

THE IMPLICATIONS OF THE GLOBAL CRISIS IN RELATION TO THE CHALLENGES AND STRATEGIC POLICY ALTERNATIVES FACING THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY AND THE REST OF AFRICA¹

DOT KEET

Independent critical analysts and activists in Southern Africa and throughout the continent, have long promoted the fundamental motivations for economic and political unity - or at least strategic cooperation and tactical coordination - between the countries of Southern Africa, and within the African continent as a whole. On the one hand, this is essential in order to deal with processes and problems internal to individual countries, the cross-border relations between neighbouring African countries and regions, and within the continent in general. On the other hand, such cooperation is judged to be strategically advantageous in the context of a very challenging and even hostile global economic and political environment, especially over recent decades. But the importance of practical cooperation and the strategic positioning and repositioning by African countries within the continent and in relation to the global system and regime becomes even greater and more pressing under conditions of global crisis.

The global crisis

The current global crisis is not only a financial crisis. Given the preponderant weight and influence of the financial sector within the neo-liberal *laissez faire* economic model that has been dominant over recent decades, it is the upheavals in the financial sector that are seen to carry the main immediate 'systemic' threats to the continued secure functioning of national and international economic operations/operators. Thus, it is the financial crisis that receives the main attention in much current analysis, whereas 'the' global crisis confronting the world, and perforce Africa, actually consists of a number of simultaneous crises. The world is faced with financial and consequent 'real economy' crises; immediate environmental and looming climate change crises; increasing energy, water, and food supply crises; and related social and political crises. But, rather than existing in parallel, there are complex interactions and inter-linkages between these simultaneous crises that need to be unravelled.

At a deeper level of analysis, these crises would be revealed to be aspects of one complex multi-dimensional and fully systemic crisis. This is systemic in a more fundamental sense than in the way that this concept is now used by many mainstream analysts. Their usage is merely to suggest that the, now-acknowledged, crisis is serious or widespread and potentially destabilising; rather than in the sense that it emerges from the very functioning, the very logic of capitalism. The ever-expanding production/technological growth under capitalism produces not only enormous production and overproduction with simultaneous over-consumption and 'under-consumption' (dire poverty for different social and geographical sectors. These dynamics also produce the vast over-accumulation and concentration of capital and the rise to dominance of the financial sector. In this context, the unregulated and opportunistic speculative activities of financial institutions and operators accentuate their economic dominance. These features are, together, driving the highly integrated internationalised capitalist economy to the brink of disaster because this grossly imbalanced and intrinsically unstable system is now global in its reach and effects.

The theoretical crisis and challenges

What also continues to be ignored in much of the mainstream and media analysis, or downplayed, is that there is also a 'paradigmatic' crisis; that is, in the very model and the theories on which this system is (purportedly) built. There is a fundamental crisis in the neo-classical and neo-liberal theories that promoted the means, methods and modalities of *laissez faire* globalised capitalism in the decades following the highly successful ideological and political 'revolution', from the late 1970s and early 1980s onwards. This was a counter-offensive by capitalist forces and their political supporters that displaced the erstwhile hegemony of the social welfare-ist and considerably state-regulated (Keynesian) model of capitalism in the advanced industrialised countries.

Of course – even while formally endorsed - the 'principles' of the neo-liberal theoretical construct were never fully or consistently applied in the most developed, or in the currently 'emerging' countries; and such 'principles' were frequently selectively evaded by stronger (developed) or more

skilful (developing) governments. Now, however, in the circumstances of the current financial and inevitably much broader economic crises, each of the constituent elements (or *shibboleths*) of the neo-liberal paradigm have been much more evidently evaded, modified, defied or *de facto* ditched. This, however, is in frantic piecemeal governmental practice in the - initially - most affected economies, especially the US and in Europe. It is not - yet - politically or intellectually acknowledged, or coherently and explicitly confronted by the erstwhile proponents of the neo-liberal theories with the consequent public policies and business practices that have created the current crisis/crises.

The theoretical challenges posed by the implosion of the neo-liberal paradigm at its very (financial) core and in the economic heartlands of globalised capitalism must now be taken up with reinforced determination by critical analysts and activists. This is especially urgent in the countries of the South, and by those countries and peoples that will be most negatively affected, especially in Africa. Their analysts and activists must build on and deepen the long-standing theoretical critiques and empirical exposure that have long discredited the paradigms and programs that have been imposed on them over the past three decades, most particularly through the 'structural adjustment programs' of the IMF and the World Bank.

The analytical and political challenges in Africa

Unfortunately, most African governments still remain shackled by their financial reliance on these neo-liberal institutions and their broader economic dependence on self-serving 'donor' governments. At home, such African governments are dominated by the interests of established and aspirant business forces, even within their own ranks. And most African government officials and policy-planners remain immersed within the ideological re/conditioning that they have been subjected to, above all by the IMF and World Bank, during the recent decades of triumphant neo-liberalism.

But the manifest economic crises in the most developed economies, the ever more blatant policy and political duplicities of their governments, and their implicit abandonment of sacrosanct 'free market principles' - while they continue to impose neo-liberal formulae on developing country governments ("Do as I say, not as I do!") - may at last shake African policy-analysts out of their mental thrall. This crisis may, at last, make them more responsive to more creative thinking and genuine debate within and with independent civil society analysts on the changes needed in national - and regional - theoretical frameworks, policies and programs.

The challenges to all researchers and strategic analysts

For all strategic analysts and researchers everywhere - governmental and non-governmental - the immediate challenge is to draw out each of the simultaneous crises facing the world; clarify their respective specific causes/sources and features, the ways in which they are interlinked and their overall common denominators in the very functioning of globalised capitalism. The even greater challenge is to identify both the immediate effects and the middle-term and longer-term implications, and how these will unfold and interact in the coming year(s) and decade(s).

In this latter regard, it is not possible to predict precisely how the interlinked economic, environmental, social and political crises will evolve. Some trends are clearer than others. Many interests/actors and institutions/agencies are affected and engaged, and many alternative explanations and public policy responses are beginning to be posed. However, the key questions are whether or how

- the financial sector will be stabilised and returned to 'better regulated' functioning; **or**
- the current real economy 'slow down' will continue beyond the coming year(s); **or**
- this 'recession' will deepen into a long(er)-term slump or full depression over many years.

And, for analysts in Africa and other developing countries, the additional questions concern

- how, or how fast, the recession will spread beyond the 'core' industrialised economies, and beyond the initial sources/causes and the immediately affected sectors; and
- how, or how much, this will affect developing countries and key 'emerging' economies, and the 'marginalised' (and largely 'peripheral') economies of Africa.

The trends and strategic challenges facing SADC

Starting from analyses of current trends, it is incumbent upon SADC - and other African - governmental and non-governmental policy analysts to note the already evident tendencies, anticipate their possible directions, and both national and regional implications; and, in these circumstances, revitalise the debates or begin to pose the renewed, or new, strategic policy options facing Southern/African governments. This places a major responsibility on social movement, labour and other civil society analysts, and 'alternative policy' advocates and activists to build on their decades of critiques and active opposition to neo-liberal theories, policies and programs.

There are four main areas in which current trends and emerging patterns can be discerned already, and it is from such bases that far-sighted strategic analyses must draw out the various scenarios or hypotheses, and pose the policy challenges and alternatives.

1. TRADE

Trade has to be analysed in the context in which :

- The 'export-led growth' and 'open market' prescriptions of the IMF and World Bank have been subject to a decade and more of theoretical critiques and conflicting empirical evidence. These have produced widening criticisms and spreading doubts about the efficacy of such 'trade-driven-growth' policies in relation to national and regional development needs, and economic and social transformation aims.
- And yet, the centrality of trade expansion and liberalisation continues to dominate SADC inter-governmental programs and regional plans, and the African regional groupings are increasingly being (re)defined and shaped as mere trade integration areas. What is more, these seem set to be accelerated with the impending implementation of various free trade arrangements : within SADC itself, and between SADC, the East African Community (EAC) and COMESA (the Common Market of Eastern and Southern Africa); as well as through various FTAs with other countries/regions in Africa and 'the South'.
- And there remains the possibility of advanced trade liberalisation agreements being reached between member countries of the Southern African Customs Union (SACU) and/or SADC (and other African regional groupings, or individual countries) with the European Union. These so-called Economic Partnership Agreements (EPAs) could also include other wider 'new generation' liberalisation terms in investment, services, and much else, and are under strong criticisms from some SADC and other African governments and by most non-governmental analysts and activists.

But continuing critical analyses on all the above, and calls for alternative approaches are now powerfully reinforced in the situation of international/global crisis/crises :

1.1 Changes in trade policies

Greater force is added to the warning by critical analysts that African economies are excessively "extroverted" [Guy Mhone]; that is, in their very structuring as well as in their governments' plans. They are heavily oriented outwards towards international trade, and overly dependent on market access into the most industrialised economies - and the EU in particular. They are thus very vulnerable to changes in the trade policies of such governments and susceptible to widening 'reciprocity' requirements from them (such as those incorporated into the EU's EPAs and within the United States' AGOA and TIFAs) in return for continued 'market access'. African countries are also inevitably affected by other objective economic changes or upheavals in these economies, which are currently evident and will be deepening in the coming years.

1.1.2. At the very least, this situation reinforces the call for greater diversification of the exports and trade orientations of African countries away from their 'traditional partners' and towards the big 'emerging' economies, and other (large and small) countries in the South. Such an effective reorientation would also require changes in the content or substance of their exports. However, these changing and changed trade relations would, above all, have to be on very different terms to the trade-

and-growth emphases and 'free trade' modalities that are still being promoted, politically and practically, even in these new "inter-regional" and "South-South partnerships" [Keet, 2006].

1.2 Decline in international trade flows

There is a clear decline in international trade flows under the conditions of the current economic 'slow down' in the economies to which African countries are most strongly oriented [UNCTAD September 2008; WTO October 2008]. Plus, within the prospect of continuing recession or slow growth rates in these economies, there is the strong likelihood of resurgent national protectionism in the bigger/stronger countries : either through trade and tariff changes and/or in their recourse to various disguised but restrictive NTBs*². In such circumstances, the reliability of such "partners", and very viability of dependence on international trade *per se* is given greater salience. Such threats must, in turn, pose the challenge that clear distinctions must be drawn between the protectionism of the strong and the legitimate **protective** policies of the weak, especially under adverse international conditions *³

1.2.1 But, even without possible protectionist measures in the most developed countries, their economic 'down-turns' and reduced imports must reinforce the long-standing (declared) intention of Southern/African governments to encourage as much as possible of their trade, or appropriate dimensions of their trade, towards and within their own integrated and enlarged regional market(s). Furthermore, such a potential expansion of their intra-regional trade, and the accompanying reduction in sectors of their international trade will be reinforced within a broader (global) strategic imperative. This necessary reduction in international trade will be part of the impending, and certainly inevitable, international requirements for the reduction of all global carbon emissions, including from international trade/transport, under the conditions of global climate change [see also 4. below].

1.3 Immediate negative consequences

Whether or not the current national recessions are of short or long duration and depth, or descend into prolonged slumps or depression in the most developed economies (and globally), there will undoubtedly be immediate negative consequences in the heavily trade-dependent African economies resultant upon any period or degree of trade disruption. This will produce possibly long-term and even irreparable damage to vulnerable producers/exporters within African countries.

1.3.1 Such damaging effects require interim - or longer-term - government operational and financial supports, subsidies, tariff protections and other policy measures. These and other precautionary, or protective, measures will have to be taken to minimise the immediate impacts, and pre-empt or prevent possible/probable long-term and irreversible effects. Such governmental programs will undoubtedly pose financial and organisational challenges to Southern/African governments, but such measures are - at least, and at last ! - made politically more 'acceptable'. They can more confidently be argued/legitimised – and utilised - in the light of overt 'state interventionist' programs that are being introduced and that will, as the needs arise, be carried out even more extensively by the governments in the strongest most industrialised and erstwhile "free market" economies [see 2.2 , and 5 below].

Within the above perspectives, there is clearly an urgent need for a fundamental re-assessment of all the existing 'free trade'-driving and 'free market'-driven theories, policies and programs within the national economies of Southern Africa and underpinning SADC's intra-regional and external trade programs.

Furthermore, such a revitalised interrogation of established trade paradigms, policies and programs is rendered all the more imperative in the context of the other even more fundamental aspects of the emerging and deepening global crisis; starting with the impact on production.

2. PRODUCTION

This has to be analysed in the context in which :

- There is a direct relationship between productive capacity and trade; and in which it is production that is fundamental *⁴. However, much of the previous internal productive capacity/potentials, and governmental production support programs and actual SOE production enterprises (State Owned Enterprises) in the countries of Southern/Africa were undermined, displaced or dismantled under the impact of the IMF and World Bank anti-state ideology and their market-based and market-serving structural adjustment programs.

- Both national and regional programs in production and services in SADC countries continue to be heavily dependent on ‘market forces’ and market processes. To some degree these are driven by the continuing direct and indirect influences of the IMF and World Bank. In other cases, these market-serving programs are ‘autonomous’ government decisions heavily influenced by domestic business interests. Either way, the main thrust and logic of these programs is to facilitate the operations of private enterprise from within individual countries and across the region (largely from South Africa and, to a lesser extent, Mauritius), but also to provide attractive terms and ‘enabling’ environments for international investors and transnational corporations from abroad.
- Even to the (very limited) extent that national industrial development plans are underway or under consideration within some SADC member states (most notably South Africa), these are mainly ‘resource-based’ programs designed to beneficiate or process national mining, agricultural and forestry products for export to the more developed industrialised economies (including ‘emerging’ economies such as China). However, despite a certain degree of ‘value-added’, and some ‘job creation’, such national programs essentially reflect and reinforce the commodity-based and commodity export role of SADC countries (and still even characterising South Africa to a large degree) within and into the international economy.

But continuing critical analyses and calls for alternative approaches are now reinforced in the situation of international/global crisis/crises:

2.1 Wildly fluctuating demand for African commodities

In the most industrialised countries it is now generally agreed that their economies are firmly in recession. What is less readily accepted is that this is, in all likelihood, going to continue beyond 2009 and for years ahead. This will inevitably also affect the ‘emerging’ economies in various ways. These trends are already having negative effects on international demands for Africa’s commodity exports, whether ‘raw’ or ‘processed’; as well as on the characteristically fluctuating (and speculatively-driven) international prices for these commodities. Conversely, the functioning of international commodity markets in oil and petroleum products will continue to create uncertainties and impose financial pressures on the public budgets and social programs and production sectors in African countries [see also 4.1 below]. This will even adversely affect the national revenues and production plans of the oil exporting countries in Africa (in SADC - most notably Angola).

2.1.2 This situation reinforces the need for Southern/African governments to go much further than only reconstituting and redirecting their trade [as in 1.1.2 and 1.2.1 above]. The same will be required in order to make their production programs less vulnerable to international economic upheavals and price instabilities. However, restructuring and redirecting targeted – and new – production programs towards regional, national and local markets cannot simply be on the basis of market-forces, and conflicting autonomous ‘business’ decisions [see also 2.3.1 below]. For the SADC countries to avoid relying on wastefully duplicated and divisive (and not necessarily “creative”) competition amongst themselves, transformative industrial, agricultural and agro-industrial restructuring and development will have to be researched/planned and deliberated/negotiated between the SADC governments. This will, in turn, entail reviving, restructuring/reforming and re-activating their respective parastatals and SOEs. Such state-led economic strategies will require far-sighted and consistent governmental leadership and firm - but adjustable - inter-governmental agreements. Fortunately, under current circumstances, such direct governmental ‘interventions’ are less of an anathema than they have been painted these past decades [see next].

2.2 National/domestic governmental programs

There are strong indications that the problems in the economies of the most industrialised countries (especially the US) will be countered and contained by various programs of governmental support there. These are already evident in ‘bridging’ loans and other financial supports, and not only to the banks but also to industrial corporations. These supports could also take the form of targeted government contracts and various other economic incentives to national and local companies in order to maintain production and mitigate further job losses. This could include R&D subsidies towards technological innovation, and much more. Thus, although some of these government interventions are merely immediate emergency measures, others are more far-sighted long-term and potentially transformational ‘green’ initiatives in energy generation, production and transport etc [see also 4.1 and 5 below].

2.2.1 The national and regional production plans of SADC countries require similar multi-pronged – and potentially transformative – approaches; that is, if these countries are, at last, fully awakened to the need to reduce their extreme susceptibility to external economic and political pressures and their exposure to international economic instabilities and other upheavals. Such counter-measures to develop, diversify - and to distribute or spread out - their production within and throughout their region would, for example, entail creating joint manufacturing and supply chains extended across the region, or combined manufacturing hubs in selected member states or even specific local areas within them. Such symbiotic production programs between member states and between industrial, agricultural, agro-industrial, mining and services sectors would create the integrated and integrative bases for much greater self-sustaining and sustainable development (but which does not imply autarchic development).

2.3 A greater degree of regional self-reliance

Such a greater degree of self-reliance amongst SADC states may actually receive a further demonstration and practical stimulus from the relatively more inward-looking concerns and programs evident in the more developed countries, such as in the US and EU [as in 2.2 above]. Such a greater degree of domestic orientation and programs may also be reinforced in those countries by the autonomous business decisions of their transnational corporations. These are variously faced with internal corporate problems, inadequate international ‘competitiveness’, and the dilemmas of over-production (expressed as “accumulated inventories”, or “excess capacity”) in conjunction with “reduced consumer demand”. [see page 1 above]. Some are faced with financial defaults and even the prospect of bankruptcy. Many such corporations may well resort to drawing ‘back home’ many of their production and financial assets from their subsidiaries or other operations abroad or, at the very least, they will not be expanding them.

2.3.1 This is a possibility which will add a further set of challenges to the future production plans and strategies of the SADC grouping, and other regional and national programs. These programs are currently largely premised on an expanding role of foreign companies from the US, EU and other more developed economies. However, the above trends [in 2.2 and 2.3] should reinforce proposals for the development and greater reliance on internal production and service companies in SADC [as in 2.1.2 and 2.2.1 above]. However, the accompanying challenge under conditions of highly uneven development within and between the SADC member states is : how can productive local enterprise be encouraged, and encouraged towards regional approaches, and even actively assisted by governments, but in ways that are most beneficial to the broader economic and social needs of the entire region?

This is essential if such regionalised production programs are not to simply reinforce the advantages and interests of self-serving business forces and to the maximum benefit of their ‘home’ bases in the already more developed countries, above all South Africa. This, of course, underscores the need for active engagements by all the respective governments – current or future. It will require collective efforts to create production terms and performance criteria, and regional investment framework agreements that contain and counter such exploitative and divisive tendencies, and that work more to the mutual benefit of all.

Within the above perspectives there is clearly an urgent need for a fundamental re-evaluation of the national and regional production strategies within SADC and the inherent limitations in simple, and solely, ‘market-driven’ programs. Above all, a more critical examination is required of the theoretical assumptions and global expectations underpinning them.

Furthermore, such a reinvigorated interrogation of existing policies and programs is rendered all the more urgent in the context of another fundamental aspect of the emerging global crisis, namely international investment and capital flows.

3. INTERNATIONAL INVESTMENT AND CAPITAL FLOWS

These have to be analysed in the context in which :

- There have long been concerns registered by critical analysts about the excessive dependence of African countries on external financial resources for the growth of their economies and the very functioning of their governments. External dependence on foreign direct investment (FDI) invariably entails political/policy ‘adjustments’, and places various economic policy constraints

and direct economic constraints on governments. Furthermore, the areas and sectors receiving international investment reflect the priorities and interests of the foreign investors themselves. But this role of FDI contributes, above all, to the continual net capital outflows of billions of dollars annually from African countries.

- Yet, the governments of the SADC countries, separately and together, are committed to attracting international capital flows, including short-term portfolio investment, and even opening up their economies to highly volatile ‘hot money’ currency operations. These governments regard all such capital inflows/outflows as being *de facto* ‘realities’. They also justify them as being part-and-parcel of their own programs to off-set and compensate for their external balance of payment problems. These are caused, in part, by their international trade deficits but also, in large measure, by the current account (and even capital account) liberalisation policies that these governments are, themselves, following.
- At the same time - in the context of the public revenue constraints they face and other financial shortcomings, administrative inadequacies and even corrupt and criminal abuses - most African governments continue to be heavily reliant on international ‘aid’, including even for their own public budgets. As is well-documented, this entails various commitments to and conditionalities imposed by the aid ‘donors’, whether governmental or private ; even though such requirements, in turn, are often in contradiction to the recipient governments’ own national electoral undertakings/mandates and obligations, and their sovereign responsibilities and aims.

Once again, such critical issues, and calls for alternative approaches, are now powerfully reinforced in the situation of international/global crisis/crises:

3.1 Reduction in international investment flows

Such problematic dependence on external financial resources is now under further pressure in the current circumstances of global slow down and recession. There is clear evidence of a reduction in international investment flows, including for M&As (Mergers and Acquisitions) [UNCTAD WIR 2007, 2008]. This decline is registered over and above the recent pattern of such flows being heavily directed towards specific ‘emerging’ economies (above all China) and, in Africa, towards priority resource extraction (mainly petroleum) sectors and countries.

3.1.2 In this situation, urgent and more active attention has to be given to the SADC governments’ earlier (declared) intentions to make their countries and region less dependent on such external capital flows. Their rhetoric about the need to ‘mobilise all possible financial resources’ within and between the member states has to be made a concrete reality. This could include incentives to internal private companies and banks, such as through public-private partnerships (PPPs), but it would have to be public investment that leads the way and ‘leads in’ domestic private investors. Such a mobilisation and application of public financial resources would, in major measure, be through the creation and/or further development and greater engagement of a truly regional public development bank, or regional sectoral banks. Such banks would have to feed into inter-governmental programs on the regional capital investment terms and performance criteria collectively agreed [see 2.3.1 above], but they would also have to maintain soundly-based technical developmental assessments and independent decision-making processes *⁵.

3.2 Reduction in international aid flows

In addition to the recent downward trends in the ODA of most developed country ‘donor’ governments [OECD 2007], it can be expected that, under conditions of economic recession in such countries, their overseas aid will be further reduced *⁶. Major proportions of their public finances are already being directed towards ‘bailing out’ banks and supporting domestic companies, [as in 2.2 above]. Government finances in the richest countries will also come under growing public pressure to respond to the inevitable internal social distresses in their societies, and even to contain possible civil protest/unrest if and as the effects of their economic down-turns continue to bite.

3.2.1 If, or rather when, the effects of the global recession/depression begin to be felt more fully in African and other countries of the South, the need for concerted governmental and non-governmental social programs will be greater than ever before. The challenges of growing unemployment, marginalisation and deepening poverty *⁷ must inform and drive both national and regional production

and investment programs and entities [as in 2.3.1 and 3.1.2 above]. However, it is also necessary for regional development funds to be developed within broader, more inclusive and more creative conceptualisations as to what constitute the full range of potential development resources and development actors*⁸, and these would have to be within public-public projects and aid and investment programs.

3.3 Reduction of other foreign exchange sources

In circumstances of continuing recession, and growing unemployment in the richest countries, it could also be expected that domestic pressures might grow there against the employment and very presence of immigrant workers. This would have significant and dangerous economic effects, and retrograde social and political repercussions within the receiving 'host' countries. From the point of view of many African countries, such hostile pressures - plus the autonomous decisions of emigrant professionals as the recessions in those countries continue - may result in a welcome return of expatriate African professionals to apply their skills back home. However, for those African countries dependent on the remittances from their nationals working in countries affected by such crises, this will of course reduce, yet further, their national foreign currency receipts.

3.3.1 Such a situation would reinforce the need for alternative financial measures and entities [as in 3.1.2 and 3.2.1 above] to reduce the dependence on such external foreign currency inflows. However, the problem is very much greater: as African and other developing countries observe their governmental foreign reserves decline and possibly evaporate through the crises in the richest economies and under the offensive/defensive financial measures adopted by those governments. SADC must learn from the 1997-98 financial crisis created by neo-liberal financial policies in the Asian countries. SADC can learn from and emulate the plans for a regional development fund being implemented in South America, and from the most recent decision between Asian governments to create their own \$120 billion regional reserve fund. Creating such a regional fund in Southern Africa would certainly pose many challenges. But this would be a more proactive approach and create a more secure financial base than tying up vast sums in external foreign currency reserves, foreign government bonds, and the like or depending on the (comparatively miniscule) forex remittances from their nationals working abroad *⁹.

Within these perspectives there is clearly an urgent need for a fundamental re-evaluation of the regional finance and investment plans and programs within SADC; their limitations, the questionable macro-economic assumptions and unrealistic foreign investment expectations underpinning them. Such critical assessments are not new but, under conditions of crisis, strategic policy-makers are confronted with ever-greater challenges.

Furthermore, renewed and revitalised interrogation of existing SADC financial policies and plans is rendered all the more essential in the context of other fundamental challenges facing countries, companies and peoples, and the far-reaching changes that will be demanded of them all in the context of looming global climate change and related challenges.

4. CLIMATE CHANGE AND RELATED CHALLENGES

These have to be analysed in the context in which :

- Most SADC countries are characterised, to varying degrees, by inadequate or intermittent water resources, limited internal energy resources, and unevenly distributed productive land, forests and other natural resources. They are also very susceptible to frequent 'natural disasters' such as droughts and floods : due in major part to their unbalanced and distorted patterns of economic development, inadequate infrastructures and technological under-development.
- In addition to *ad hoc* emergency initiatives in these spheres, regional cooperation is due to become an even more fundamental survival imperative. The evidence is mounting - and the experience is already growing - that, under conditions of global warming, the above un-evenness and physical/environmental/ecological challenges in the Southern African region are going to be aggravated by climate change(s). The effects will be felt in changing and unpredictable rainfall patterns, with accelerated desertification in some areas and flooding in others, coastal inundations with rising sea levels, loss of marine resources and terrestrial biodiversity, the spread of plant, animal and human diseases, and much else.

- SADC has long had various far-sighted inter-governmental and cross-border energy, water, forestry, fisheries, wildlife and other natural resource programs on the drawing board (some going back to SADCC days) and some enshrined in formal protocols and programs. However, within the increasingly market-oriented approaches, and the privatisation or commercialisation of the relevant parastatals in the respective spheres, and under pressures and ‘persuasions’ from foreign corporations (often backed by their governments), such vital intra-regional cooperation and real community-building programs, are in danger of being transformed into mere commercial ventures. These will be disconnected/disparate and possibly duplicated/competing projects, and mainly to the profitable benefit of external agencies.

Once again, renewed critical analyses and alternative approaches are called for, which will also enable SADC to deal with the challenges of global climate change and related pressures.

4.1 Changes in energy uses, resources and programs

In the coming years, SADC and other African and developing countries, are going to be faced with growing international political pressures to make practical contributions to global requirements for a reduction in all carbon emissions. This will require changes in their energy generation programs and thus affect their current and future production plans. But, even if such countries manage to negotiate some temporary concessions on their permitted levels of carbon emissions, they will, in the interim, continue to be confronted with growing economic pressures and oil price fluctuations caused by oil producer/supply politics (and international speculation) and dwindling global reserves. [see also 2.1 above]

4.1.2 Even temporary accommodations on the carbon emissions ‘allowed’ to developing countries will only be achieved through the active unity and effective analyses and argumentation by alliances of developing countries (as in relation to the UNFCCC). But their energy supply and energy security needs will require that African governments work together to develop and diversify their own energy resources. Programs to investigate, test and create alternative renewable energy sources will be extremely costly and technologically demanding and will only be possible through combined regional economic commitments and joint science and technology development efforts. These are also the most compelling spheres in which to practice direct cooperation and build a real regional community based on mutual support. Without this, African countries will all continue to be dependent upon the more advanced countries as these surge ahead with new energy and other innovative ‘green’ technologies... with the concomitant continued financial outflows from Africa to pay for such technology.

4.2 Demands on food supplies/production

Owing largely to the damaging effects of World Bank agricultural and trade policies and ‘adjustment’ programs in their ‘client’ countries – in conjunction with other internal problems – food production in Africa has declined. Most African countries are heavily dependent on vast food imports, and at soaring (speculative) prices*¹⁰. There is also disturbing evidence that Africa’s ‘abundant’ land is being eyed and acquired by foreign governments (especially in the Middle East) on which to produce food crops exclusively for direct export back to their own water-deficient countries. Other governmental and private enterprises are offering enticing terms to African governments (including some within SADC) to agree that huge tracts of their erstwhile, and potential, food producing land will be diverted to grow crops for agrofuels in order to enable the more industrialised economies to maintain their transport and production systems by importing such petroleum substitutes from Africa and other developing countries.

4.2.1 Here, too, political and economic cooperation between African governments will be essential to reverse the effects of IMF/WB policies, resist further external pressures (or ‘inducements’) and, instead, reinstate their food sovereignty and secure their own genuine local, national and regional food security. Amongst the many other arguments for regional integration, these most fundamental of survival necessities can best be dealt with by governments working together across the political borders on the ground. These man-made artificial (colonial) boundaries cut across and complicate joint food production potentials and equitable food distribution. Food production and distribution are also the clearest and easiest spheres in which to practice direct cooperation and build a real regional community based on mutual support although these arrangements would have to include agreed compensatory measures and ‘give-and-take’ benefits between member states with differing land and water resources and agricultural potentials

4.3 Pressures on water resources

If and when the global climate crisis produces the instabilities and reaches the extremes predicted in authoritative analyses, the possibility could also arise in which water sources became the causes of 'water wars'. In this context, water could become the latest of Africa's resources to be exploited by stronger outside forces, whether through 'legal' agreements or outright (proto-colonial) incursions and extractions. This, of course, would have to be collectively resisted by all means by the governments and peoples of Africa at the local, national and regional - and international - levels.

4.3.1 Unfortunately, there is also the possibility of fierce competition rather than cooperation becoming dominant in the relations between the governments, between commercial agencies (and possibly even between the peoples) in the countries of Southern Africa. This is especially likely in the situation in which the strongest more developed country in the region is also characterised by the most marked national water deficiencies. South Africa could (hypothetically) have recourse to unilaterally (and forcibly?) diverting the rivers in the regions towards its own internal needs. The more just and stabilising counter-strategy would be for the neighbouring countries, through which such regional rivers run, to come together politically to secure a range of collective economic and other regional agreements incorporating firm commitments from and practical actions by all the governments in the region. These agreements would have to include *quid pro quos* from the water-deficient countries, which are also the economically stronger, including Botswana and Namibia, as well as South Africa. Such water concessions by some would have to entail economic/trade concessions by others, as with food production [see 4.2.1 above] and especially financial/technological cooperation from the strongest economy in the region 'in return for' water supplies from the neighbouring countries. Such an approach would also have to be designed to ensure more equitable use of the shared water courses, equitable mutual benefits, more balanced development, and more security for all.

Within these perspectives and economic/ecological hypotheses, there is clearly an urgent need for a fundamental re-evaluation of all programs for natural resources development/management within SADC, in conjunction with other production resources and regional environmental, economic and trade programs. The above scenarios indicated in ecological sphere are still emerging and their implications do not yet centrally inform and drive the strategic thinking and planning within SADC. Some initial assessments have been made but, under conditions of emerging and future global climate and environmental crises, strategic policy-makers are confronted with ever-greater challenges.

Fundamental interrogation of all existing SADC policies and programs is rendered all the more essential in the context of these and other political/economic and environmental/ecological dangers and epochal challenges.

5 The role of the state, and states, in SADC

There are, clearly, major challenges facing all the countries and governments of SADC, and the rest of Africa, posed by the multi-fold crisis/crises gripping and threatening the whole world. But this situation also carries major political and policy opportunities, as pointed to above, viz :

- There is a ... "*fundamental crisis in the classical and neo-liberal theories that promoted the means, methods and modalities of laissez-faire globalised capitalism.... (p 1);*
- and "*each of the constituent elements (or shibboleths) of the neo-liberal paradigm has been much more publicly evaded, modified, defied or ditched...." (p 1)...* and "*sacrosanct 'free market principles' have been "implicitly abandoned"...* (p 2);
- although this is...."*not (yet) politically or intellectually acknowledged, or coherently and explicitly confronted by the erstwhile proponents of the neo-liberal theories ...underpinning the current crisis/crises"*.

In this context, "*(t)he theoretical challenges posed by the implosion of the neo-liberal paradigm at its very (financial) core and in the economic heartlands of globalised capitalism must now be taken up with reinforced determination by critical analysts and activists" (p 2 above).*

It is somewhat ironic that it is only now – when the governmental, intellectual and institutional proponents of "free markets" are in profound economic and paradigmatic crises - that SADC and other African governments may, at last, become more responsive to the arguments of independent analysts to revive the earlier SADC (and SADCC) state-led developmental approaches to their regional

programs and plans; although these, too, require much further evaluation and rethinking. But it can and must be impressed upon SADC governments that appropriate state-led programs “... can more confidently be argued/legitimised – and utilised - in the light of the overt ‘state interventionist’ programs that are being introduced and will be carried out even more extensively by the governments in the strongest most industrialised and erstwhile “free market” economies” (p 2 above).

However, even as such governmental ‘interventions’ are “less of an anathema than they have been painted these past decades” (p.5 above), there remain important challenges to governmental and independent analysts in Africa to “re-visit the first generation of state-led economic models in Africa in order to investigate rigorously and impartially identify their achievements as well as their shortcomings” *¹¹.

In this regard, however, the biggest challenges will not reside in identifying the economic or technical alternatives and possible options that could and should be taken up by SADC governments. The biggest challenges will actually arise from the multiple weaknesses and failures of these governments themselves, and their self-serving abuses and mis-uses of the state and parastatal entities. All the ‘policy’ challenges and developmental possibilities will depend upon, and will be determined by the political character of these governments. These, in turn, will be changed in their policies - or be changed by being replaced - by active, effective, and well informed labour and social movement forces including on the issues posed here.

It is not merely “enabling” states, or “activist” and “interventionist” states, or even paternalistic “developmental” states that are now required*¹². What is fundamental are democratically participatory, inclusive and accountable developmental states firmly orientated to serve the needs of their counties and peoples, the region and the continent, their environments, and the planetary ecosystem.

ENDNOTES

*¹ **DOT KEET**, formerly Senior Research Fellow at the Centre for Southern African Studies in the School of Government at the University of the Western Cape in South Africa, has since 2000 been a Research Associate of the Alternative Information and Development Centre (AIDC) in Cape Town. This paper was presented at the ‘Planning and Strategy meeting’ of the Southern African Peoples Solidarity Network (SAPSN), Johannesburg, 19 June 2009

*² UNCTAD Director General Supachai, speaking at UNCTAD XII in Accra, Ghana, April 2008, already noted the rise and dangers of “neo-mercantilism” and “economic patriotism”.

*³ Dot Keet (2007), “The role of the state and states in the processes towards developmental cooperation and regional integration in Southern Africa” p 10
“..... there is a world of difference between

- on the one hand, the exclusionary protectionism of the strong against the weak(er), especially where the latter have some small areas of relative strength; and,
- on the other hand, the protective policies of the weak to defend themselves against the strong.”

*⁴ Dot Keet *ibid*, p 7. “There has to be a range of policy and practical pre-conditions and means to improve the ‘supply capacities’ of the weaker countries in order to enable them to take advantage of improved market access into their neighbouring countries. Effective productive capacities are the most fundamental underpinning - flanked by secondary ‘marketing skills’ and other technical capacities - for effective trade, not vice versa. It is effective production that most fundamentally drives successful trade rather than the other way round, even though increased trade opportunities can contribute to improved production to some degree... in specific sectors and with some products.”

*⁵ This would also require that the presumptuously (re)titled Southern African Development Bank, created out of the South African Development Bank based in SA, be appropriately restructured or replaced.

*⁶ Many ‘authoritative’ bodies such as the World Bank are already warning of a reduction in aid from the rich countries to the poor. The Overseas Development Institute (ODI) in London calculates that aid contributions from the EU which had been expected to top \$ 92 billion in 2010 could be \$15 to \$25 billion lower because of currency weaknesses and lower growth. On the other hand, banks in the rich countries lapped up \$ 380 billion in public money in the last three months of 2008 alone, according to a report by UNESCO.

*⁷ Even the IMF predicts that another 53 million people could, in 2009, join the 155 million people who were pushed into absolute poverty during 2008. This would bring to 1.5 billion the total of those living at or below the international poverty line of two dollars a day

*⁸ Dot Keet op cit, p 9 “A different development approach would not only seek to regulate and achieve a more balanced spread and greater qualitative returns from private investment. It would also conceive of development resources as embracing much more than only formal capital sources. Such development resources would be seen as including national(ised) natural resources, above all land, forests, mineral and maritime resources, as well as human/skills resources”.

*⁹ Even though the World Bank endorses this!

*¹⁰ According to the WTO’s “International Trade Statistics”, November 2008, some 12% of African imports were devoted to food imports in 2007 – nearly double the world average.

*¹¹ Dot Keet op cit p 4 “And, in the latter regard, it is necessary to investigate rigorously and impartially identify whether the sources of their problems or ‘failures’ lay in

- basic strategic (mis)conceptions and excessively ambitious aims **or**, more basically, in their operationalisation and practical implementation;
- the relative weight of management weaknesses and other ‘subjective’ inadequacies, **or** other objective resource constraints and ‘market size’ (that is popular income) limitations;
- and related to this, the role of internal/national political, economic, social, cultural and other factors **and** the impact of external/international economic and political factors and forces.

Such a comprehensive and rigorous re-evaluation would also have to assess the interactions between all these dimensions and causal factors in the performance, the achievements, the problems and the entire problematique of state-led approaches to economic development and diversification.”

*¹² Dot Keet , op cit p 3
‘Enabling’ states.... ‘regulatory’ states.... or activist and interventionist states

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