

## Managing interdependence in southern Africa

former Portuguese territories while the remaining countries in the SADCC grouping are part of the British Commonwealth. Angola, Mozambique, Tanzania, Zambia and Zimbabwe are following a variety of socialist forms of economic organization while the others adhere to the capitalist order (free enterprise or the market system). To complete these characterizations, it should be remembered that the Union of South Africa withdrew from the British Commonwealth in March 1961 and became a republic two months later. It too subscribes to the market economy path of socio-economic development.

### Confederation inside South Africa

Regional economic cooperation based on "mutual respect for one another's cultural heritage and traditions" was one of the fundamental objectives endorsed by the first economic summit conference of the governments of South Africa, Transkei, Bophuthatswana and Venda at Pretoria in July 1980. This was to entail the establishment of a Southern African Regional Development Bank, the setting up of a Small Business Development Corporation, the promotion of private initiative and private investment in the national states, the launching of a new program of industrial decentralization concessions, and the establishment of interstate infrastructure projects, as well as an expanded development assistance program.

To foster regional cooperation and coordination, a small interim secretariat has been established in the Department of Foreign Affairs and Information in Pretoria. Nineteen multilateral committees and working groups, consisting of representatives from South Africa and the four national states, are currently cooperating to solve problems in areas such as agriculture, posts and communications, health and welfare, education and training, transport and tourism, and economic and financial affairs.

The Small Business Development Corporation, which was established in February 1981 with an authorized capital of 150 million Rand, is a joint venture between private enterprise and the South African government. Its objective is to promote the development of small business within South Africa's traditional borders in the commercial, industrial or service sectors, irrespective of race, color, sex or language group, through the provision of financial assistance, business facilities, specialized training and a credit guarantee scheme. The maximum loan to any borrower at any one time is R150,000, the maximum repayment period is ten years, and the interest rate can be adjusted only twice a year. From its inception until June 30, 1982, the Corporation approved 249 loans amounting to R15 million, with infrastructure investment over the period accounting for a further R20 million. Another 268 applications for loans, totalling R8.8 million were referred to commercial banks under the Corporation's credit guarantee scheme.

### Industrial development policy in the Confederation

Following involved and lengthy discussions between the independent and self-governing national states and the South African government, a new industrial development policy came into operation on April 1, 1982. The salient features of the new policy, which are based on proposals announced at the Good Hope Conference (a meeting between Prime Minister Botha and some 600 business and

community leaders) in Cape Town on November 12, 1981 are as follows:

1. South Africa is divided into eight development regions, which cut across political boundaries;
2. The levels of the various decentralization incentives have been raised considerably and their form changed to promote greater emphasis on job creation;
3. Financial assistance in the provision of infrastructure in the designated development points will be granted on an agreed regional priority basis;
4. The South African government has agreed to assist the other ten governments in the financing of the new incentives.

According to a press statement issued by the office of the South African Prime Minister in March 1982: "This policy is only the starting point of a comprehensive coordinated regional development strategy. Progress in this regard will be monitored closely on a continuous basis and adjustments will be made if and when necessary."

It remains to point out that the multilateral Development Bank of Southern Africa is taking longer to establish than originally anticipated. However, it is expected that legislation required for its establishment will be passed by the parliament of each participating state early next year so that the Bank can become fully operational by April 1983. It is hoped that the proposed institution will have a strong impact in local and international capital markets that will make it a more efficient mobilizer of capital than each of the smaller governments or their development institutions on their own.

### SADCC: a progress report

To date, the SADCC states have not been able to take any positive steps toward their main aim — economic disengagement from South Africa. But their positive attitude towards closer economic cooperation among themselves has not been diminished by this failure. As will be shown below, SADCC's belief in the benefits to be realized from regionalism has moved well beyond the level of rhetoric.

To begin with, the Lusaka Conference has been followed by four summit meetings; in Maputo in November 1980 (SADCC 2), in Harare in July 1981 (SADCC 3), in Blantyre in November 1981 (SADCC 4) and in Gaborone in July 1982 (SADCC 5). The next summit conference (SADCC 6) is being held in Maseru in January 1983. A small permanent Secretariat located in Gaborone opened in July 1982.

At the SADCC 2 conference, a shopping list of nineteen seven projects was proposed to thirty foreign governments including Canada, and eighteen international development agencies. Some two billion US dollars was sought over a period of years of which only \$650 million was pledged, mostly for transport and communications projects. The SADCC 3 and 5 meetings were primarily reviews of progress rather than aid-pledging conferences. For example, at the SADCC 5 summit, it was announced that the 97 transport and communications projects initially presented at Maputo (SADCC 2) had grown to 106. A breakdown of the projects shows that three projects were completed, forty-eight were being implemented, twenty had been prepared and submitted to funding agencies, ten were ready for submission