loans are provided in return for enforced ‘adjustments’ in the recipient country’s political, social and economic policies and structures, have been the dominant means by which the neoliberal, ‘free trade’ agenda has been pushed through in Southern Africa and indeed, across the globe.



For the developed/industrialised nations who have a wide range of FTAs and Economic Partnership Agreements (EPAs) of their own - including with SADC nations - the benefits of such 'integration' are clear: economies of scale; raw material reservoirs; captive markets; and, easier entry points for bi and multilateral trade agreements. For developing nations in places like Southern Africa – all of whose governments have by now accepted and indeed embraced the main tenets of neoliberalism – the benefits derive more from associative expectations: more efficient and productive use of national and regional capital, labour and natural resources; development of markets for indigenous production; reduced costs of regional economic transactions; and, better conditions and environments to enhance competitiveness on a more global scale.<sup>10</sup> It is in this context that the SADC, which presently comprises 14 member nation states (Angola, Botswana, the DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe<sup>11</sup>) has entered into the 'free trade' dragon's den.

Collectively, SADC member states have a population of almost 250 million people and a combined Gross Domestic Product (GDP) of some US\$432 billion, 65 percent of which comes from South Africa alone.<sup>12</sup> In 2000, the SADC initiated its Trade Protocol as well as a Regional Indicative Strategic Development Plan (RISDP) which set out a linear regional 'integration' agenda: a FTA in 2008; a Customs Union in 2010; a Common Market in 2015; a Monetary Union in 2016; and, an Economic Union in 2018. Presently, the only component of this agenda that has been implemented is the FTA (signed in August 2008).

For the SADC the key strategic objectives of its FTA are directly in line with the ideologically framed super strategy of 'free trade' inspired 'integration'. Namely: further liberalisation of 'intra-regional trade in goods and services' (with the counter-intuitive caveat that this must be pursued on the 'basis of fair, mutually equitable and beneficial trade arrangements'); 'efficient production within SADC reflecting the current and dynamic comparative advantage of its members'; catalysing a 'climate for domestic, cross-border and foreign investment'; and, enhancing 'economic development, diversification and industrialisation of the region'. In order to practically realise these strategic objectives, the FTA has adopted the predictable 'tactics' of the elimination of tariffs, import and export duties alongside quantitative restrictions and non-tariff barriers.<sup>13</sup>

### THE REALITY AND RECORD

If anyone was paying attention during the 2008 official launch of the SADC FTA, they would have heard none other than then South African President, Thabo Mbeki, lamenting the fact that after eight years since the adoption of the SADC Trade Protocol (in 2000), 'there has been no significant increase in intra-SADC trade ... the central policy issue that we must confront is that the countries in the SADC region have not been able to take advantage of an increasingly open trading environment'. Not surprisingly, Mbeki then proceeded to place the main blame for this failure of 'integration' on the region's 'undeveloped production structures and supply capacity constraints' while also pointing a finger at the conflicting 'trade regimes' resulting from the myriad EPAs of SADC member nations with the European Union (EU).<sup>14</sup>

What Mbeki should have said though, was that the SADC made a fundamental mistake in adopting a strategy of embracing the headlong rush to implement a regional 'free trade' regime. Such honesty would have represented a long-overdue acknowledgement of the fact that as long as SADC member nations are unwilling to prioritise the basic developmental needs of their own citizens there can be no meaningful progress to a regional 'integration' that benefits the vast majority of people in Southern Africa. As it was, and still is, all SADC member nations (with the partial exceptions of South Africa and Botswana) remain in various stages of severe socie-

<sup>10</sup> Ong'wen (2004).

<sup>11</sup> The fifteenth member nation – Madagascar – is presently suspended following a *coup d'état*

<sup>12</sup> SADC Trade and Development Integration (2010), Draft text prepared for the SADC Parliamentary Forum/One World Action, unpublished; European Centre for Development Policy Management (ECDPM) Discussion Paper, No. 95 (May).

<sup>13</sup> SADC FTA information – <http://www.sadc.int/fta>

<sup>14</sup> Thabo Mbeki (2008), Speech at the launch of the SADC Free Trade Area (17 August) - <http://www.polity.org.za/article/sa-mbeki-launch-of-free-trade-area-at-sadc-summit-17082008-2008-08-17>



tal under-development, largely due to their continued and mostly similar mono-economic (natural resource) foundations,<sup>15</sup> huge socio-economic inequalities, incredibly high levels of poverty and general lack of popular democratic control and participation.<sup>16</sup> Given such a reality, the adoption of a FTA undergirded as it is by the completely contradictory foundations of a neoliberal development paradigm and assumptions of mutually equitable, beneficial and fair trade, simply deepens and expands already existing macro-economic deficiencies and disparities.

Similar to the global picture, SADC member nations exhibit huge disparities in levels of economic development. On one end of the scale is South Africa which dominates the region with its massive share of cumulative GDP, relatively strong manufacturing base and fairly diversified (but highly monopolised) economic sectors such as heavy industry, mining, agriculture, telecommunications, retail and services.<sup>17</sup> Add to this South Africa's shrinking but comparatively widespread human resource/skills base, dominance of regional transport and energy infrastructure and servicing, various and largely one-sided bi-lateral FTAs with most all SADC member nations<sup>18</sup> as well as its historic penetration of, and hegemonic position within, regional economic trade and it is not difficult to see that South Africa represents the equivalent of an 'imperial' power within Southern Africa that will continue to reap the lion's share of benefits from a regional 'free trade' regime.

On the other end of the scale are nations such as Malawi, Zimbabwe, Mozambique and Lesotho with a combined GDP representing less than four percent of the SADC total<sup>19</sup> and economies that are hostages to one or two economic sectors (mainly agriculture and raw natural resource extraction). Further, these and many other SADC member nations rely a great deal on formal tariffs, excise duties and other non-tariff means to generate a sizeable portion of their domestic revenue, in some cases up to 70 percent.<sup>20</sup> In the case of Namibia, it is estimated that adherence to the tariff reduction schedules of the SADC FTA will reduce its revenue by up to 50 percent by 2016.<sup>21</sup> Indeed, as Malawian President Bingu wa Mutharika noted just before the official launch of the SADC FTA, without 'some restrictions ... the free trade area means that our markets will be flooded by products manufactured from other countries in the region'.<sup>22</sup> Taking into account the almost complete lack of a manufacturing base (in Zimbabwe's case, a base that has been virtually destroyed due to politi-

<sup>15</sup> Erik S. Reinhart (2000) provides a good analysis of the 'double trap of resource based nations' (namely, that 'the more such a nation produces a specific resource-based product the poorer it gets and the environment suffers'). See his work: 'Globalisation in the Periphery as Morgenthau Plan; The Underdevelopment of Mongolia. Why Globalisation is one Nations Food and the Other Nation's Poison', in Lhagva Sakhia, *Mongolian Development Strategy; Capacity Building*, Ulaanbaatar, Mongolian Development Research Centre.

<sup>16</sup> See Larry Swatuk (2009). 'Neoliberalism, globalism and the poverty trap in Southern Africa' in, *Rethinking Natural Resources in Southern Africa*, Michelle Pressend & Timothy Othieno (Eds.), Johannesburg: Institute for Global Dialogue.

<sup>17</sup> See the various breakdown of economic sectors provided by the South African Department of Trade & Industry at - <http://www.thedti.gov.za/econdb/default.asp>

<sup>18</sup> James Maringwa (2009), 'Trade Policy and Trade Flow Analysis: SADC Regional integration: What role has bilateral trade agreements played in promoting intra-regional trade?', Position paper for Trade and Industrial Policy Strategies (TIPS).

<sup>19</sup> SADC Trade and Development Integration (2010)

<sup>20</sup> SADC Secretariat

<sup>21</sup> See Riaz Tayob (2004), 'Violently intent on keeping us in poverty: International Trade Policy', *Pambazuka* (14 October, Issue 178) - [www.pambazuka.org/en/publications/africanvoices\\_chap01.pdf](http://www.pambazuka.org/en/publications/africanvoices_chap01.pdf)

<sup>22</sup> Frank Jomo Blantyre (2008), 'SADC Free Trade Area would not benefit small economies' (18 August) - <http://www.africafiles.org/article.asp?ID=18810>



cal malfeasance<sup>23</sup>), extremely poor transport and communications infrastructure, political authoritarianism and crisis levels of general human resources/skills it is just as equally not difficult to see that the people of these nations will continue to be 'eaten alive' by the exigencies of the proverbial 'free trade' SADC predator.

The harsh but undeniable reality is that during eight years of a preparatory 'free trade' regime (through the SADC trade Protocol) and now over two full years of a formal FTA, the socio-economic situation of the vast majority of people within SADC member nations has either stagnated or worsened. This should come as no surprise though precisely because the practical impacts of 'free trade' ideology, in the form of FTAs, entrenches a Darwinian equation and outcome; that is, only the 'strong' will prosper – and under neoliberalism the 'strong' are those with the capital and power. Confirmation of this can be readily seen across various sectors.

As one example; even though agriculture is the largest component of economic activity - in terms of trade, revenue generation and livelihoods - for many SADC member nations, most all recorded deficits of grain/cereal production in 2010.<sup>24</sup> While certain environmental and political policy factors can partially explain this, there is little doubt that the resulting and ongoing crisis of food security across the region could have largely been avoided if those few SADC members with sizeable grain/cereal surpluses had provided supplies. But, since the FTA is fundamentally profit-driven, there was no room for human solidarity, barter arrangements or a cooperative approach to trade. Further though, the implementation of the FTA has done little if anything to address the region-wide infrastructural and distributional crisis when it comes to agriculture. In most SADC countries (and even those few that recorded a grain/cereal surplus in 2010), the extremely poor state of governmental agricultural support/input for small-scale rural farmers as well as complementary physical infrastructure such as transport and communications continues to ensure not only that a majority of SADC citizens remain impoverished but that agricultural trade and subsequent benefits accrue predominately to the regional trade hegemony – South Africa – alongside developing nations to whom SADC nations (through EPAs) export most of their prime agricultural produce.

A study by Alliance for Justice and Peace in Southern Africa (2010) shows how the SADC FTA is failing small-holder farmers in Malawi, Mozambique and Lesotho to improve their agricultural growth and development and livelihoods situations. The study attributes this – amongst other things - to the lack of low cost and environmentally sensitive agricultural practices, new productive technological elements to support the sector at the national level and under utilisation of water and land, resulting in low crop and market gardening intensity. In other words, the SADC FTA consciously undermines any meaningful investment in the agricultural sector that would benefit the majority of farmers and rural dwellers who remain outside of the corporate/profit and export-driven FTA nexus.

Another shining example of how the FTA is only deepening the historic and ongoing economic and thus social peripheralisation of those nations that are at the productive margins of regional and global trade is in the realm of manufacturing. The FTA assumes, like all neoliberal trading regimes, that the further liberalisation of national markets and trade will automatically spur domestic manufacturing expansion and diversification in order to take advantage of the supposed 'opportunities' afforded by enhanced prospects for downstream economic activity. However, just as is the case at the global level, when it comes to the SADC, it is only those few nations with already maturely developed manufacturing sectors that accrue the greatest benefit. And so it is not surprising that in the SADC, the FTA - combined with its various bilateral trade agreements in the region - has allowed South Africa to further maximise its highly developed manufacturing base to further penetrate and dominate regional (national) markets and thus trading opportunities.

South Africa's diversified manufactured goods and services account for the vast majority of total formal merchandise exports (and complementary imports) in the SADC region.<sup>25</sup> Similar to what has happened since the

<sup>23</sup> P. Nyakazeya (2009), 'Manufacturing sector needs major rebuilding – analysts', *Zimbabwe Independent* (August 7-13)

<sup>24</sup> SADC Food, Agriculture and Natural Resources Directorate; and SADC Food Security Early Warning System, August 2010.

<sup>25</sup> Maringwa (2009)



implementation of the North American Free Trade Agreement (NAFTA), the subsidised and benefited manufactured goods/services of the 'strong' member nations have simply flooded the national markets of the weaker members. The result has been an effective crippling of weaker nations already limited domestic manufacturing base and thus the ever-increased reliance on the production of primary/raw commodities. What potential there might exist for the development of infant industries in such nations is simply overwhelmed by the sheer scale and reach of such 'free trade' inspired penetration.

This is exactly what has happened in the SADC as the FTA privileges those with existing and strong manufacturing bases and indeed, further facilitates a process of de-industrialisation and thus a more embedded uneven development across the region. Complementarily, such a developmental trajectory has everywhere led to an increased loss of employment opportunities which, of course, always hit poorer nations and their still largely semi and unskilled labour force the hardest. We only have to look as far as the relative contributions of SADC member nations to intra-regional (as well as global) trade when it comes to manufactured versus primary and cash-crop goods to provide confirmation, with almost all members 'contributions' being dominated by the latter.<sup>26</sup>

Even if more specific sector examples provide ample evidence to reveal the true reality and record of the 'free trade' regime of the SADC, then the overall data on SADC trade flows seals the case. During the initial multi-year 'free trade' phase-in period occasioned by the adoption of the SADC Trade Protocol in 2000, the volume of SADC exports increased by more than 100 percent but virtually all of this increase was associated with exports to the European Union, Eastern Asia and the North American Free Trade Area. Over the same period, intra-regional SADC trade actually fell to below 10 percent of total exports.<sup>27</sup> Put another way, the introduction of the general vision and multi-layered practical strategies for expanding and institutionalising 'free trade' in the SADC actually diminished the volume of exports on an intra-regional basis and further entrenched the historic position of most all SADC member nations as exporters of primary commodities to the developed world. Additionally, more recent data that takes into consideration the implementation of the formal FTA shows that the entirety of intra-regional trade in 2010 still accounts for just above 22 percent of the SADC's total trade flows.<sup>28</sup>

Given these realities and the fact that the SADC FTA is built on the foundation of a linked and linear 'integration' schema (with designated milestones for the next decade to complete the project) it is thus exceedingly spurious to argue, as its proponents do, that the FTA will catalyse positive economic 'competition' and act as vehicles for equitable and diversified development. Simply put, the rhetoric of 'regional integration' is exposed for the cruel chimera it is and always will be as long as trade remains under the spell of an elite-led, hyper-commoditised neoliberalism.

### MEANS AND ENDS

The entire conceptual edifice of the SADC FTA is based on the notion of regional 'integration' for mutual economic and social benefit, both locally and globally. As aptly captured by former South African President Thabo Mbeki: 'regional economic cooperation and integration offer us the opportunity to pool our limited resources and build an economic base to address the challenges of economic growth and development ... [it

<sup>26</sup> As an example; in Tanzania, Malawi and Mozambique primary products account for approximately 31, 29 and 24 percent of the value of total output, respectively. In contrast, primary products account for only 4 percent of the value of output in South Africa.

<sup>27</sup> Maringwa (2009)

<sup>28</sup> PANA (2010), 'SADC's Free Trade Area slow to pick up' (8 January) - <http://www.afriquejet.com/news/africa-news/sadc's-free-trade-area-slow-to-pick-up-2010010841592.html>





can create the basis for regional markets and industries to overcome the limits of small national markets, to achieve economies of scale, and enhance competitiveness as a platform to participate more effectively in the world economy'.<sup>29</sup>

And yet, the desired end of this edifice – a multi-faceted economic and social 'integration' and development – relies wholly on an extremely simplistic, mono-casual and limited set of means (i.e. the elimination of tariffs, import and export duties as well as quantitative restrictions and non-tariff barriers). The linear 'line of march' adopted by the SADC, with the FTA representing the cornerstone upon which successive 'integration' levels are to be built, thus rests on the incredible assumption that it will only take the effective implementation of these means to achieve the stated ends (goals). However, it is already clear from empirical evidence gathered so far that things are not so simple. The examples are numerous.

Tariff and duties reductions demanded by the FTA in the context of already narrow national tax/revenue generating bases fundamentally undermine the ability of poorer member states to generate needed capital for social and infrastructural development as well as the delivery of basic services. As a result, the potential diversification of their productive and distributional economic base is fundamentally compromised and the envelope for over-reliance on already excessive and policy-intrusive 'development aid' from abroad is pushed to extremes.<sup>30</sup> Conversely, if SADC member nations – as recorded data so far confirms in many cases<sup>31</sup> – do not fully embrace the demanded reductions then they are, and will continue to be, roundly accused of 'lacking in political will' and undermining the drive for Southern Africa to become 'competitive'.<sup>32</sup>

Similarly, the removal of what are called 'non-trade barriers'<sup>33</sup> – which in reality are practical reflections of severe human and infrastructural underdevelopment – can only further contribute to unequal and uneven development precisely because there is nothing offered by the 'free trade' regime that assists in developing the necessary, public physical and human capital to render such 'non-trade barriers' redundant. Further, in both cases, there is a complete de-linking of the means employed and the well demonstrated, negative environmental, labour and health-related ends occasioned by such *laissez-faire* 'free trade' in which economic decisions and policy become divorced from domestic developmental need.<sup>34</sup> The bottom line is that without investment in, and development of, the basic human and physical resources and infrastructure that are necessary for laying down the foundation for societal progress, alongside consideration of the environmental consequences of development choices, the developmental status quo will remain embedded in both regional and international neoliberal political economies.

Besides these economic and social issues though, there is also the question of the state and levels of political development within and amongst SADC member states, something which is completely left out of the regional 'integration' means-ends equation. The fact is that the institutionalised national politics of member states are,

<sup>29</sup> Mbeki (2008)

<sup>30</sup> See R. Kamidza (2008), 'Can SADC-EU Trade Negotiations Unblock Development and Regional Integration?', In L. Brito, C. Castel-Branco, S. Chichava and A. Francisco (Eds), *Southern Africa and Challenges for Mozambique*, Instituto de Estudos Sociais e Economics (IESE) – <http://www.iese.ac.mz>

<sup>31</sup> TRALAC data base (2009).

<sup>32</sup> Even those Southern African Customs Union (SACU) nations like Swaziland who have been able to largely avoid some of the negative impacts of rapid tariff reduction demands by relying on designated shares of SACU customs revenue, the more recent cumulative effects of reduced intra-regional trade combined with the global economic financial crisis have had catastrophic consequences. In 2010 Swaziland's SACU related revenue declined by 70 percent. [See United Nations Integrated Regional Information Services (2010), 'Swaziland: Facing up to a financial crisis' (12 January)]

<sup>33</sup> These include things like customs procedures, import/export procedures and rules, transport infrastructure and communication lines/networks.

<sup>34</sup> Frank There are innumerable examples of this across the sub-continent, including Mozambique's devastated cashew-but industry and the utter destruction of the local fishing industry and aquatic environment around Lake Tanzania. Moreover, the huge losses in employment opportunities coupled to the mass migration of Southern African labourers over the last decade to South Africa, gives firm indication of the negative impacts – on the domestic labour markets of SADC member states – of the 'free' trade' regime.



developmental deficit described above. In other words, without basic needs and services for the majority of the respective populations, without the conscious development of the educational means to engender necessary human skills and capacity and without the active involvement and participation of citizens in key developmental decision-making processes, there can be no meaningful and active democracy. When trade is effectively divorced from political democracy, as is practically the case with the SADC FTA, then it can never be either equitable or sustainable.

## ALTERNATIVES

Potential alternatives to the existent SADC FTA cannot be found by simply reforming what is already in place. If this brief has made anything crystal clear it is that the FTA as it has been formulated and implemented is wholly incapable of fostering genuine people-oriented trade and development and in the process benefit the vast majority of the people of Southern Africa who remain completely marginal to the neoliberal conceptual and practical exigencies of the SADC FTA. First and foremost then, the people of Southern Africa must engage in a political, social and economic struggle that rejects neoliberalism as the basis for national and regional development. In specific relation to trade, such a struggle should relentlessly attack and expose both the theoretical arguments and practical impacts of 'free trade' regimes.

In order to effectively wage such a struggle there are several foundational principles (an alternative strategic vision) that should be embraced. These principles cannot be merely 'idealistic' or exist in a practical vacuum but rather be informed by already existing, complementary struggles to fundamentally alter structures and relations of capital and power in favour of ordinary people (such as those that have been adopted by the Bolivarian Alliance for the Americas – ALBA<sup>35</sup>). These would include:

- ☑ The lives of all human beings are equal and interdependent;
- ☑ The meeting of the basic social and economic needs of people in an environmentally sustainable manner is a prerequisite for any equitable and lasting societal development;
- ☑ Participatory democracy and access to information is fundamental to any legitimate development;
- ☑ Societal development is a cooperative endeavour based on improving people's lives, not making profits;

<sup>35</sup> See Shawn Hattingh (2008), 'Creating a regional alternative to neoliberalism?', *Monthly Review* (7 February) – <http://mrzine.monthlyreview.org/2008/hattingh070208.html>. Also see - Southern African Peoples Solidarity Network (2000), 'Making Southern African Development Cooperation and Integration a People-Centred and People-Driven Regional Challenge to Globalisation', Declaration to the Governmental Summit of the Southern African Development Community, Windhoek, Namibia (1-7 August)



## RECOMMENDATIONS

Flowing from these principles, the active struggle for an alternative content and character to regional trade should be constitutive of the following practical objectives/actions:

- To develop and expand the provision of public goods and services that are integrated and complementary across national borders;
- To provide regionally connected and reinforcing free education and healthcare as the bases for the development of human resource skills and capacity relevant to the lives and needs of the majority of people in Southern Africa;
- To cooperatively integrate the energy sectors, on an environmentally sustainable basis, of all SADC member nations in order to meet peoples productive needs;
- To prioritise redistributive changes in patterns of land ownership and use that can ensure integrated national and regional food security and the systematic development/support of small-scale farmers;
- To develop basic industries that cut across the urban-rural divide and that are linked to accompanying social/educational development programmes as a means to integrate the 'informal economy' and catalyse community, national and regional economic self-sufficiency and independence;
- To create and expand publicly-run and regionally integrated forms of media and information gathering/dissemination;
- To promote and actively involve all worker, student, community and social movements/ organisations in nationally and regionally constituted collectives for direct involvement in decision-making and administration;
- To prioritise the strategic mobilisation of inwardly-oriented and more varied and committed internal resources – at both national and regional levels - particularly public, parastatal, cooperative and community resources;
- To collectively and cooperatively negotiate varying levels of strategic regulation and productive direction over the movement of capital, with specific attention to private capital;
- To collectively and cooperatively negotiate common labour standards and agreements for the free movement of people throughout the region;
- To collectively and cooperatively negotiate an integrated programme of protective tariffs and import controls that support mutually beneficial infant industries and protect the most vulnerable sectors of employment generation;
- To reorient national and regional production and distribution of good and services for internal use and benefit

At the heart of a struggle for an alternative regionalism must be free people, something which a neoliberal political economy which informs and frames the SADC FTA simply cannot accept. It is thus imperative that the struggle for an alternative vision and action in specific relation to regional trade is grounded in an *a priori* recognition that the economic, social and political freedom of people is umbilically linked to the conceptual rejection of and practical resistance to, neoliberalism. The possibilities of realising a practical alternative will be determined by the extent to which that freedom is wrought.

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EJN is the economic arm of the Fellowship of Christian Councils in Southern Africa (FOCCISA) and it works in the furtherance of economic justice in the Southern African Development Community countries. The major role of EJN is to build the capacity and facilitate the National Christian Councils (NCCS) to get engaged in economic and social justice work at the national and regional levels. EJN works in four programmatic areas: debt and finance; trade and development; food security; and SADC policy advocacy.



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