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Rethinking the African Economic Ethic of Indigenisation in the Light of the Expansion of Global Neo-liberal Capitalistic Practices: A Critical Study on the Prospects for Purposeful Regional Economic Integration in the Southern African Development Community (SADC)

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DECLARATION

I, **Edgar Munyarari Kamusoko** declare that:

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23 August 2019

Candidate: Edgar Munyarari Kamusoko **Date**

Supervisor: Prof Munyaradzi Felix Murove **Date**

DEDICATION

This thesis is dedicated to my father Mr Kenneth Taonangwere Kamusoko, a great man, for his enduring guidance, abundant and never-ending love, prayers, support and encouragement. I will always remember the sacrifices he made and how hard he worked to make sure I receive good education which was meant to give me a firm academic foundation on which this academic achievement was built.

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ABSTRACT

During the Cold War, the world order was bi-polar and largely divided between liberalism and communism. The end of the Cold War saw global neo-liberal capitalism emerging to dominate the world as the only economic system available for development. However, that development is yet to be seen in Africa despite pursuing neo-liberal policies for many years. The failure of neo-liberalism in the Southern African Development Community (SADC) region to stimulate economic development has been attributed partly to the failure by the region to domesticate capitalism. In response to the challenges of neo-liberalism, SADC states went into a regional integration with an overarching objective of eradicating poverty and improving the economic well-being of the people. The regional economic integration has had its own challenges. One of the reasons for the failure of the SADC regional economic integration was because of the absence of regional capitalism to promote intra-regional trade and investment.

Another response by the post-colonial SADC states to global neo-liberal capitalism was the African economic ethic of indigenisation. This was also an effort to address economic inequalities introduced by colonial and apartheid systems. Indigenisation sought to promote fair participation in economic activities by deliberately empowering the majority previously marginalised people. The economic policy of indigenisation was popular and implemented at the national level by most of the SADC states, but at the regional level it seems there was no clear expression of the same policy. The indigenisation policy has been a controversial policy with its own ethical challenges regarding its fairness and consequences. This research attempts to explore ways in which the SADC region can come-up with a purposeful regional economic integration which can help reduce poverty and domesticate capitalism for the greatest benefit to the greatest number of people as argued by utilitarianism. The study also investigates why there was no regional SADC policy on indigenisation if the policy was popular at the national level.

The research used a qualitative analytical case study desk research design which analysed SADC policies and the theories and concepts that inform global-neo-liberal capitalism and regional integration. The research established that, the African economic ethic of indigenisation can be ethically justified from a utilitarianism perspective as it sought to deliver the greatest good to the greatest number of local people. It also came out from the research that the African economic ethic of indigenisation was a response to unethical discriminative colonial and apartheid

practices which were viewed as sources to poverty and economic inequality. The research also observed that the SADC through the Common Agenda of the treaty sought to eradicate poverty and improve the well-being of the people of SADC. These objectives were well aligned to those of the African economic ethic of indigenisation. However, the pressures of global neo-liberal capitalism have seen the SADC region failing to explicitly express the African economic ethic of indigenisation in any of its policies and initiatives. The other reason for the failure by SADC as a region to express indigenisation explicitly in its policies was that the political elite sought to maintain unchallenged authority and unethical benefits from indigenisation in their own countries free of the regional oversight. The research however, found it ethically beneficial for the SADC region to embrace neo-liberalism but at the same time promoting the development of regional capitalism; which I would call 'SADCapitalism'. Developing capitalism in SADC would help domesticate capitalism for the benefit of the majority of the SADC people.

To domesticate capitalism at the regional level, there is a need to come up with a regional integration which promotes regional indigenous entrepreneurs or capitalists. This would be in the form of a regional indigenisation policy which promotes SADC citizens to invest and migrate within the region enjoying preferential treatment ahead of non-SADC citizens. In the rethinking, there is need to redefine the people who should be regarded as regional indigenous people include at least fourth generation descendants of former colonial or apartheid white rulers, Indians and coloureds.

KEY TERMS

Indigenisation, black economic empowerment, affirmative action, global neo-liberal capitalism, poverty, wealth redistribution, domestication of capitalism, regional economic integration.

LIST OF ABBREVIATIONS

ADBG	African Development Bank Group
AEP	African Economic Platform
AMB	African Merchant Bank
ANC	African National Congress
AU	African Union
B-BBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
BIT	Bilateral Investment Treaty
BMF	The Black Management Forum
BRICS	Brazil, Russia, India, China and South Africa
BSAC	British South African Company
CBI	Cross-Border Investment
CEDA	Citizen Entrepreneurial Development Agency
CEMAEF	Citizen Entrepreneur Mortgage Assistance Equity Fund
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of Congo
DTI	Department of Trade and Industry
ECA	United Nations Economic Commission for Africa
ECOWAS	Economic Community of West African States
ECSC	European Coal and Steel Community
EDD	Economic Diversification Drive
EEC	European Economic Community
FDI	Foreign direct investment
FLS	Frontline States
IBDC	Indigenous Business Development Centre
ICA	Industrial Conciliation Act
IDC	Industrial Development Corporation
IEEP	Indigenisation and Economic Empowerment Programme
IMF	International Monetary Fund
LAA	Land Apportionment Act (1930)

LEA	Local Enterprise Authority
MDC	Movement for Democratic Change
MDG	Millennium Development Goal
Metlife	Metropolitan Life
MNC	Multinational Corporations
MTN	Mobile Telephone Networks
NAFTA	North American Free Trade Association
Nail	New African Investments Limited
NATO	North Atlantic Treaty Organisation
NEC	National Empowerment Consortium
NEEC	National Economic Empowerment Council
NEPAD	Partnership for African Development
NGO	Non-Governmental Organisation
NLHA	Native Land Husbandry Act
NPA	Native Purchase Area
OAU	Organisation of African Unity
PPADB	Public Procurement and Asset Disposal Board
PRSP	Poverty Reduction Strategy Paper
RISDP	Regional Indicative Strategic Development Plan
SADC	Southern African Development Community
SADCC	Southern African Development Co-ordination Conference
SBDC	Small Business Development Corporation
SEDCO	Small Enterprise Development Cooperation
SMMES	Small and Medium Micro Enterprises
SWAPO	South West African People's Organisation
TESEF	Transformational Economic and Social Empowerment Framework
UN	United Nations
USA	United States of America
WTO	World Trade Organisation
ZANU (PF)	Zimbabwe African National Union (Patriotic Front)

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CHAPTER ONE: INTRODUCTION AND SCOPE OF THE STUDY

1.0 Background to the Research Problem

During the Cold War the bi-polar world order offered states the option of aligning with the liberal Western world or socialist/communist Eastern world political and economic ideologies for their survival. Those who did not choose either of the two ideological options called themselves non-aligned. However, in Africa, countries needed to be aligned for economic and military support especially those who were engaged and had just emerged from liberation struggles. With the collapse of communism, capitalism has remained the only economic system for the whole world making way for neo-liberalism capitalism as a dominant practice (Thorsen and Lie, 2007). Neo-liberal capitalism is argued to be an efficient economic system with the potential to help post-colonial African countries to develop their economies. The hegemony of neo-liberal capitalism has led to varied responses all over the world. In most cases, the international monetary institutions such as the International Monetary Fund (IMF) and the World Bank have come up with neo-liberal economic policies for poor countries to implement. These policies, among other reasons, have been blamed as the major contributing factors to the deterioration of economic conditions in these poor countries, thus raising ethical questions on the appropriateness of neo-liberal capitalism in Africa and leading to some measures being put in place by these developing countries (Hobden and Jones 2011; Prempeh 2006).

For the post-colonial Southern African Development Community (SADC) states, one response to the effects of global neo-liberal capitalism was an attempt to empower, economically, the majority previously marginalised poor black people by deliberately promoting indigenous capitalists who would domesticate capitalism and help create wealth for the benefit of the local people. This response was executed through policies such as economic indigenisation. Indigenisation seeks to correct economic inequalities inherited by African countries from their colonial past and reduce poverty among the black people (Murove, 2008a; Murove, 2010). Another response to global neo-liberalism was the establishment of the SADC as a collective regional economic development bloc meant, among other issues, to stimulate the growth of regional capitalism which would create wealth for the local people of the region. Both indigenisation and regional integration can be regarded as attempts to domesticate capitalism.

Neo-liberal capitalist practices respect the economic freedom of participants and it is expected that this freedom of individuals in an economy should be exercised and be codified by some legally binding framework. It is also essential in neo-liberal capitalism that all the participants enjoy the same rights and are regarded as equals before the law and in the market (Gray, 1995). However, in practice this freedom and rights are not guaranteed for the weaker economic players. Furthermore, it is critical in neo-liberal capitalism that the government should not interfere with the free economic market system (Thorsen and Lie, 2007:4). Ethical contradictions between neo-liberalism and the policy of indigenisation are evident as SADC countries seek to deliberately protect and promote their poor majority people while neo-liberal capitalism discourages government interference in the market.

The governments of post-colonial SADC states are faced with an ethical dilemma of wanting to conform to the principles of the dominant global neo-liberal capitalism in order to remain acceptable to the global capitalist economy, and the desire to empower their poor majority citizens and position these poor people for meaningful participation in the global neo-liberal capitalist economy.

This research investigates why the SADC region has not managed to come up with a purposeful regional integration and indigenisation amidst the hegemony of global neo-liberal capitalism. It is important to note that the efforts to indigenise will always meet resistance from more powerful players in the neo-liberal global market. This study also sought to examine critically how effective the African economic ethic of indigenisation and regional economic integration are as counter-measures to the hyper-expansion of modern capitalism in the form of global neo-liberal capitalism. The research observed that the current form and practices of the African economic ethic of indigenisation and the western form of global neo-liberal capitalism have ethical problems which make them inappropriate for the majority poor people in the SADC region (Motsuenyane, 1989; Jack and Harris, 2007; Murove, 2010). The study, therefore, calls for the rethinking of the African economic ethic of indigenisation with the aim to finding ethical ways of domesticating capitalism in the SADC (‘SADCapitalism’) in order to bring about more purposeful regional economic integration and economic development that will result in the greatest benefits the greatest number of people in the region. The study will contribute to the growing debate of how to develop capitalism in Africa (‘Africapitalism’) from an ethics perspective.

1.1 Introductory Review of Literature

After the collapse of communism, capitalism has emerged as the dominant economic policy for the whole world. Proponents of capitalism argue that capitalist practices lead to efficient global economic partnerships that can accelerate economic growth and development in Africa leading to the ultimate eradication of poverty (Murove, 2010:1). From that perspective capitalism, driven by the profit motive, has become largely accepted as an appropriate economic system for wealth creation which is necessary for the development of SADC countries. This acceptance has perhaps been leveraged by the hegemony of global neo-liberal capitalism in the world. In neo-liberal capitalism, most African states see an opportunity to alleviate poverty and stimulate economic development (Hobden and Jones, 2011:133-136). However, after many years of engagement with neo-liberal capitalism, most African countries are still faced with the challenge that their economies have failed to develop and have not managed to create the much-needed wealth among the majority of the people who remain poor. From a utilitarian ethics perspective, the appropriateness of capitalism in Africa becomes questionable (Amaeshi and Idemudia, 2015:212).

Despite its dominance, global neo-liberal capitalism has its fair share of criticism. In Africa, some of the concerns are linked to the colonial history of these countries. The early post-colonial African governments regarded neo-liberal capitalism as a system of expropriation by former colonial masters. Alluding to this view, Prempeh (2006:7) argues that global neo-liberal capitalism is an effort towards global economic integration and seems to be making worse the existing inequalities in Africa and the world. He further observes the negative impact on African countries arising from contradictions in capitalism and the continued accumulation of wealth by ‘dispossession’ or ‘appropriation’ which he calls an endemic feature of global neo-liberal capitalism. This understanding, which is also informed by utilitarianism ethics, views neo-liberal capitalism as a global order that lacks morality and seeks to consolidate the survival and prosperity of a few powerful capitalists who continue to dominate and exploit the weaker and poor majority in developing countries, (Mazrui, 1986: 215; Murove, 2010: 52; Hobden and Jones, 2011:133-136).

In the light of the noted challenges of neo-liberal capitalism, several initiatives have been taken to promote neo-liberal capitalism, but some have had negative effects. Such initiatives were by the international monetary institutions such as the International Monetary Fund (IMF) and the World Bank which came up with neo-liberal economic policy measures for poor countries. According to Murove (2008a:86), whose views are also shared by Prempeh (2006:7) and Hobden and Jones (2011:133-136), these policy measures, among other reasons, have been blamed as the major contributing factors to the deterioration of economic conditions in these poor countries, thus raising ethical questions. The consequences of the IMF and World Bank economic prescriptions were an increase in poverty and economic decline in developing African countries.

The failure of African countries to benefit from capitalism has been attributed to the failure to appropriated capitalism in the African context. Amaeshi and Idemudia (2015:212), Mazrui (1990; 245) and Murove (2008a:86) observe that the form of capitalism that was introduced in Africa has not always been aligned to the needs and culture of Africa. They argue that this type of capitalism remains to a large extent informed and driven by agendas set outside the continent and motivated by individual interest rather than collective interests. Collective interests are a distinct feature which characterises African culture. Pursuing collective interests conforms to utilitarianism, which, according to Little (2002:39), is a comprehensive ethical principle by which the greatest amount of happiness for the greatest number of people is an end that should guide the choices and actions of both individuals and governments. To that end, many scholars agree on the need to create African capitalists or to domesticate capitalism in Africa if the region is to realise its potential in the neo-liberal capitalist global economy (Amaeshi and Idemudia, 2015:210).

There is growing scholarly agreement that the African economic ethic of indigenisation is a post-colonial policy that is meant to domesticate capitalism. (Murove, 2010:1; Mazrui, 1990:245; Amaeshi and Idemudia, 2015:212). Indigenisation is understood to mean the same thing as empowerment, affirmative action and 'Africanisation' (Murove, 2010:1). Murove (2010:1) argues further that this idea of domesticating capitalism has given rise to the idea that Africa can realise its economic potential within global neo-liberal capitalism. He regards the process of domestication of capitalism as an indispensable mechanism to bring economic growth and socio-economic and political transformation in post-colonial Africa.

Pandian and Parman (2004:55) define domestication as a process of making other people, places or things serve you. From this understanding, the domestication of capitalism through indigenisation can be understood as meant to ensure that capitalism serves the economic interests of the people of the SADC. This idea of domesticating capitalism was prompted by the need to transform capitalism from being a foreign owned economic system to an economic system that is domestically owned by post-colonial SADC states and their people. Indigenisation was also seen as a way of creating indigenous capitalists and another way of fighting poverty, which is widespread among the indigenous people of post-colonial Africa (Murove, 2010:49).

Murove (2010:7) observes that in post-colonial Africa, indigenisation was regarded as the most effective economic policy for decolonisation. After many years of segregation, "…decolonisation was generally seen as no more than Africanisation, in the sense of putting more Africans into the economic structures inherited from colonial times" (Chinweizu, 1999:777). According to Jack and Harris (2007:5), indigenisation in Africa is linked intrinsically to the liberation struggles for independence against European colonialism by black Africans. They argue that the economies and resources of post-colonial Africa remained under the control of the former colonial masters. The majority, mainly blacks, did not participate meaningfully in the mainstream economic activities and remained poor compared to the whites. The scenario had been created by colonial administration frameworks which were said to have deliberately excluded the black people from participating in the mainstream economic activities of their countries. According to Jack and Harris (2007:5), some of these administration frameworks operated for more than a century in countries like South Africa, Namibia and Zimbabwe. It was argued that there was a need for the black people to have control of their resources in order to attain genuine and total independence. This was to enable the mainly previously marginalised black people to catch up socially and economically with the previously favoured former colonial masters and their descendants. There was the realisation that economically weak indigenous persons would not succeed in a neo-liberal capitalist economic environment in which they cannot compete fairly (Jack and Harris, 2007:5; Murove, 2010:49-50; Jauch, 1998:15).

It is further argued that the neo-liberal capitalist environment in which the poor blacks are expected to operate in has intense competition such that the poor blacks will remain perpetually poor while the minority whites and their descendants continue to benefit from their strong economic standing. Proponents of indigenisation argue that the deliberate policies and measures will help to position the blacks who were impoverished by the discriminative colonial economic policies into a better economic position for meaningfully participation in the global neo-liberal economy (Jauch, 1998:15).

Another argument in favour of indigenisation sees the policies and measures as a way of developing capitalism in the post-colonial African states. In this perspective, it is argued that the real economic development in which the livelihood of the majority people is to be transformed can only be realised when the local or indigenous people themselves own the means of production or means of wealth creation. This perspective positions indigenisation as a counter-measure to the dominance of global neo-liberal capitalism. Post-colonial African states see global neo-liberal capitalism favouring multinational corporations whose international investments benefit their countries of origin and do not develop the local people economically (Prempeh, 2006:7). Furthermore, neo-liberal capitalist practices in their western form are seen as neo-colonial in that they benefit the already economically strong minority former colonial masters or their descendants. Neo-liberal capitalism is thus viewed as a hyper-expansion of modern capitalism which would continue to exploit the economically weak and undermine efforts to improve the economic wellbeing of the black people. Policies and measures such as indigenisation will therefore be seen as countering neo-liberal capitalist practices. In this argument, indigenisation is viewed as a way of protecting the poor black people from an exploitative neo-liberal capitalist economic environment (Hattwick, 2001:93-94). Indigenisation is executed through deliberate government interventions, measures and policies. These interventions, policies and measures are however contrary to the principle ethic which informs neo-liberal capitalism where government interference in economic markets is regarded as unacceptable. In neo-liberal capitalism players in an economy or market are expected to be treated equally without discrimination.

Ethics debates based on utilitarianism argue for economic policies and measures which will deliver the greatest good to the greatest number of people (Gamble, 1981:70). Those in favour of indigenisation find the policies and measures ethical on the grounds that they are aimed at making a greater number of people benefit from their economies. However, while the underlying ethical principles which inform the thinking of proponents of indigenisation appear sound, the actual outcome of the indigenisation efforts has been criticised for benefitting a few individuals who are well positioned and connected politically while the majority people have remained poor and economically marginalised, especially in the neo-liberal global capitalist environment (Mazrui, 1986:215; Murove, 2010:52; Hobden and Jones, 2011:133-136). Furthermore, the idea that the African economic ethic of indigenisation favours a selected social group makes it discriminatory and ethically controversial.

Despite the widespread thinking that indigenisation is essential for domesticating capitalism in Africa, existing debates on the ethical justification of indigenisation have shown that it is the most ethically controversial political and economic policy in the post-colonial SADC states. Indigenisation has been criticised for failing to deliver the expected economic development, socio-economic and political transformation at the national levels and above all, it has failed to alleviate poverty in most of the people. To that end, some of these scholars take the view that indigenisation has been implemented in many Southern African countries without notable success (Claude, 1981; Jack and Harris, 2007; Murove (2010:1). Even with these views against indigenisation, there is acknowledgement that it is in principle an essential policy for domesticating capitalism and this is testified to by how common the policy is in individual SADC countries. This thinking invites the question seeking to know for how long will the descendants of apartheid or colonial settlers continue to be discriminated upon as a way of delivering compensatory justice? The African economic ethic of indigenisation has to be a transitory practice which will make way for better non-discriminatory practices; progressive practices which promote economic inclusiveness which reflects the present social diversity.

The research notes the failure of indigenisation in its current form as it benefited a few. Despite its failed implementation, scholarly debate suggests convergence in the thinking that indigenization is a post-colonial policy that in principle was meant to domesticate capitalism thus offering the greatest benefits to the greatest number of people (Murove, 2010:1; Mazrui, 1990:245; Amaeshi and Idemudia, 2015:212). The research also observes that the principles on which indigenisation was founded conform to the theory of utilitarianism which argues for economic ethics which offer the greatest good to the greatest number of people by addressing historical imbalances. The failed implementation of indigenization therefore calls for a need to rethink the ethic economic with a view to executing it in a way that benefits the greatest number of people as argued by utilitarianism. The challenge of ethically domesticating capitalism in Southern Africa is still topical and still needs to be addressed.

The search for an appropriate policy to help domesticate capitalism in African countries is still ongoing and forms the focus of recent scholarly debates. It seems no solution has been found. This is so, given that poverty is still not eradicated, and the desired economic development and the realisation of African economic potential in the global neo-liberal capitalist economy are yet to be achieved. According to Murove (2010:1), the idea of domesticating capitalism is an indispensable mechanism for economic growth and socio-economic and political transformation in post-colonial Africa. Amaeshi and Idemudia (2015:210) argue for the domestication of capitalism through what they call 'Africapitalism', a new economic philosophy that embodies the private sector's commitment to the economic transformation of Africa through investments that generate both economic prosperity and social wealth for the benefit of the majority.

Regional economic integration has also been seen as a response to the dominance of global neo-liberal capitalism and is considered a gateway to the world economy (Higgott, 2013:9; Hurrell, 1992:123). European countries have attempted to counter neo-liberal global capitalism by forming a purposive economic integration which has resulted in the adoption of a single currency and the abolition of economic restrictions within the region. In the SADC, there is a growing consensus that a regional economic cooperation that is effective must be based on a commonly shared commitment to some form of regional liberal capitalism (Schraeder, 2007:173). There has to be capacity within the region to create and retain wealth within the region.

To date, no meaningful economic benefits have been noted from the SADC regional economic integration effort, though some progress is evident on the political front. However, what has remained clear in this economic integration is the absence of a commonly shared economic policy for the whole of the SADC region. A commonly shared regional economic policy would enable the region to realise its potential in the global neo-liberal capitalist economy for the benefit of the majority poor people. Instead of coming up with a collaborative regional economic approach, most member states believe in individual foreign aid and trade with industrialised countries. This belief has failed to bring the much-needed economic development to those African countries and the region. The approach has left the whole region economically fragmented and vulnerable to these negative effects of global neo-liberal capitalism.

Given the ethical challenges which were observed in domesticating capitalism through indigenisation at the national level in SADC countries, a regional approach to domesticating capitalism could offer a more viable option. If the idea of domesticating capitalism is indispensable, as argued by Murove (2010:1), there is a need to rethink the African economic ethic of indigenisation. Rethinking the principles and implementation of indigenisation will help in developing a unique form of SADC capitalism which will benefit the poor Africans as argued by Bentham (1789) in the utilitarianism theory of ethics.

Notable research has been conducted to find ways of ending poverty in post-colonial African states. Recent debates are focused on the search for an appropriate approach to domesticate capitalism in African countries. This research is motivated by these new debates in the search for a solution to domesticate capitalism ethically for the benefit of the poor African people in the global neo-liberal capitalist economy. Assuming most of the SADC countries have accepted the policy of indigenisation as a way of promoting domestic capitalism, this research seeks to determine why these countries have not taken up the policy of indigenisation to the regional level. It would appear that there has not been adequate scholarly work or literature explaining why SADC countries have not come up which a purposeful come regional approach to indigenisation and a solution to domesticate capitalism in the region. This study revisits the idea of indigenisation and regional economic integration with a view to proposing the way forward and stimulating further debate on ways of coming up with a purposeful regional integration in the SADC that addresses the pertinent issues of poverty among the black people. In the face of global neo-liberal capitalism, a purposeful regional integration in this research is taken to be one that emphasises creating domestic (regional) capitalists as a way of creating a common regional economy for the benefit of the majority people of the SADC.

Acknowledging the hegemony of neo-liberal capitalism and the need to address the ethical principle of equality of economic players, this research has attempted to come-up with a regional approach that incubates indigenous capitalists in the SADC region, thus developing indigenous capitalists who can compete effectively in promoting SADC capitalism, to be known as 'SADCapitalism'. Indigenous capitalists at the SADC regional level would enable the region to realise its potential in the neo-liberal global economy. This study is expected to contribute to knowledge by examining critically the contentious issues of indigenisation and neo-liberal capitalism in SADC from an ethics perspective in order to determine a morally appropriate approach for the region to domesticate capitalism. This study will also contribute to the growing debate of how to develop capitalism in Africa, 'Africapitalism'.

1.2 Key Research Question

If SADC member states have recognised the policy of indigenisation as an indispensable policy for domesticating capitalism and reducing poverty among the black people, this study asks why has the region not come up with a purposefully co-ordinated and ethical regional economic policy for the benefit of the poor black people in the SADC region.

1.3 Research Sub-Questions

1. How did the African economic ethic of indigenisation originate and evolve among the SADC member states' socio-economic policies?

2. To what extent does indigenisation find expression in SADC policies for regional integration?

3. What are the ethical and moral imperatives for indigenisation of the regional integration policy in SADC?

1.4 Research Objectives

1. To investigate the origins of the African economic ethic of indigenisation and how it evolved among the SADC member states' socio-economic policies.

2. To establish the extent to which indigenisation finds expression in SADC policies for regional economic integration.

3. To determine the ethical and moral imperatives for Indigenisation of the regional economic integration policy in SADC.

1.5 Theoretical Frameworks upon which the Research Project was Constructed

This research was largely informed by the four theories namely, the theory of utilitarianism, the theory of global neo-liberal capitalism, regionalism and the theory of evolutionary economics.

Neo-liberal global capitalism theory says states should liberalise their economies and allow the market forces to regulate the behaviour of the market. States should not interfere with the market. It is used to explain how the global economic efficiency is improved through the global practice of neo-liberal capitalism. Global neo-liberal capitalism theory is also used to explain why states should co-operate for collective benefits (Doyle 1997:207). The world trends have been more persuasive for states to cooperate as the challenges being brought up by globalisation are such that states cannot deal effectively with these challenges individually.

Hurrell (1992:123) notes that regional economic integration theory is used to explain how countries can achieve collective benefits for member states by maximising economic welfare, increasing production efficiency through comparative advantages and accessing markets. Higgott (2013:9) and Hurrell (1992:123) concur with Best and Christiansen (2011:429), as they all argue that regionalism is a response to the challenges of globalization. It provides a collective gateway to the global neo-liberal capitalist economy where a regional unit can participate with a set of policies which guide how it relates with the rest of the world in its best interest. Few states have enough national resources to meet their economic aspirations on their own hence the need for regionalism (Mandel, 2002:5; Williams, 2010:78; Tisdell, 2004:2; Auerbach, 2007:30).

Indigenisation is used to explain the behaviour of independent African states, especially in SADC, as they seek the greater participation of their previous marginalised people in the mainstream economic activities of their countries. Most post-colonial African states have been pursuing indigenisation as a strategy for redistributing wealth to match the racial demographic distribution of their countries and to stimulate economic development. Indigenisation has been understood to mean the same thing as empowerment, affirmative action and Africanisation. These economic growth and development strategies are viewed by most post-colonial African countries as aimed at enabling broader participation of African people in the economy and countering neo-liberal capitalist domination in the global system. Indigenisation has also been used to explain the idea of domesticating capitalism for the benefit of the local people as colonialism had failed to promote capitalism in Africa (Mazrui, 1986:215; Murove, 2010:52).

The present hegemonic dominance of neo-liberal capitalism as the only global economic model does not automatically qualify it as the permanent and most appropriate regional economic policy option for the SADC. Mazrui (1986:215) and Murove (2010:52) have questioned the morality of global neo-liberalism as an economic system in poor African economies. Similarly, Veblen (1898) also argued that there is no universal human nature, suggesting that even with its global popularity; neo-liberalism does not automatically qualify as an appropriate and permanent economic policy for the SADC. In the recent debate on 'Africapitalism', Amaeshi and Idemudia (2015:212) suggested that in domesticating capitalism in Africa, a balance between differentiation and conformity leads to better outcomes. Here the need to come-up with capitalism that is appropriate in the African context is clear.

The theory of evolutionary economics, as alluded to by Polanyi (1944:41-44) and Nelson and Winter (1982:5-10), maintains that the economic society is not constant but is in a state of change. From the same perspective, Karl Marx, (1973) argued that because of the changes in society, superior economic systems would be adopted to replace inferior ones. Some inferior economic systems have internal contradictions and unethical practices which make it difficult for them to survive for a long time in a changing economic society (Hobden and Jones, 2011:133-136). The theory of evolutionary economics argues that as the ethical inadequacies of neo-liberalism or indigenisation continue to emerge, a superior economic approach will prevail.

As coined by Thorstein Veblen, (1898), the evolutionary economics theory observes the need to consider the historical and cultural variations of societies in coming up with appropriate economic systems. The, appropriateness of neo-liberal capitalist practices or indigenisation in

Africa, especially the SADC, needs to be assessed considering the historical, socio-political, cultural variances of the region, and, most importantly, the ethical issues arising from them.

The applied ethics is used to analyse controversial ethical issues. Indigenisation and global neo-liberal capitalism are distinctly contentious moral issues in the sense that there are significant groups of people both for and against them and can best be critically examined using applied ethics. Unfortunately, there are possibly hundreds of competing normative ethics principles from which to choose, many of which yield conflicting conclusions. Hence, the deadlock in normative ethics between disagreeing theories discourages the use of one decisive method in determining the morality of a given issue. The usual solution in this stalemate is to use several normative principles on a specific issue and determine which side offers convincing evidence which carries more weight than the other (Beauchamp 2003:1; Desjardins and McCall 2014:338; Humphrey 2010:47).

Principles of normative ethics which should be used, as called for in the applied ethics, must be accepted as creditable by people on both sides of the controversial applied ethical issue. To arrive at the best decision as regards the morality of indigenisation and neo-liberal capitalism as economic policy options for SADC, normative principles derived from both consequentialist and duty-based ethics have been used as required by applied ethics. The main normative ethics principles for the analysis were based on Jeremy Bentham's utilitarianism (Bentham, 1789). This was useful in examining critically the extent to which indigenisation finds expression in SADC policies for regional economic integration and determining the ethical and moral imperatives for Indigenisation of the regional economic integration policy in SADC. In this normative ethical principle, the economic policy option for domesticating capitalism should deliver the best benefits to the greatest number of people (Facione 1991:41; Furrow 2005:45). As a way of providing for the domestication of capitalism, moral relativism was applied in considering the ethical conflicts that might arise in applying western capitalism in its original form to SADC states. Moral relativism challenges the universality of moral codes and argues that cultural and historical considerations must be made. This perspective from relativism in ethics resonates well with the theory of evolutionary economics in determining the best way to domesticate capitalism (Wong, 2000:442).

This research was therefore used regionalism, global neo-liberal capitalism, evolutionary economics and utilitarianism in critically examining the regional economic policy options for a purposeful SADC regional economic integration.

1.6 Research Methodology

The research used a qualitative analytical case study research design that focused on the study of the SADC region’s policy approach towards indigenisation and global neo-liberal capitalism. It therefore took the form of a policy case study, and a desk-based approach was used. As a tool of analysis, the research was guided through out by the philosophy of logic in its arguments. In the philosophy of logic, the process of the analysis of an issue is required to have, validity and soundness of arguments. There is need to emphasises on these important elements in order to make sound, acceptable and informed academic conclusions. As Stephen Read (1995) argued, validity is a first requirement of the philosophy of logic in arguments and is achieved when the relationship between the reasons and premises of the argument and the conclusions is such that if the premises are valid there is no way the conclusion can be invalid. The second requirement of the philosophy of logic in arguments is that of soundness. First for soundness to be achieved there must be validity and secondly, the premises, reasons and propositions on which the arguments are base must be true (Read, 1995:35-36). This philosophy of logic in the arguments was pursued throughout the analysis in this research.

Informed by the fact that all SADC member states have policies on indigenisation as a way of domesticating capitalism, the research then assumed that indigenisation is viewed as an essential way for domesticating capitalism in SADC. The study thus sought to determine why against this view the SADC region had not come up with a purposefully co-ordinated ethical regional economic policy informed by utilitarianism in ethics to domesticate capitalism for the benefit of the majority. The study attempted to determine the origins of indigenisation and how it evolved in SADC. The research also sought to determine the extent to which the idea of indigenisation has been expressed in SADC as a central policy for domesticating capitalism. Also important in the study was to determine the ethical and moral imperatives for Indigenisation of the regional economic integration policy in SADC.

In determining the origins and evolution of the idea of indigenisation, historical literature on the SADC member states' socio-political and economic history was the major source of data. A sample of five countries with indigenisation policies, Botswana, South Africa, Zimbabwe, Namibia and Tanzania, had their constitutions, general statutes socio-political and economic policies analysed to determine the origins of indigenisation and how it has evolved over the years. It is hoped that by taking five countries of diverse historical backgrounds out of fifteen members of SADC a purposive sample of thirty percent was achieved thus forming a representative sample to provide credible data for analysis. Emphasis was put on analysing the economic development policy documents and how they related to the global political and economic dynamics as well as the local socio-political and economic environment that prevailed at the time the policies were put in place in these selected countries. Furthermore, the creation of the SADC and its evolution was also analysed to determine how the regional integration initiative and policies were informed by the capitalistic global economic dynamics and individual member states' historical, socio-political and economic persuasion. A clear historical understanding of the origins and evolution of the idea of indigenisation was developed for a well-grounded and informed analysis of indigenisation in the SADC. By a careful interpretive analysis of evidence new knowledge can be created (Babbie 2002: 16)

To determine the extent of expression of indigenisation in the SADC policies for regional economic integration, the research focused on analysing the SADC treaty and selected protocols and strategies as secondary data. Of specific interest was the Regional Indicative Strategic Development Plan (RISDP), as revised in 2015. The RISDP was appropriate for the study since it expresses the plan for SADC regional economic integration. It was the assumption of the research that the RISDP provides information on how the region intends to operate in the global neo-liberal capitalist economy. The research also assumed that the RISDP gives insights into how purposeful the regional integration can be modelled to address the global, regional and national socio-political and economic dynamics especially on issues of domesticating capitalism in SADC. The research also examined the following SADC protocols which are regarded as related to regional economic integration to establish the extent to which indigenisation finds expression in the region (SADC, (2015d):

1. Protocol on finance and investment.

2. Protocol to facilitated movement of persons.

3. Protocol on energy.

4. Protocol on mining.

5. Protocol on science, technology and innovation.

6. Protocol on trade.

7. Protocol on trade services.

The determination of ethical and moral imperatives for Indigenisation of the regional economic integration policy in SADC was guided by applied ethics principles. Essential among the principles is the utilitarian principle which argues that any act, rule or policy is regarded as ethical if it leads to the greatest good for the greatest number of people. The research analysed how the policy of indigenisation had been implemented in the selected five countries. Critical in the analysis was to determine whether or not the policy brought the best benefits to the greatest number of people. Literature from scholars who criticise the ethics of indigenisation was analysed to determine which ethical issues needed consideration for the SADC region in coming up with a regional approach to indigenisation. Furthermore, literature which argues in support of indigenisation was analysed to determine how the views of the scholars can be incorporated in coming up with an ethical regional approach on indigenisation for SADC. The implementation history of indigenisation in the selected countries was studied with a view to finding out if there were ethical imperatives which could be of relevance at the regional level. The regional history, socio-political and economic interests, values, aspirations and principles were analysed from the SADC treaty and the RISDP to determine how a regional policy on indigenisation could assist in securing these interests in the global neo-liberal capitalist economy (SADC, 2017b). From the study of these documents, the ethical and moral imperatives for indigenisation of the regional economic integration policy in SADC were determined.

1.7 Problems and Limitations in the Scope of Study

The study of the African economic ethic of indigenisation was restricted to the SADC and not the whole of Africa or other parts of the world where indigenisation has been pursued. The issue of indigenisation was approached with the explicit bias towards a purposeful regional economic integration as a way of domesticating capitalism in the SADC region.

1.8 Outline of the Thesis

Chapter One: Introduction to the Study. This is an introductory chapter which introduces the study and gives the background which informed and motivated the study.

Chapter Two: The Origins of the African Economic Ethic of Indigenisation. This chapter is a historical chapter which seeks to develop an in-depth understanding of how the African economic ethic of indigenisation originated and evolved from an ethical perspective.

Chapter Three: Regional Economic Integration and the African Economic Ethic of Indigenisation. This chapter investigates the theoretical, conceptual and historical relationship between regional integration and the African economic ethic of indigenisation from an applied ethics perspective.

Chapter Four: The Ethics of Welfare Economics and the Africa Economic Ethic of Indigenisation for SADC. This chapter discusses the theoretical underpinnings of welfare economics as a way of developing an understanding of the ethical requirements in coming up with economic policies. The concepts of utility and utilitarianism are explored as they relate to welfare economics.

Chapter Five: Global Neo-liberal Capitalist Practices and the African Economic Ethic of Indigenisation. This chapter reviews literature on the ethics and effects of global neo-liberal capitalist practices and on the effectiveness of indigenisation as a policy for domesticating capitalism in the SADC region.

Chapter Six: Global Neo-liberal Capitalist Practices and Regional Integration in Africa. This chapter investigates the theoretical and historical relationship between regional economic integration and global neo-liberal capitalism from an applied ethics perspective.

Chapter Seven: The African Economic Ethic of Indigenisation in SADC Countries. This chapter analyses and compares the implementation of indigenisation in selected SADC countries from an ethics point of view.

Chapter Eight: Indigenisation in SADC: Determination of a Regional Expression. This chapter investigates any ethical, historical and theoretical relationships between indigenisation and regional economic integration in SADC. It seeks to determine the extent to which indigenisation finds expression in SADC and why the region has not succeeded in creating a common regional economic policy on indigenisation. `

Chapter Nine: Rethinking the African Economic Ethic of Indigenisation in SADC. This chapter focuses on determining the ethical and moral imperatives for indigenisation of the regional economic integration policy in SADC. The chapter suggests an ethical approach to the concept of indigenisation as a way of domesticating capitalism in the SADC.

Chapter Ten: General Conclusions and Ethical Recommendations of the Study. The conclusion chapter sums up the research and presents the findings. The chapter briefly highlights the essential ethical issues that can be considered in developing and domesticating capitalism in SADC for purposeful regional economic integration.

CHAPTER TWO: THE ORIGINS OF THE AFRICAN ECONOMIC ETHIC OF INDIGENISATION

2.0 Introduction

Calls for indigenisation by most post-colonial SADC states originated from the realisation of the need to correct the socio-economic inequalities created by systematic discrimination and marginalisation of the poor black people during colonial rule. Indigenisation policies seek to create an environment which promotes greater participation by black people in the mainstream economic activities. They are taken as an effort to reverse the effects of deliberate colonial policies and strategies which suppressed indigenous African capitalists and entrepreneurs. Calls for correcting these socio-economic imbalances came after it was observed that the black people would remain perpetually poor if left to compete in the neo-liberal capitalist economies (Jack and Harris, 2007:5; Motsuenyane, 1989:4; Nicholas, 1994:95; Phimister, 1990:76).

In SADC states, socio-economic challenges linked to poverty among the black people is viewed as a derivative of the colonial past of the region. The understanding of the post-colonial political and socio-economic dynamics in the region therefore cannot be complete without a clear historical background of the colonial ethics and practices which shaped the present socio-economic situation in the region. Currently, all SADC states are characterised by poor blacks and rich minority whites. A clear understanding of the sources of the prevailing economic challenges would help inform an analysis of the appropriateness of the neo-liberal economic approach and indigenisation policies in addressing poverty. Of critical concern is the absence of indigenous African capitalists and entrepreneurs. This chapter therefore is aimed at addressing the research question of how the African economic ethic of indigenisation originated. The question of how indigenisation evolved or was implemented in the SADC member states' socio-economic policies will be dealt with in chapter seven.

Scholars such as Motsuenyane, (1989:4), Nicholas, (1994:95), and Phimister, (1990:76) agree that colonial governments in Africa pursued economic interests of their Western masters and had little regard for the socio-economic concerns of the black people. Colonial policies by these governments were used for the expropriation of the local people. (Motsuenyane, 1989:4; Nicholas, 1994:95; Phimister, 1990:76). The pain of experiencing such discriminative practices led to liberation wars for independence. Attainment of political independence through democratic majority rule was later seen only as the first step towards total liberation. Economically, the black majority had a minority stake and hence the calls for economic liberation by post-colonial governments. The policies of the colonial states had created an unfavourable economic environment for the black people who to date have remained poor and marginalised from mainstream economic activities. Deliberate discriminative and systematic policies of colonial governments have been heavily entrenched so that political independence alone has not been enough to deliver economic liberation and prosperity to black people. At independence, the majority people attained political power but exactly the opposite was true with economic power. It remained in the hands of the minority whites. The democratic principle of majority rule did not apply in economic matters, bringing about a contradiction that sought deliberate policies to dismantle the fortified colonial structures which were meant for black disempowerment.

The colonial economic inequalities still haunt the post-colonial SADC states with no solution in sight as poverty continues to be one of the major socio-economic challenges. Extensive debate has taken place in trying to find a solution to poverty. Indigenisation is one policy that many states in the SADC believe would address the challenges of poverty, but to date this policy is still to deliver the desired results. Understanding the challenges being faced in implementing indigenisation policies can help in rethinking and redirecting the policy towards the right target. In trying to deal with the current socio-economic inequalities, there is need to understand the historical background that led to calls for indigenisation clearly.

This chapter delves into the origins of the economic inequalities between whites, blacks and Indians in SADC states. It argues that the colonial injustices justified the calls for the African economic ethic of indigenisation or black economic empowerment. During the colonial era an environment was created for promoting social inequality in favour of the minority whites. This later led to the calls for indigenisation by the independent SADC states. It is essential in this study to understand the historical background leading to calls for indigenisation because past injustices are often used to justify the African economic ethic of indigenisation. The first section of this chapter introduces the concept of indigenisation as it is generally understood and the reasons why it was introduced in independent African states. The second, third and fourth sections are an analysis of how black African capitalists were systematically discriminated upon in South Africa, Zimbabwe and Namibia respectively. Before concluding the chapter, a section is dedicated to analysing ethical issues relating to the colonial discrimination of black Afriacn capitalists. The last section also identifies and clearly outlines the objectives of indigenisation in SADC countries to enable a critical analysis in subsequent chapters on the appropriateness of the African economic indigenisation as a way of promoting domestic capitalism in the region.

2.1 A Synoptic Background to Economic Indigenisation

The African economic ethic of indigenisation is understood to share the same fundamental precepts and is regarded as the same thing as some economic and social approaches such as 'Africanisation', 'Nationalisation', 'Affirmative action' and 'empowerment' (Murove, 2010:1). In the broad sense, indigenisation is not unique to Africa. Similar practices with similar or identical spirit and intentions have been observed the world over even though different terms are used. Indigenisation has also been described by such terms as positive discrimination and was observed in Canada where it is called employment equity, in India and Napal where it is called reservation, in the United Kingdom where it is called positive action, and in Malaysia and Sri Lanka where it is called affirmative action (Jauch, 1998:1-12). In the United States of America, the term 'affirmative action', which is essentially the same as indigenisation, was used for the first time in the Executive Order Number 10925 which was signed by President John F Kennedy of the USA in March 1961.

In Africa, indigenisation seeks to correct economic imbalances inherited by African countries from their colonial past. It also seeks to enable greater control and ownership of resources and broader economic participation by the previously marginalised black African people in their national economies. This was after the realisation that in the post-colonial African states high levels of poverty were common. These levels of poverty were attributed to the systematic marginalisation and discrimination of the black people in favour of the minority whites. The attainment of political independence in the form of majority rule did not bring wealth to the black people. Instead, on the economic front the opposite was true with the minority whites controlling a far larger share of the economy. Black entrepreneurs or African capitalists were very limited compared to their white counterparts and the ratios did not match the racial proportions of blacks and whites in the population (Mazrui, 1986:215; Murove, 2010: 52; Hobden and Jones, 2011:133-136).

Indigenisation was introduced in almost all SADC countries as a deliberate policy to correct the socio-economic inequalities which were introduced by deliberate colonial policies, laws and strategies. Indigenisation was by implication designed to promote indigenous entrepreneurs and develop African capitalists who could help in the development of the African economies. Without deliberate measures, the emergence of African capitalist players of repute in the economies was near impossible because of unfair colonial policies, strategies and laws. To that end, in his address at Howard University on 04 June 1965 but referring to similar previous discrimination in the United States of America, the then President Johnson, of the USA justified the thinking that informed 'affirmative action' which still makes sense even in the African context:

> Imagine a 100 yard dash in which one of the two runners has his legs shackled together. He has progressed 10 yards, while the unshackled runner has gone 50 yards. How do they rectify the situation? Do they merely remove the shackles and allow the race to proceed? Then they could say that 'equal opportunity now prevailed.' But one of the runners would still be 40 yards ahead of the other. Would it not be the better part of justice to allow the previously shackled runner to make up the 40 yards gap, or to start the race all over again? That would be affirmative action towards equality (Weiner, 1993:9).

Similar, to Johnson's explanation, indigenisation can be viewed simply as an ethic of favouring members of a group who suffered some disadvantages as a result of past discrimination or injustice. The different styles of discrimination which were used in the colonial past as well as areas in which discrimination was done gives rise to many equally diverse responses aimed at correcting past injustices. These different responses have further led to different indigenisation policies which emphasise and focus on defined areas and issues. For most of the SADC countries, past discrimination in areas such as participation in mainstream economic activities, education and employment are common. Though there is diversity in the areas of past discrimination and injustice, what is common in the approaches to indigenisation is the desire to eliminate disadvantages which were introduced by previous discrimination or injustice and introduce a new environment that offers equal future opportunities.

Post-colonial states argue that indigenisation helps in the compensation for past discrimination, exploitation, or persecution and even addresses existing policy differentials and allows equal opportunities for all. Indigenisation has been regarded as invidious by some critics who argue that it is unjust, unfair and racially divisive, and that it destroys the self-esteem and self-respect of the intended beneficiaries (Boxill and Boxill, 2003: 118).

Boxill and Boxill (2003:118) observed further that arguments in support of indigenisation have either a forward- or backward-looking approach. Forward looking arguments for indigenisation justify the policy on the anticipated future benefits where the present poor majority would be better off in the future, while the backward-looking arguments defend indigenisation or affirmative action on the basis of its ability to compensate those who were affected by the past harmful social, political and economic injustices. Earlier arguments were based on the backward-looking perspective as the intended beneficiaries had strong and credible claims for restitution or compensation for undesirable historical miscarriages of justice. Recent debates however have become increasingly forward looking as the arguments for expected future benefits of such policies are becoming more and more attractive, relevant and compelling with no ugly accusations which refer to past discrimination or injustice. The futuristic arguments are viewed as more pluralistic and are more appealing as they present diversity, a fashionable essential element of modern liberal society which is inextricable from the neo-liberal capitalist global economy (Boxill and Boxill, 2003:118).

Backward looking arguments lose credibility on account of their potential to reopen old wounds which further promote divisions. Such arguments tend to pursue compensatory justice as a high priority issue. Justice is regarded as not only the first virtue of ethics in society, but it is perceived as such by most members of society (Boxill and Boxill, 2003:118). Therefore, the backward-looking arguments in support of indigenisation still have relevance from a compensatory justice ethics perspective. The post-colonial SADC states, from inception, faced challenges of poverty and this was attributed to the discriminative colonial policies and strategies which restricted the participation of the black people in the mainstream economic activities. This backward-looking argument has been used to justify indigenisation as a policy for compensating the previously marginalised black people. The African states also argue that through indigenisation they will be able to create domestic or indigenous capitalists who will in future help reduce poverty among the black people (Jack and Harris, 2007:5; Jauch, 1998:15). This argument takes a forward-looking approach in support of indigenisation.

This study therefore applied both backward- and forward-looking arguments in analysing the African economic ethic of indigenisation. These ethical debates are discussed in more detail later in this chapter. To make a well-grounded backward-looking analysis it is essential to have a clear understanding of the historical underpinnings from which the current calls for indigenisation were founded on as a way of domesticating capitalism by creating indigenous capitalists in SADC countries.

2.2 African Capitalism and Entrepreneurship in Colonial and Apartheid South Africa

Motsuenyane (1989) in his lecture on ‘The Development of black Entrepreneurship in South Africa’ at the Nigerian Institute of International Affairs summed up clearly how the colonial and apartheid policies were designed to regulate the participation of black South Africans in the capitalist economy. He noted that from around the turn of the nineteenth century, South Africa made enormous strides towards becoming the industrial and commercial giant that it has become. During these past years:

> The role of the Blackman was largely that of an unskilled labourer in the urban areas, and a peasant on the land engaged mainly in subsistence farming. The Blackman was seen by the Whites more as a worker rather than a person having the qualities of becoming a successful entrepreneur. He was also hamstrung by severely restrictive laws, regulations and policies which made it impossible for him to participate fully and freely in the country’s economy. Under such conditions of repression and lack of freedom it was almost impossible to cultivate a spirit of true entrepreneurship in the black community (Motsuenyane, 1989:4).

The remarks by Motsuenyane were echoed by Jack and Harris (2007:5) as they all demonstrated that during the colonial and Apartheid era, the black people of South Africa were regarded as unqualified to participate in the South African economy. They were systematically relegated to inferior economic bystanders as capitalism created wealth for the chosen class of white people. They were reduced to mere workers and peasants and made to maintain such levels of poverty that guaranteed a sustained supply of cheap labour for the emerging industries. Laws were put in place to secure this perception of black people and to protect the white colonial masters from business competition by the black people. Training in critical skills that promoted or enabled wealth creation was not allowed for blacks. It was an area preserved for whites. Undoubtedly, the colonial past of South Africa suppressed the emergence of black entrepreneurs or participants in the capitalist economy intentionally. This was to protect the whites from blacks who had the potential to compete equally against whites. Blacks were capable of presenting serious competition as Motsuenyane (1989:4) observed in the cases where land was available to blacks with no restrictions, and black farmers in certain areas outperformed their white counterparts in agriculture, especially in Eastern Cape and Natal provinces. The recognition of such potential led to the first discriminatory laws in the South African farming history. Such laws were introduced in the Natal and Cape provinces at the turn of the 19th century to protect white farmers against market competition from black farmers.

The spirit of restricting black people from participating in the economy gained momentum after the formation of the Union of South Africa in 1910, and this trend continued with unshaken commitment into the 1970s. In the meantime, blacks were restricted to peripheral businesses of low value such as dealing in tailoring, carpentry, motor mechanics workshops, small restaurants, taxis, buses, selling of homemade drinks, funeral parlours and entertainment. Most of these businesses were systematically aligned to operate within the consumer market of poor fellow blacks. Some of the most notable laws which were passed by the apartheid government with specific intentions to restrict economic prosperity of blacks in the period 1910 to 1975 are summarized below (Motsuenyane, 1989:6):

1. **The Master and Servant Act (1911)**. This act prescribed the almost slavish conditions black people were to be employed under by whites.

2. **The Mines and Works Act (1911)**. Blacks were not allowed by this act to engage in certain semi-skilled or skilled jobs on the mines. Such jobs were the preserve of Whites.

3. **The Native land Act (1913)**. This Act restricted land ownership by black people to 10.9 percent of the total land area in South Africa. This was later amended in 1936 as Act Number 18 which increased the percentage of land that could be owned by blacks marginally to 13 percent.

4. **The Natives Urban Areas Act (amended in 1945).** The natives urban areas act entrenched social and residential segregation; pass laws were introduced as well as the controversial influx control system. The influx control system restricted freedom of movement by black people. Blacks were regarded as temporary urban residents who at some point in the future were to revert to their rural areas.

5. **Regulations Governing the Black Businesses in Urban Areas (1962).** The regulations governing the black businesses in the urban areas had the most and far reaching negative effects on the expansion of black businesses. No black business was allowed to operate if it did not cater for the basic necessities of life in townships meant for blacks. Businesses in partnership banks, the service industry, and wholesale enterprises were not allowed to be operated by blacks. A list was given of 25 types of businesses in which licences could be issued to blacks operating businesses in the urban areas (Jack and Harris, 2007:5). Worst of all, the informal business sector was totally banned.

6. **The Group Areas Act (1956).** With the group areas act, racial groups had prescribed areas for their business operations and residences. White people were not to trade or reside in areas demarcated for blacks and vice versa. However, white owned financial institutions were exempted from these requirements of the Act.

By the mid-1970s, experts could identify more than 500 regulations and laws which in some way were an impediment to the idea of the black community participating in South Africa's so claimed liberal capitalist economy (Motsuenyane, 1989:4). The colonial South African government purported to be espousing a liberal capitalist economy pursuing the free market enterprise ethic. However, there was a clear variance between the free market enterprise they claimed to pursue and activities in the economy. This misalignment of ideological claims and the actual economic activities on the ground made blacks, especially the youth, develop a negative attitude towards capitalism. They perceived capitalism as one and the same ideology as apartheid, a policy which exploited blacks while promoting white dominance and supremacy. As a result, at some point before the end of the cold war, loud voices denounced capitalism and supported socialism which was viewed as the better and only alternative to the exploitative capitalist system of apartheid (Motsuenyane, 1989:7; Jack and Harris, 2007:6).

It is beyond question that in the early stages of the establishment of the existing capitalist economy in South Africa the creation and development of black capitalism in South Africa was systematically suppressed. The participation of blacks in the mainstream South African economic activities was very restricted.

While there were those numerous restrictive laws and regulations, there is agreement among scholars that as the pressure against apartheid continued to be mounted, notable concessions were made by the government. Some positive developments were noted which sought to promote black entrepreneurship especially after the 1970s as the international pressure was mounting and the war against apartheid intensified. The earliest efforts in that positive spirit were noted in the formation of the Bantu Investment Corporation in 1959. The Corporation undertook to finance black businesses. Sadly, the businesses were restricted to black homeland areas. They trained blacks in business skills. Unfortunately, more noticeable positive developments towards promoting black capitalism only came up after the 1976 students' revolution in Soweto. To that end, the following were some of the positive developments:

1. The granting of property and ownership rights to urban blacks (1978).
2. The acceptance of right of blacks to Trade Unionism (1956).
3. Amendment of regulations which limited black traders to only 26 types of businesses (1975-1978).
4. The establishment of the Small Business Development Corporation (1980).
5. The right for blacks to engage in service industries was granted (1979).

(Motsuenyane, 1989:9-10)

Although there were these positive concessions from the South African government, most of which came towards the end of apartheid, great damage had been done to suppress the development of black capitalists in South Africa as such oppressive frameworks remained in place for close to a century. The resultant effect was that the participation of whites in the South African economy became deeper and wider than their black counterparts. This was at variance with the demographic distribution of the two races.

Jauch (1998: 6) argued that against the background a long period of discrimination, the guarantee of equal rights alone would not lead to fundamental change. He further argued that meaningful change and "substantive equality of opportunity will remain a myth unless active steps are taken to redress existing social and economic inequalities". Informed by duty ethics, Jauch (1998:16) argued that given the background of systematic discrimination and dispossession of black people "the state has a duty to repair the damage." President Johnson of the United States made similar observations in an eloquent speech to the at Howard University in 1965 as he framed the concept underlying affirmative action, asserting that civil rights laws alone were not enough to remedy discrimination:

> You do not wipe away the scars of centuries by saying: 'now, you are free to go where you want, do as you desire, and choose the leaders you please.' You do not take a man who for years has been hobbled by chains, liberate him, bring him to the starting line of a race, saying, 'you are free to compete with all the others,' and still justly believe you have been completely fair . . . This is the next and more profound stage of the battle for civil rights. We seek not just freedom but opportunity – not just legal equity but human ability – not just equality as a right and a theory, but equality as a fact and as a result (Weiner, 1993:9).

To correct the imbalances created by the administrative framework of colonial and apartheid South Africa, the independent South Africa, over and above an elaborate legal framework, came up with the Black Economic Empowerment (BEE) policy. Jack and Harris (2007:15) justify BEE, a drive towards economic equality, on the basis of three imperatives:

1. A moral or ethical issue – to correct the imbalance created by apartheid.

2. The social issue – the wealth divide is known to be a problem in capitalist societies.

3. The economic growth – to engage more South Africans in the growth of the economy and reduce unemployment.

It was from the fundamental perspective discussed above that the post-apartheid drive for indigenisation was precast and delivered for execution. Similar historical developments albeit with notable variations in style and focus were observed in Zimbabwe leading to the call of the contentious indigenisation programme in Zimbabwe.

2.3 Causes of Zimbabwe's Indigenisation Agenda: The Historical Perspective

Raftopoulos and Moyo (1994:10) observed a rather contradicting and peculiar economic approach in Zimbabwe where in the face of growing regional economic integration and the international drive towards a global market through neo-liberal capitalism Zimbabwe showed an unusual move towards economic liberalisation but at the same time pursued policies of nationalism. In this context Raftopoulos and Moyo's (1994:1) nationalism implies the policy of indigenisation. They observed that at the turn of the 1990s Zimbabwe faced increasing demands for economic indigenisation. New Africa (2013:np) claimed that the pressure for indigenisation was due to Zimbabwe's legacy of racially distorted economic policies and control. To explain this peculiar and uncharacteristic behaviour of the Zimbabwean government, one needs to be grounded clearly with a good grasp of the legacy of racially distorted economic policy as observed by Raftopoulos and Moyo (1994:10). A historical understanding of issues motivating and informing the indigenisation policy in Zimbabwe becomes imperative. Nicholas (1994:95) recognised the role of policies made by both colonial and independent governments in the development of a national bourgeoisie. She claimed that the pre-independent Rhodesia was a good example of a case where the government succeeded systematically in creating a "national, albeit settler, bourgeoisie" on a racist framework that operated from as far back as the 19th century.

Initially, in the early 1890s the British South African Company (BSAC) which belonged to white colonial rulers was interested only in the exploitation of Rhodesian soils for minerals which they regarded as the second Rand. At this stage the whites relied on the local population for the supply of food for the themselves and their mine workers needed. In these early days the growing population of native African peasants was not regarded as a threat to their business interests hence the whites found it more profitable to buy and trade in food commodities produced by black Africans than to be involved in agriculture themselves. However, an early stoppage to the development of African artisans was implemented at the earliest signs of its start. The white artisans, who were coming to help build the new British colony, petitioned for the exclusion of blacks from their trades. They argued that competition from the black artisans would discourage new immigrants from Europe who were wanted by the BSAC. Already discrimination began to be practiced in the early stages of settlement. Black Africans who wanted to enter commerce were restricted severely in order to protect the interests of the whites in that sector (Thornton, 1978: np).

Phimister (1990:76) noted that there were major moves by whites to marginalise black entrepreneurship. He observed that around the time of the First World War, the whites conceded that there were no extensive deposits of gold in Rhodesia and those who decided to stay moved into agriculture to support themselves. Their approach in the agriculture area was later to be a key issue of contention after Zimbabwe's independence, especially with regards to land redistribution. Phimister (1990:76) observed that whites were earlier pre-occupation with suppressing economic competition from African artisans was extended also to include African farmers. Africans were moved systematically from areas with fertile soils and good rainfalls pattern and were restricted to small areas which limited their scope and volume in agriculture. Some African farmers continued to prosper even though they were confined to lands with poor soil and lower and unreliable rainfall. By 1922, as was observed in the Eastern Cape and Natal Provinces of South Africa, a notable group of African peasants had demonstrated their capacity to transform into a class of capitalist farmers who could compete well with the white farmers. This process was halted in favour of interests who received more support as the whites acquired self-governance powers for the colony of Rhodesia in 1923. From 1921 to 1923 the Rhodesian economy experienced a slump in the prices of cattle and maize. This exposed the vulnerabilities of whites' agriculture-based prosperity. Whites called on the government to implement policies that would remove direct economic competition from black Africans (Phimister, 1990:76). The measures suppressed African indigenous capitalism. The ethics principle of freedom and fairness in trade was not observed as prescribed in neo-liberal capitalism. Such discrimination was pursued through many legal frameworks which focused on land issues as this become the new economic battle field as whites' interests in agriculture become more pronounced.

One major law was the Land Apportionment Act (1930) (LAA) which, according to Jennings (1932:74), sought to put into operation the idea of racially separating development. The LAA prescribed separate areas where black farmers and business people were mandated to operate. These areas were separate from the those designated for white colonial rulers. The LAA also came up with "Native Reserves", which were areas reserved for black people's settlement. These areas were not the best in terms of commercial agriculture. The soils were poor, and the rainfall was also lower than the areas left for the white farmers. This discrimination had a significant effect on the development of indigenous agro-based capitalists. The LAA had provisions for native purchase areas where black farmers who had proved their capacity both to buy the land and to develop it could purchase plots for commercial agriculture. Through this provision of native purchase areas (NPAs) the LAA appeared supportive to the development of black or indigenous capitalism in the agro-industry. However, it operated under terms in which Africans buying plots had a considerably greater burden on them than the terms offered to whites. Again, this was another strategy to contain the emerging indigenous agro-capitalists.

Despite these limitations, black farmers had bought 548 NPA farms by 1936. This came to a total of 188 186 acres at an average size of 250 acres per plot (Jennings, 1932:74). The greater number of the plots was brought by teachers, successful business people, families of chiefs, retired policemen, messengers of court and court interpreters. A significant number of them were from South Africa because that capacity locally was limited. Another challenge that faced those farmers who could purchase farms was that the government refused to give title to the land. They could not use the land as security for loans and subsequently the purchased farms remained undeveloped. On the other hand, their white counterparts were given titles and could access loans at favourable rates. The white commercial farmers thus developed their farms and improved their production efficiencies to gain the much need competitive advantage over their black counterparts. This demonstrates how indigenous capitalism was systematically curtailed in the colonial era. Attempts by black farmers to raise capital through selling fire wood or opening stores was regarded as departing from the good farming practices called for by the land board. Such attempts were therefore discouraged (Dopcke and Davis, 1987:68).

The whole thrust of the LAA was to move black Africans from prime land areas, which were designated for whites, into already overcrowded agriculturally less productive reserves. Because of the inadequate land in the reserves, the government was forced to implement a programme to rationalise the use of land. This became known as the policy of centralisation. In this policy, land in the reserves was reallocated to farmers according to the ability of each region to sustain the population at the subsistence level.

In addition to the policies on land, the white colonial government came up with pricing policies that favoured whites and discriminated against black farmers. In 1931, through the Maize Control Act, they set up a two-tier system of pricing that actually taxed profits of African farmers who produced maize mainly for domestic consumption. It was designed to promote white commercial farmers. The same Act provided for subsidies on the production costs of white farmers who grew cereals mainly for the lower priced export market. (Keyter, 1978).

The Cattle Levy Act of 1931 was designed in the same way to make sure there was a transfer of surpluses cattle from the black people to the whites in the country's economy. The maximum African herd of cattle was prescribed by law. Evidently, the peasant agricultural production, as a way of creating wealth for black Africans, was to a great extent eliminated and the development of indigenous capitalists was effectively suppressed. Africans remained generally poor with no significant economic classes emerging within them.

As the situation in the rural areas and farms became unfavourable to the black Africans, those in the urban areas found even greater resistance to their existence in towns. African businesses were highly regulated by the Urban Councils which had the authority to determine which aspects as the types of business the African communities needed and the kind of goods the African consumers liked to buy. Regulations were imposed on African business owners prescribing the location, hours of business operations, the allowed number of employees to be taken and the race of customers the business would serve. Again, there was suppression of African entrepreneurship in urban areas. However, despite these measures to suppress Africans, government records show that there was a steady, though extremely slow, increase in African commerce in urban areas (Nicholas, 1994).

The African artisans who had continued to increase in numbers over the period of the 1920s to the 1930s were less fortunate as they were dealt a serious blow by the Industrial Conciliation Act (ICA) of 1934. In an act of clear discrimination, the ICA excluded Africans from the term “employee”, automatically disqualifying them from being considered for apprenticeship training. Many who could have acquired manufacturing skills from apprenticeships were prevented from practicing. Some like ‘Aguy Zvavahera Ushe’ changed their identity to associate themselves with the mixed race of coloureds who were preferred by whites to blacks. This was in search of economic fortune. He changed his name to ‘Guy Georgias’ and was to be the owner of one big and successful metal fabrication company engineering after doing an apprenticeship as a boiler maker and draughtsman (Chidza. 2015:np). These were the few who escaped, but this was not the desire of whites. Many who could have acquired skills were prevented by the discriminative system.

2.3.1 Rhodesia from World War II to the 1970s: Few Opportunities for African Entrepreneurship

The increase demand for tobacco during the Second World War came as a boost for the Rhodesian farmers who realised a boom, and there was greater commitment to capitalist agriculture. Unfortunately, this led to a shift from maize production by farmers as they pursued the higher gains from the lucrative tobacco crop. This reduced food production and undermined the country’s food self-sufficiency. The war also led to the rapid growth of secondary and tertiary industries as part of the war strategy of import substitution. This effort required the motivation of an African workforce.

In the early 1940s the government commissioned a study to determine the effects and ways to encourage the absorption of rural African people into the liberal market economy by stimulating African capitalism, but without allowing the blacks to encroach into their economic areas of interest and dominance. The findings of this study by the Native Production and Trade Commission in 1944 observed that without incentives from government the Africans were not at that time capable of investing in large enterprises in any sector of the country’s economy, hence the whites would prevail. There were only a few African traders who had shown potential, especially in the milling industry (Nicholas 1994:98). The white colonial state noticed that if the trend continued to show a decline in the production of food then to reverse the situation, there was need for steps to be taken to encourage peasant agriculture production and to recognise its importance. This led to the rationalisation programme aimed at improving food production in the native reserves.

Upon realising that the native Africans had large stocks of cattle and relied on them as strategic reserve stock, the first programme the government pursued was destocking. The programme which gave low prices for stock worked like a forced de-capitalisation of the African rural people. The whites at this stage acquired cattle at low market prices and this helped the whites to increase their herds on their large farms. The second programme the government attempted to implement was the Native Land Husbandry Act (NLHA) whose aim was to increase food productivity in the reserves. In their programme they motivated the African farmers by giving security of tenure to the successful ones. In this programme they expected that the non-economic land units of African famers would be given up to more productive ones who would then consolidate their land holding and increase production. Those who would have given up their land were expected to migrate to urban centres to provide cheap labour to the growing industry.

Nicholas (1994:98) took the view that perhaps the white colonial government expected the remaining successful African farmers in the reserves to become a stable middle class which would halt the decline in food production. This was the strategic aim of the Kenyan Swynnerton Plan from which NLHA was developed. It could have been a way of decongesting the rural areas and stimulating high food productivity while at the same time relocated surplus human capital to provide cheap industrial labour. Unfortunately, the farm sizes in the reserves were too small to be used for commercial agriculture, especially in a market that still had discriminatory prices. In this model no meaningful commercial agriculture could take place allowing for significant wealth accumulation. Though NLHA was a strategy by government to promote agriculture productivity, the same government maintained the other measures which prevented African farmers from threatening the whites’ superiority in the agriculture industry (Nicholas, 1994:98).

Destocking led to the liquidation of the black peasants and partial monetisation of large African capital that was held in cattle stocks. Those who were affected looked for alternative ways to use their money. As a result, there was an increase in demand for trading sites in the rural areas. From 1950 to 1975 there was a notable increase in the leased rural trading sites. The most sought after and easiest way of getting into business was though acquiring the general dealer's licence. Though the numbers showed an increase in the African business sites, the businesses in which the people were involved were of low value as most of the people were barely able to make a living from these businesses. Most of the businesses were restricted to specific sites in the African townships. Generally, Africans were allowed to own only one modest business, though it was observed that there were attempts by way of applications by Africans to enlarge their businesses into departmental stores or wholesalers. Over the period 1960 to 1970, African businesses expanded into other areas, especially in the services industry, to meet the increasing demand of the growing urban population. The most attractive sector was transport and a few grew to own fleets of taxis and buses. It was these few men who became the nucleus of the pre-independent African capitalists. These small African petty-bourgeoisie or potential bourgeoisie faced many challenges such as undercapitalisation because they did not have free hold land titles and could not get loans from banks. Many were left with insufficient capital to buy stock. Most of the African business owners lacked managerial skills and experience. In response to the growing numbers of African entrepreneurs, the government imposed a range of regulations which determined issues such as location of businesses and the distances between stores owned by one trader. This again suppressed the growth of African Capitalism. This was achieved in a systematic way. Some of the laws and regulations which were put in place over the period 1889-1979 were similar in their spirit to those used in South Africa as listed below:

1. **Charter of the British South Africa Company (BSAC), 29 October 1889.** Backbone of colonialism and black disempowerment.

2. **Land Apportionment Act of 1930.** Appropriated land in favour of the white minority. Indigenous people were moved from fertile land to give way to white farmers.

3. **Companies Act No. 47 of 1951.** Stringent company registration measures designed to exclude indigenous entrepreneurs.

4. **Factory Act No. 20 1948.** Designed with stringent conditions for registration to exclude blacks.

5. **Public Health Act No. 19 of 1924 [Chapter 328].** Designed to protect the established white businesses, while black small businesses were subject to harassment for failure to meet the standards required.

(New Africa, 2013:np).

The discussion above demonstrates clearly the importance of a state in shaping economic forces. The African farmers initially had the advantage over the whites because of their farming experience. The advantage was eliminated in a systematic manner by the white colonial government which wanted European led development. Nicholas (1994:100) noted that: "The severe control of the expansion of African capitalism and the redirection of African rural surpluses into the European agricultural sector helped to create a strong European bourgeoisie and a small very weak indigenous capitalist class."

Nicholas' (1994) assertion summarises the past colonial injustices and discrimination which formed the basis of the current indigenisation drive in Zimbabwe. Allowing the indigenous African capitalist to start competing openly in a neo-liberal national or global economy may not yield the desired results without the deliberate government intervention measures as was called for by President Lyndon Johnson of the United State of America.

The focus now moves to the Namibian historical case which is similar to the Zimbabwean experience.

2.4 Historical Developments Leading to Affirmative Action in Namibia

Like Zimbabwe and South Africa, the government took over an economy that was dominated by a few whites. Most of the blacks had been systematically discriminated against and dispossessed of their resources. The economic inequalities that existed in these economies after independence were one of the main reasons why the governments of these states pursued affirmative action or indigenisation policies to correct the injustices which were caused by the discrimination of colonial administrators. At independence the black Namibians expected the new government at least to bring about socio-economic improvements, which included education for all, a fair wage system and the redistribution of land. Namibia's first president, Sam Nujoma pointed out that it was important that: "those who are seeking to bring about a fundamentally new social order in Namibia should understand fully the events which helped in the last hundred years or so to shape the present social order."

While it is not the intention of this study to find ways of changing the social order in Namibia, the current researcher is of the view that to be able to analyse the economic ethic of indigenisation or affirmative action critically it is essential, as President Nujoma said, to understand the events which brought about the calls for indigenisation fully. In order to understand the arguments that are made in calling for these controversial polices of indigenisation and affirmative action, this section will delve into the related historical issues of Namibia.

In Namibia the pre-colonial economy was characterised by communal ownership of land with subsistence agricultural practices which were based on family labour. There was also division of labour on the basis of gender and age. Hunting and cattle herding were the preserves of the male while field cultivation, fishing, child rearing and the preparation of food were in the work domain of women. Some of the main ethnic groups which were there were the Namas, Hereros, Damaras, Ovambos and Okavangos. The Hereros were pastoralists while the Okavangos were agro-pastoralists and the San were hunters and gatherers (Jauch, 1998:25-26).

According to Jauch (1998:25), in the second half of the 19th century the political and economic structures which had developed in these ethnic groups or communities were eroded by intertribal wars between Hereros and Namas. He also attributed the greatest destruction of these structures to the arrival of missionaries, traders and concessionaires. Mbuende (1988:38) noted that the trade between the African communities stopped when the European traders arrived and monopolised trade in Namibia. Unfortunately, the European traders did not contribute to the development of production in Namibia.

In the early days on colonialism, Namibia was German West Africa and later South West Africa before it got its independence in 1990. During the period of Germany colonisation from 1884 to 1915 the colonial traders in German West Africa were engaged in small trade in beef, cattle and animal products like hides and ostrich feathers. Jauch (1998:26) noted that the intention of the German policy was to make German West Africa a settlement colony, in which case they reduced the financial engagement to minimum levels. This on its own had the effect of limiting the growth of the local capitalist economy.

To allow more farming space for themselves, the whites, who were mainly ex-soldiers, artisans and technicians, called for the takeover of African grazing land (United Nations Institute for Namibia, 1986:31). The situation of continued impoverishment of the black Africans worsened over the period 1896 to1897 when German West Africa experienced drought, famine, wars and the rinderpest epidemic. This affected mainly the Nama and Herero communities. Some chiefs were forced to sell their land to the Germans for their survival. No doubt the Germans seized this opportunity to extend their farms. Fraudulent agreements with the chiefs were signed and, in some cases, land was taken violently from the natives (Gann and Duignan, 1977:174).

According to Mbuende (1986:59), Paul Rohrbach, the German imperial commissioner, declared that 75 percent of the land owned by Africans had to be sold to Europeans. The remaining 25 percent had to be proclaimed native reserves. The loss of land cattle by the native Africans led to the war in which they resisted colonialism. This was between 1904 and 1907. During this war Jauch (1998:26) and Helbig and Helbig (1983:168) noted that the Germans committed genocide in which 80 percent of all Hereros and 50 percent of all Namas became victims. The same observations were made by Katjavivi (1988:10) of a war that completely dispossessed Africans of their land, livestock, and property. In the end Germans had gained control of over two thirds of the land in the country. Only the northern regions of German West Africa were left out as a way of managing the possibility of protracted wars and huge loss. Furthermore, the areas in the northern region were spared in order for them to continue supplying cheap migrant labour into the German controlled area they called the ‘police zone’ (Moorsom. (1980:21-24). By the end of German colonisation in 1915, Africans who were in the German controlled areas had lost most of their land and livestock to the whites. They were forced to work at white owed farms, railways or emerging companies in the mining industry.

Mbuende’s (1988:38) observation suggests that there were extractive and exploitative economic practices during the period of German West Africa. Such practices were never designed to develop the indigenous capitalist economy or native entrepreneurship. As Jauch (1998:26) also noted, the terms of trade were much skewed in favour of the European traders in a way that saw Africans losing productive resources like cattle in exchange for cosmetics and non-productive consumables like liquor, sugar and coffee. Here, Jauch demonstrated how the Europeans exploited the Africans by taking advantage of their relatively weaker essential elements needed to survive in capitalism such as elaborate business management skills for the creation and accumulation of wealth. While others might argue that this was a free market setting as required in liberal capitalism, the strong signs of exploitation in the trade arrangements raises many ethical questions. No doubt the resultant effect was the intentional suppression of the development of the African or indigenous capitalists.

During the period 1915 – 1990 Namibia was under the colonial rule of South Africa and became known as South West Africa. The earlier part of the period from 1915 to 1948, as identified by Mbuende (1988:72) was a period of segregation. In this period South West Africa was a "peripheral South African colony with a tiny fishing and mining industry." The labour laws remained essentially as they were during the German rule. However, a study by the United nations Institute for Namibia observed that South West Africa became an easy outlet for the increasing number of rural Boers who had become landless and destitute as a result of the rapid commercialisation of the South African agriculture industry (United Nations Institute for Namibia, 1986:37).

The observation by the United Nations Institute for Namibia shows that there was continued pressure by the whites on the Africans to surrender their land and give way to the new settlers. The whites were given government support in the form of generous loans, boreholes, expert advice and drought relief. The government policy was also aimed at ensured that the disposed Africans offered their labour to the white farmers. This was achieved by imposing hut and dog taxes to impoverish the pastoralists and force them into paid labour. It would appear the hut tax was designed to encourage labour immigration into the white owned farms as establishing a home in the village attracted costs which could be unsustainable compared to being accommodated at a white farmer's compound. Similarly, the dog tax would limit the number of dogs one could keep. Knowing that dogs were used extensively by Africans in hunting, a reduction in their numbers implied a reduced animal catch both in size and number of catches.

Naturally, the supply of food was to decline systematically forcing more and more Africans into offering their labour to the white farmers. Clearly ethical issues arise in this conduct which will be covered in detail later.

Gottschalk (1983:73-75) noted that the government of South West Africa spent very little on the development of the native reserves. Funds for development were left to what the residents could raise themselves. It was further noted that between 1922 and 1946, 90 percent of African or native Namibians were allocated only 3, 6 percent - 10, 6 percent of the national budget. During the period in which South African Government practiced segregation in South West Africa, racial policies which were put in place by the Germans were maintained. The same laws were entrenched further during the South West Africa period which Mbuende (1998:72) defined as the apartheid era, from 1948 – 1977. In addition to these laws in 1962, the colonial government appointed the Odendaal commission to make recommendations on how homelands for various ethnic groups could be created. These recommendations became widely known as the 1963 Odendaal Plan. The plan proposed that 40 percent of the total area in South West Africa be allocated to ten black homelands, 43 percent was to be allocated to white farmers as farm land and the remaining part consisting of diamond areas and game reserves would be not be allocated but remain state land (Mbuende, 1998:91-93). The artificially created homelands were not economically viable, thus further suppressing the emergence and development of indigenous African capitalism. Instead, the natives were forced to look for wage employment in order to allow their families to survive.

In the later part of the 1970 there was an increase of pressure on South Africa from the South West African People's Organisation (SWAPO), the liberation movement, and the international community. This led South Africa to pursue the policy of internal resettlement. The strategy in this policy was to divide the black Africans "…by buying off its most skilled and educated components plus some 'traditional' and 'self-made' political leaders-cum-body guards, 'home guards' and Koevet" (Green, 1984:5).

At a conference in 1975 aimed at promoting collaborative African bureaucracy which was attended by invited homeland leaders, a proposal was made of a federal structure of government which consolidated the existing inequalities and the protected the privileges of the white minority. SWAPO rejected both the proposal and the conference. As a result, the liberation struggle continued from outside the boarders. (Jauch 1984:29).

The colonial history of Namibia as discussed above was shaped by the state in a way that discriminated against the black people. They were systematically disposed of their wealth and discriminated against and marginalised from mainstream economic activities. These racist colonial practices were exercised for around a century. This left the black Namibians out of the capitalist economy. At independence the inequality of accumulated wealth resulted in the call for wealth redistribution through policies such as indigenisation or affirmation action.

2.5 Ethical Issues Relating to the Colonial Discrimination of Indigenous African Capitalists

The pre-independent history of many SADC countries, especially that of South Africa, Namibia and Zimbabwe is full of similar methods which were used by the colonial governments to systematically suppress the African or indigenous entrepreneur. The minority whites were made to enjoy immense advantages over their African counterparts in starting and operating businesses. This was achieved through racist laws, institutions, regulations and policies which discriminated against black natives and even disposed them of their wealth. Exploitation of blacks as a form of cheap labour was also rife in these colonial and apartheid times (Jauch, 1998:15-16); Nicholas, 1994:95-100; Jack and Harris, 2007:5-7).

The systematic discrimination and dispossession of blacks in the colonial Southern African states led to the failure by the native Africans to participate in the capitalist economies of these states. African entrepreneurship was strongly suppressed and there was no appropriation of capitalism within the native African communities. Instead, the whites had unequal opportunities to create and accumulate wealth. This created big social and economic differences in most pre-independent SADC states. At independence these inequalities were pronounced and were among the glaring undesirable social and economic legacies of the colonial past. The new independent governments were expected by people to deal with the inequalities and to remove all forms of discrimination.

It was clear to the governments as observed by President Lyndon Johnson of the United States in commencement address at Howard University on 02 June 1965 that the changing of laws and regulations alone was not enough to bring justice. There was need for action. According to Jauch (1998:16), and Weiner (1993:9), the governments of the independent states were bound by duty ethics and had the duty to bring fundamental change by taking active steps to redress the social and economic inequalities. It was with this understanding that indigenisation, black economic empowerment and affirmative action were described and adopted in various ways but fundamentally in the same spirit in almost all independent SADC states (Jauch 1998:16).

Indigenisation drives were seen to have objectives of redistributing wealth in order to eliminate the inequalities which were caused by discriminative racial colonial laws and policies (Nicholas, 1994:102). In addition, the other objective of indigenisation was to increase the participation of black people in the mainstream economic activities. Since the damage was caused by a state system, it was therefore viewed as the duty of the state to repair the damage through an engagement process (Jauch. 1998:16). The other objective of indigenisation was to bring on board indigenous capitalists who would create wealth and help in the development of the African economies. Indigenisation was therefore introduced to bring up marginalised black entrepreneurs with a view to developing indigenous capitalists who would help in the domestication of capitalism. As Nicholas (1998:95) observed, internal and domestic capitalists were important for developing countries in the SADC. This was a futuristic approach to the benefits of indigenisation.

Critics of indigenisation labelled it “reverse discrimination” which was not being implemented across all the sections of society and was in itself a strategy which would further divide the society and lead to unintended consequences. Social groups not benefitting from indigenisation would label it as a discriminating strategy (Jauch, 1998:17). However, despite these criticisms, Kennedy (1993) rightly argued that “Racial affirmative action constitutes a visible sign that a society once dominated by a white supremacist ‘pigmentocracy’ has rejected that elements of its past and is authentically committed to the creation of a new social order” (Kennedy, 1993:71).

Clearly, the backward look at the motives of indigenisation suggests a compensative approach which seeks compensatory justice for previous acts. If looked at from this ethnical perspective, then the backward-looking argument in support of indigenisation becomes justified and justice delivery requires urgency since justice delayed is justice denied. The ethics principle of justice would therefore justify the backward-looking arguments that support indigenisation. Justice delivery calls for immediate action as one of the social ethical virtues that is given priority. The colonial practices were unjust. From consequentialism the consequences of indigenisation clearly lead to improvements in the future equality of the societies of post-colonial African states. This pursues the equal opportunity principle in ethics.

While debates and arguments on indigenisation have both been forward- and backward looking, it is important to have a clear understanding of the sources or origins of the calls for indigenisation. Backward looking arguments support indigenisation on the basis that it compensates for the harmful effects of colonial injustices. The initial views that supported indigenisation took a backward-looking argument. There has however, been an increase in the forward-looking arguments in support of indigenisation though historical sources of calls for indigenisation, giving greater relevance to the backward-looking debates.

Boxill and Boxill (2003:118) however warned of the dangers with backward-looking debates which tend to open old wounds. While forward-looking arguments are gaining popularity among scholars, backward-looking arguments should not be overlooked. He argues that if backward-looking arguments are sound and seeking to redress past injustices then indigenisation can be viewed as a demand for justice which makes it an issue of highest priority. Forward looking arguments may not receive similar priority. Boxill and Boxill's (2003:118) views on forward-looking arguments say that if they are anchored on the idea of coming up with improved ways of life for people, such as the black Africans, and reducing racial stratification and discrimination, there are many ways to achieve them. Therefore, indigenisation based on forward looking debates may not be the best. The backward-looking argument that is based on compensation offers some way to deliver justice. But justice is viewed as the first virtue of a society. This ethical principle gives credit to the arguments that are backward and justice seeking. Justice is a highly contested term however, the understanding of justice in ethics is that, each person should be given what he or she deserves or simply giving each person his or her dues. It is closely related to fairness and equality. Disagreements and conflict of interests are evident in trying to correct the undesirable social and economic effects of marginalisation and discrimination that was practiced on black Africans by colonial authorities. It therefore requires principles which help deliver a fair outcome. These principles of justice should be acceptable by all as reasonable and fair guidelines for coming up with what people deserve. To simply declare equal social and economic standing for the blacks and whites without reversing the advantage of those who benefitted over blacks will not be fair. To bring equality in a fair way, some compensatory justice must be delivered. In compensatory justice two questions need to be answered. First, who is to be compensated and by how much? Second, who is responsible for the cost of compensation and how much should they pay? (Amdur,1979:229). Answers to the first question are not as contested as these to the second question. To avoid the challenges of who should pay the costs, the related compensatory costs have been encapsulated in policies which give preferential treatment to blacks.

Informed by the historical issues that led to the call for indigenisation, one good consequence claimed by indigenisation is to have an environment of equal business opportunities for all. From an applied ethics perspective this is informed by the equal opportunity principle. The argument here is that business opportunities should be given to all and the best in the field of business will succeed, and not to stratify people in a way that discriminates others (Boxill and Boxill, 2003:119). In most instances such discrimination would have been done on the basis of factors which have nothing to do with the potential success of prospective people in business.

One of the benefits of the equal opportunity principle is utilitarian. African economies will prosper as greater participation is open to all and maximum business or economic performance will be realised when those most capable are allowed to participate without restrictions. However, as Boxill and Boxill (2003:119) observed, the equal opportunity principle can be best applied in cases where the background of those prospective business people is the same and does not give an advantage to others. In cases were those who could have been good business people were coming from disadvantaged position they may not succeed if made to compete on an equal opportunity principle. This makes the equal opportunity and utilitarianism incomplete as there is an element of discrimination because of unequal historical opportunities. Some form of preferential treatment would be required, but this then would be in violation of the equal opportunity principle, although it helps to create opportunities which are more equal for the previously disadvantaged. This is what the economic ethic of indigenisation seeks to achieve. Preferential treatment is forward looking as Boxill and Boxill (2003:121) stated: “Preferential treatment is justified entirely on forward looking considerations, namely, that it will make opportunities more equal for blacks..." As such, it cannot be viewed as a compensation for previous harm.

What Boxill and Boxill note here is that declaring equal opportunities for black entrepreneurs and European business people is not enough to achieve equal opportunities for everyone to participate in the economy. The declaration needs to be complemented by some preferential treatment of the blacks who trail behind in order to create an environment that is more equal for all to participate in the economy. While the consequences of indigenisation can be regarded as desirable from consequentialism, the practice may be found unacceptable as it tends to be discriminating. Boxill and Boxill (2003:121) argued that the practice violates human rights and it violates the rights of the white former colonisers.

Another forward-looking argument for indigenisation is that it reduces economic racial stratification and therefore racial economic prejudice. However, it has been argued by Boxill and Boxill (2003:123) that the blacks who become successful on the basis of preferential treatment from affirmative action will always believe that their success was a result of some unfair practice. If the argument of reducing racial stratification is to be sustained it has to be free from the belief that the success of others was the result of some unfair practice. Despite these criticisms, this argument is irresistible as it reduces social inequalities. Boxill and Boxill (2003:124) perceived racial prejudice as unqualifiedly evil and anything that reduces it would be morally good.

The backward-looking arguments for indigenisation view it as a way of compensating for past injustices or injuries arising therefrom. As Boxill and Boxill (2003:124) put it, there are two forms of this backward-looking argument. The first perspective is that indigenisation compensates blacks for the injuries they suffer as a result of the unfair and unjust racial prejudice and discrimination that was deliberately directed at them. There are two versions of this argument based on compensation for unjust racial prejudice or discrimination. One is that indigenisation is compensation for specific acts of discrimination such as being denied the opportunity to invest in a specific sector and location on the basis of race. The other version is that indigenisation is compensation for injuries suffered as a result of racist economic practices.

Most scholars agree that indigenisation may be appropriate for compensation of past racial prejudice and discrimination, at least where the discriminator pays the costs of compensation. The argument for compensation for injuries has been more controversial than the other version. In this argument some scholars submit that all blacks in post-colonial SADC states have suffered injuries that deserve compensation even if they have not suffered directly from specific acts of racial discrimination. As Thurgood Marshall noted in relation to the injuries of American racism on blacks, "…it is unnecessary in the twentieth century America to have individual Negroes demonstrate that they have been victims of racial discrimination …… (It) has been so pervasive that none, regardless of wealth or position, has managed to escape its impact." (Tushnet, 2001:353). What Tushnet observed in America is the same situation if not worse in post-colonial African countries where the impact of past pervasive discrimination is still being felt by the blacks.

The second backward looking argument for indigenisation is that it is compensation for the present generation of post-colonial black Africans for injuries they have sustained as a result of racial unjust ill treatment of their forefathers. This argument applies to injuries suffered by the forefathers or ancestors of the present generation of post-colonial black Africans. Though there are criticisms of this view based on the fact that one can only be compensated for injuries one has personally suffered. What this criticism appears to be lacking is that this backward-looking argument only appeals to the injuries of the ancestors but seeks compensation to present day blacks for their injuries arising from their ancestors' injuries. As argued by the concept of historical trauma which observes a complex and collective social trauma, a commonly shared history of oppression, discrimination and deprivation, suffered over time and across generations by a group of people who have a common identity such as those colonized African groups. The "trauma" or wounds of social and economic injustices experienced by individuals of an earlier generation are shared by a group of people, rather than an individual experience; the injuries span multiple generations, such that the present generation of the affected group who experience the effects without having been present during the past traumatizing event(s). Historical trauma can be discussed in terms of repeated narratives which link present-day occurrences to injuries and suffering arising from past injustices which could have taken place centuries back. Though historical trauma can be taken as a narrative, it is essential to realize that these narratives have a relationship with to real injustices (Campbell & Evans-Campbell, 2011). This comes from the understanding that the injuries on the ancestors also caused indirect injuries on the present-day descendants of black Africans.

As Boxill and Boxill (2003:125) observe, no reputable historian can deny that the legacy of colonialism has deeply affected and harmed the present generation of blacks. They are starting off from a weaker social and economic position as they did not have much to inherit from their ancestors. The other, perhaps, more important argument based on the legacy of pre-colonial injustices is that descendants of blacks are generally despised because they are descendants of socially lowly regarded blacks and this continues to hold blacks down and they cannot participate freely in the economic development of their countries. They are side-lined in big business deals by rich whites. Furthermore, the legacy gives blacks the feeling that they cannot succeed. Indigenisation would them help restore hope as a way of compensation.

2.6 Conclusion

This chapter discussed and analysed the historical issues that led to the calls for indigenisation by most SADC countries. The history of the region shows the existence of social and economic systems which were discriminatory, unjust and favouring the white colonial masters. To that, the development of indigenous capitalists was systematically suppressed and yet indigenous capitalism is said to be an essential and missing element required to help develop the African economies and reduce poverty. Unfortunately, the black people come from a socially and economically disadvantaged position which requires extraordinary measures to correct, hence governments in SADC countries came up with controversial policies such as indigenisation.

It can be concluded that during the colonial era an environment was created for promoting social and economic inequities in favour of the minority whites. This later led to calls for indigenisation by the independent SADC states. The colonial injustices justified the calls for the African economic ethic of indigenisation or black economic empowerment. Indigenisation as a policy is not without faults and inadequacies. There is need to study all the options that are available to ethically bring blacks to participate in the mainstream economic activities of their countries even if they come from a background characterised by racism, injustice and discrimination.

Chapter three focuses on how the principles of regional economic integration would relate to the African economic ethic of indigenisation.

CHAPTER THREE: REGIONAL ECONOMIC INTEGRATION AND THE AFRICAN ECONOMIC ETHIC OF INDIGENISATION

3.0 Introduction

This chapter investigates the theoretical, conceptual and historical relationship between regional integration and the African economic ethic of indigenisation from an applied ethics perspective. The chapter explores the complementarity or contradiction between the ethic of indigenisation and regional integration as ethical economic policy options for post-colonial SADC.

The end of the Second World War saw the emergence of a new form of regionalism. The emphasis at that time was to avoid the recurrence of wide spread interstate wars. The thinking that informed the approach to regionalism was that of collective security. In that view, military cooperation was emphasised but was soon to be followed by economic cooperation and collaborative national reconstruction efforts as was espoused in the Marshal Plan for the reconstruction of Europe. Arguably, these developments brought about noticeable levels of regional cooperation that later saw the emergence of political economic dynamics. From immediate post Second World War period (1945 to1950) new security demands emerged as explained by realism and the cold war became a reality. The two world superpowers, the United States of America and the then Union of the Soviet Socialist Republics, competed for military supremacy and pursued self-centred state centric policies. There was a struggle for power, influence and control of the World. Gradually, as the 1960s approached, collaboration in some form of alignment with either of the Cold War superpowers defined another stage of regional cooperation and hence the consolidation of North Atlantic Treaty Organisation (NATO) of 1939 and the Warsaw Pact of 1955. Militaristic security of nations defined their mode of cooperation. This was the time when most African liberation movements started efforts to liberate the African people who were oppressed by the colonial regimes.

A notable early form of regionalism in Africa came in the form of the Organisation of African Unity (OAU) formed on 25 May 1963 with an overarching mandate for the liberation of African states. Through a liberation committee, sub-regional cooperation was to assist in the liberation of fellow African States. This thinking informed the formation of the Frontline States (FLS) in Southern African. The Front Line States sought to counter the hegemonic apartheid regime and to support the cause for liberating countries which were still under colonial rule. This regional grouping had the support of the communists in the Soviet Union and China. According to Cilliers (1999), the original FLS were Angola, Botswana, Mozambique, Tanzania and Zambia. The FLS was later transformed to the Southern African Development Cooperation Conference (SADCC) in 1980.

The end of the Cold War and the fall of apartheid regime in South Africa ushered in a new epoch in regional thinking and cooperation. SADCC was transformed into the Southern Africa Development Community (SADC). This time the thrust was on collaborative economic development of the post-colonial Southern African States. This desire for development was motivated by the realisation that at the attainment of independence, most African countries were poor because of mainly colonial extractive economic practices and strategies which enriched the colonial masters. A notable sense to economically disengage from the former colonial masters was evident. The African heads of states' 1980 Lagos Plan of Action for Economic Development of Africa, 1980-2000, is typical of such regional cooperation aimed at self-reliance and offering a solution to the challenges of African economic development. The Lagos Plan blamed the Economic Structural Adjustment Programs of the International Monetary Fund (IMF) and the World Bank for the African economic crisis and the vulnerability of African economies to world-wide economic shocks like the 1973 oil crisis. This thinking could have been informed by the spirit to seek total liberation from colonial bondage. Calls for greater and closer economic cooperation among the African states became strong as a strategy for finding ways to participate freely and independently in the emerging neo-liberal global capitalistic economy. The hegemony of neo-liberal capitalism became a reality as the Cold War came to an end.

As neo-liberalism became more dominant, post-colonial African States realised that they had only attained political independence and there was a need to have economic independence. The levels of participation of black people in their economies were limited and thus their effective participation in the neo-liberal global economy was limited further. To this end, post-colonial African States came up with affirmative action or indigenisation programmes which were meant to address colonial economic imbalance. Such policies were perceived as strategies to reduce poverty among the black people. While most postcolonial African states subscribed to the concept of regionalism, the African economic ethic of indigenisation was locally popular in most independent states though the approaches to indigenisation differed from country to country, but the spirit to deliberately facilitate the greater involvement of black people in the economic activities was clearly evident in all countries. On the other hand, regional cooperation was to allow greater international economic and political cooperation within the SADC. However, the Africa economic ethic of indigenisation has been largely nationalistic. If most post-colonial SADC countries subscribed to the economic ethic of indigenisation, then such an expression was expected at the regional level as a common regional interest. It seems no study has been done to analyse the relationship between regional economic integration and indigenisation. This chapter seeks to explore the nature of the relationship, if any, between the concept of regional economic integration and the African economic ethic of indigenisation. It is hoped an understanding of the nature of the relationship between regional integration and the African economic ethic of indigenisation would help in explaining the extent to which indigenisation finds expression in SADC policies for regional economic integration. The analysis in the chapter will also help in determining the ethical and moral imperatives for Indigenisation of the regional economic integration policy in the SADC.

The first section of the chapter reviews and analyses the concepts and theories which inform regionalism. The second section traces back history to determine how regionalism was introduced in Southern Africa. The relationship between regional economic integration and the African economic ethic of indigenisation is analysed in the third section. The last section concludes the findings of the chapter.

3.1 The Concept Regional Integration

Leshaba (2009) notes that regional integration has gained momentum and has been regarded as a solution to the shortcomings of the state. The shortcomings of weaker states such as those in Africa are beyond question. When the United States of America, with the world's largest economy and having great military power and global influence, finds it necessary to join a regional integration such as the North American Free Trade Association (NAFTA), it becomes even more compelling for weaker states to enter into a regional grouping. European countries even on the back of developed economies still find it compelling to join the European Union.

Popular as it may have become, regional integration has remained one the most controversial concepts, especially in international studies. According to Hodge (1978), this conceptual disorder is a result of the normative element in attempts to come up with a theory of regional integration. However, Haas (1958) understood integration as a strengthening of relations shown by a process in which national politicians refocus their expectations, political activities and loyalties from the national or state level to a bigger body with powerful institutions and also one which demands more central authority over the state (Haas, 1958:64).

Unlike Haas who views integration as a process, Deutsch (1957) understood it as a condition or a situation within a territory with a strong and well established "…sense of community and the growth of institutions and practices strong enough and widespread enough among the people involved to assure for a long time dependable expectation of peaceful change" (Deutsch, 1957:65). In Deutsch's view the issue of a community with a well-established sense of common purpose is evident especially the ability of such a community to resolve conflicts peacefully. What seems to have been influencing Deutsch's thinking was the desire by nations to resolve conflicts through peaceful means especially after the destructive experiences of the First and Second World Wars. Indeed, the European community, which had been the epicentre of the two wars, had demonstrated a sense of community and potential to resolve conflicts through peaceful means. Deutsch's view tends to be informed by the need to manage conflict. In this understanding integrations were meant to deal with war and conflict, especially on how to contain Germany and Russia after the Second World War. Duetsch (1957) in his definition of regional integration seems to give lesser emphasis to the economic issues that promoted regional integration in Europe. For example, the European Coal and Steel Community established by the treaty of Paris in 1951 was more concerned with the reconstruction of Europe and management of coal and steel which were key sources of conflict and important resources for the revival of European industries. In this economic perspective regional integration for economic benefit would make great sense in Africa to achieve the much-needed economic development. From the 1970s there has been a proliferation of regional groups which confirms the view of statesman, leaders and scholars around the world that integration is a strategy for development.

Adeniran (1982) noted that Deutsch's position on integration in which he regards it as condition tends to observe and measure the state of integration by the flow of international transactions or simply the volume of trade among others. However, scholars such as Haas (1958) and Lindberg Lindberg and Scheingold (1970), have more interest in the formal institutions that are established to achieve integration. Through these institutions they determine the level to which certain functions are carried out as a way of evaluating the degree or state of integration. This view tends to perceive integration as a progressive process rather than a condition or state of affairs.

Hodge (1978) observed that there are two major approaches to the theory of integration. These are firstly the transaction approach, which underscores the role of transactions between people as a way of showing their attitude towards each other and as the source of interdependence of people within the community. Deutsch (1957) has been the major proponent of this approach. The second approach, which is advocated for by scholars like Nye (1968), Haas (1958) and Inis (1956) among others, is the neo-functionalist approach which emphasises the way in which supranational institutions that can make binding decisions are progressively established from converging self-interests of various nations.

According to Adeniran (1982), integration involves lower units coming together at a higher level of association in the international system. Integration therefore would mean the shifting of loyalty from say one's community or even one's ethnic group to the nation, or, similarly, one shifting allegiance from one's nation to an international community or regional association of nations. Usually the shifting of allegiance occurs when there is an expectation of collective benefits or when there is fear that one might be penalised for remaining isolated   In view of the likely benefits, developing countries pursued regional integration as a major response to challenges of underdevelopment and poverty (Segal, 1967; Gbenenye 2015:5). Integration has also been taken by developing countries such as those in Africa as a defence reaction to put together their limited resources for development and as leverage for stronger collective bargaining in the neo-liberal global economy which is dominated by developed western countries (Omitola & Jiboku, 2009). Regional integration works as a self-empowerment model for weak states in order to deal with the competition on the global economy. Here similarities can be drawn with the African economic ethic of indigenisation which also seeks to empower the previously marginalised poor majority. Drawing parallels with the global political economy, the poor African economies have remained poor and less competitive in the global economy and would require some form of empowerment.

While African economic ethic of indigenisation has being practiced with a nationalist character, the logic and thinking in indigenisation has some similarities with the concept of regional integration if viewed from a global perspective. While in developing countries regional integration would aid in economic development, the fact that it is an "…un-coerced coalescence or voluntary union of previously independent entities", as noted by Akinyeye (2010:13), and it would include social and political integration. Political integration is viewed as the highest form and level of integration while social and economic integration are lower levels of integration (Akinyeye 2010:13). In this understanding of integration being a voluntary union, a case in which a union of colonies mediated by a colonial authority is not regarded as integration, for example the British Commonwealth.

From the process perspective of looking at regional integration before achieving the political integration the region has to pass through the stages of social integration and economic integration. In this view, Asobie (2010:25) states that social integration is "growth of a transnational society", economic integration refers to "growth of a transnational economy", and political integration means the "growth of a transnational policy". When there is integration, then the economic activities and policies cease to have a nationalistic character. The people identify themselves with the region. For these stages to be achieved there is need for states to share common interests, values and aspirations. For the SADC, if most of the post-colonial states pursued the African economic ethic of indigenisation to economically empower the black people, then such a policy would be expected to be expressed at the regional level. The absence of transnational policies which are shaped by common regional interests might signal an immature integration. As Asobie (2010) argues, if integration is viewed as a state or condition of affairs, then the condition appropriate to be called integration is attained when the three dimensions of integration, social, economic and political, are present at the same time. If viewed from the process perspective where the political integration is the last stage, then once political integration is developed integration is said to have matured (Asobie, 2010).

Langhammer and Hiemenz (1990) observed that regional integration has been accepted by most countries as conducive to the economic development of individual member countries. Regional integration therefore calls for privileges and preferences for neighbouring countries in political, social and economic relations. In some developing regions such as Latin America, regional integration was to deal with the challenges related to import substitution and industrialisation in small domestic markets and to develop some regional competitiveness before engaging the tough global markets (Langhammer and Hiemenz, 1990:1). Regionalisation implies a process which leads to observable or measurable patterns of co-operation, complementarity and convergence in a specific cross-national geographical space in some proximity (Hettne and Soderbaum, 2002: 34). In the context of indigenisation then it can be argued that at the regional level it would be expected that preference would be given by one state for trade and investment from a member state with a view of allowing the member states' people more space to participate in one state's economy. The complementarity of the regional integration allows a region to develop a level competitiveness in the neo-liberal global market which would not be easily achieved by small and weak economies. Here the idea of empowering weaker economies to participate in the highly competitive economies can be seen in regional integration. This would have some similarities with the African economic ethic of indigenisation.

The early stages of regional integration lacked conceptual clarity as both integration and cooperation were used as synonymous to describe regional groupings. There is need to distinguish between integration and cooperation. According to Balassa (2011:1), integration "… encompasses measures designed to abolish discrimination between economic units belonging to different nation states; viewed as a state of affairs, it can be represented by the absences of forms of discrimination between national economies." Balassa identified integration as a process which goes through at least four stages, free trade area, customs union, common market, and economic union. While the sequence of these stages is not fixed, it has been observed that the starting point towards regional integration has been the removal of trade barriers in order to promote trade in goods and services between member states. However, each member state would maintain its national tariff towards non-member countries. This would then create the free trade area. Building from the first stage, the second stage, the customs union, requires the harmonisation of trade tariffs by member states. By liberalising the circulation of factors of production within the customs union, a common market is formed as the third stage. The fourth stage sees the harmonisation of the remaining national economic policies and this leads to the economic union. At this stage the achievement of transnational policies signals the maturation of the integration process as Asobie (2010:25) argues. According to Langhammer and Hiemenz (1990:2), the final and last stage will be the complete economic integration.

In addition to the five stages of regional integration observed by Langhammer and Hiemenz, (1990) and Jawoodeen (2010) identified six stages in the integration process which are preferential trading area, free trade area, customs union, common market, economic and monetary union and complete economic integration. This approach follows a linear integration model (Jawoodeen, 2010:7). The first stage of preferential trade area allows member states to give preference to each other's goods and services. Tariffs are reduced but not removed completely. The free trade area, customs union and common market are similar to those identified by Langhammer and Hiemenz. However, with the economic union, Jawoodeen identifies it as an economic and monetary union where the region adopts the same currency in a single market. The last stage seems the same for both scholars.

As for cooperation, Langhammer and Hiemenz (1990:2) distinguish it from integration in that cooperation "…includes concerted actions aimed at lessening discrimination in certain areas of common interest." Langhammer and Hiemenz (1990) perceived cooperation as much more limited than integration. Of particular interest to this study is the common interest most SADC countries had in empowering their poor majority people who had been systematically marginalised by colonial systems. Both co-operation and integration relate to the spirit in the African economic ethic of indigenisation as they promote greater economic participation by local people in the regional economy and empower them to grow their business and economic capacity to compete well with the well-established players in the global capitalist market.

For regional integration to succeed there has to be scope for high level intra-regional trade. This is an aspect which is missing in the African regional integration. Another condition which was overlooked by African countries is the consideration of similarities in income and industrialisation levels which enable or promote "…intra-industry specialisation and political congeniality in foreign affairs" (Langhammer and Hiemenz, 1990:2). Transposing the European integration model to the African continent was a fallacy which most developing countries took too long to accept. There is therefore a need to come up with an appropriate regional integration model which is informed by the history of the region as argued by the theory of evolutionary economics. A model which encourages intra-regional trade, and which promotes industrialisation that is specialised. In the case of SADC industrialisation should be driven by industries being developed anchored on comparative advantages of member states which are given preferential treatment from other members of a regional integration. In the SADC. political congeniality exists as the region shares the same colonial history and the commonly shared post-colonial ethic of indigenisation. This testifies to this convergence of political minds. If indigenisation is common in most SADC states, then why was it not been given loud expression in the regional integration model?

3.1.1 Key Issues that Motivate Regional Integration

In the initial stages the rallying point for regional integration for the Southern Africa region was completely different from that of many regions (Langhammer and Hiemenz (1990). The early stages of regional integration in SADC were motivated by the strong desire to free the region from colonialism. Later the region was attracted by the expected regional economic development. Generally, the main reason why countries get into an integration arrangement is because of the expected benefits whether economic or non-economic. If there is no expected benefit from entering into a regional integration, then countries are unlikely to participate in the arrangement. This chapter will explore the expected economic benefits first and then attempt to relate them to the thinking that informs the African economic ethic of indigenisation.

Firstly, there is the so called “training ground” argument. According to Viner’s (1950) customs union theory there are two short-run effects of allowing liberal intra-regional trade: Domestic production is replaced by imports from countries that are partners in the arrangement. Known as trade creation, and the replacement of imports from non-member countries with goods from member countries, known as trade diversion. Such effects on the market arise from trade liberalisation in which preferential treatment is given to regional members’ products and services while non-member countries’ goods are less preferred. In this analysis Viner (1950) notes that trade creation was welfare increasing especially for the nations involved while trade diversion was regarded as welfare reducing from a world welfare perspective. Viner’s views were however contested by Gehrels (1956), Lipsey (1957; 1960), and Meade (1955), who observed that a trade diverting customs union could in fact be welfare creating while a trade creating customs union could be welfare reducing.

Viner's conclusions were dismissed by many policy makers in developing countries and scholars who found the conclusions irrelevant in the conditions which prevailed in developing countries such as those in SADC. They observed idle capacity. In their assessment they found trade expansion being beneficial and they even argued for traded diversion. Their arguments were based on the expected 'posture effect of infant industry' protectionism approach. Such effects would help prepare infant industries on issues such as quality control and marketing which could help for future success (Linder, 1966; Jaber, 1970).

Further in line with the views of Linder (1966) and Jaber (1970), Morawetz (1974) argued that with integration trade growth can encourage an intra-industrial specialisation base on product diversification, hence leading to an improvement in the competitiveness of export out of an integrated region. Promotion of regional capitalists can be viewed along these lines and a regional approach to indigenisation can be pursued along the lines of Linder and Morawetz's argument.

The second reason why countries get into regional integration is that they would expect to enlarge the size of their domestic market in order to achieve economies of scale. By entering into a regional integration, developing countries expect a reduction in costs of investment per unit of output (Vaitsos, 1978). This thinking was informed and supported by empirical studies done for developed and developing countries. This was especially so for capital-intensive industries and when the developing countries had small markets. Regional integration would therefore support regional industrialisation. In line with indigenisation regional integration should see an increase in locally owned or indigenous industries. This would be another way of domesticating capitalism in the region as indigenous capitalists would get an opportunity to create wealth and with more wealth created by local people poverty would also be expected to decline.

However, scholars like Kahnert, Richards, Stoutjesdijk, and Thomopoulos (1969:22) challenged the argument of economies of scale in that the growth in the size of companies or production would not simply translate into increased economies of scale because other factors such as marketing distribution and transport costs could also grow disproportionately. The need for developing efficient regional communication and transport networks is apparent from this argument with the advent of informational and communication technology and the internet. Kahnert et al's argument would be weakened because of lower communication costs but transport infrastructure remains critical even for integration as in the case of the SADC if the distribution costs are to be reduced.

The third reason for countries to enter into a regional integration arrangement would be to improve resource allocation and availability of resources at the regional level. With the understanding that small domestic markets limit economic growth, regional integration has been perceived as a way of reducing the effects of small restrictive domestic markets on economic growth. Before exposing the small developing economies to highly a competitive global neo-liberal capitalist market, regional integration enables countries to set up intra-regional divisions of labour based on the comparative advantages of member states. This enhances regional production efficiency and hence low costs of production and competitive pricing models. A more efficient allocation of regional resources is expected, and more funds can be availed for more wealth creation and hence regional economic growth (Kahnert et al, 1969:26; Langhammer and Hiemenz, 1990:5). This argument is valid when the availed resources are fully utilised. Where resources are idle the challenge becomes that of employing them rather than the reallocation which would make sense to already employed resources. Langhammer and Hiemenz (1990:6) however observed that the argument of improving resource availability and resource allocation was more valid for developing countries at advanced and middle-income levels of development, unlike low income countries which might end up with low resource utilisation.

The fourth reason for regional integration would be to enhance industrialisation. Most developing countries have accepted that industrialisation leads to rapid economic growth and development. However, industrialisation requires large capital costs. In cases where the size of the domestic market is small and characterised by low consumption levels which do not justify high capital expenditure needed for industrialisation, a regional export drive helps broaden the market needed to support large scale industrialisation and draw benefits from economies of scale. Regional integration provides an opportunity for broadening the market and hence economies of scale which promote industrialisation for a bigger market. Industrialisation for regional import substitution becomes easier.

Even though developing countries forego the benefits of importing cheaper products in favour of import substitution in areas where they have no comparative advantage, they derive comfort in the belief of better days to come as a result of industrialisation or industrial capacity development. Since industrialisation would be done for a larger regional market, regional integration lowers the opportunity costs of import substitution as the industrialisation costs would be less than benefits of bigger market. The only challenge with opening the domestic market would be the foregone or the sacrificed domestic industrial capacity in case of the existing regional competition. For such losses there should be compensation through reciprocal preferences for industrial products given away by other member countries. This however is not very practical as each member country would demand preference to be given to products in which it has comparative advantage over others in the group (Langhammer and Hiemenz, 1990:6). Sometimes countries are endowed differently with resources such that some may have limited or not have industries to produce products for negotiations on the basis of compensatory preferences. Instead they could be enjoying comparative advantages in non-industrial products making negotiations on mutual basis of compensatory preferences difficult. On the other hand, stronger countries can put pressure on weaker members to provide a market for high cost products produced by the stronger member without reciprocal compensation in line with mutual industrial terms (Johnson, 1967:206). The weaker countries in this case exhibit weak capacity to domesticate capitalism and would benefit from a regional effort to domesticate capitalism especially with a collaborative regional approach borrowing from indigenisation values which seek to increase greater participation in the regional economy by the indigenous people. Despite all these challenges, intra-regional trade, in cases where there is comparative advantage in the industrial sector every partner may benefit by gaining from trade compared to other option of import substation at the national level.

The fifth motivating factor for regional integration, though more on the cooperation side, is the joint production of public goods. This is possible when the nature of the public goods is such that it is non-excludable and there is no rivalry in its production. Furthermore, when pareto-relevant technological externalities exist, that is, when there is interdependence in the “production and/or utility functions of the economic agents” like exploitation of internationally mobile fish and world life Langhammer and Hiemenz, 1990:7) Benefits and cost are easier to share in cases of public goods and services which are provided under a regional integration arrangement.

Another economic benefit of regional integration is the protection against adverse developments in the world markets. Commodity export dependent countries benefit from a reduction of external vulnerability. It has been observed that regional integrations "…foster structural change in production from primary to the secondary sector and within exports towards manufactured goods" (Langhammer and Hiemenz, 1990:8). An industrialisation and value addition drive is evident. For post-colonial African countries, regional integration offers an opportunity to develop new trade routes and links different from those left by imperial countries which promote risk and dependence for weak African countries' economies. Such capitalist practices based on strong exploitative economic dependence links become risky in cases of erratic price fluctuations in the commodity markets. With regional integration it would be less detrimental as alternative regional markets can be created. Lewis (1980) argued that through regional integration there is protectionism on developing countries' economies. However, the slower growth that arises from regional integration would need a new engine to drive development. In this case he believes that trade among developing countries or broadly the South-South preference scheme could be such an engine. Lewis seems to suggest that there is scope for the creation of value and growth within the developing economies. This thinking proposes developing a strong capitalist economy within the developing world through regional integration. Such a strong capitalist system would help domesticate capitalism and develop the much-needed capacity of these developing countries to participate in a highly competitive neo-liberal global capitalist economy.

Other than the expected economic benefits of regional integration, there are several non-economic benefits that have been observed by many scholars. One critical benefit as argued by Langhammer and Hiemenz (1990:9) is that regional integration improves the collective bargaining power of weaker developing countries against stronger industrialised countries. They can speak with one voice. Such bargaining power can be economic and political. Economically developing countries which can be primary commodity markets can come together and form mini-cartels and enjoy monopoly rents in jointly demanding better deals and access to markets of developed countries (Akinyemi and Aluko, 1984:13). Because of geographical proximity in regional integration, it is highly likely that countries can produce similar commodities because of similar climatic geological conditions. There are high possibilities that they supply similar agricultural and mineral commodities which make it ideal for cartels. Cartels if used to improve the collective bargaining power can offer short-term income gains. The only problem is whether individual countries would be able to maintain the discipline required in a cartel. Some member states might be pursuing their own national interests at the expense of collective regional interest. The other challenge would be in cases where the regional grouping has no capacity to value add in certain commodity lines and the will fail to secure concessions from industrialised countries.

On the demand side of commodities or products, regional integrations can pool their import demand into the region. However, coming up with an import policy might be difficult because countries may not import homogeneous commodities. Furthermore, the import levels may vary with income levels and industrial capacity. Generally, developing economies remain small even after bundling their import demand. They will not be able to come up with a monopolistic position to enjoy income gains through putting in place optimum tariffs or coming up with terms of trade gains through any means (Keohane, 1982).

Politically, when countries under a regional integration use collective bargaining, they can have greater voting power to influence favourable international decisions or negotiation outcomes. There are also improved prospects for regional security in regional integration. From the regional security perspective countries in a regional organisation tend to develop consensus and become committed to common regional objectives. Consensus building becomes easier, especially when a common threat to the region’s interest is identified. This has been observed in SADC because of its common colonial history and struggle against oppression and colonialism. Consensus building only gets weakened when the common threat ceases to exist and each member state finds more benefit in pursuing its individual interests (Krasner, 1982).

Another benefit of regional integration is to promote domestic political and economic stability. Then regimes naturally align to regional norms and practices and cannot simply come up with new policies which contradict regional norms. However, to the contrary regional integrations may provide a scapegoat for unpopular policy or decisions. Regimes will simply shift the responsibility to the anonymous supranational body, for example, sector specific policies which help redistribute wealth can be unpopular and controversial in a specific country but can be attributed to the remote anonymous supranational body (Pelkmans, 1983; 1986). Policies such as indigenisation will thus be easier to implement in countries where they are not popular or controversial.

3.1.2 Barriers to Regional Integration

While there can be many factors which promote or encourage regional integration, there are also some factors which act as barriers to regional integration. These factors will be presented and analysed briefly before a discussion of regionalism in Southern African. Understanding the barriers to regional integration will also help in the understanding of their failure and how the whole concept integration relates to the African economic ethic of indigenisation. Barriers may be rooted in geographical conditions or even historical developments of a region. Barriers are often mentioned in the context of low-income regional groupings especially in sub-Sahara Africa. One set of factors which prohibits integration contains the so-called natural barriers which have in common that they constrain integration not as the choice of partner countries. Different languages have been a source of variation, in legal, cultural and administrative barriers. Colonial languages have been used as an instrument for nation state building as well as a tool for governing. Different colonial languages have been used in sub-Saharan African and post independent states have not introduced local languages and adopted one common colonial language. Languages may not be insurmountable or prohibitive. They add to other barriers which are more binding. Where there is mutual benefit from integration a way of dealing with language challenges will be found.

The dependence of the post-colonial African states on their colonial masters has been observed as a natural barrier. Related to this is the inherited infrastructure, communication and transport network, which was not designed for intraregional trade but for trade with the former colonial power. Some trade was maintained between former colonial powers and independent African states because of restrictive communication and transport infrastructure. In some instances, the trade has been tied to aid in which manufactured goods are sold to African countries at prices above those of competitors and African countries would have no choice but to trade for conditional aid (Langhammer and Hiemenz, 1990:14).

Political barriers have also been noted where most developing countries are emerging from colonialism and were busy finding national identity. The strong sense of self-determination, total independence and sovereignty promotes an inward-looking nationalist character that is sceptical about the involvement of foreigners in national issues and policies. Furthermore, coming from a multiracial and multi-tribal society requires deliberate state effort to deal with related divisive problems. As such, national identity can be a barrier and borders become well defined with prohibitive measures restricting the inflow of goods from neighbours. Neighbouring countries become competitors rather than partners. Competition for scarce resources, internally and externally, has been observed. This nationalistic attitude is another cause for xenophobic attacks in some SADC countries, especially South Africa. Ideological differences and different spheres of influence as well as global association of developing countries have been seen as barriers to regional integration.

Economic barriers to intra-regional trade arise especially when the perceived economic benefits to such trade appear to favour one country ahead of the other. In this case if opening up the market of a weaker economy leads to the dominance of the market by cheaper and competitive products from a neighbouring country, then there is a tendency by the weaker country to resist. Resistance arises from the understanding that there would be a sacrificial effect on the local manufacture capacity of a weaker partner for the benefit of a stronger partner. To that end, most countries would tend to practice protectionist policies that inhibit intra-regional trade. Labour will tend to migrate from the weaker economies towards the stronger economies. Trade imbalances can be experienced by countries at different levels of industrialisation and development. Ultimately if it appears that there are skewed economic benefits arising from regional integration the weaker countries will resist intra-regional trade.

3.1.3 New Regionalism

The regionalism discussed above refers to those state-led projects of cooperation that emerge as a result of intergovernmental dialogues and treaties (Higgott, 2013:87). From the end of the Second World War in the 1930s to the period after the end of the Cold War the state has been the dominate player in the determination of the features of regional integration. Over this period, different factors have been driving states as they entered regional arrangements. These include military security and desire for economic development. A significant increase in economically motivated regionalism has occurred since the 1980s.

Post war decades pursued the development discourse informed by the need for developing countries to gain a more equal share of the benefits of international economic interaction. Development theory in the 1950s and 1960s was premised on the need for an activist state, an activism demanded not only by the requirements of domestic resource mobilisation but also by structural impediments to growth which the international capitalist economy imposed on developing countries and which only interventionist and protectionist policies could overcome. This was an approach to regionalism which was inclined towards imports substitution (ISI). As import substitution lost steam in the 1960s so did the appeal of regionalism.

The counter-revolution in economic thinking and the rise of neo-liberalism changed the nature of development discourse dramatically by the 1980s. The case of the state activism and protectionist policies, such as the African economic ethic of indigenisation, come under sustained assault in many countries led by core industrial countries. This change at the ideological level was reinforced by the increased awareness of the differences in development outcomes. The benefits of import substitution together with its challenges of declining growth appeared to contrast strongly with the rapid export-led growth especially for countries located in East Asia. These developments in Asia were evidence of the arguments by the new dominant paradigm against structural impediments associated with import substitution and favouring rapid export-led growth. This required a new approach to domestic policy choices rather than changing the international trading system. These developments led to some new thinking in the form of a new regionalism.

Unlike the 1930s, the present manoeuvres have been to facilitate and secure their members' participation in the world economy rather than their withdrawal from it. Inward looking nationalistic policies such as indigenisation would contradict the new regionalism. Different from what happened in the 1950s and 1960s, the regionalism initiatives of developing countries are part of a strategy to liberalise and open up their economies to implement export and foreign investment-led strategies rather than import substitution policies. The forces that drove regionalism at the end of the twentieth century in the1980s and 1990s were radically different from the previous waves. Regionalism of the 1980s and 1990s should therefore be distinguished from the previous rounds both by its content and its motives. In developing countries, the central issue has been the movement towards adopting neo-liberalism and away from import substitution that was the focus of the 1950s and 1960s. Regionalism has been used in the two periods but with the intention to serve different purposes: it would appear regionalism can be applied in a flexible way to deliver different development objectives. The concept regionalism has been associated with a variety of development strategies while the new regionalism is a combination of regionalism with adoption of neo-liberal development strategies (Bowles, 2002:6). Some states just join regional arrangements to enhance independence from the global economy as they once did; many developing states now see regionalism as a measure to ensure continued participation in the global economy.

The defining factor of ‘new’ regionalism is seen by the rejection of the ‘old’ regionalism in both practice and theory. The increase in the number of regional integrations and the higher levels of participation by states is a key indicator of ‘new’ regionalism. Most countries are members of at least more than one regional arrangement and very few do not belong to any regional grouping. The effect has been an increase in the desire to export by countries and the promotion of export strategies through a variety of domestic neo-liberal economic policies.

In the new approach to regionalism there is the understanding that the state is only but one of the many players and agents of regional integration. The change from the state centric regionalism defines the new regionalism. In this regard, new players in a complex mix of state parties, multinational groupings, non-state actors such as multinational corporations, new civil society organisations as well as non-governmental organisations (NGO) all influence and shape the outcomes of the region. The new wave of regionalism is characterised by the response of nations to globalisation as shown in the desire of nations, both weak and strong, to participate in global economics (Higgott, 2013:88).

There is a growing understanding that new regionalism is about processes of regional integration which driven by markets, private sector trade and inflows of investment influenced by policies and decisions of companies rather than the predetermined plans of national or local governments (Higgott, 2013).

New regionalism is about the role of the regional factor in global transformation from the mid-1980s under the assumption that this regional wave was ‘new’. It differed from the old in a number of ways:

a) It took shape in a multi-polar world order.

b) It was a more voluntary process from within the emerging regions.

c) It was often described as ‘open’ and thus comprehensive, multidimensional societal process and it formed part of a global structural transformation, or globalisation, which also a variety of non-state actors were operating at several levels of the global system (Hettne, 2007:25).

The new regionalism goes beyond free trade arrangements to include other economic as well as political security, social and cultural issues (Hettne, 2007:28). There is an interaction of the national system, regional agreements and the global dimension – this may well lead to the establishment of a system of governance of the global system which may provide some form of international order. There is a top down and a bottom-up approach in the interaction of nations, regions and the global system (Padoan, 2013:37).

The new regionalism thinking advocates for the free market global economy based on global neo-liberal capitalist practices which weaken the state’s role in the determination of economic fundamentals. This new approach appears to be countering the nationalist development policies such as indigenisation which focus on the development of capacity by the poor black people. New regionalism would not promote the reduction of poverty among the poor black people who were marginalised from participating and benefitting from their economies. The consequences would lead to further marginalisation of the poor as they become more vulnerable to global competition. From utilitarianism in ethics the consequences would not benefit the majority poor people because they will not be able to compete and survive in the highly competitive global capitalist market. For the SADC, rethinking the way to come up with a more effective regional integration that addresses poverty challenges for most indigenous people means they have to find an effective way of dealing with the new regionalism.

3.2 Earlier Forms of Regionalism and the Development of Regional Integration in Southern Africa

The concept of regionalism has existed for hundreds of years. This can be testified by a customs union that was proposed for the provinces of France in 1664, a free trade agreement that was signed between Austria and its five neighbours in the eighteenth and nineteenth centuries, and the fact that countries under colonial rule practiced preferential trade (Schiff and Winters 2003:4).

The end of the Second World War saw the emergence of regional integration which aimed at enhancing security and reconstructing the economies which were destroyed by war. Notably the Benelux Customs Union of 1947 was established for the reconstruction of Europe. This was soon to be followed by the 1951 European Coal and Steel Community (ECSC) which had far reaching developments and transformations to become the European Economic Community (EEC) in 1957, and subsequently the European Union in 1993. The development of the European Union had notable influence in the study of regionalism (De Melo and Panagariya, 1992).

The success of the EEC had a significant influence on the sudden increase of regionalism among developing countries in the 1960s. Such early forms of regional integration by developing countries were mainly for economic development (Schiff and Winters 2003:5). Furthermore, the 1960s saw a number of African countries attaining independence and embracing regionalism for development. A strong desire for empowerment, industrialisation and self-determination informed their economic policies. Also important was the need to disengage from the dependence on colonial powers. The nature of trade characterised by the export of primary commodities from Africa and the inherited extractive economic model made it difficult for them to avoid the former colonial powers totally. This was one of the reasons for the failure of earlier regionalism efforts in Africa (Bach, 1999: XXVII).

The United Nations through its United Nations Economic Commission for Africa (ECA), which was established through a resolution on 29 April 1958, sought to assist in the development of newly independent African states. Its duties involved commission collecting and providing technical statistical data and information on African economic and technical problems, as required, and investigating technical and economic development challenges of these countries and assisting the ECOSOC in finding solutions. The ECA was made up of the newly independent countries in Africa. (Gruhn, 1985:24-25).

Despite the challenges experienced in early African regionalism, the continent managed to establish the Organisation of Africa Unity (OAU) in 1963, a regional grouping that has survived albeit through some transformation to the present African Union (AU) (Larson, 2006). One of the key founding leaders of the OAU, Kwame Nkrumah on 24 May 1964, made the following remarks which can help understand why the OAU was formed:

> As I have said time and again the salvation of Africa lies in unity. Only a union government can safe guard the hard-won freedom of the various African states. Africa is rich, its resources are vast and yet African states are poor. It is only in a union government that we can find the capital to develop the immense economic resources of Africa. (Adejumobi 2008:3).

Two issues appear to be distinct in Nkrumah's remarks. There was a need to collectively preserve the independence of the Africa countries and the desire to develop the African countries with a view to end poverty. The collective safe guarding of independence needed collective expression of the African interest to the World. Calls for a pan Africanist approach of "many voices" and one "vision", as Said and Adebayo (2008) put it, had the ultimate objective of political renewal, reversal of the trend of socio-economic decline and marginalisation and mainstreaming Africa in the global political economy. With the majority of the African having been marginalised from participation in the mainstream economic activities of their countries, their chances of participating meaningfully in the global political economy were limited. Policies such as the African economic ethic of indigenisation, which later became common in most SADC states, were noted in the early stages of the formation of the Organisation of African Unity.

The OAU has had influence in the formation and shaping up of sub-regional groups in Africa. For SADC the history of regionalism will not be complete without the role of the OAU. The strong desire to reverse the colonial ethic had notable relevance in defining regionalism in Southern Africa.

3.2.1 Evolution of SADC Integration

The OAU through its liberation committee was instrumental in the formation of the Front Line States (FLS) in Southern Africa. The FLS had interest in enhancing security in the region and to fight colonialism in Southern Africa. The earlier efforts by states in Southern Africa were focused on regional security and the liberation of countries which were still under colonial rule. Ngoma (2005:2) observed that states in the Southern African region has since the time of the liberation struggles for independence in the 1970s and 1980s trying to develop a regional structure that ensures peace and security. This could have been a recognition that peace and security were essential for economic development. The early notable regional grouping was the Front Line States (FLS) whose main objective was to bring about independence and majority rule to Namibia and Zimbabwe.

As the liberation struggle for Zimbabwe was nearing the end, there was acknowledgement that long-term commitment by regional leaders was required in the struggle against apartheid in South Africa. This observation led regional leaders to institutionalise the informal co-operation of the Front Line States. From the Front Line States the Southern African Development Co-ordinating Conference (SADCC) (Olusoji, 2003:272) was then formed by the Lusaka declaration on 01 April 1980 (Hwang 2006: 91). At the formation of SADCC there was explicit recognition that was given to economic factors as particularly important in removing the vulnerabilities and constraints of the region. These envisaged vulnerabilities related to the economic dependence on the apartheid South Africa (Ravenhill, 1985:218). Akomolafe (2003) also noted that SADCC was formed to help the independent states mitigate against political and economic hostility of the apartheid South Africa. Initially SADCC had ten countries namely, Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe (Olusoji, 2003:272).

The Southern African Development Community (SADC) was formed in in Windhoek, Namibia in August 1992. This was through a declaration and treaty that was signed by heads of states. The treaty became effective in September 1993 upon ratification into national laws by individual member states making SADC decisions, agreements and policies to become legally binding. The region then had the necessary legal framework to enforce its agreements, decisions and policies as well as to put in place measures against member states which violated the treaty (Olusoji, 2003:273). The later inclusion of the Democratic Republic of Congo, South Africa, the Seychelles, Mauritius and Madagascar into SADC grew the membership to fifteen (Economic Commission for Africa, 2006:38).

The Common Agenda of the 1992 SADC treaty outlines some of the objectives of the regional grouping as follows:

1. Achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration.
2. Promote common political values, systems and shared values.
3. Promote self-sustaining development on the basis of collective self-reliance, and the interdependence of member states.
4. Achieve complementarity between national and regional strategies and programs.
5. Promote and maximise productive employment and utilisation of resources of the region.
6. Ensure that poverty eradication is addressed in all SADC activities and programmes.
7. Strengthen and consolidate the long standing historical, social and cultural affinities and links among the people of the Region (SADC, 2015a).

To achieve the objectives set out above among other issues SADC agreed to**:**

1. Harmonise political and socio-economic policies and plans of member states.

2. Encourage the people of the region and their institutions to take initiatives to develop economic, social and cultural ties across the region, and to participate fully in the implementation of the programmes and projects of SADC.

3. Develop policies aimed at the progressive elimination of obstacles to the free movement of capital and labour, goods and services, and of the people of the region generally, among member states.

4. Improve economic management and performance through regional cooperation.

5. Secure international understanding, cooperation and support, and mobilise the inflow of public and private resources into the Region (SADC: 2015a).

These objectives defined SADC's integration roadmap and they appear to embrace the old regionalism and new regionalism.

3.3 Regional Economic Integration and the African Economic Ethic of Indigenisation

The SADC objectives stated above were, among other things, focused on regional efforts to deal with poverty and collaborative regional development in an integrated regional framework. Policies which are people-centred and benefitting the poor majority were therefore expected as argued by utilitarianism in ethics. The fact that the leaders on signing the Common Agenda called for the promotion of common political values, systems and shared values implies that the African economic ethic of indigenisation had space to be implemented at the regional level. This is from the understanding that most SADC states were pursuing the ethic of indigenisation with a view to empowering the poor black people. From the objectives of SADC, one would expect an expression of the African economic ethic at the regional level. By empowering the poor majority through indigenisation, the region would have moved a step towards regional economic development. Whether there is expression of the ethic of indigenisation through polices and activities is one of the issues this study seeks to establish.

The desire to progressively eliminate obstacles to the free movement of capital and labour, goods and services shows that the leaders on signing the common agenda agreed that anyone in the region could freely move and conduct business anywhere in the SADC member states. This was to promote regional capitalism and help domesticate capitalism. The desire to achieve complementarity between national and regional strategies and programmes was expected to see the common and popular national policies such as the economic ethic indigenisation being expressed at the regional level. The SADC approach was to secure the international confidence, support and cooperation in the mobilisation of public and private sector resource inflows into the region. The acceptance of private international business partners into SADC shows that the region had embraced new regionalism as a model for the region. This idea seems to have been motivated by the acceptance that the region did not have enough capital, resources and technology to drive economic development or, more specifically, to industrialise the region. However, most countries had expressed their desire to have greater participation of the indigenous people in their national economies through the African economic ethic of indigenisation. It is not clear how the region was to balance the arrival of non-indigenous businesses into the regional economy without further marginalising the already disadvantaged poor black Africans.

Bach (1999) noted that there was broad consensus that regional integration in Africa had not been successful on the whole especially as a way of promoting regional capitalism. Bach acknowledged achievements in some areas but questioned the limited successes. He identified lack of potential to increase intra-regional trade within Africa (Bach, 1999:16-29). For the SADC, the challenge of limited intra-regional trade has also been cited as one of the possible sources of limited success. Nathan made similar observations pointing at the absence of common values (Nathan, 2004:1). However, Nathan did not explain why, even in the absence of common values, the African economic ethic of indigenisation was popular in many SADC countries. There are some ethics and values which are common in the SADC, but what differs is how countries interpret and respect some of these values. Being a region that evolved from a collaborative struggle against colonialism and apartheid and a region with strong bonds of solidarity, the SADC shares a common political history and one expects related political values to be shared in the region with small margins of variance (Olusoji, 2003: 272). The values that inform the African economic ethic of indigenisation or simply the black economic empowerment or affirmative action should be commonly shared. What might vary is the approach or implementation of the ethic as shown by the different ways by which it is called.

Though the SADC region has strong historical ties, it still remains with challenges in the integration process. Some of the challenges arise from different levels of economic development and the expected benefits from integration. Article 4 of the SADC treaty spells out the principles which the region upholds. These include sovereign equality of all members and the need to ensure equity, balance and mutual benefit (SADC, 2015a). The upholding of these principles possibly is one source of the retarded integration. SADC has big economic differences between member states. South Africa is by far the largest economy in the region. South Africa is also the most industrialised state in the region contributing seventy one per cent to the region's gross domestic product (GDP). This makes South Africa a key member of the region (Lee, 2002: 62). The Council of ministers approved a formula for the 2003/4 SADC budget contributions by member states. The formula requires that a member state contributes to the budget an equal proportion of the SADC budget as the proportion the member state's contributions to the regional gross domestic product. A maximum of twenty per cent and a minimum of 5 per cent were introduced. Though South Africa had a regional GDP contribution of seventy one per cent it would contribute twenty per cent of the budget. Only Seychelles was exempted and required to bring in two per cent of the regional budget (Isaksen, 2002: iii). It seems the region agrees on unequal contribution to the SADC budget while upholding a rather contracting principle of equal benefits from integration.

The unequal levels of economic development in the region have caused smaller economies in the region to feel threatened by the bigger and more powerful economies in that they would not easily accept investments from the stronger economies like South Africa for fear of being dominated. Furthermore, the smaller economies would feel short-changed as the powerful economies would likely benefit from deeper integration. The movement of capital in the region therefore remains subdued because of such fears of unequal benefits. This undermines the development of regional capitalism and the regional indigenisation drive despite the common values aimed at empowering the poor black people. South Africa's investments in the region are viewed with suspicion and yet it can be a source of capacity to industrialise the region and hence promote indigenous regional capitalism. The fears are based on the understanding that the South African economy is still dominated and effectively controlled by the former apartheid white owned businesses which cannot be trusted. Perhaps the starting point is to define what and who is indigenous to the region.

The old regionalism where states offer preferential trade conditions to goods and services provided by member states consolidates the thinking in the African economic ethic of indigenisation. In the old regionalism there is greater promotion of local and regional capitalism since trade with countries outside the region would meet higher and prohibitive tariffs. By promoting regional trade, the old regionalism helps in domesticating capitalism in Africa. Promotion and support for local and regional wealth creation would aid the development and strengthening of the capitalist capacity of indigenous Africans in the region. If indigenisation at the regional level is properly implemented in a transparent way which is not corrupted to favour a few who are well connected, it would benefit the poor black people who had been marginalised by colonialism. For regional indigenisation, capitalists who are citizens of the region would be given opportunities to invest in the region on favourable terms compared to non-citizen to the region. A regional integration model which favours this approach to regional indigenisation is the old regionalism which is rather closed and screens out non-member competition. One could argue that even when the politically connected benefit from regional indigenisation, the wealth created would through some spill-over effect benefit the black people because the greater part of the wealth created would remain in the region but condoning such corrupt practices should not be accepted as they violate the basics of rule utilitarianism (Little, 2002:40).

Unlike the old regionalism, the new regionalism, over and above the conditions of the old regionalism, calls for a liberal approach to regional integration. Regions in an integration arrangement are expected to allow members to belong to multiple regional groupings. This thinking suggests a motive to weaken a single region's influence on global trade and the neo-liberal global capitalist market. It can be argued that new regionalism is a way by which developed western capitalist countries seek to maintain a liberal global capitalist market. This in a way would counter the efforts of economic approaches such as the African economic ethic of indigenisation which aims at creating domestic capitalists or simply domesticating capitalism in a country or region. In domesticating capitalism, indigenous people would be supported through deliberate policies to establish and own the means of value creation. The development of capitalists in Africa in general or the SADC in particular has several feared implications for the developed western capitalist economies. Such feared effects are likely to be the source of the sustained efforts to weaken the growth and development of African capitalism.

Firstly, the traditional advantage held by the developed former colonial states in which they imported cheap raw material and add value by producing products for resale to the developing countries at huge profits would face competition (Saul and Leys, 2005:18). By creating capitalists in Africa an industrial capacity would be established from which products are likely to be put on the market at lower and competitive prices, given the lower costs of labour in Africa and cheaper transportation costs compared to what could be met in the developed countries' industries. Secondly, Africa is endowed with many resources which are critical for the survival of the capitalist industries in the developed western world. Such resources would then be availed to African industries at lower costs compared to western industries mainly because of transport costs and regional integration preferential treatment. This would once again make the African products better priced and competitive in the global market. Furthermore, the increase in industrialisation in Africa would imply an increase in the consumption of raw materials and primary commodities by indigenous industries. The competition for resources is likely not to favour non-regional industries. It would make sense for local indigenous industries to add value and export higher value products. The African economic ethic of indigenisation, if taken to a regional level in a region operating on old regionalism, is in the long-run likely to promote the development of local capitalists in that region. This would benefit the poor black people as argued by the utilitarianism in ethics. Saul (2005) argued that people-centred development and market-oriented economies are not mutually compatible. The new regionalism would not benefit the majority poor people in SADC (Saul, 2005:259). There is however a need to ensure that the implementation does not lead to only a few connected benefitting as this would erode the ethical benefits of indigenisation.

3.4 Conclusion

This chapter presented and analysed the theoretical and conceptual underpinnings of regionalism. A historical perspective of how the concept of regional integration evolved was also looked at with a view to determining the relationship between regional integration and the African economic ethic of indigenisation from an applied ethics perspective. The chapter was also an attempt to explore the complementarity or contradiction between the ethic of indigenisation and regional integration as ethical economic policy options for a post-colonial SADC. The first section was on regionalism from a theoretical and conceptual perspective. The second section of the chapter discussed how regionalism was introduced in Southern Africa. Before concluding the chapter, the last analytical section of the chapter discussed the relationship between regionalism and the African economic ethic of indigenisation.

The chapter noted that regionalism is an old concept which has evolved over a long time and was transformed to suit different situations. Despite the different forms and emphasis of regional integration, it was seen that regional integration involves voluntary groupings of countries coming together to complement each other on economic or traditional security matters. One key characteristic of trade in economic integration, from the old regionalism perspective, is that member states give preference to other member states' goods and services. There is usually a reduction or total elimination of trade barriers between member states and such barriers are maintained when trading with non-member states. This practice can be viewed as advantageous to trade between member states and to a large extent empowers the regional trade partners against non-regional traders. Parallels can be drawn between regional integration and the African economic ethic of indigenisation. The features of aiding or empowering against competition are common in both. Like the Africa economic ethic of indigenisation which seeks to promote local capitalism, regional integration promotes regional capitalism and can be viewed as a way of domesticating capitalism at the regional level. Regionalism has been viewed as a strategy for regional economic development and an incubation platform for regional capitalists who would be allowed to develop before being subjected to global neo-liberal economic competition.

New regionalism takes the old regionalism approaches on board but acknowledges further that in integration there is need to recognise the role played by non-state actors as they can assist as development partners in regional integration. The new regionalism also allows states to belong to multiple regional groupings and the concept of restricting regional groupings to states in some geographical proximity is challenged in new regionalism. New regionalism appears to be modelled around global neo-liberal capitalist practices. It would allow global competition against developing weak national and regional capitalists without protection and its terms, if not well negotiated, may contradict the spirit of the African economic ethic of indigenisation.

For the SADC, the chapter observed that the regional integration was modelled on the new regionalism as non-state development partners are accepted. However, there is great emphasis on collaborative regional economic development and need to eradicate poverty through SADC integration. Such an understanding can be viewed as seeking to empower the poor black people who were previously economically marginalised during the colonial and apartheid eras. This is in line with utilitarianism in ethics where such policies or strategies would ultimately benefit the majority of the people in the region. In the SADC objectives there is a desire to promote common values and systems at the regional level. The African economic ethic of indigenisation is expected to find expression at the regional level because it is common in most SADC countries, though in different forms.

The chapter concludes that the old regionalism does not contradict the African economic ethic of indigenisation. In SADC, regionalism seeks to empower the poor black who were previously marginalised and protect them from neo-liberal global capitalist completion. New regionalism accepts private and public partners from outside the region to complement regional development programmes. In dealing with other players outside the region through new regionalism, the chapter observed that this is a neo-liberal capitalist approach to regionalism and if agreements with partners from outside a regional grouping are not made carefully, they bring competition to the previously disadvantaged black people. Beneficiaries of the regional integration then may not be the majority poor people.

Chapter four critically analyses the theoretical underpinnings relating to welfare economics and the concepts of utility as it is understood from economics and utilitarianism in ethics.

CHAPTER FOUR: THE ETHICS OF WELFARE ECONOMICS AND THE AFRICA ECONOMIC ETHIC OF INDIGENISATION FOR SADC

4.0 Introduction

Welfare economics is mainly concerned with the evaluation and prescription of social policies for social states from an ethics perspective. It also concerns the analysis of the principles used in the evaluation and prescription processes of social policies. While prescription on the one hand can be regarded strictly as a recommendation to reject or accept a policy option, evaluation on the other hand involves socially ranking policy options on the basis of a given explicit or implicit ethical criteria. The language used in welfare economics is therefore the language of morals as it is applied to social and economic situations. In a stricter sense, the theory of welfare economics is not as much concerned with the prescriptions or evaluation of social policies as it is with the ethical principles or criteria used in coming up with such prescriptions and those principles used in the evaluation. This chapter will focus on those ethical principles which inform the policy selection process by the state and region.

Welfare economics is also concerned with defining, describing and measuring social and economic phenomena with the aim of clarifying or measuring such given aspects closely related to one's understanding and perception of social welfare. The intuition of most people about social welfare involves considerations like the extent of poverty and inequality in the society and even the degree of freedom, rights and the amount of opportunities that are availed to people for them to enjoy. Logically, welfare economics would be interested in this intuitive content of these concepts and their measurement. Furthermore, ethical judgments which may involve evaluation/ prescription of social states or policies are by nature what welfare economics deals with. The prescription and evaluation may be in the form of a general or 'universal' ethical principle such as, "A reduction in social inequality is always better for the people of any society. For every evaluation of a social state where we say social state '*a*' is better than social state '*b*' for the society we are obliged to give the ethical reasons for that evaluation" (Dutta, 2003:14).

This chapter will discuss the welfare economics relating to the African economic ethic of indigenisation and the neo-liberal capitalist practices. The ethical analysis and considerations will be guided by the ethical principles informed by utilitarianism. The analysis will also be informed by the ethical principles of justice and equality as well as duty ethics on the part of the state. Critical in the analysis and evaluation is the need to maximise social benefits and welfare from the policies. This analysis will help inform the determination process of the ethical and moral imperatives for indigenisation of the regional economic integration policy in SADC. Also, in this chapter is an analysis of the ethical debates in wealth redistribution by the state.

The chapter argues that both global neo-liberal capitalism and the African economic ethic of indigenisation pursued using the current approaches have not managed to reduce poverty in the post-independent SADC states, thus failing to deliver the expected social welfare to the majority of the people. Their failure to reduce poverty leads to ethical questions that relate to welfare economics. There is therefore a need to rethink the African economic ethic of indigenisation in order for the majority people to benefit, especially the previously marginalised indigenous people. An ethical economic policy should be one which delivers the greatest well-being to the greatest number of people.

This chapter will first give an analysis in general of the ethics relating to the state in making policy choices. Then it will discuss the ethics of welfare economics and the African economic ethic of Indigenisation. This section will analyse how ethical indigenisation is in delivering welfare to the SADC social state. The third section will analyse indigenisation guided by utilitarianism in applied ethics. This section is followed by an analysis of the moral issues of the state in policy selection and indigenisation in the SADC region. The fifth section is on utilitarianism, justice and inequality principles in ethics as they relate to wealth redistribution. The last section will analyse the ethics of the state in wealth redistribution.

4.1 The Ethics of the State in Policy Choices

The fact that regionalism is popular is undisputable. While regionalism has grown in popularity, the global economy has been dominated by neo-liberal capitalism and states have limited space for economic policy options. However, states and regions retain the ultimate authority in as far as choice of policies is concerned. The sovereign right of states is upheld despite these global economic trends. Before discussing the relationship between the globally dominating economic policy options of regionalism and neo-liberal capitalism and the related ethics, the ethical issues of the state in its role as the major source of economic policy options will be described.

In an attempt to put the utilitarianism theory of ethics into context, the writer will first examine the concept of utility around which utilitarianism is built. Little (2002) observed that Jeremy Bentham (1789), who is regarded as the father of utilitarianism in ethics, understood utility to be whatever was conducive to happiness, and that there was a need for a balance between pleasure and pain. Later, after he realised that whatever people would have paid for is not what always made them happy, utility come to be understood as 'desiredness'. Further debate on the concept of utility presented it as an issue of choice. In this understanding people would make a choice of 'A' rather than 'B'. Economists argued that such a choice would have been influenced by the preference for 'A'. However, the accuracy of this thinking was questioned as one could choose 'A' although he or she would have preferred 'B'. The choice for 'A' could be based on the influence by peers or society (Little 2002). For good reasons, people may make choices which are against their preference because they would have been considered to be better for them (Marshall, 1920). This debate made utility finally be understood to be coming purely from choice.

Utility theory argues that when choices are made, they must be reflective in that if 'A' is chosen rather 'B', then 'B' must not be chosen instead of 'A'. Furthermore, the theory argues that choices must be transitive, implying that if 'A' is chosen before 'B' and 'B' is chosen before 'C', then it should always be that 'A' will always be chosen before 'C'. These acts of choice should be consistent in order to satisfy function and to achieve maximisation of utility (Little, 2002; Von Neumann and Morgenstern ,1953).

In this context, the choice of an economic policy by the state should be seen as one which leads to the maximisation of utility. SADC states have generally preferred economic policies such as indigenisation and this has been popular in member state's domestic policies. However, at the regional level, the preference for the African economic ethic of indigenisation is not evident. Regional integration at the multilateral level has been preferred ahead of the African economic ethic of indigenisation. Furthermore, neo-liberalism appears to have also been preferred at the individual state or national policy level but the same liberal character at the regional economy is not evident. The failure of indigenisation to empower the black people has led to preference being shifted slowly from the African economic ethic of indigenisation to neo-liberal capitalist practices. The idea is to attract local and foreign direct investment to stimulate economic growth with the hope that this will help deal with poverty through employment creation and spill over effect. This idea of attract foreign direct investment would stimulate economic development but the economies will largely remain in the hands of the extra-regional foreign investors. The requirement for indigenisation will therefore not be addressed. Furthermore, the domestic economies have not fully opened up to regional partners in a regional neo-liberal economic framework. Instead, regionalism has been slow and neither neo-liberalism nor the African economic ethic of indigenisation have been fully embraced at the regional level. Evident in most SADC countries is an earlier preference for the African economic ethic of the indigenisation which was later abandoned for the neo-liberal economic policy at the national level. Regionally, there is a preference for regionalism, but the practice of states suggests closed economics with no evidence of neo-liberal economic practices at the regional level. If utility theory argues that greater utility is expected from choices, then at the national level the choice and emphasis on neo-liberalism is expected to deliver greater utility and should always be chosen ahead of the African economic ethics of indigenisation. At the regional level states have not chosen full regional integration, but rather they have chosen to practice some kind of closed national economic policy which is not liberal to the regional economy.

Though the African economic ethic of indigenisation is popular and also preferred at the national level, utility theory says that, by choosing neo-liberalism at the domestic level, greater utility is expected to be achieved than that would be realised from the African economic ethic of indigenisation. At the regional level the choice of not supporting an open neo-liberal regional economy suggests countries at the national level do not expect to derive greater utility from regional integration. It would appear that if utility is maximised by choices then some contradiction seems to be evident in the choice of economic policies at the national levels in SADC. This casts further doubt on the ability of the choices to deliver the greatest utility for the benefit of the greatest number of people. This calls for the rethinking of the preferred African economic ethic of indigenisation and regionalism in SADC. In their present state it would appear they will not give the greatest utility to the states and the people.

The form of utility discussed above is only ordinal and does not quantify the amount of utility for comparison. Expected utility takes into consideration the various probabilities of choosing certain options and this can be quantified for comparison of the differences. Little (2002) argued that economists and all those concerned with policy formulation usually choose policy options with greater utility. In this case, greater utility is the criterion of “better-offness” (Little 2002:8; Bordley and Pollock, 2009). Economic policies that are chosen should deliver “better-offness” to people and hence reduce poverty.

4.2 The Ethics of Welfare Economics and the African Ethic of Indigenisation

By prescribing policies meant to correct historical imbalances, the state would be acting on the basis of the social contract theory. In this case the state is regarded as having been given powers by its subjects to reign supreme over its subjects and provide the security lacking in what Hobbes (1642) called the state of nature. The state would therefore be regarded as the source of all morality (Little, 2002:33; Goodin,1995). It is therefore bound by duty ethics. In this thinking, African states are justified in coming up with policies such as indigenisation which are intended to bring equality to all in participating in their national economic activities.

On the redistribution of wealth or land that would have been acquired through unjustified means, argued that if infringement of rights is then seen as injustice, the state has to be unjust for the purpose of wealth redistribution. Alternatively, actions which are regarded as unjust if they are carried out for whatever reason may not be unjust if the purpose is to improve welfare by redistribution. Welfare sometimes prevails over justice (Rawls, 2005).

4.3 Utilitarianism in Applied Ethics and Indigenisation

Little argues that the doctrine of utilitarianism dates back to the time of Hume (1738), and Hutcheson (1725), in the eighteenth century. Hutcheson and Hume perceived justice and morality as rooted in utility: “whatever is valuable for society” (Little, 2002: 3). Bentham (1789), regarded as the founder of utilitarianism, considered it to be a detailed guiding principle which seeks the actions of both governments and individuals to deliver, in the end, the greatest amount of happiness to the greatest number of people. If utility can be taken as happiness, then utilitarianism can be said to have started at the time of Aristotle (384–322 BC), (Dimmock and Fisher, 2017). Aristotle claimed that most people in all social classes agreed that happiness, which can also be understood to mean living well and acting well is what should be the highest priority among all good things to be done or simply the aim of political science (Little 2002:39).

With poverty arguably being the greatest challenge in most post-independent African countries, policies that are aimed at reducing poverty and improving the well-being of the majority of the people would pass the utilitarianism test. After considering extensive debate, utility can be viewed as standing for society. The writer will now focus on the debates around the ethics principle of maximising happiness or welfare. It can be assumed that happiness can be quantified and that it varies in amount at different times. Though one can refer to utility as happiness, it can also be defined so as to mean the good of both individual people and the society. Therefore, in maximising happiness one may also be talking of maximising welfare or the good (Little 2002:39). For post-independent states in Africa, and the SADC specifically, policies aimed at maximising welfare or the good in the society should emphasise poverty reduction.

The entitlement theory of justice by Nozick (1974) is heavily dependent on just acquisition and accepts that much of the acquisitions made in the past caused harm to many people. In that understanding, Nozick proposes 'rectification' as an ethics principle. It is, however, difficult to identify individual descendants of indigenous African people accurately who suffered and got economically disadvantaged by discriminatory colonial policies. Similarly, it would be difficult to identify descendants of the original colonisers who benefitted from discriminatory colonial policies and make them pay. Noting these difficulties, Nozick suggested that the poor people in post-colonial Africa are most likely the descendants of those who were originally made to suffer and discriminated against by colonial policies. In this thinking, the state's efforts to redistribute wealth on utilitarian grounds with policies such as indigenisation are justified (Nozick, 1974:231).

During the nineteenth century, the concept of utility was interpreted in terms of happiness and satisfaction in people. The thinking based on happiness sought to measure the levels of happiness in units of utility or 'utils'. This thinking perceived utility as comparable and measurable. The adding up of utilities gave cardinal utility. This approach was later criticised as unscientific as its judgments were value-laden rather than looking at the variability of happiness. The debate on how best to describe the utility function led to terms such as well-being, subjective well-being, better-offness, betterself, and betterness relation, all meant to measure best and compare the levels of interpersonal, society and national utilities. However, the relationship between betterness or wellbeing with preference or choice. People normally choose what is best for them and a utility index for choice would be similar or the same with one for betterness (Burke, 1932). The choices of people coincide with what is good for them. For almost all utilitarians, the coincidence between people's choice and what is good for them is only perfect if people are "rational, well-informed and self-interested". As argued by Little (2002:14), people can be viewed by others as abnormal. Governments are regarded as some kind of a "better-self" kind of personality who is aware of the self-interests of its protégée, the subjects, and is rational and well informed to direct everyone's choices. This role of government is recognised by welfare economics. In its well-informed and rational position, a government should then seek to maximise the utility or benefits derived for the greatest number of people.

While there can be variations in individual people's goals and assessment of consequences of certain choices, the government should be able to deal with the challenges and differences in welfare outcomes likely to arise from differences in individual choices and still be able to deliver general social welfare. Looking at all the possible outcomes of policy options, governments should choose polices which conform to the Pareto like rule that one policy outcome is regarded as better "…if, and only if at least one person is better-off and none worse-off". (Little, 2002:15). The African economic ethic of indigenisation should therefore be assessed for success if it delivers at least an additional better off person without making anyone poorer or worse-off.

Utility may follow a concave function in which adding more good to a person who already has a lot of social good around him or her will have less effect than adding the same good to a person with less good (Burke, 1932). If indigenisation is structured to benefit a few well connected and already well-off people, then the social utility derived would be less than making the poor and less privileged benefit from indigenisation. For greater utility to be delivered from indigenisation, more focus should be given to the poor and less privileged. However, for utilitarianism the general welfare can be viewed as a sum total of the individual well-beings. The general good is represented by the addition of individual goods which is the key principle of utilitarianism (Rosen, 2003). An economic policy such as the economic ethic of indigenisation or regionalism can be regarded as ethical if they deliver the greatest good to the greatest number of people.

The implementation of inward-looking economic policies such as import substitution and indigenisation in individual SADC states has not helped eradicate poverty. A tendency by states to have mixed economic policies and approaches is notable with neo-liberal economic policies of open economies meant to attract foreign direct investment. The mixed policy approach suggests a shift from inward-looking economic policies such as indigenisation. Such a shift confirms the failure of indigenisation to redistribute wealth and eradicate poverty. The majority people have remained poor. For over two decades now many countries in the SADC have been employing policies which are neo-liberal in character with increasing confidence and hope for success, but poverty has not been reduced. There is therefore a need to rethink the economic approaches which seek to redistribute wealth and eradicate poverty. The neo-liberal economic policy is meant to improve the welfare of the society through economic development. In rethinking the approaches or policies for wealth redistribution, a regional approach needs to be considered so that effective regional economic growth and poverty eradication can be achieved. With economic growth and poverty eradication social welfare is expected to improve. As the majority of the people become better-off the ethical concerns of utilitarianism will be addressed as more people derive greater happiness or utility from the policies.

Utilitarianism is regarded as comprehensive principle in applied ethics which should inform both personal and government policy option and actions (Singer, 1979). This principle of utilitarianism is generally regarded as having been founded by Bentham, (1789). Utility can be also understood as happiness and this is an earlier view argued by Aristotle taking earlier scholars as having utilitarianism in their thinking more than three centuries before the birth of Christ. Utilitarianism therefore aimed at maximising happiness or welfare, happiness being about living well and acting well (Little, 2002:39). By maximising happiness, the well-being of people is improved, and poverty reduced. For economic policies in SADC states to be viewed as ethical they need to aim at the eradication of poverty and maximisation of the social well-being of people.

Utilitarianism is one form of consequentialism in ethics which argues that an action can only be judged as right or wrong based on how good its consequences are (Singer, 1979). For the post independent SADC states economic policies which redistribute wealth and lead to a reduction in poverty to the majority of the people will be regarded as ethical. Both neo-liberalism and indigenisation in their current state as applied at the national level have not produced the good consequences such as reducing poverty, even after being pursued at the national levels for many years. There is need to rethink the approach in order to derive the greatest benefit for the greatest number of people, especially the previously marginalised black people. Consequentialism has been known to disregard a lot of what is taken to be of moral importance for example rights, virtue, duties and obligations and has a way of addressing these.

Utilitarianism has two distinct forms, rule utilitarianism and act utilitarianism (Singer, 1979). Rule utilitarianism has been presented to counter the argument that utilitarianism ignored important moral rules. Rule utilitarianism holds that some rules are important in ensuring good welfare in people and society. Therefore, rule utilitarianism tests a rule or code of conduct whether it is morally right based on whether the outcomes of implementing that rule are favourable or unfavourable to everyone. A rule utilitarian would choose to follow rules which maximise utility (Little, 2002:40). They would accept that rules can be broken in exceptional cases. In any case rules are generally meant to maximise utility. Countries in SADC have come up with laws or rules that are meant to promote wealth redistribution through some affirmative action or policies which favour the previously disadvantaged poor black people. Policies such as indigenisation, black economic empowerment and affirmative action are supported by laws. The morality of these laws is tested by the outcome or consequence of these laws. Ultimately, the laws and policies were aimed at eradicating poverty among the poor black people. Scholars have criticised the indigenisation policies as having benefitted the few well-connected and the rest of the society has not realised any benefit from such rules or laws. Indeed, the issue of poverty has not been addressed, thus rule utilitarianism would find the rules and policies of indigenisation as unethical because the consequences were not favourable to the majority of the people. In the form in which it is being pursued, indigenisation would fail the morality test. Arguably the spirit and intent in the policies and laws which favour indigenisation is understood to be focused on creating benefits for the poor people but so far, the consequences argue for a rethinking of the whole effort if the consequences are to benefit everyone.

The other form of utilitarianism is act utilitarianism. Act utilitarianism argues for the aggregation of happiness, pleasure and pain that are consequential to a given act. The act becomes morally right when the amount of pleasures exceeds pain (Mill,1998). The outcomes of actions which post-colonial African states have taken in implementing indigenisation policies do not warrant the justification of such actions as morally correct. The greatest expected pleasure that was to come after black economic empowerment was the improvement of the welfare of the previously marginalised black people. Unfortunately, the welfare of the majority of the people has remained poor, as indicated by the persistent high levels of poverty.

Further to the failure to eradicate poverty through indigenisation and economic empowerment activities, the confidence of investors has been seriously affected leading to low foreign direct investment in the SADC region. Foreign direct investment (FDI) has been argued as a key economic development strategic option for most if not all post-colonial African states. The FDI approach to economic development follows the global neo-liberal economic practices. Indigenisation appears to be inward-looking and contradicts the views of neo-liberalism. SADC countries have been calling for FDI to stimulate economic growth and development and ultimately to improving people's welfare once poverty levels decrease. The overall effects of the actions taken in support of indigenisation have not delivered pleasure or happiness to the majority of the people, an indication of the moral failure of these actions from an act utilitarianism perspective.

Another dimension of utilitarianism is hedonistic utilitarianism which regards pleasurable consequences of a rule or law or an act as the only factor in the determination of the morality of such action or law. This is a rather restrictive approach which disregards all other outcomes which may cause pain or bring about unpleasant results. In response to this limitation in hedonistic utilitarianism, Moore (1903) suggested ideal utilitarianism which requires the determination of the effective sum total of what may be regarded as good and bad outcomes of a rule or law or action. This does not limit the aggregation to pleasurable and painful outcomes. This ideal approach to utilitarianism would be better in determining the overall effect of an economic policy and strategy for social welfare. This is unlike preference utilitarianism which only looks at tallying consequences that meet the expectation or intended outcome of a policy or action (Hare, 1981). Such an approach would mislead in the determination of the overall welfare effect.

In the implementation of the indigenisation policy in the SADC there has been argument that the approach was discriminatory and did not give equal right to all citizens. In that light, as some philosophers put it, there are some rights which cannot be overridden. They regard the rights to be lexicographically superior to whatever amount of utility. Property rights are often presented as such rights which cannot be overridden. By dispossessing property owners of certain percentages of their investment or property there would be a violation of their property rights. It is further argued that all citizens have equal rights to access and acquire property. Empowerment policies or laws such as indigenisation would be a violation of rights such as rights to liberty and property. However, noting the existence of previously discriminatory practices which were used by colonial authorities, it is clear that whites benefitted economically from laws and policies which were discriminatory and in violation of property rights. To address this discrepancy with a view to coming up with consequences which deliver the greatest number of people utilitarian ethics would be the only way to justify the morality of indigenisation. Utilitarianism would disregard the arguments of rights and only focus on the intended outcomes or consequences of indigenisation (Little, 2002:41). Whether implementation serves the intention or not becomes another issue of debate but expected and intended consequences would pass the test of utilitarian ethics. The rights argument would make it difficult for government to come-up with and implement wealth redistributive policies. This would leave little room for governments to implement welfare economics, given that almost all new projects or policies would cause harm to someone. With such limited room to manoeuvre the ethical justification of redistributive policies such as indigenisation can only be secured in consequentialism, or, more specifically, utilitarianism.

4.4 The Moral Issues of the State in Policy Selection and Indigenisation in the SADC Region

Utilitarian ethics is one of the essential principles which guide the state or governments in coming up with economic policies ((Singer, 1979; Little, 2002: 42). In the utilitarian understanding, governments are expected to come up with policies or strategies which promote positive welfare economics. Welfare economics have consequences or outcomes which benefit the majority of the people. The government will aim to maximise the social utility. Whether they actually maximise the total utility or average utility of the society has been a subject of debate by utilitarians. In the case of the post independent southern African states, the social and economic standing of the people should be seen improving with greater happiness as a measure of high utility values. The happiness of people and their wellbeing directly relates to the level of poverty and hence government policies in post-colonial SADC states should be informed by the desire to deliver greatest good to the greatest number of people leading to a reduction of poverty levels.

The ethics principle of fairness argues that in delivering programmes or policies governments should treat every citizen equally regardless of their political affiliation and orientation. The ethical principle of fairness becomes a challenge when governments seek to redistribute wealth from a previously skewed political economy. In most SADC states the colonial policies and strategies deliberately favoured the colonial masters and relegated the poor blacks as a cheap source of labour with no meaningful role in the economic affairs of their country. Removing any policies, regulations and strategies which promote a level economic playing field for both former colonial masters and the poor black people may not deliver high social utility. In this case observing the principle of equality would subject the poor and weaker blacks to unfair competition from economically stronger and experienced players and the effort to empower the poor would without doubt be frustrated. Indeed, the principle of fairness in policy implementation where there is need to redistribute wealth would not work. Some ethical relativism has to be considered which recognises the historical irregularities. The principle will then be carefully applied to a specific social grouping (Wong 2000: 442). What would be required then is to apply this principle of fairness to people who are deemed to be in the same socio-economic class. For the former colonial masters, the laws, policies or strategies will have to be applied equally and fairly to those in that same class without discrimination. Similarly, for the previously disadvantaged black, equal opportunities should be availed fairly in that social class. The African economic ethic of indigenisation has been implemented to benefit a few selected and politically well-connected and thus it has failed to deliver the desired utility in the form of happiness or wellbeing to the previous marginalised blacks.

Related to the principle of fairness is the moral duty people have as individuals and that of government in providing and practicing welfare economics. The government has the duty to treat people as equals (Singer, 1979) but in cases such as an irregular socio-economic structure which has disadvantaged the blacks in post-colonial African, there is need to practice ethical relativism.

The previously marginalised blacks would argue that it is the duty of the government to protect them from continued exploitation by those who benefitted from colonial laws and practices. In fact, they view the government as duty-bound to implement policies which reverse the socio-economic inequalities which were created under colonial authority. On the other hand, whites would argue that they need fair and equal treatment and that it is the duty of government not to discriminate or to provide welfare policies which present equal social status to all citizens. Ethical relativism accepts diversity of moral views and arguments. It observes situational differences and would accept that a moral principle may not be taken as universal and a one size fit all. The different circumstances and their unique historical background of countries in the SADC region justify ethical relativism in observing some ethical principles such as equality and duty. Ethical relativism argues that in situations where two or more people or two or more societies disagree on what they regard as a morally correct act, policy or law then both sides are equally correct (Ladd, 1985:96). The facts about the conditions in which the poor black people lived and are still living justify their moral values and generates their beliefs (Furrow, 2005: 37).

Furrow (2005:90) argues that norms that people accept in order to deal with conditions or obstacles that undermine their social order and prosperity constitute morality. In this objective moral reasoning, practices of reverse discrimination meant to empower the poor black people find justification. The oppressive colonial conditions and their negative effect on the economic wellbeing of the blacks made them acquire moral beliefs that they deserve compensation. Wealth redistribution policies such as indigenisation become morally justified for the blacks who were subjected to these discriminatory conditions. On the other hand, the beneficiaries of discriminatory colonial practices find indigenisation as unjustified. Ethical relativism would accept these contending views as morally acceptable depending on who is presenting their case.

4.5 Utilitarianism, Justice and Inequality in Wealth Redistribution

One criticism of utilitarianism is that it ignores equality. Unless there is a good moral reason, the ethical principle of equality argues that people should be treated equally (Singer, 1979). This is one way of looking at equality. The other principle regarding equality is that people should access equal welfare opportunities unless they choose lesser welfare, caused lesser welfare or they benefit from the condition of inferior welfare (Rosen, 2003; Little, 2002: 54). Taking

Little's arguments on the issue of equality one can quickly notice that the colonial approach to wealth creation and distribution discriminated against the blacks. Using the principle of equality, the discriminatory economic policies and approaches of the colonial authorities in the SADC were unethical. The discriminatory practices and policies left many blacks economically compromised, thus reducing their welfare compared to the whites. From the perspective of equal welfare ethics, the colonial policies fail the test.

One challenge with the African economic ethic of African economic indigenisation is its discriminatory model which seeks to reverse the colonial powers' economic superiority through laws and policies which aim to undo socio-economic inequality through discrimination. From the principle of equality this could be unethical (Moore, 1912, but if a moral reason is given then the ethic of indigenisation can be viewed as ethical. One reason would be to improve the welfare of the poor majority in order to deliver equal welfare to all at the end of the day. The long term effect is to have equal welfare. It would be difficult or impossible to bring equality in a society without employing reverse constructive discrimination. The welfare inequality that was caused by the colonial powers is unethical and the discriminative approaches such as indigenisation will be ethical for the moral reason of restoring welfare equality. The moment the ethic fails to deliver equal welfare or at least working towards that then it would lose the moral reason that justifies it as ethical.

Waldron (2003) observed that in all modern societies there is co-existence between great prosperity and extreme poverty. Acknowledging the controversy and how difficult it is to define poverty, Waldron (2003:38) however understood poverty as "…a long term predicament that requires members of a given household to repeatedly make hard choices between satisfying various needs for one or more of their members. Shelter or, minimally nutritious food but not both; or basic medical care or shelter, but not both; or medical care, shelter, and minimally nutritious food, but not adequate clothing and so on". While poverty is difficult to measure the state of poverty defined above is typical of most African families in most post-colonial SADC states. This condition prevails despite the recorded fast economic growth rates in some countries. Poverty has been defined with reference to different methods of measurement such as levels of monthly income, annual income and poverty datum lines all defined by different countries. What is beyond question, even in the diversity of methods of measuring poverty, is the fact that poverty and inequality are the most persistent socio-economic challenges facing African countries today, the SADC included. Oloruntoba observes that the recorded fast economic growth rates in some countries have done little to reduce poverty and inequality. He further argues for a new approach in dealing with poverty (Oloruntoba, 2015).

An attempt by independent African states to address this challenge of poverty has been through policies such as indigenisation of black economic empowerment and affirmative action. The success of these initiatives, as Murove (2010) noted, has been largely questionable, again suggesting the need to rethink the African economic ethic of indigenisation. Clearly, a wealth redistribution model is imperative. The key argument is that the inequality in the distribution of wealth was largely a result of the skewed and discriminatory colonial policies and practices. The practices marginalised the black or indigenous people. The way such wealth was acquired raises ethical questions which will be discussed later in this chapter. Attracting equally similar ethical scrutiny are the approaches to reverse the inequalities such as the African economic ethnic of indigenisation which has been popular in most SADC states. But before getting into the ethical issues relating to wealth redistribution to deal with poverty the writer will attempt to put into perspective what can be regarded as prosperity being the opposite of poverty. This is with the understanding that if the inequality gap or poverty is to be addressed in the SADC there has to be some kind of wealth redistribution from the prosperous to the poor. Waldron (2003:38) described prosperous families as those families which "…have income and other resources which enable them easily to satisfy all the needs of all their members, and devote an amount to items going well beyond need that would be sufficient, if spent differently, to satisfy all the basic needs of many more" In Waldron's (2003) understanding of prosperous families there is an indication of excess resources and income that if redistributed would improve the welfare of others without jeopardising the source. Waldron's definition conforms to utilitarianism in that it would improve the aggregate welfare of both the poor and the rich or prosperous. It is however difficult to define poverty in a universal way which would be valid in all circumstances (Sen, 1992). The main reason for this is because poverty is defined in terms of need which is relative to the circumstances of a given society. Braybrooke (1987) argued that what counts as the basic need in an American urban society would be different from the needs of a rural African Society.

What cannot be doubted even in this relative difference in the understanding of poverty is that the welfare of the needy in Africa is worse off than that of the needy in developed countries. This understanding adds weight to the need for wealth redistribution in Africa in order to achieve better social utility and improve the wellbeing of the poor in the SADC. Even when the concept of 'needy' is redefined further to imply requirements for survival, in which case the failure to provide for the need would be life threatening, the threat to life for poor African people would be greater and more apparent. This justifies the need for wealth redistribution in poor SADC countries further.

Even when this whole concept of poverty remains contested with no precise definitions, the challenges of income and wealth inequalities remain a serious issue in modern society. (Waldron, 2003). The social and economic needs for the poor African are likely to be exacerbated by the pressures of global neo-liberal capitalist practices. The pressure for redistribution in Africa will continue increasing. In the SADC the pressure is even made worse building from the historical links attached to how income and wealth inequalities were introduced by deliberate colonial policies and laws. The well-off will continue to resist the arguments for wealth redistribution. Some of their arguments are based on the morality of some of the redistribution methods. Such is the African economic ethic of indigenisation. Some of the resistance has not come from the local prosperous but external investors who in some countries are given conditions for investment which require them to accommodate more indigenous people in their business ownership structures.

A lot of interesting ethical debates and issues come up in relation to the whole idea of wealth redistribution. Some of the wealth inequalities arise from the neo-liberal capitalist market practices. In this case liberal capitalist practices are perceived as good for improving economic efficiency or wealth maximisation (Waldron, 2003:39). For most poor and economically weaker African people they have no capacity to compete with economically and technically more efficient and powerful global players making them sink into perpetual poverty. In this context neo-liberal capitalist practices can be said to be good for wealth creation but poor in wealth distribution. The need for deliberate measures to regulate the so-called free market becomes unavoidable if wealth is to be distributed or redistributed is in order improve the welfare of the poor. By redistribution wealth is moved from the prosperous to the poor. For the prosperous they may not realise any harm or threat to their well-being while for the poor an improvement in their wellbeing would be expected. This conforms the utilitarianist thinking of welfare maximisation through the realisation of 'betterness' in the lives of those who were economically less privileged. In this perspective, wealth redistribution would be taken as ethical. The well-off would argue against redistribution as unethical on the basis that it rewards irresponsible behaviour in the poorer members of society. Furthermore, they would argue that redistributive efforts disrespect the fact that the well-off are morally entitled (Waldron, 2003: 39). At least for wealth that is acquired through market rules such as "transfers to be done with consent", the arguments of the well-off will be valid. In this case the poor would be assumed to have become poor because of their free-will or choice. But in circumstances where the well-off would have acquired wealth through discriminative practices or laws, then the arguments of the wealth would require recasting. Ill-gotten wealth would be illegal wealth requiring that it be given back to those who were deprived through some form of compensation or restitution. The challenge is on how far back one should go in tracing for the rightful acquisition of property. Little (2003: 39) suggested that not more than one transaction backward would be acceptable. His suggestion was informed by the fact that it would difficult to trace from the earlier generation that benefitted through to the present generation and identifying the exact beneficiaries of ill-gotten wealth. Nozick (1974) noted that past unjust acquisition, caused harm to many people. His entitlement theory is anchored on just acquisition. Nozick (1974) noted further that it is difficult to identify the descendants of those who were affected by unjust acquisition. But for the African society the challenge of identifying the descendants of beneficiaries and victims of unjust acquisition may not be difficult as not so many generations have passed from the colonial era.

One form of wealth redistribution is through tax systems. This approach has been criticised by philosophers for making it compulsory for those with resources to take care of the poor and less privileged. Helping the poor is regarded as morally right but the tax system makes it compulsory for people to contribute to the welfare of others. By making it compulsory, the tax systems take away the liberty and freedom of choice from those being taxed. That aspect has been criticised as immoral. Those wishing to assist in poverty alleviation should be allowed to do it freely out of their own will. This would give them the moral satisfaction of having exercised their freedom and liberty to distribute their wealth (Waldron 2003).

Distinguishing the case of taxation from redistribution arising from historical injustices such as what informs the African ethical of indigenisation, Waldron (2003) argued that those with ill-gotten wealth have no reason to refer to such efforts as unjust. Waldron (2003: 44) argued that where the poor complain that their poverty was a result of past injustices, where there was unfair treatment and discrimination of their ancestors in the initial distribution or accumulation of wealth, then those who benefitted, or their descendants will have a weak argument. Those deprived of wealth would argue that their wealth and livelihood were stolen, and they were never given an opportunity through the justice system then to claim back their wealth and restore their livelihood. Waldron compared this case to that of a burglar who would complain when their ill-gotten wealth is taken back to their victims. This would not in any sense be immoral. Poverty alleviation becomes the least that justice can do in cases where there was injustice in the initial wealth distribution (Waldron 2003). Indigenisation is one such ethic which has been conceived by the post-colonial African states to redistribute wealth to the poor black people who argue that they were treated unfairly by the colonial system and deprived of the opportunity to acquire wealth. The fundamental principle of wealth redistribution from those who acquired it in unjust ways, or their descendants, to those who were discriminated against, or their descendants, is morally beyond question, for as long as the redistribution itself is not done in a way that creates another favoured social group. A fair way of redistributing the wealth will have to be found. The redistribution should not benefit the few well-connected leaving out the majority. While the issue of poverty becomes an issue of welfare rights which invites its own moral debate it must be understood, as Little (2003) argued, that the poverty in most post-colonial African states can be attributed to earlier injustices and discrimination.

Other than addressing the issue of wealth redistribution from a welfare rights perspective, the need to secure justice for those who were economically subjugated by colonial manipulation is unquestionable. Nozick (2001) also argued that a distribution of wealth is just if it is as a result of another just distribution through legitimate means. A just way of acquiring property or wealth requires agreement guided by free will in the transactions by both the receiver and the giver. Furthermore, both the giver and receiver must be availed with equal opportunities to all options available. This comes from the justice of fairness as argued by Rawls (2001: 178). Rawls (2001) argued that social and economic inequalities such as those of wealth and authority can be regarded as just only if they lead to compensating benefits to everyone. In this view, redistribution policies such as the African economic ethic of indigenisation can be regarded as delivering justice because they lead to compensation even though there is unequal treatment.

4.6 The State and Wealth Redistribution

The rights and duties of the state derived from individuals are explained by the theory of social contract. The theory of social contract can be linked back to the time of Hobbes, (1588 – 1679). In Hobbes, (1642) perspective of what can be understood as theory of social contract, he envisaged a situation in which people entered into covenant to establish a sovereign power that would provide and ensure security which usually lacks in an anarchic state. Once established the sovereign will have supreme authority and had to bring order thus moving away from the anarchic state of nature. The people under this authority had no right to overthrow it as the state was regarded as the source of all morality. (Little, 2002: 33). Locke, (1960) also gave a more detailed account of the social contract theory which looks more into human rights and political obligations. A better state of nature was presented by Locke's understanding of social contract which had a moral code, rights and duties. The rights were given by God. Now even when these rights were assured from God people could not be trusted and security was a big problem. To deal with the situation people gave away their rights in a contract in which the state took up the duty to protect the people's rights. The rights which were specified were those of life, property and liberty. In Locke's social contract, if the state failed in its duties to protect the rights of the people then the subjects had the moral right to rebel against the state. The people of the state had a duty to obey unless the state had failed to protect their rights (Locke, 1960).

One problem with the contract theory has been that it is hypothetical, and it is difficult to imagine how it could be binding to both the state and its subjects. Even though this social contract appears to be hypothetical it has been observed implicitly in its functions. The benefits of protection which subjects enjoy commit them to some duties not necessarily because of some specific contract. For the state function should be to prevent wrong doing. The state thus has great power to influence and coerce.

Unfortunately, the colonial state took advantage of the hypothetical nature of the social contract and came up with laws and policies which disadvantaged the indigenous people. The measures led to the whites becoming richer than the black people, yet it was the duty of the state to protect these people and practice fairness and same level of economic liberty to the indigenous people. Their right to property was limited. The colonial state then caused the indigenous people to be less involved in the mainstream activities of their economies (Jack and Harris, 2007).

The economic inequalities caused by skewed discriminative colonial economic policies were the main reason why the African economic ethic of indigenisation and similar policies were taken up by the post-colonial state (Jauch, 1998). If the inequalities were induced by deliberate discriminatory policies of the colonial state which used its authority and power against the very people it had to protect then the redistribution of wealth to bring justice to the citizens has to be the state's responsibility. The post-colonial state has a duty to correct the colonial injustices. The people on their own would not have the capacity to reverse the economic distortions. The state's role in the social contract becomes critical in delivering policies which improve the economic welfare of all the people. This view in which the state becomes involved in the economy would contradict neo-liberal capitalist practices.

4.7 Conclusion

This chapter was an analysis of the ethics related to the theory of welfare economics as they relate to the process through which a state prescribes or evaluates policy options. Critical in the process, the state seeks to maximise social welfare by coming up with a policy which leads to social wellbeing of the greatest number of people. The chapter observed the challenges the state has in dealing with ethics principles in its efforts to maximise the utility derived from a policy option. Informed by utilitarianism it became essential that any policy option to be selected by the state should deliver the greatest good to the greatest number of people.

For post-colonial SADC states, it was noted that there was need for wealth redistribution to address the inequality that was caused by unethical colonial policies. The challenge for the state and the region in wealth redistribution relates to ethical principles of equality in dealing with people and justice. The fact that the colonial policies caused economic inequalities through discrimination takes away the legitimacy of the wealth that was created by those who benefitted from such skewed policies. Calling for fairness, equality and justice in dealing with the wealth inequalities would leave the poor to remain poor perpetually. In cases where discrimination was used in the acquisition of wealth then corrective policies should bring compensating benefits to everyone. As a result, the chapter concluded that the best ethical principle to guide the state in making a policy option would be utilitarianism in which the greatest good is expected to be delivered to the greatest number of people.

The chapter also noted that applying global neo-liberal capitalism in its Western form would lead to the plight of the poor getting worse. Rather, there is a need to come up with policies which enable the indigenous people to become more involved in their economies as indigenous capitalists who can create wealth and help in wealth redistribution. The regional integration effort should be consolidated by creating a regional neo-liberal capitalist economy in which the indigenous people are key players. Indigenisation as it has been implemented had not succeeded in wealth redistribution, and for the greatest number of people to benefit there is need to rethink the African economic ethic of indigenisation. The wellbeing of the majority of the people in the SADC region has to guide the economic policy selection.

The next chapter is on global neo-liberal capitalism and will attempt to determine the relevance and appropriateness of the African economic ethic of indigenisation in the contemporary global neo-liberal capitalistic economic landscape. The chapter also examines how the global neo-liberal capitalist practices would affect efforts towards indigenisation in SADC countries.

CHAPTER FIVE: GLOBAL NEO-LIBERAL CAPITALIST PRACTICES AND THE AFRICAN ECONOMIC ETHIC OF INDIGENISATION

5.0 Introduction

The coming of independence to most African states brought a belief and feeling that the socio-economic marginalisation of the poor majority was soon to end, and greater economic space and opportunities were to be availed for the indigenous people's participation in mainstream economic activities of their countries. However, political independence in African countries did not benefit the majority of the poor indigenous people economically. The African economic ethic of indigenisation was conceived mainly to deal with poverty among the previously marginalised black people through deliberate policies which facilitated their greater participation in mainstream economic activities. Unfortunately, the African economic ethic of indigenisation is not on record to have addressed poverty in these SADC countries. Instead, the ethic has been criticised for worsening the situation for the poor black people by creating African capitalists who have continued to exploit fellow indigenous people. Further criticisms pointed at a few well-connected people benefitting from indigenisation (Claude, 1981; Jack and Harris, 2007; Murove, 2010).

These post-colonial economic realities are emerging at a time when the whole world's economy has become dominated by the hegemonic global neo-liberal capitalist practices. In these practices, the global economy has been liberalised for all economic players to compete equally on the market with very limited, if any, leverage or interference from governments. Some contradiction between neo-liberalism and indigenisation is evident. However, neo-liberalism also presents challenges to the poor black Africans whose capacity to compete in the highly competitive global economy is greatly limited because of poor capitalisation, lack of technology, inefficiencies and an underdeveloped capitalist culture. Neo-liberalism has been criticised for worsening the plight of the poor black people who have remained poor even after several years in which their countries adopted neo-liberal capitalist practices (Bond, 2005).

In the criticisms of both neo-liberalism and the African economic ethic of indigenisation, there has been an ethical concern about the continued marginalisation of the poor African people starting from the colonial era right through to the post-independence era. Those with governing power at a particular time and the well-connected have continued to benefit while the majority poor people continue to suffer. Existing debates separately criticise indigenisation and global neo-liberal capitalism even though the two appear to be indispensable policies for the post-colonial African state for many reasons (Murove, 2010). Despite these criticisms, neo-liberal capitalism has remained the dominant global economic policy option and African countries have warmed to it but they still pursue the African economic ethic of indigenisation, yet the two policies appear to contradict each other and have failed to bring relief to the poor. It would appear no research has been conducted to see how the two, neo-liberalism and indigenisation can be remodelled in line with the regional historical challenges and the prevailing global trends and with a view to coming up with an appropriate economic policy that informs SADC regional integration.

In view of the likely continued economic marginalisation of the poor blacks in the face of the hegemonic neo-liberal capitalist practices and indigenisation there is need to rethink the African economic ethic of indigenisation with a view to coming up with a framework that benefits the majority of the people as argued by utilitarianism in ethics. The key question of this chapter is that if indigenisation is widely accepted in most SADC states, why has the region not come up with a regional approach to indigenisation to benefit the majority poor people, especially in the face of the hegemonic neo-liberal capitalist practices?

To be able to understand and analyse how neo-liberal capitalist principles inform and shape the economic environment and thinking in the African context, it is essential to discuss the theoretical development of neo-liberalism. This chapter will discusses how the liberal economic paradigm has progressed to the present neo-liberalism. The precepts which define the liberal thinking will be analysed to determine the appropriateness of neo-liberalism in Africa in order to determine how it can be domesticate for the benefit of the African people. This approach will be guided by the theory of evolutionary economics which argues that there is no universal economic theory that can be applied across the world, but that the appropriate theory will have to take into account the historical background of nations and regions (Veblen, 1898). As Karl Marx, (1973) argues, because of the complex dynamics in society, superior economic systems would emerge to replace inferior ones (Hobden and Jones, 2011: 133–136). Inappropriate and inferior economic approaches cannot survive for a long time in an environment of changing economic demands and society and they give way to new thinking. Internal contradictions and unethical practices make it difficult for such approaches to remain relevant (Rubin and Capra 2011). The chapter will therefore argue that neo-liberalism, if taken in its western form and context, will not reduce poverty or bring economic prosperity to the poor African people. However, in rethinking the African economic ethic of indigenisation it is important to acknowledge the hegemony of global neo-liberal capitalist practices and it is therefore essential to find common ground and areas where improvements can be made.

This chapter will discuss the appropriateness of neo-liberalism in post-colonial Africa and the relationship between neo-liberalism and the African economic ethic of indigenisation with a view of creating possible avenues for rethinking the African economic ethic of indigenisation. It will argue for the rethinking of the African economic ethic of indigenisation with a regional character which embraces neo-liberal capitalism in the form of African capitalism, or, more specifically, for the SADC what the writer will term 'SADCapitalism'.

The first section of this chapter will be about how liberalism evolved to the present-day neo-liberalism. This is followed by the second section in which liberal thought and the African political economy is discussed. The third section traces how neo-liberalism was introduced in Africa and its effect on the African political economy. Recognising the hegemony of neo-liberalism, in the fourth section, the relationship between neo-liberalism and the African economic ethic of indigenisation is discussed with a view to creating possible avenues for the rethinking of the African economic ethic.

5.1 The Evolution of the Liberal Paradigm

Liberalism is a rather vague and often highly contested concept or concept but is generally regarded as the most recent stage in the development of global capitalism (Bond, 2005:239). Liberalism believes in the rule of law and the idea of a just order. One key dimensional definition of liberalism as given by Doyle (1997) is that it contends that the most effective economic system is one that is mainly market-driven and not subordinate to bureaucratic relations and control either domestically or internationally (Doyle 1997:207). However, neo-liberalism is thought of as the resurgence of classical liberalism, an ideology that has existed for a long time alongside competing ideologies such as realism, as both sought to explain and predict the dynamics of the international political economy. Realism has been regarded by some as the dominant theory that explains international relations. However, liberalism also makes a strong claim as a historical alternative. In the period from the First World War to the 1990s, international relations have been explained alternately by realism and liberalism. Liberalism is often referred to by some scholars as idealism. The post First World War era witnessed a number of western states being influenced by liberal thinking as the League of Nations was established. However, events of the Second World War were influenced by realism as nations struggled to dominate each other militarily. At the end of the Second World War, a brief resurgence of liberalism was noted leading to the establishment of the United Nations. This period was short-lived as realism was soon to take over in the cold war era.

In the early 1990s, after the end of the cold war, there was a resurfacing of liberalism as world leaders called for a new world order informed by liberalism, taking it as the supreme ideology ahead of all other alternatives. However, this thinking was short-lived after the 11 September 2001 suicide/terrorist bombings which killed over 3000 people. The pendulum swung again towards realism. The USA and its allies sought to consolidate their power and endeavoured to punish those whom they perceived as terrorists and their sympathisers. They took a realist militarist show of power to bring to book the leaders of terrorism. American national interest guided the American foreign policy and international relations. Clearly, the global political economic principles and approaches are determined by the national interests of the powerful western countries. The approaches are contrary to some liberal principles which argue for the freedom of choice. Some of these national interests are projected through the Bretton Woods institutions, the International Monetary Fund (IMF) and the World Bank, and the World Trade Organisation. The World bank and the IMF were initially post second world war reconstruction and finance institutions which were established by the victors of the second world war i.e. the USA and its allies. The institutions were established to help countries reconstruct and to stabilise their economies after the second world war. The WTO was established to regulate the trade between nations. The self-centred developments after the 11 September 2001 bombings were interesting and difficult to explain given the scale, stability and well-embedded practices of liberalism at the domestic level in western countries and yet the same liberal values were not applied on the international front (Dunne, Kurki and Smith, 2013:102).

5.2 Liberal Thought and the African Political Economy

Liberalism has been one of the dominating norms informing political thought and the practice of politics in the West for more than sixty years. This dominance has gone to the point that most alternative political ideologies have become greatly subdued as liberalism has become a shared inheritance among professional politicians, political parties and scholars of political thought. The fact that liberalism has been widely accepted worldwide, especially in the west, does not automatically qualify it as appropriate for all other regions in the world, particularly post-colonial Africa. An understanding of the thinking which informs liberalism will help to analyse the suitability or unsuitability of the ideology in Africa.

Gray (1995) observed that the word ‘liberal’ acquired specific political meaning in the first decades of the nineteenth century (Gray, 1995). Liberal parliamentary caucuses were established in Sweden and Spain and later on throughout Europe. The emerging political parties coined the term ‘liberal’ as they showed their appreciation of the developing democratic systems (Sartori 1987:367). Since then, and because of the long time between then and now, liberalism has taken many forms, varying with regional experiences. Ryan (1993), in acknowledging the various forms of liberalism noted that:

> Anyone trying to give a brief account of liberalism is immediately faced with an embarrassing question: are we dealing with liberalism or liberalisms? It is easy to list famous liberals; it is harder to say what they have in common. John Locke, Adam Smith, Montesquieu, Thomas Jefferson, John Stuart Mill, Lord Action, I.H. Green, and contemporaries such as Isaiah Berlin and John Rawls are certainly liberals – but they do not agree about the boundaries of toleration, the legitimacy of the welfare state and the virtues of democracy, to take three rather central political issues (Ryan, 1993:291).

What Ryan brings out is the view that liberalism has not been taken ‘hook line and sinker’ by the so-called liberals themselves. Instead, each one of them applied it to their different situations. As argued by the theory of evolutionary economics, liberalism in Africa needs to take note of the regional political economic environment, giving it an African character, and that there is no universal economic ideology that suits the whole world. Better economic policies will always emerge taking over from previous systems whose inadequacies continue to emerge with time.

There is no doubt each of the liberals adapted liberalism to suit their own context and continued to improve on it. Similarly, liberalism could not be adopted squarely in its standard form to African countries without considering the region's historical and cultural background. If one talks of free markets in liberalism, it is necessary to be clear which market is being discussed. Will it be possible for African products to access the European or American market with the freedom argued in the understanding of neo-liberalism? Issues of unfairness in international trade arise as presented at the World Trade Organisation (WTO), for example, cases where agricultural produce in the western economies have benefitted from state subsidies, a practice which contradicts principles of neo-liberalism of free markets with no state involvement.

Ryan noted further that:

> …different liberals political parties, politicians, and political philosophers have often put forward differing opinions of what the 'original' or 'true' meaning of liberalism actually is. The major point of departure for most of these liberals has been in addressing the political questions as with what and with how much the state ought to concern itself? (Ryan, 1993:292).

In the case of the African states, the post-independent state inherited a skewed political economic system which, if left without the state assisting in correcting the colonial imbalances, then the poor or marginalised members of the society would continue to sink into perpetual poverty. This has been the thinking of most post-colonial SADC states which influenced them in embracing the African economic ethic of indigenisation as a way of protecting the weak and poor African people from the powerful global liberal forces and allowing them to participate fully and equally in their national economies. In Ryan's view, a postcolonial African state with a liberal ideology would be concerned with the extent of its involvement in promoting greater participation in local economies by the black people.

Though some commonalities can be identified in liberal political thought and economic liberalism, a distinction has been made between 'classical' and 'modern' types of liberalism (Ryan 1993:93-296). Ryan understands 'classical' liberalism as associated with earlier liberals such as John Locke and Adam Smith, (1778) in whose thought, the state had no space in the national economic market; where is, for Thorsen and Lie (2007:5), modern liberalism accepts the view that states or governments have a role to play in regulating the market economy.

In the class of traditional classical liberalists, Ryan, (1993:93-296) noted Alexis deTocqueville and Friedrich Von Hayek from the nineteenth and twentieth centuries respectively. Thorsen and Lie argued that ‘classical’ liberalism is often associated with the belief that the involvement of the state in the economy ought to be minimal (Thorsen and Lie, 2007:4). This belief means that everything except the military, law enforcement and non-excludable goods and services, which cannot be excluded from the public even when they have not paid for them, ought to be left to the market system in which citizens and private organisations deal freely. Thorsen and Lie noted that this kind of state is sometimes described as a ‘night-watchman state’ whose sole purpose is limited to upholding the most essential issues to do with public order. The state itself is sometimes regarded as an established free association between individuals who have ultimate power over the state (Thorsen and Lie, 2007:4).

Classical liberalism therefore has a lot in common with what other scholars describe as ‘economic liberalism’. Typical of classical liberalists is their tendency to favour laissez-faire economic policies portrayed by leading proponents of neo-liberalism. ‘Classical’ liberalism would uphold property rights and would not accept policies such as indigenisation in its current form which are state-sponsored because they interfere with the free association and participation of citizens and organisations in the economy. From this perspective, the African economic ethic of indigenisation contradicts the fundamental precepts of ‘classical liberalism’. On the other hand, the post-colonial SADC state finds it difficult to abandon the poor black people leaving them to compete equally in the market when history has it clearly that there were deliberate policies and colonial state mechanisms which marginalised the blacks from free participation in the economy. If anything, the colonial state acted contrary to the basic guidelines of ‘classical’ liberalism. The question then remains as it is in the face of the post-colonial African state of how ethically to create and position the poor and once marginalised blacks to participate freely from an equal standing in the economy. This will not be possible without deliberate state intervention. Therefore, some form of liberalism which allows state involvement in economic matters will be appropriate for post-colonial Africa if the poor black Africans are to survive and prosper in a global capitalist economy. As noted by President Johnson of USA on 04 June 1965, and guided by the ethical principle of justice, it would be unethical to let the poor indigenous people compete in a classical liberal economic environment:

> Imagine a 100 yard dash in which one of the two runners has his legs shackled together. He has progressed 10 yards, while the unshackled runner has gone 50 yards. How do they rectify the situation? Do they merely remove the shackles and allow the race to proceed? Then they could say that 'equal opportunity now prevailed.' But one of the runners would still be 40 yards ahead of the other. Would it not be the better part of justice to allow the previously shackled runner to make up the 40 yards gap, or to start the race all over again? That would be affirmative action towards equality. (Weiner, 1993:9)

Like affirmative action in the United States of America, the African economic ethic of indigenisation is viewed as the better part of justice which is designed to work towards equal opportunities.

The other variation of liberalism is 'modern' liberalism which is "characterised by a greater willingness to let the state become an active participant in the economy" (Thorsen and Lie 2007:5). This would allow state involvement in economic matters. In this profound revised version of liberalism, there is a notable tendency by the state to regulate the market place as well as supply essential goods and services to everyone.

Thorsen and Lie (2007) argued that while 'classical' or 'economic' liberals prefer laissez-faire economic policies because of the belief that such policies lead to greater freedom and democracy, modern liberals appear to argue that the analysis by 'classical' liberals is misleading because it is inadequate, and that the state must play a bigger role in the economy so that the basic goal and purposes of liberalism can be made a reality (Thorsen and Lie 2007:5). These modern liberalist views could be associated with the nineteenth century theorists such as John Stuart Mill and Benjamin Constant. More recently Beveridge (1944; 1945), Rawls (1993), and Dewey, (1987) have shared the same views. Morden liberalism could be perceived as positioned politically to the left of 'classical' and 'economic' liberalism, since it is willing to employ the state as an instrument for wealth and power redistribution. There is no doubt the post-colonial African state would be better placed to adopt 'modern' liberal policies as they help the state to

redistribute wealth and deliver justice, especially against the historical injustices in which the colonial state economically favoured the minority whites.
The modern liberalist thinking could have space for the African economic ethic of indigenisation as it seeks to create a decent or equitable society as argued Beveridge (1944; 1945) and Rawls (1993). The views of modern liberals are shared by another category of liberals identified to pursue liberal 'egalitarianism' which argues for equality as well as liberty. Liberal egalitarianism has been described as a systematic or theoretical restatement of modern liberalism. Liberal egalitarianism has emerged as a conflicting ideology with libertarianism which has been perceived as radically aligned to 'classical' liberalism, though it has a remorseless concern for liberty more than anything else, especially economic and commercial liberty. It gives less emphasis to other traditional liberal goals and values social justice and democracy. Libertarianism shares some common views with 'classical' liberalism (Thorsen and Lie, 2007:6).

Attempts have been made to come up with a common understanding of liberalism. Gray (1995) identified four basic elements of a highly abstract conception of people in society to which he believes all liberals subscribe and which distinguish them from non-liberals:

> Common to all variants of the liberal tradition is a definition conception, distinctively modern in character of a man and society. What are the elements of this conception? It is '*individualist'*, in that it asserts the moral primacy of the person against the claims of any social collectivity; '*egalitarian',* in as much as it confers on all men the same moral status and denies the relevance to legal differences in moral worth among human beings; '*universalist'*, affirming the moral unit of the human species and according a secondary importance to specific historic associations and cultural forms; and '*meliorist',* in its affirmation of the corrigibility and improvability of all social institutions and political arrangements. It is this conception of man and society which gives liberalism a definite identity which transcends its vast internal variety and complexity (Gray, 1995: xii).

In identifying the individualist elements in what he regards as a modern understanding of liberalism, Gray appears to suggest that the individual person is supposed to be the greatest beneficiary of liberalism morally. In this view, Gray accords supremacy to the moral concerns of individuals ahead of any demands by any identifiable group of the society. Individuals are regarded highly regardless of race, culture or any such distinguishing characteristics. The colonial state discriminated against blacks and favoured whites in the SADC states. The colonial economic policies were therefore at variance with Gray's thinking of liberalism. Similarly, the efforts to correct the social and economic imbalances created by colonial policies in independent SADC through the African economic ethic of indigenisation would be at variance with Gray's thinking of liberalism. Indigenisation employs the so-called positive discrimination which favours previously marginalised black people.

In the egalitarian element identified by Gray (1995), the thinking suggests that no political or legal framework should create a moral distinction for people. Again, both the colonial discriminative policies and the so-called positive discrimination in the African ethic of indigenisation fall short of the applied ethical requirements of Gray's egalitarian element of liberalism. Gray's universality in liberalism regards all human beings as of equal standing and as the referent objects or beneficiaries of the positive ethical consequences of liberalism. Further, Gray's 'universalist' element of liberalism suggests that having a certain group of people to be favoured economically, politically and socially based on historical racial and tribal distinctions of association and cultural diversity is not a characteristic of liberalism. While this view is clearly at variance with the colonial discriminatory policies which were based on historical associations, it is silent on how those who were discriminated upon would be brought to the same level to compete fairly with those who benefitted from earlier policy irregularities. This has been the biggest challenge for post-colonial African states. They argue that the failure by the colonial governments to observe 'universalist' elements of liberalism gave an unfair advantage to whites and the black Africans will not be able to compete equally in a liberal economy without deliberate empowerment policies. This argument is echoed by Stiglitz (2001) in his foreword to the recent publication of Polanyi:

> Among his (Polanyi) central thesis are the ideas that self-regulating markets never work; their deficiencies, not only in their internal working but also in their consequences (e.g. for the poor) are so great that government intervention becomes necessary…. (Stiglitz 2001: vii).

Gray's (1995) universalist element of liberalism seems to be based on the applied ethics principle of according equal opportunities to all people, but this is silent on whether or not benefits of liberalism will also accrue equally to all people. Stiglitz's argument is informed by the consequentialist ethical theories where he argues by taking the view of Polanyi (2001) that the free market system creates equal opportunities to both the rich and the poor but the poor will not benefit from the free market system and this is central to calls for indigenisation. The poor black Africans are poor because of deliberate discrimination by whites. It therefore calls for the post-colonial government intervention to create equal opportunities with policies such as indigenisation. To this end, Polanyi (2001) argues: "…to allow the market mechanism to be sole director of the fate of human beings and their natural environment …… would result in the demolition of society" (Polanyi, 2001:73). A typical example of the failure of the free market system has been the financial crisis of 2008. Polanyi was optimistic however, that the economic system was to stop laying down the law to society and the society was to have supremacy over the economic system (Polanyi, 2001:251). Unfortunately, the whole essence of neo-liberalism is that free market mechanisms or systems be allowed to determine the fate of people, the poor included. The free market economy is to determine and dictate the rules of society and not the other way round.

Gray (1995) also identified the meliorist elements as one of the elements of liberalism. The thinking here is that with liberalism the world would be better. The improvement of the world economy would be expected to bring economic development in Africa. In this case economic development would bring about improvements in the living standards of people. This perspective has been disputed by Polanyi (2001) as he argues that liberalism has its deficiencies in relation to self-regulating the market such that without government intervention the consequences will not see an improvement in the social well-being of the poor (Polanyi 2001: vii). Utilitarianism in consequentialist ethics would argue that a government policy should be one which maximises benefits to the majority of the people. George (1999), at a conference on Economic Sovereignty in Globalising World (24 – 26 March 1999) argued that liberalism benefitted the top 20 percent of the income scale while the "....80 per cent all lose and the lower they are to begin with, the more they lose proportionally" (George 1999:7). The meliorist element of liberalism cannot be realised in the poor post-colonial African economies without government intervention, hence the justification of indigenisation or black economic empowerment. The consequences of liberalism for the poor will not optimise utility as required by the utilitarianism. It becomes an issue of greater concern when the majority 80 percent stand to lose while a few 20 percent benefit. The ethical principle of the greatest benefit to the majority is not satisfied by such a policy.

Ryan (1993) from another perspective also summed up the core tenets of liberalism under three ‘liberal antipathies’ and three ‘liberal prescriptions’. Ryan observed “liberal antipathy for political absolutism, theocracy and unrestricted capitalism” as common to all liberals from the time of Locke to the present (Ryan, 1993). The liberal antipathy for unrestricted capitalism sounds rather surprising in view of how great an emphasis has been placed on freedom of the markets by classical or economic liberals. Ryan distinguished between the favourable assessment of the free market economy as argued by classical liberals and the rigidity shown by libertarians in favour of any form of market activity. Ryan argued that such uncompromising support for any type of market activity by libertarians cannot be part of ‘proper’ liberalism. Ryan’s argument suggests that only favourable market activities should be supported in liberalism. In Ryan’s understanding of liberalism, support should be given to market activities which yield the best and greatest utility to people. This thinking resonates well with utilitarianism in ethics where a policy would be regarded as ethical if it satisfies the applied ethical principle of delivering the greatest good to the greatest number of people.

In post-colonial times, SADC states allowing the libertarian thinking to prevail will not deliver the greatest good to the majority of the people. This is the case as only the previously favoured minority white would benefit from the liberalism. Indigenisation or black economic empowerment policies are therefore meant to regulate the unrestricted capitalist practices which Ryan (1993) has argued to be one of the liberal antipathies.

The three prescriptions which Ryan identified as common in ‘proper’ liberalism are more familiar and have been covered extensively in most scholarly contributions. First, he argued that liberalism is a set of theories which emphasise the freedom of choice by individuals, and, secondly, that society has to be put under the rule of law under democratic governments. The third prescription of liberalism according to Ryan is that the state has to exercise its power with caution within the constitutional limits. The last prescription identified by Ryan allows for government interventions into the market system provided there is a legal framework which provides for that. Indigenisation in SADC countries, if done cautiously and within the constitutional limits, will not violate Ryan's prescription of liberalism.

Thorsen and Lie (2007), informed by the views of scholars such as Waldron (1987), Walzer (1990), Rawls (1993), Kekes (1997), Galston (1995), Gray (1995), Larmore (1990) and Shklar (1989), acknowledge how difficult it is to define liberalism. They note that liberalism usually has a strong character which supports personnel liberty and democracy. In that understanding they defined liberalism as:

> …a political programme or ideology whose goals include most prominently the diffusion, deepening and preservation of constitutional democracy, limited government, individual liberty and those basic human and civil rights which are instrumental to any decent human existence (Thorsen and Lie, 2007: 7).

Clear in Thorsen and Lie's definition is the emphasis on decent human existence, a virtue which is fundamental in ethics. The majority of the people need to be the beneficiaries of liberalism or indigenisation. The one challenge with indigenisation is how to deal with according the same rights and privileges to all people in the society and disregarding historical irregularities. The balance between according equal rights to all and seeking to maximise utility as argued by utilitarianism is the critical issue in determining the moral appropriateness of indigenisation in the liberal capitalist global environment. Their definition emphasises the 'practical' side of liberalism rather than theory, regarding it as a 'metaphysical' concept of people in society.

According to Munck (2005), the most important purpose of an economic system is the efficient allocation of resources. The most efficient way to allocate resources is through a market system which Munck describes as 'neo-liberal economic theories' (Munck, 2005). Given the skewed distribution of wealth in the post-colonial SADC, there is need for an ethical way to redistribute wealth in the globalised capitalist world market. Whether neo-liberalism, which condemns government intervention in the economy, can help address the concerns of the previously marginalised black African people is an issue of interest in this chapter. It can be argued that the problem of immigrants in Europe is a result of the failed global wealth distribution. Failure to support the development of local regional markets through policies such as indigenisation will inevitably see individuals migrating to better regional economies as in Europe. The voices describing the African scenario need to be added to this debate. An understanding of neo-liberalism which is currently dominating global economics would help rethink the African economic ethic of indigenisation, given the failures and challenges it has faced over the years.

5.3 Neo-liberalism

Neo-liberalism is regarded as the ideology informing the most recent developments of capitalism in society and it is a completely new 'paradigm' for economic theory and for policy making (Clarke, 2005; Palley, 2005). Neo-liberalism has replaced the economic theory advocated for by Keynes (1936). In the period between 1945 and 1970, 'Keynesianism' was the dominant theoretical framework in economics and related policy making (Thorsen and Lie, 2007:8). Keynesianism focused more on creating full employment and alleviating abject poverty, a thinking that could also help reduce poverty in post-colonial Southern Africa. 'Keynesianism' was replaced by more of a 'monetarist' approach supported by research done by Friedman (1962) and theories. The monetarist dominance in economics and economic policy making was evident as there was a notable shift towards reduced severe state regulations on the economy and more attention to economic stability. Monetarism and related theories were in fact 'neo-liberalism' (Thorsen and Lie, 2007:8). Neo-liberalism (monetarism and related theories) replaced Keynesianism (Friedman, 1962; Friedman and Schwartz, 1963). Since then, neo-liberalism has dominated macroeconomic policy-making. This has been shown by the shift towards less severe state regulations of economic policies, unlike Keynesian goals for example were the desire to create full employment in the economy and to reduce abject poverty. The Keynesian approaches were taken as state economic programmes of the post-world war II era up to the 1970s. The hegemony of neo-liberalism, as Narsiah (2002) has observed, was a result of the perceived failure of Keynesian approaches, especially in the 1970s (Narsiah, 2002:3). This was given political impetus from the Thatcher and Reagan conservative regimes, (1979 to 1990) and (1981 to 1989) respectively. These developments led to the hegemony of neo-liberalism from the late 1970s and early 1980s (Narsiah, 2002:3). The period from the late 1970s and early 1980s is therefore important. This was the time when there was a global economic slowdown in specific developed capitalist states. This slowdown gave an opportunity to political parties and academics in favour of neo-liberalism to make inroads (England and Ward 2007:249; Craig and Cotterell 2007).

In order to reduce government expenditure in a depressed global economy the governments of the United Kingdom, United States of America and West Germany under Margret Thatcher, Ronald Regan and Helmut Kohl respectively, sought to remove the state from direct involvement in the economy. The idea was to reduce expenditure and subsidies in some areas. Also, of interest was the drive to undermine the power of organised labour and other political organisations. This move favoured capitalists since there was economic liberalisation (Blyth, 2007:762).

While there was a political and economic policy shift towards neo-liberalism in the leading developed capitalist states, international organisations, specifically the World Bank and the International Monetary Fund (IMF), started calling for the free market economy system to promote development. For the IMF especially, 'development' meant marketisation of the economy (Harrison, 2010:20). To this end, economic development strategies which had distinguished the first world from the third world were abandoned as all first and third world countries came together representing world states in the transition towards a single market; to that end Friedman (2000) noted: "…today there is no more First World …. Third World. There is just the Fast World – the world of the wide-open plain – and the Slow World" (Friedman, 2000:46).

The cause for neo-liberalism was pushed from three fronts, the political and economic by politicians, the economic development support by international organisations and the academics. African countries were not left out in these dynamics. Their post-colonial economic policies and strategies, some of which were socialist or communist in character, had to be revised, otherwise they were to remain in the slow world as Friedman put it. Similar arguments of a single market were also made by the first World Bank. Larry Summers, former World Bank Chief Economist noted: "The rules that apply in Latin America or Eastern Europe apply in India as well … (Third World countries) need to understand that there is no longer such a thing as separate and distinct Indian economies … there is just economics" (George and Fabrizio, 1994:106).

An important presumption of neo-liberalism which is also observed in classical liberalism is the possibility of a ‘self-regulating market’. This is not usually the case as the global market is not perfect and is influenced by the powerful players. The most important purpose of neo-liberalism as argued by Munck (2005) is that it leads to the efficient allocation of resources through market mechanisms. Government intervention in most cases, if not all, is undesirable as it is viewed as likely to undermine market mechanisms. Because of its dominance, Munck argued that neo-liberalism has great power concerning reforms of international trade and the role of the public sector (Munck, 2005).

Neo-liberalism is an economic and political ideology which is regarded as the dominant ideology shaping the world today. Saad-Filho and Johnston (2005) attest to the argument that it is “impossible to defined neo-liberalism purely theoretically” (Saad-Filho and Johnston, 2005:1). Though Saad-Filho and Johnston, (2005) found it difficult to define neo-liberalism but they observed that by implementing the neo-liberal ideology, power and wealth have increasingly becoming concentrated in transnational corporations and groups of the elite.

The term ‘neo-liberalism’ suggests a definition of the concept in giving the thinking that neo-liberalism is to an extent a revival of ‘liberalism’ which has been regarded as an inferior ideology in political discourse and policy making in favour of other approaches. This understanding confirms the dominance of realism in explaining the world order during the Cold War era. Perhaps, the end of the Cold War ushered in a new era in which liberalism found space in the debates in a reincarnated form as ‘neo-liberalism’. This thinking brings the view that liberalism was at some point introduced and it experienced initial growth, declined at some intermediate stage and recently has been rejuvenated as neo-liberalism. (Thorsen and Lie, 2007:2).

Thorsen and Lie (2007) have the view that economic liberalisation and neo-liberalism should be separate from liberalism as a general concept (Thorsen and Lie, 2007:2). Unlike Thorsen and Lie, the Oxford English Dictionary complied by Simpson and Weiner (1989) observed that liberalism is broadly a political ideology which is “favourable to constitutional changes and legal or administrative reforms tending in the direction of freedom or democracy”, while neo-liberalism is “a modified or revived form of traditional liberalism, one based on belief in free market capitalism and the rights of individuals” (Simpson and Weiner 1989). Here the Oxford

English dictionary takes neo-liberalism as a product of both political liberalism and economic liberalism.

Taking the views of the Oxford English Dictionary complied by Simpson and Weiner (1989) that neo-liberalism can be understood as the product of political liberalism and economic liberalism, this would then inform an important thinking of the political economy which is characterised by the present democratic principles and a free market economy. The understanding of these concepts gives a background in the attempt to put the concept of neo-liberalism into a defined perspective which will help to determine the extent to which it influences the contemporary African political economy, especially in the SADC.

Despite its dominance as a global economic policy Saad-Filha and Johnston, (2005) found it impossible to come up with a purely theoretical definition of neo-liberalism. However, what can be agreed is that it was founded on a framework that has a traceable relationship with classical liberalism which was called for by Adam Smith, (1778) as argued by Clarke (2005:50), that "…the fundamental assumptions underpinning neo-liberalism remain those proposed by Adam Smith". Neo-liberalism also has traces of how Adam Smith, (1778) conceptualised the human being and society as he develops his economic theories. This understanding of neo-liberalism takes it as a totally 'new paradigm' for economic theory and policy making; the ideology behind the most recent stage in the development of capitalist society (Thorsen and Lie, 2007:8). The new paradigm is regarded also as a revival of the economic theories of Adam Smith, (1778) and his followers of later years, especially in the nineteenth century. In this view neo-liberalism has been regarded by scholars like Palley (2005) as a 'great reversal'. It has replaced economic theories which were brought up in the twentieth century. From the theory of evolutionary economics, indeed this is a reversal as theories which were developed later are expected to be superior theories replacing older inferior theories. In this case liberalism of the nineteenth century was replaced by the older theory, classical liberalism in the form of neo-liberalism (Palley, 2005).

According to Harvey (2007):

> neo-liberalism is a theory of political economic practices proposing that human wellbeing can best be advanced by the maximisation of entrepreneurial freedoms with an

> institutional framework characterised by private property rights, individual liberty, unencumbered markets and free trade (Harvey, 2007:22).

The view of advancing the human wellbeing is critical for post-colonial Africa. If it then becomes global neo-liberalism, then “Globalisation simply speaks to the increasing interconnectedness between and beyond states that is driven by capital and its increasing concentration and mobility.” (Harrison, 2010:5).

Taking note of these views for this study, this thesis defines global neo-liberal capitalism as ‘the interconnectedness between and beyond states that is driven by capital and its increasing concentration and mobility through political economic practices seeking to maximise human well-being by the maximising entrepreneurial freedoms in an institutional framework characterised by private property rights, individual liberty, unencumbered markets and free trade.’ This understanding could allow for capitalist practices to be regionalised before making them global, thus allowing for the domestication of capitalism in Africa.

One strong criticism of global neo-liberalism as argued by Harrison (2010) is that ‘neo-liberalism’ imagines the world in its own image: open, market-conforming economies based on liberal societies. This view makes neo-liberalism “…a universal set of prescriptions applied to developed and developing economies alike (Harrison, 2010:21). Harrison contests this view along the same lines as argued in the theory of evolutionary economics. He argues against the one model for all approach to development. Evolutionary economics suggests that economic policies should take the historical and cultural backgrounds of any society and that such policies should be reviewed continuously to match the prevailing situation. The appropriateness of neo-liberalism in Africa therefore requires careful analysis which will be attempted in the next section.

In all these swings of theories of the international political economic thought, Africa had little influence in determining the movements in the way global political economic relations could be explained. Africa was therefore to follow predetermined economic approaches with no choice, even when they were not the best, especially during the colonial era and to an extent after independence. The weakness of Africa has made it a consumer of theoretical prescriptions given by others rather than a factor in the determination of global or international economic and political thinking, hence the hegemony of neo-liberalism in the African political economy. There is therefore a need for Africa to define its own economic model which is appropriate to the region.

5.4 Neo-liberalism and the African Economic Ethic of Indigenisation

Most African countries such as South Africa, Tanzania and Zimbabwe at independence pursued political and economic ideologies of a socialist character. One reason for that was that liberation movements were supported by socialist and communist countries and naturally the African countries aligned their policies with the powers that helped them attain political independence. Support for communist and socialist ideologies weakened with the imminent end of the Cold War. As the Cold War neared the end, neo-liberalism made in-roads into Africa. After the collapse of communism neo-liberal capitalism has emerged as the hegemonic economic systems for the whole world, Africa included.

According to Harrison (2010), in 1981 the World Bank published a report of a research they titled 'Accelerated Development in Sub-Saharan Africa: An Agenda for Action', which set the tone for neo-liberalism (Harrison, 2010:18). The report was commonly known as the Berg Report which was well known for attacking post-colonial African States and its recommendation that called for removal of governments from the economy. The Berg Report had a good number of pages that created an impression of an 'African developmental malaise' (Harrison, 2010:18). They argued that the developmental malaise was shared by all countries in the African continent. The report portrayed the situation as a crisis that arose from manifold causes such as internal structural constraints, natural resources, damaging state action and population growth. It pointed out further the need for policy reforms which were driven mainly by the state withdrawing from economic management. For economic recovery to take place there was need for changes in domestic policy and institutional reforms with emphasis of aligning to international global change.

The Berg Report was published after the 1970s oil crisis and it also responded to the African heads of states' 1980 Lagos Plan of Action for Economic Development of Africa, 1980-2000 (Organisation of African Unity, 1980). The Lagos Plan was an inward-looking, self-reliance, solution to the challenges of African economic development while the Berg report was outward-looking in relation to international trade. The Lagos Plan blamed the structural adjustment programmes of the International Monetary Fund (IMF) and the World Bank for the African economic crisis and the vulnerability of African economies to world-wide economic shocks like the 1973 oil crisis.

The implementation of neo-liberalism in Africa was actually codified by the Washington consensus with a view to managing the debt crisis in developing countries, especially in Africa and South America. According to Williamson (2004), Washington Consensus was a set of economic policies called upon for developing countries by the International Monetary Fund (IMF), the World Bank and the USA Treasury in 1989 (Williamson, 2004:1). Neo-liberalism was later to be consolidated through coercion by the USA as it dominated global political dynamics in the war against terror. The America neo-liberal democratic principles were then expected to be pursued by all states in the world, lest they were to be regarded as being on the side of the so-called terrorists. The neo-liberal drive was soon to include transnational corporations with the support of Western states. (Satgar, 2009:39; Bond, 2005:232; Hobden and Jones. 2011:133-136).

Harrison (2010) observed that the period 1979 to 1981 was commonly viewed as the time when neo-liberalism was established as a global political and economic policy (Harrison, 2010:18). He noted further that it was only with reference to Africa that region-wide problems associated with the state and marketisation solutions were put forward. Africa was viewed as a region which had failed to create 'proper' market economies. This led to the 1989-1994 World Bank reports repeating the same issues as the problem in Africa. There was then the drive by the so called 'development community' which assigned itself the mission of creating proper markets in Africa. 'Special funds' for Africa were put aside to facilitate neo-liberal transformation. These funds become common in African states, but they came with many conditions, policy advice, technical assistance and aid. All this was skilfully done to bring about neo-liberal reforms. These efforts produced poor results and led to different reactions by the countries. Economic structural adjustment programmes led to greater suffering of the poor (Harrison, 2010:18).

According to Harrison, there is evidence that the much talked about foreign direct investment in Africa focused mainly on mineral enclaves and the desire to evacuate these minerals for use in value addition and wealth creation processes elsewhere was evident (Harrison, 2010:10). This was mainly in the hands of transnational corporations. This is one of the key issues requiring serious consideration in rethinking how to restructure capitalism in Africa.

Saad-Filho and Johnston (2005) stated: “We live in the age of neo-liberalisms” (Saad-Filho and Johnston, 2005:1). Saad-Filho and Johnston believed that transnational corporations and elite groups have to an ever-increasing degree continued to acquire and concentrate power amongst themselves because of the implementation of an economic and political ideology scholars identified as ‘neo-liberalism’. This view suggests an endless, selfish accumulation of wealth and power which was identified by Veblen, (1898) as one of the characteristics of capitalism. The capitalist character in neo-liberalism identified by Saad-Filho and Johnston brings together neo-liberalism and capitalism as two sides of the same coin, ‘global neo-liberal capitalism’, which is wealth extractive rather than wealth creating for regions like the SADC. In rethinking the African economic ethic of indigenisation, a capitalist approach that creates wealth for the region becomes imperative.

Harrison (2010) contended that “…the tendencies to integrate spaces into global capitalism has produced modern forms of economic fragility and spatial differentiation, the disintegrative-effects of which are mediated by the state system” (Harrison, 2010:6). He noted further that in economic fragility it is important to take note that Africa has a very large proportion of small and vulnerable economies. Many economies rely on the export of primary commodities and raw materials whose prices have been generally falling or unstable. The value addition of most of these primary products happens elsewhere outside Africa where much greater value is created for the large economies outside Africa. There is a high debt to export ratio and many countries have huge debts to the IMF and World Bank. The vulnerability of Africa became worse from the 1990s, especially at the turn of the century, when Africa had five per cent of developing countries’ income and two-thirds of its debts (Prempeh, 2006:141). This demonstrates the uneven terrain on which neo-liberal global capitalism is operating. Evidence suggests that in Africa a worse off economic situation emerging out of global neo-liberal capitalist economic policies as argued by Bond (2005):

> “Africa’s *debt crisis* worsened during the era of globalisation. From 1980 to 2000, sub-Saharan Africa’s total foreign debt rose from US$60 billion to US$206 billion, and the

ratio of debt to GDP rose from 23 per cent to 66 per cent. Hence, Africa now repays more than it receives. In 1980, loan inflows of US$9.6 billion were comfortably higher than the debt repayment outflow of US$3.2 billion. But by 2000, only US$3.2 billion flowed in while US$9.8 billion was repaid, leaving a net financial flows deficit of US$6.2 billion" (Bond, 2005:239).

Neo-liberalism has persisted and remains widely accepted in Africa despite some strong criticisms and questionable benefits to the majority poor people, as observed by George 1999:7). However, the theory of evolutionary economics argues that as more and more inadequacies of an economic policy became apparent, a new economic approach emerges. On many occasions, liberalism has been replaced by various forms of realism in explaining the global political and economic dynamics which include trade. The fact that there are shortcomings being noted against neo-liberalism is enough to invalidate the argument that neo-liberalism is the only plausible economic policy for the whole world.

Global neo-liberalist capitalism in the African context should be viewed as a global economic development with new historical conditions and dynamics of accumulation of wealth. The changes or reorganisation of global capitalism were brought about by neo-liberalism increased international mobility of capital, greater integration of the global market and the restructuring of global production. This development is a clear departure from the colonial era framework of wealth creation and accumulation. Essentially, the deference lies in the role of the state in the process of wealth accumulation. During the colonial era the state played a critical role by facilitating and creating an environment which was exploitative and in favour of whites in Africa. The post-colonial approach in the form of neo-liberalism gives the state the 'night watchman's role' which has no significant strategic influence on the daily operations of the economy. The whole market is open for penetration. Resources are made available for exploitation and there are no restrictions to capital inflows and outflows. As Satgar (2009) argued, that the making of what he calls the Afro-neo-liberal capitalism was a violent and brutal process made up of three overlapping post-colonial conjunctures:

> First, the defeat of the actual and potential radical post-colonial state-led development projects – revolutionary nationalist, African socialist and Maxist-Leninist; second, the

> debt crisis and national adjustment; and third, limited democratisation and continental restructuring to meet the requirements of transnational capital (Satgar, 2009:40-41).

The Washington consensus which came along with the second conjuncture, to manage the debt crisis, has unravelled through its failure to bring development. Instead, it brought about social crisis to the World through poverty and inequality and the impasse on World Trade Organisation (WTO) negotiations (Satgar, 2009:41). Satgar seems to have the answers as he argues what he observes as the essence and logic of the new scramble for Africa:

> The irony in the neo-liberal accumulation strategies is that they are not development oriented. Privatisation, liberalisation, public-private partnerships, surveillance-based good governance, a truncated individual right-based discourse and regular elections are all strategies to entrench the power of capital over society and state (Satgar, 2009:46).

Africa's acceptance of neo-liberalism reflects a defeat of progressive political agencies on the continent giving way to the new scramble for Africa. The biggest questions which arise then are who in the complex matrix accumulates wealth, whose capital enjoys the mobility, and which markets are for which goods, produced by whom. The African capital has not managed to exercise notable mobility outside the region, neither has its potential been fully exploited within the region. There is therefore a need for a capitalist environment which promotes greater mobility of African capital. Neo-liberal capitalism talks of opening markets, and, in this case, and as indicated by the global trade trends, the African markets is meant to buy high value goods from the developed economies while it exports low value raw materials. There is a need for Africa, especially the SADC which is endowed with natural resources, to come up with value addition strategies which would improve the value of the region's exports into the global market. This is informed by the fact that in the period 2000 to 2010 the value of industry's contribution to GDP was 32 percent while an export value of USD $ 89, 151.33 million was realised against USD $ 91,608.15 million imports into the region (Southern African Development Community, 2017). Again, the SADC market has to be restructured to consume more SADC products to allow for greater local wealth creation and hence Southern African Development Capitalism or 'SADCapitalism'. With a population of over 277 million, the SADC offers a huge market whose potential needs to be exploited. Perhaps to realise benefits from the new hegemonic neo-liberalism some form of ‘Afro-neo-liberalism’ for the continental accumulation of wealth should be considered. This should be a form of African capitalism which takes account of the continent’s historical conditions as argued by the theory of evolutionary economics. Murove (2010:139) has argued that indigenisation carries with it the idea of creating African capitalists who will play a leading role in domesticating or appropriating neo-liberal global capitalism.

Many reasons were given for the failure of western capitalism in Africa. Given the cultural and historical differences and levels of poverty in Africa, there is need to come up with deliberate policies that promote indigenous entrepreneurs and industries to participate in the African capitalist economy. This process would help domesticate capitalism in Africa and create the so-called and much needed ‘Africapitalism’. In this case, ‘Africapitalism’ is simply a way by which Africa can accumulate wealth for its development with indigenous entrepreneurs taking the lead in the process. To allow neo-liberalism in its original form to determine the course of development in Africa might lead to similar failures as observed in the failed IMF and World Bank 1980s neo-liberal structural adjustment programmes which left the majority poor people worse off than they were before the policies were introduced (Dani, 1990:99; Konadu-Agyemang, 2000:469). There is a need to domesticate or discipline capitalism for regional development through some form of indigenisation strategy. For the SADC, this could be called ‘SADCapitalism’, a way by which the SADC as a region strives to create and accumulate wealth, especially in the face of highly competitive global neo-liberal capitalism.

The current African economic ethic of indigenisation appears not to be a good argument or alternative to respond to the failure of global neo-liberalism. In justifying indigenisation, African states argue that the marginalised blacks were put at a disadvantage by the colonial policies and cannot survive in the global neo-liberal capitalist market system without affirmative action. The weak economic standing and economic inefficiencies arising from the absence of technology and fundamental capitalist principles in indigenous African culture make Africans weaker than well-established western transnational capitalists. At the end of the day, black Africans would not survive or prosper in a highly competitive neo-liberal global capitalist economy. If neo-liberalism is then to be judged on the basis of consequentialism and utilitarianism in ethics, then it would be criticised for being unethical. An ethical system of distributing wealth would need to be found. There is therefore a need for some form of indigenisation or affirmative action to protect Africans against the more powerful and efficient global capitalists. In the post-colonial SADC, attempts have been made to redistribute wealth and economic power using policies such as indigenisation. Indigenisation has had its fair share of criticisms, hence the need to rethink the ethic.

The SADC will have to find alternatives to institutions such as the Bretton Woods institutions, (the International Monetary Fund (IMF) and the World Bank), and the World Trade Organisation which are international financiers of nations and regulators of world trade. The challenge is that most SADC economies do not own or have total control over natural resources in their countries such as minerals and land which could help in providing wealth with which to create the alternative institutions. Perhaps the starting point would be to improve the state of resource ownership and control. Once established such alternative SADC institutions would speak with one voice in a coordinated way supporting a purposeful regional effort indigenisation using regional financing models which promote the regional comparative advantage leveraged on individual member states' comparative advantages. Such an approach will help promote the region from being a mere exporter of basic raw materials and developing its own manufacturing and value addition capacity rather than countries competing for foreign attention from developed and economically powerful countries like China and the USA which have for many years been using the desperation by SADC countries to perpetuate neo-colonialism. Instead, the region should develop an economic symbiosis that aims at giving the region a global economic voice. The recent move by the Africa heads of state to meet with the African entrepreneurs at the inaugural 20-22 March 2017 African Economic Platform (AEP) is a step in the right direction as they sought to provide the policy space for Africans across sectors collectively to "…set their own agendas and explore realistic continental and global opportunities" (Mushawevato, 2017:3).

5.5 Conclusion

The chapter advanced the argument that in rethinking of the African economic ethic of indigenisation it is imperative to embrace neo-liberal capitalism but not in its global neo-liberal form but rather in the form of African capitalism or, more specifically for SADC, what the writer would call 'SADCapitalism', with a view to coming up with a regional approach to the African economic ethic of indigenisation. In the first and second sections this chapter discussed how the concept of global neo-liberalism evolved to what it is today. It imaged that global neo-liberalism shares many principles with classic liberalism and carries with it the liberal political and liberal economic outfit that characterise democratic social space and free market economies. By making this ideology global through its dominance it is clear that it was to be perceived as a universal and ideal political and economic ideology for all. Its relevance and appropriateness in post-colonial Africa were then discussed in the third section of the chapter. What was evident from the third section is that neo-liberalism with its strong inclination towards traditional classic liberalism and libertarian ideology would drive the poor black African people into perpetual poverty. Furthermore, the section observed that the moderate modern liberal thinking which accepts some government involvement in economic activities would be favourable to the post-colonial Southern Africa states as they find themselves duty-bound to protect and facilitate the participation of the previously marginalised poor black people in the national and global neo-liberal capitalist economy.

The chapter concludes that the neo-liberalism would worsen the plight of the poor indigenous African people while at the same time it recognises the failure of the African economic ethic of indigenisation in its current form. It notes the need for government intervention to protect the poor majority from the global neo-liberal capitalist economy. Given the failure of the current African economic ethic of indigenisation at the national levels in Southern Africa, there is a need to rethink the ethic, possibly with a view to coming up with a regional approach that can help domesticate capitalism in the SADC. The domestication of capitalism in the region would help to distribute and create wealth for the benefit of the majority people in the region, especially in the face of global neo-liberal capitalism. A regional integration approach which encourages SADC regional entrepreneurs to invest anywhere in the region with some empowerment or affirmative action would help develop and domesticate capitalism in the SADC. Some form of a vibrant regional capitalist economy driven by local regional capitalists, a ‘SADCapitalism’, should inform the rethinking of the African economic ethic of indigenisation.

The next chapter focuses on how neo-liberal capitalist practices relate to regional integration, and whether the two would complement each other or would be in conflict.

CHAPTER SIX: GLOBAL NEO-LIBERAL CAPITALIST PRACTICES AND REGIONAL INTEGRATION IN AFRICA

6.0 Introduction

Chapter six discusses the theoretical and conceptual relationship between regional integration and global neo-liberal capitalism. The focus will be on how well the two approaches serve the African political economy from the applied ethics perspective. This chapter will explore how the two evolved in Africa and how they could be complementing or contradicting each other in serving Africa, especially the SADC.

Regionalism has been in existence for hundreds of years as far back as 1664 (Schiff and Winters, 2003:1), but efforts towards meaningful regionalism began at the end of the Second World War and got refocused after the cold war. Different models and approaches to regionalism have been noted and these have been informed by the regional environment and political and economic demands. For Europe, political and economic cooperation was perceived as a requirement to avoid the recurrence of wars which had the effect of spreading into World Wars. The immediate post-war environment required that the regional cooperation be modelled to contain wayward behaviour of nations and to manage political and economic issues which had the potential to cause violent conflict. For Europe, the period immediately after the war saw regionalism being modelled to ensure peace in the highly contested resource rich regions of Alsace and Lorraine, whose control was interchanged between France and Germany in the aftermath of many wars. The thrust of the European regionalism then was to bring collective regional oversight over these regions to avoid further conflict. This saw the formation of the European Coal and Steel Community (ECSC) which was established by the treaty of Paris in 1951 to manage coal and steel as common resources for the community of nations. This model was later to transform into the recent European Union as the environment kept changing and the interests also kept changing (Schiff and Winters, 2003).

For Africa, especially the SADC, similar observations can be made of regional integration models that were sensitive to prevailing political, economic or broadly security issues. Notable regional integration efforts in Africa started in the early 1960s when a number of countries had just gained political independence. The organisation of African Unity (OAU) was formed on 25

May 1963 in Addis Ababa. The main objective of the OAU was among others, "…to rid the continent of the remaining vestiges of colonisation and apartheid; to promote unity and solidarity among African states; to coordinate and intensify cooperation for development; to safeguard the sovereignty and territorial integrity of Member States and to promote international cooperation with the framework of the United Nations" (Daddieh, 2016:58; African Union, 2017). The thrust towards regional integration for the OAU was to liberate African countries and assert Africa's position as a united powerful player in an international political economy. This position was informed by the strong desire for the region to be free from the control and influence of the former colonial masters. Also important was collectively to be able to promote African interests in the international system. A coordinating committee for the liberation of Africa was formed with determination and undivided attention in seeking international support for the liberation of Africa and to fight against apartheid (African Union, 2017).

The bigger framework of Africa's regional integration gave birth to regionalism in the Southern African region now commonly known as the Southern African Development Community (SADC). Before the SADC regional integration was transformed to its present state, it went through several transformations which were influenced by the prevailing political, economic and security situations.

In the earlier days the Front Line States (FLS) were formed and built on the guidelines of the OAU and the emphasis of the committee for the liberation of Africa for the liberation of countries in the Southern African region and to fight apartheid. Greater coordination on matters of security was noted. The regional coordination was later formalised with an additional role to bring about economic development in Southern Africa and the Southern African Development Coordinating Conference (SADCC) was formed following the Lusaka declaration of 01 April 1980. The SADCC still had the role to counter the security and economic threats from apartheid South Africa. The SADCC was formed to push forward the political liberation agenda in Southern Africa and to reduce dependence on apartheid South Africa. After the coming of independence to Namibia and Zimbabwe, the SADC was transformed to the Southern African Development Community on 17 August 1992 at a summit in Windhoek. Greater emphasis was then given to economic integration.

The objectives of regional integration in Africa, especially the SADC, have been changing as the political economy of the region was changing. Despite these realignments of regionalism in Africa, most debates on African regionalism claim that if there is any regionalism in Africa it is premature and associated largely with "failed or weak regional organisations and a superficial regional economic integration" (Soderbaum, 2016:1). Many reasons have been given for the failure of regional integration in Africa. It should be noted, however, that regionalism the world over has taken a new thrust with the traditional state-centric approach to regional integration giving way to new other non-state players such as non-governmental organisations and multinational corporations. The state's role continues to diminish, though it still remains essential in the sustenance of regional integration. The new regionalism appears to resonate with the emergence of global neo-liberal capitalist practices and globalisation.

As the calls for regionalism become louder, the role of the state continued to diminish with the increased dominance of global neo-liberal capitalism. After the end of the Second World War, meaningful regional integrations started to take shape and a new wave of global economic thinking developed. From the period 1945 to 1970, Keynesian economics dominated the economic models of many countries. States focused more on employment creation and alleviating abject poverty. The role of the state was significant in shaping the way forward. This was the time the cold war was at its peak and state-centric international relations were dominant. Regional integration was shaped more by commonalities and convergence of state interests.

The monetarist economic approach replaced the Keynesian policies which focused on economic stability with the state reducing its involvement in economic issues. The monetarist policies were in fact neo-liberal. (Thorsen and Lie, 2007: 8). The end of the Cold War asserted the hegemony of global neo-liberal economics. The role of state on the international system continues to diminish and more new players are emerging in the discourse of regionalism. A new approach to regional integration in the form of the new regionalism is emerging, which seems to have a greater say in the character of present regional integration.

The development and changes that took place in regionalism were shaped mainly by the prevailing political, economic and security concerns at the time. In the earlier forms of regionalism states played a big role in determining the approach. The interests of the people were expected to be well presented in the understanding of the social contract in which the people had surrendered their welfare and security to be taken care of by the state. The policies that states adopted were expected to bring happiness or greater good to the people as argued by utilitarianism in ethics. Progressively, the role of the state has been diminishing as neo-liberalism has affirmed its dominance. Regional integration is being increasingly influenced by non-state actors. The state interests are no longer the major determinant of regional integration. Market forces have become significant as global neo-liberal capitalist practices have become more and more dominant. Regional integration has evolved, guided by state interest. At the same time neo-liberal capitalism has made inroads to gain influence in regional integration. How these dynamics have affected the success of regional integration and the welfare benefits of the majority of the people in Africa is what this chapter seeks to determine. It appears no study has been done to analyse how global neo-liberal capitalism has affected regional integration in Southern Africa.

In the first section of this chapter the focus is on how regionalism as a concept evolved, especially in relation to Africa. It will also analyse early forms of regional integration and attempt to see into the future of regionalism in Africa. In these discussions of regionalism, the writer will always seek to relate the evolution of regionalism in Africa with the developments in neo-liberal capitalism. Most importantly, this thesis will seek to determine how these dynamics would influence the future of regionalism in Africa and how the intended beneficiary in the form of the majority people has been deriving benefit (or not) from these policies. The second section is on neo-liberalism has transformed over the years and how it has influenced regionalism. The last section concludes and presents the findings of the chapter.

6.1. The Concept of Regional Integration

The concept of regional integration has been understood in many different ways. An analysis of different points of view leads to the emergence of some general perceptions. The United Nations defines the integration of countries as an organisation of countries which share common interests and have difficulties in the historical, cultural, linguistic, or spiritual areas. By agreeing to be part of an integration arrangement the countries become jointly responsible for peacefully settling disputes among themselves. They also commit to maintaining peace and security in the region and protecting their interests and promoting the development of their economies and cultural relations (United Nations, 1945:859). Regional integration, arrangements, co-operation, or pacts are voluntary associations of sovereign states with a common interest and for a non-offensive purpose.

There have been arguments on the relevance of geographical proximity on regional integration. Cases of countries not within a region being a member of a region grouping have been observed, such as the United States and Russia in the Association of Southern Asian Nations. Other arguments have sought to define the geographical region that would be integrated and that regions should be geographically defined. As Ninsin (2009:58) argues, geographical proximity enables greater cohesion. It may be a necessary but not sufficient a condition for natural integration. For Fawzy (2003:21), geographical proximity reduces transport costs. He however notes that other scholars argue that technological evolution has reduced the importance of proximity. Morris (2016:42) regards proximity as important as it "heightens the importance of region or block members". For this study, the SADC region is made up of nation states which are in geographical proximity and the proximity of the countries has had an effect on the integration process. The geographical proximity in the SADC makes them share a similar historical background, especially as regards colonialism. Furthermore, the majority of the people share common cultural values. These factors relating to proximity have an impact on the nature and focus of regional integration.

Palmer and Perkins, (2004) note that some arrangements in regions may be mainly for military cooperation or alliance, but for regional integration it must be more than that. There has to be collaboration in other areas and issues other than the military. The North Atlantic Treaty Organisation is predominantly a military alliance, but it also has many other areas of interest.

Strausz-Hupé (1945:273) said that regional integration requires machinery to implement the arrangement through some integrated or concerted action. He identified a regional understanding as one which may not entirely have any machinery to implement its common attitude towards certain issues. He warned that a regional integration should not be confused with situations where words like 'bloc', 'zone' or 'orbit' are used. Lee (2002), like Strausz-Hupe (1945), differentiated regional integration from regional cooperation which she viewed as a collaboration by two or more countries on an issue of common interest.

The divergent views and arguments of what can be regional integration are evident from the discussion above. However, in this rather divergent view of what regional integration is, some characteristics are elaborate and can help in understanding this arrangement. The pronounced characteristics of a regional integration can be summarised by saying there has to be some common interests which need to be protected or promoted by members. The members have a common desire to preserve and promote peace, stability and security and there is no desire or intention to cause harm to other member states. The members commit themselves to the development and prosperity of their countries and collective regions. The arrangement is voluntary and member states relate in a collaborative manner. Peace, stability and economic development are essential for the success of regional integration. Before analysing the different forms of regional integration, the factors which motivate countries to enter into a regional integration will be discussed.

6.1.1 Factors which Promote Integration

Like the concept of regional integration, there are equally many views which have been put across of what promotes or drives countries to enter into a regional integration or how an integration process can be regarded as successful. Some notable and interesting views come from scholars of international relations and are categorised in relation to the theoretical frameworks which inform the views.

Firstly, scholars from the realist paradigm argue that the state is the main and only player in international relations and that states will always pursue their own national interests. Furthermore, realists argue that states will always struggle for power, and peace can only be achieved when there is a balance of power. This is the theory that has been used to explain the cold war dynamics. In this paradigm, realists and neo-realists who differ slightly in their understanding of the above tenets take the perspective that the existence of a hegemonic state in a region can serve as a strong motivation for countries to cooperate in a region. This view will be elaborated further in the discussion of how regional integration evolved in SADC. Realists believe that because of the existence of a hegemonic state, countries enter into regional integration:

1. As a way of coming together to counter the power of the hegemony;
2. As an effort to restrict the free exercise of power by the hegemony through entrapping the hegemony under the control of the regional structures;
3. To band-wagon with the hegemony in order to get benefits of security when there are big power differences within the region; and
4. For entrapping potential rivals of a declining hegemony. (Hurrell, 1995:47)

For neo-realists, regional integration occurs in response to hegemonic power projections or when there is convergence of national interests. Neo-realists argue that the relationship between states in the international system is to a large extent influenced by the challenges they face as a result of the anarchic structure of the world order, and not their behaviour as individual units (Gabriel, 1994:14). In contrast, Ngoma (2005) has observed a departure by the SADC countries from the realist paradigm in that their relationship and efforts to pursue tighter relationships even when there are differences in how they deal with domestic issues do not conform to realist tenets (Ngoma, 2005:17). Ngoma points to a SADC that has a liberal persuasion, which will now be discussed.

The second perspective in the concept of regional integration is offered by neo-liberalists. This approach enables an understanding of how regional integration would survive in a global neo-liberal capitalist environment. According to Keohane and Ostrom (1994), in liberalism there is a possibility of interdependence of states in regional integration in order to counter the challenges caused by anarchy in the world. Neo-liberalists differ from realists and neo-realists in that neo-liberalists argue that even in an anarchic world order in which rational states self-govern there is the possibility that states can cooperate. The cooperation would be achieved through the development of institutions, norms and regimes. Neo-liberalists believe that the cooperation would be based on reciprocation. From the neo-liberal perspective, regional integration can be useful in explaining the rational response by states to the wave of globalisation as well as interdependence of states. Neo-liberalism argues for a pluralist approach to regional integration in which there is participation of civil society and non-state actors. By involving non-state actors, neo-liberalism does not see states as the only players in the regional integration process (Keohane and Ostrom, 1994).

In the SADC, the regional integration has been shaped by regional politics and state elites. There has been limited participation of civil society and other actors which are not states though the SADC Treaty through Article 23 provides for the participation of non-governmental organisations in the integration process (SADCC, 1980:269). Integration in the SADC has been shaped by individual state's domestic politics. On that, Mansfield and Milner (1997) have argued that the state should see regional integration as an effort towards maximising state welfare and furthering national interests. This is achieved through cooperation prescribed in the new international political and economic framework. (Mansfield and Milner, 1997:6). The idea that states enter into regional integration to maximise state welfare conforms to utilitarianism in ethics which argues for policies which lead to the greatest good to the greatest number of people.

Functionalism in international relations has also been used to explain regional integration. Mitrany (1996), who is credited for coming up with functionalism, emphasises that there have to be clearly defined functional needs when creating an institution. Functionalism argues that the increase in economic activities in a region persuades states to cooperate and further allow their economies to be open for more activities under some form of trade liberalisation. It is the belief in functionalism that states realise increased benefits from such regional integration processes. Functionalism assumes any political differences between states can be easily managed by establishing functional institutions. Through these institutions all the national interests of members are integrated to create a politically unified region. Functionalists regard economic structures or institutions as more important than the political structures in regional integration (Mitrany, 1996:72-73). In the SADC, collaboration has been more in political institutions than other institutions such as those for civil society and non-state actors.

Haas (1958), a neo-functionalist, came up with additional features to explain regional integration. In a complete departure from the realist state-centric picture, Haas argued that there will be a sense of movement in that increasing interdependence in a number of areas results in a "spill-over effect in other areas". The good result of the spill-over effect encourages governments to bring other issues in many more areas. The commitment of states starts to change, and the region starts to be perceived as made up of powerful institutions. In furthering a military pluralist argument, Haas emphasised the addition of society elites (Haas, 1958: XIV). Haas (1958:5) however noted that the functionalist approach to regional integration was premised on the study of the process of regional integration in Europe. For the SADC, as will be discussed in the next section, integration was driven by security and political issues. The drive for economic development came later. There has however been limited participation of non-governmental or non-state actors and civil society.

6.1.2 Approaches to Regionalism

Lee (2002) argued that regionalism takes different forms, which include regional cooperation, market integration, and regional integration. The different forms of regionalism are distinguished by the intensity and emphasis on how a group of nations interacts to enhance their security which broadly now includes economic, political, and social or cultural issues (Buzan, 1991).

Regional integration in Africa took different forms or models in order to address the prevailing challenges. The different theories or forms of regionalism which can help understand how regionalism has evolved and progressed in Africa will now be reviewed.

6.1.2.1 Regional Cooperation

Langhammer and Hiemenz (1990:2) defined regional cooperation as an arrangement which "…includes concerted actions aimed at lessening discrimination in certain areas of common interest". This is a much more limited arrangement in regionalism compared to the other forms. For Bourenane (1997:50-51), regional cooperation is "…a collaborative venture between two or more partners with common interests in a given issue". Haarlov (1997:16) noted that regional cooperation is a joint effort to promote production. Countries can agree to have cooperation on a number of issues of common interest and the cooperation may not lead to preferential treatment in trade (Kimbugwe, 2012:14).

Lambrechts and Alden (2005:289) also distinguished between regional integration and regional cooperation and noted that regional cooperation occurs in a range of situations in which countries act collectively on issues of shared interests for mutual benefit. Cooperation is initiated under special circumstances in order to address particular problems and countries would, in some cases, avail their resources, territory, and expertise to another or others. For Southern Africa, or specifically the SADC, issues that have remained of common interest are economic development and eradication of poverty. Whatever issue is identified as of common interest to countries in a regional arrangement can receive support in regional cooperation. In the early days of the SADC, as countries in the SADC were struggling for independence, the common position or interest of wanting to remove colonial rule was defined and expressed clearly, even at the OAU level. This shaped the nature of early regionalism greatly, even in SADC as will be seen later.

6.1.2.2 Market Integration

The market integration approach is one of the commonly discussed approaches to regionalism and is more focused on trade and economic relations. This follows a linear progression to integration as was followed by the European Union. In the linear progression, a group goes through different degrees or levels of integration. Usually the first level of integration would be a free trade area (FTA). In the free trade area, countries in a regional arrangement remove trade tariffs from among themselves, but each member country retains its own set of trade tariffs applicable to non-member countries. The next level would be the customs union in which the free trade area is maintained but member states apply or impose the same tariffs on non-members. The tariff regimen by regional members on non-members is also known as a common external tariff (CET). The next level of market integration after the customs union is the common market. In the common market the customs union is maintained, but in addition there would be free movement of factors of production. This includes labour and capital. The common market is followed by an economic union where the common market is maintained and with it is the harmonisation of fiscal and monetary policies. When there is unification of the monetary and fiscal policies, then the last stage of total economic integration is achieved (Balossa, 1961:1).

The gains that arise from integration are measured against the concept of trade creation and trade diversion. Trade creation arises from a situation when there is trade shift within the region from a high cost producer to a more efficient lower cost producer. Trade diversion comes about when trade is shifted from an efficient low-cost non-member producer state to a less efficient high-cost producer who is a member of the regional grouping (Lee, 2002:3). Market integration is expected to increase a region's overall production levels as the region becomes more efficient and member countries specialise in areas where they have a comparative advantage. With an increase in the market size and increase in the levels of production, the region is expected to benefit from economies of scale. It is envisaged that the trade between the group and the world will be done on improved terms which benefits the region more. Market integration brings about competition and producers are forced to identify more efficient methods of production. Technology is expected to improve and also the quality of the products (Robson, 1980:3).

For the stated benefits to be realised in market integration, the theory assumes that the transport markets operate under conditions of perfect competition. It also assumes there is free movement of labour and capital within countries, but not outside. The theory assumes that tariffs will be the only trade restrictions and that there will be balanced trade between countries. This has been the biggest challenge for the SADC, given the economic hegemony of South African. In addition, the theory assumes that the prices of goods and services are reflective of the opportunity costs of production and that resources such as labour are fully employed (Haarlov, 1997:26). The SADC pursued the market integration model and it failed because of the conditions and assumptions made by the market integration theory. Unfortunately, some of the assumptions made under the market integration theory are not true for SADC (Lee, 2002:4). An example is the high unemployment levels in SADC and yet the theory of market integration assumes full labour employment. The theory assumes balance of trade which is not true for SADC as South Africa dominates regional trade.

6.1.2.3 Development Integration

Another form of regionalism is development integration. The theory of development integration was developed as a response to problems which were brought about by market integration. In this theory the purpose of integration would be economic and social development. This relates the theory of development integration to theories in development studies (Lee, 2002:4). The additional dimension added of social development in the theory provides for the attention that should be given to the wellbeing of people in relation to regionalism. This resonates well with utilitarianism in ethics. Development integration requires the state to be more involved in coming up with intervention measures that improve the welfare of the people. This is unlike market integration in which large liberal market systems are more at play. To an extent the development integration theory pursues a development trajectory that emphasises the happiness of the people. One issue of concern with market integration is the issue of unequal distribution of benefits from the integration process. This has been noted as one major reason for the failure of market integration. In cases such as unequal distribution of benefits, states should be active in coming up with policies that are compensatory and offering corrective remedies. The theoretical framework of development integration therefore provides an integration framework in which the market is in a way regulated, or whose effects are corrected to ensure social development. Even though development integration comes up with alternatives or corrective measures to the challenges caused by market integration, it has proved to be difficult to implement compared to market integration (Lee, 2002:4).

6.1.2.4 Regional Integration

Haarlov (1997:15) defined regional integration as "…a process by which a group of nation states voluntarily and in various degree [allow access] to each other's markets and establish mechanisms and techniques that minimise conflicts and maximise internal and external economic, political, social and cultural benefits of their interaction". A regional integration takes into consideration both formal and informal markets. Unlike a market integration which follows a linear progression of integration with formal institutions to oversee the progression, regional integration approach does not of necessity follow a linear progression and does not require formal institutions. The amount and intensity of economic, political and social or cultural interaction existing between member states at a particular time is used to assess the level of integration. Furthermore, not all members of the group are required to take part in these activities simultaneously.

6.2. African Regionalism in a Global Neo-liberal Environment

While countries were progressively pursuing regionalism, liberalism has been gaining ground against other competing political and economic philosophies. Towards the end of the Cold War, global neo-liberal capitalist practices dominated the world as the only economic models for the whole world. Proponents of neo-liberal global capitalism argue that nothing should stand on the way of a free market global economy in which there is a free flow of capital, goods and services.

In their view, global neo-liberal capitalism increases prosperity and international cooperation (Gilpin, 2002). The calls for a free global market in the face of equally strong calls for regional co-operation where deliberate effort and policies are put in place to discriminate other players and favour others in the name of regional integration points to some possible discord between global neo-liberal capitalist practices and regional integration which promote institutionalised preferences for selected countries in regional integration.

Regional integration has survived many years in the world and indeed in Africa. It has gone through profound transformation but has survived and remains a popular economic system in Africa. Virtually all countries in the world belong to some regional arrangement (Schiff and Winters, 2003). Whether the survival of regional integration in Africa means it is still regarded as a moral economic system is not clear, especially in the light of the negative views that many scholars have about regional integration in Africa. Soderbaum (2016) observed that most scholarly debate suggests that there is limited regionalism in Africa if any at all. Lee (2002) argued that it is regarded as failed, weak and superficial.

Soderbaum's (2016) view and those of other scholars suggest that regionalism in Africa has failed. If the theory of economic evolution is right, then regional integration in Africa is expected to be replaced by another better economic policy. If it is not now it will be soon. An economic policy or system should serve the people by at least sustaining their welfare and, better still, it should enhance or improve the welfare of the people, failing which the economic system will be rendered irrelevant and needing replacement, as argued by the theory of economic evolution. An appropriate economic system should be one which delivers happiness or good to the people as argued by utilitarianism in ethics. Schumpeter (1942) argued that if an economic system is perceived as morally wrong, then it is doomed to ultimate demise.

Perhaps regional integration in Africa is still being evaluated and calls for its change are yet to be made. Soderbaum (2016) acknowledges that Africa has to a large extent been neglected in the study of regionalism, and to some degree this positions the views of most scholars on regional integration in Africa as not conclusive because more studies might offer new and different perspectives and insights. This thesis will revisit regional integration in Africa with a view to determine whether it can be regarded as morally right or wrong based on the expectation that it should deliver happiness or the greatest good to people in Africa.

Lee (2002) defines regionalism as one which includes efforts taken by a group of nations to improve their social economic, political, or cultural interaction. For African leaders, regionalism has been a viable strategy for uniting Africa politically and economically (Lee, 2002). The earlier regionalism in Africa was more concerned with political unity. This was mainly because countries had just attained their independence and the desire to disengage from colonial control and influence was strong. Furthermore, post-independent African states were regarded as weak political players in the international system. A collective effort as a united region was perceived as a way of adding weight to the African voice on the international political economy. Schiff and Winters (2003) stated that may of the regional integration frameworks by developing countries in the 1960s and 1970s were designed for import substitution in order to promote local economies and industries as a vehicle for economic development. They were characterised by high external trade barriers, an arrangement which would not support neo-liberal capital practices. The thinking was that the import substitution model of regional integration as a route to development would be cheaper. However, this form of regionalism was restrictive with many controls on economic activities leading to modest economic benefits to the developing countries. Furthermore, the implementation of the regional integration framework was also difficult as disagreements emerged on where industries should be located (Schiff and Winters, 2003). Similar inward-looking policies are notable in which countries, even those in SADC, are still not fully opened to each other for trade and investment because of fears that stronger members of the region would be the greatest beneficiaries of integration.

There has been an argument that generally regional integration adds credibility to government policies and thus aids in increasing Foreign Direct Investment (FDI). However, it can be argued that the view pursues liberal trade and economic policies which were not typical of the earlier forms of regional integration in Africa. Schiff and Winter (2003:18) argued that the real key to investment "…is the general policy stance in areas such as sound macroeconomic policies, well-defined property rights, and efficient financial and banking sectors." They argued further that regional integration may help improve investment if it helps in giving credibility to the policy and also in offering a large market, but it would need to come together with a good policy to support it (Schiff and Winters, 2003:18). The market integration model has not been achieved in African regional integration. The writer would argue that the failure by African economies to achieve proper market integration has been misunderstood to imply a failure of the market integration model for Africa. Instead, it is the failure of African regional integrations to achieve market integration and not the failure of market integration model to bring development in Africa. The alternative of allowing the countries in Africa to jump into the globalisation pool and hope to survive is on its own disastrous because individual African states cannot cope with the neo-liberal global pressures because of the size of their economies and economic inefficiencies. Also critical for the survival in the global economic system are robust and sound laws and strong institutions which can deal with corruption and temptations from strong financial players such as the multinational corporations. The Consumer Unity and Trust Society, CUTS International, (2015) argued that liberal regional integration benefits the multinational corporations from outside African when they enjoy easy access to huge markets.

To understand regional integration in SADC it is important to understand how regional integration in Africa has evolved because developments in the SADC are closely related to regional dynamics in Africa. This thesis will be interested in the dynamics that have influenced the transformation of regional integration models with more emphasis on how global neo-liberal capitalist practices have related to regional integration in Africa.

6.2.1 Early Regional Integration in Africa

Early forms of regional integration in Africa were observed in 1910 with the Southern Africa Customs Union. The next notable move towards meaningful regional integration in Africa came with the establishment of the Economic Commission for Africa. The Economic Commission for Africa (ECA) was established on 29 April 1958 by the United Nations Economic and Social Council (ECOSOC) by way of a resolution. As part of its terms of reference, the ECA was among other things put in place to participate in measures that were to bring relief to Africa on matters of economic and technical problems. It was to provide Africa with economic and technical information, to conduct investigations into economic and technical problems related to development, and to provide assistance to the economic and social council whenever requested by the council, in the conduct of its functions within Africa. The members of ECA were basically all independent African countries under black majority rule (Gruhn, 1995:24-25). The independent African Countries later formed the Organisation of Africa Unity (OAU). The OAU was established five years after the ECA in 1963, guided by, the first President of independent Ghana, Nkrumah's vision of what he regarded as a union of government of Africa. (Gruhn,1985:25). The formation of the OAU marked the beginning of notable regional integration that had provided some oversight role over other sub-regional groupings in Africa. After the establishment of the OAU, other sub-regional groupings emerged in Africa. The East African Community (EAC) was established in 1967 and lasted until 1977. It was re-established in 1994. The EAC included Kenya, Uganda and Burundi. The Economic Community of West African States (ECOWAS) was established in 1973, and the SADCC in 1980 (Asante, 1985:74).

Onwuka and Sesay (1985:2-3) observed that, despite these developments of regional integration in Africa and the commitments in the formation of sub-regional groupings from 1967 onwards, the African continent saw an increase in conflict. This slowed down economies and buried the envisaged prospects arising from regional integration. Contradictions emerged on the perceptions and expectations about the future of regionalism and hopes for development in Africa. Onwuka and Sesay (1985) observed that many scholars agree that, informed by past events, the future of regionalism in Africa is at crossroads. They argued that by looking at the conditions under which integration was being carried out in Africa, the future of regional integration could be predicted in Africa. A great diversity of languages, cultures and races was noted. Onwuka and Sesay identified three distinct linguistic categories in ECOWAS and SADC. These were French, English and Portuguese. The states also have different population and physical geographical sizes. They also have different natural resource endowment and have been at different levels of economic development. External commitments also differ from one country to the other. They also noted seriously incompatible ideologies and personalities amongst African states and the leaders, leading into endless conflicts. They argued that these challenges stood in the way of regionalism in Africa and any discussion of future prospects for regionalism must take these challenges into consideration (Onwuka and Sesay, 1985:2-3).

African regional integration in the 1960s was meant to come up with a new Africa free of external control and influence, an Africa which was to stand united with one voice as it interacted with the rest of the world. The regionalism of the time was committed to freedom and sovereignty of member states. Development of the African region was to be driven by the Economic Commission for Africa (ECA). This ushered in the formation of sub-regions in Africa by the Mid-1960s (FAO, nd:45).

The Lagos Plan of Action for the Economic Development of Africa (1980 – 2000) was an OAU-supported plan for self-sufficiency in Africa. It was a collective response by African leaders to the Berg Report which blamed the failure of Africa on its leadership's unliberal economic practices. The Berg report was in fact a call for the removal of government influence on the economy. Effectively, the Berg Report pushed for neo-liberalism, or free market economic system. Regional integration was at this point competing with neo-liberalism. The Lagos plan came out after the African leaders blamed the World Bank and the International Monetary Fund for the economic crisis in Africa which came as a result of the Structural Adjustment Programmes. The Lagos Plan was a departure from the neo-liberal thinking which sought to reduce the involvement of the state in economic issues. Also, of concern to the African leaders was the vulnerability of the African economies to the global economic shocks such as the oil crisis of 1973. On the other hand, the Berg Report blamed the African economic crisis on bad leadership. Through the Lagos Plan, African leaders opted for rapid self-reliance, self-sustaining development and economic growth. Economic growth was to be focused on benefitting the people and developing indigenous entrepreneurship with technical competences for greater participation in their economies. The Lagos Plan was to lead to the African Common Market and subsequently an African economic community. There was a thrust to move away from raw material export to value addition. The Lagos Plan was not meant to isolate Africa from the rest of the world, but rather to minimise contributions from outside and limit them to supplementing African effort. It largely called for an indigenous capitalist economy.

The Abuja Treaty of 1991 established the African Economic Community based on self-reliance and which promoted indigenous and self-sustained development. It aimed to reduce poverty and to improve people's lives. The Abuja Treaty was aimed at strengthening regional economic communities as building blocks of the African economic community. It was to promote a self-sustained industrialisation (FAO, nd). The treaty emphasised on self-sufficiency and development driven by indigenous people.

The resurgence of global neo-liberal capitalism as the only economic system for the whole world saw pressure being increased to weaken the state and effectively reduce its role in determining the economic activities in the countries and regions. The most recent desire to attract foreign direct investment in most poor SADC countries is a clear indication that neo-liberal global capitalist practices are essential for economic growth and development. For Africa as a region, regional integration was subjected to many forms of pressure related to global neo-liberal capitalism. In the SADC similar trends were observed (FAO, nd).

6.2.2 End of the Cold War and Regionalism in Africa

The end of the Cold War saw the emergence of new debates on the concept of regionalism. Scholars like Fawcett (1995) and Hurrell (1995) gave a new perspective to regionalism in the form of what they called new regionalism. In new regionalism scholars argued for an approach to regional integration which embraces neo-liberal practices and the participation of more players and other states. This was a departure from the regionalism that existed during the cold war where the international system defined the parameters, conditions and possibilities of coming up with a regional integration closely.

For the African continent, the increase in conflicts from around 1967 was a result of the region being engaged in proxy wars which defined how regions and nations related. Most activities in the African region and sub-regions were masked under the Cold War overlay. The end of the Cold War saw the removal of this overlay and the nature of relations at regional level become more an issue of local players. There were remarkable changes in the international system after the end of the Cold War. These changes had profound effects which can be used to explain the changes in the approach to regional integration. New regionalism, although it was diverse and more complex than the previous forms of regionalism, was a response to the changes in the political, economic and security demands arising from the end of the Cold war (Fawcett, 2010:7). Fawcett (1995: 13) argued that in view of globalisation and the new liberal political and economic approaches, regional integration should change to conform to the new world order.

The globalisation was boosted with the end of the Cold War. The influence of globalisation was such that economic activities and their effect was no longer localised to a region or a country. The changes brought about by globalisation and the end of the Cold War led to the emergence of a new world order and regions had to revisit their approach to integration. Fawcett (1995) and Hurrell (1992) observed that the new world order saw some old regional groupings which had ceased to function being revived, new regional organisations being established, and there were calls for stronger regional cooperation (Salvatore, 1993:10). In Africa there was the revival of the East African Community in 2000 and the SADC was reconstructed in 1992. The Intergovernmental Authority for Development (IGAD) which was earlier known as the Intergovernmental Authority on Drought and Development was formed in 1996. At the regional level, the OAU was reconfigured to the AU in 2001. The Arab Maghreb Union was established in 1989. In 1999 the Central Economic and Monetary Community was established. The Common Market for Eastern and Southern Africa (COMESA), another wider regional arrangement focusing on economic cooperation, was also established in 1994. The revival and revision of regionalism in Africa at the end of the Cold War clearly testifies to a new world order. The effect of global-neo-liberal economics and politics was notable.

Apart from Africa focusing on its cooperation and development internally, there were notable activities in negotiations aimed at securing Africa's space in the global economy. The Economic Partnership Agreements (EPAs) were designed as schemes to create free trade arrangements or a free trade area between the European Union and Africa, the Caribbean, and the Pacific Group of Countries. This saw a series of Lomé Conventions and the Cotonou Agreement which lead to the negotiations within the World Trade Organisation (WTO) (Hartzenberg, 2011:3).

Realising the need to participate in the global economy, African leaders had a long-term vision in which they saw regional integration as a viable strategy to use with the intention to unite the continent politically and economically. This collective approach to global liberal capitalism saw the region engaging in various economic and trade negotiations with many global players. Regionalism in Africa has therefore taken different forms in response to the changes of the national, regional, and international political and economic environment. With the end of the Cold War, regional integration in Africa followed the market integration model as part of the strategy to increase trade within the regions. The market integration followed the European Union integration model with linear stages of integration from the free trade area or preferential trade integration to total economic integration (Lee, 2002:1). Despite having been noted as a failure in the African continent, market integration is still highly regarded by African leaders as an appropriate model and strategy for the African continent to participate in the global neo-liberal capitalist economy (Lee, 2002:1).

There is no doubt that regional integration in Africa was shaped more by developments in the global market than its internal dynamics. For African leaders, their main concern was to develop an African capitalist who would participate in the global economy, hence the emphasis on intra-regional trade. An effort to domesticate capitalism is evident, though internal trade has remained very low in Africa. The idea of promoting intra-regional trade was to see an increase in the participation of black Africans in their economies. The overall expected benefits were economic development and the eradication of poverty, in which case the majority of the African people will have improved social welfare. The benefits of regional integration were expected to satisfy the principles of utilitarianism in ethics where the greatest good was to be delivered to the greatest number of people.

It should be noted that despite all the efforts to conform to the existing political and global neo-liberal demands, African intra-regional and external trade has remained very low. As at 2015, African intra-regional trade was about 12 percent of its total trade, which is very low compared to intra-regional trade of over 60 percent of total trade occurring among western European countries and 40 percent intra-regional trade in North America. In 2009 intra-Africa trade accounted for only 11 percent of the total trade in the continent. This was a one percent increase from 9.7 percent that was recorded in 2000. Despite the confidence which the African leaders have in regional integration and the potential it has, economic integration in Africa remains limited, hence the need to rethink the approach to regional integration (CUTS International, 2015:4)

The failure of regional integration in Africa is a result of a number of chronic challenges to effective transformation and deeper integration. Some of the well-documented challenges include… "Undiversified markets with low value addition, overdependence on raw material exports numerous trade and non-trade barriers that increase transaction costs, inadequate infrastructure works, regional food insecurity, conflicts and political instability in some countries" (CUTS International, 2015:4-5). Evident as one of the major challenges is the failure to do value addition in Africa which is related to the lack of industrial capacity and failed domestication of capitalism or the development of African capitalism.

As a build up towards the African Continental Free Trade Area (CFTA), efforts have been made to bring together three African regional arrangements, namely COMESA, EAC and SADC, under a tripartite Free Trade Area (TFTA) which was launched recently. It is expected that the CFTA and TFTA would promote industrialisation and increase production and value addition in Africa. However, there have been fears that the actual beneficiaries of CFTA and TFTA would be multinational corporations which are not based in Africa. Multinational corporations are based in many big African cities and, because of the large free trade areas, they will have easy access to huge markets. Ethically, the beneficiaries will not be the majority Africans. If these fears are becoming a reality, then poverty in Africa will remain at high levels. It is further feared that there would be huge revenue losses to African countries as they will fail to collect customs duties. Customs duties are major sources of revenue for many African countries such as Zambia, Uganda, Namibia, Malawi, Mozambique, Lesotho, DRC, Tanzania and Swaziland, which get more than half of their revenue from customs duties. This has the potential of having a negative impact on the provision of essential public goods and services (CUTS International, 2015:5).

Another challenge to deeper regional integration in Africa has been a lack of infrastructure to support deep regional integration. Hartzenberg (2011:4) argued that most of the infrastructure in Africa was established during the colonial times and was designed to facilitate the transportation of raw materials and primary products to colonial countries. As a result, transport costs in Africa have been among the highest in the world. There are poorly developed connections across individual countries and across the continent. Main air, road and rail networks in different countries are not connected (Economic Commission for Africa, 2004:2). Further to this there are inefficiencies that are inherent in underdeveloped technologies. All these factors make the cost of doing business in Africa high. The few products that are availed for the global capitalist market become expensive and fail to compete in the global market. The competition in the global market will suppress local African business growth. This has a negative effect on the development of indigenous capitalists. There is therefore a need for a new approach to help make indigenous African products more competitive on the global market. Further to the challenge of potential loss in revenue from CFTA and TFTA, the individual countries will not be able to improve on the infrastructure which is necessary for deeper regional integration.

6.2.3 SADC Regionalism and Global Neo-liberal Capitalism

The dynamics of regionalism in the rest of Africa were similarly reflected in the evolution or transformation of regionalism in the SADC. The colonial atmosphere in the early 1960s in the SADC defined the nature and character of the desired and necessary regional relations that were needed to secure the future of most SADC states. The SADC in the early 1960s had arguably the largest number of countries regionally which were under colonial rule. In those years, Ghana, Tanzania, and Kenya attained their independence after modest struggles. For Southern Africa, clear signs of efforts to maintain colonial control were evident. The colonial economic models were largely perceived as extractive and not meant to develop African economies and African entrepreneurs. The colonial policies were also seen as meant to dispossess the indigenous African people of their God-given wealth, and this stimulated liberation movements. Through the African Economic Commission, a collective effort was made to fight colonialism. In Southern Africa early efforts to collectively fight colonialism came in the form of the Front Line States. As Hurrell (1995) argued, regional integration can be explained in four ways. First, it was a collective means to counter the projection of power by a regional hegemony such as what South Africa was in the Southern African region. Second, it was a way of entrapping the potential hegemony to remain under the check of regional structures. Third, it was designed to go along with a hegemonic state in order to benefit from strength of a hegemony. Fourth, it was a way for a declining hegemony to bring all potential rivals under control. These are some of the reasons or forces which Hurrell observed as a source of bringing states together from a realist perspective (Hurrell, 1995).

Another approach for countries to come together under a regional integration has been informed by neo-liberalism as argued by Keohane and Ostrom (1994:269). In this approach, there is the possibility of interdependence among states with a view of collectively engaging global or greater regional challenges. This would also in a way be a response to the challenges of globalisation, growing interdependence and the challenges associated with global neo-liberal capitalist practices (Keohane and Ostrom, 1994).

In the neo-liberal approach to regional integration, civil society and non-state actors have increasingly become key partners in a pluralist approach in which the role of the state continues to diminish. In the SADC the realist and neo-liberalist approaches to regional integration have at different times influenced the Southern African region integration. In the early years of regionalism in SADCC, politics and the state elite were key drivers of regionalism. In later years, as contained in Article 23 of the SADC Treaty, there was room for non-governmental organisations to be fully involved in regional integration (SADC, 1992).

In more recent years calls for greater involvement of the non-state/non-governmental actors have become louder. This is evidenced by the recent African Economic Platform which was launched in Mauritius over the period 20 to 22 March 2017 by the African Union. The African Economic Platform (AEP), informed by the African Union Agenda 2063, was organised to bring African heads of state, academics and leaders or captains of industry together to discuss how African development can be achieved faster. The thrust of the AEP was to bring about a collective ownership of development goals by heads of state, academics and business people. This has been a clear acknowledgement that regionalism needed to become more liberal than before in Africa. Indeed, the SADC as a sub-regional grouping of the AU is bound by the AU Vision 2063. Mansfield and Milner (1997) observed that the new international political and economic order dictated that regionalism should be viewed as a way of getting closer towards the maximisation of state welfare and interests by cooperation. In this case the cooperation was to be broader and not only limited to the heads of states or states, but also involving the civil society and private business people (Mansfield and Milner, 1997:6).

Another approach which is evident in the SADC regional integration is one which functionalists like Mitrany (1996) defined as emphasising the functional needs that persuade a region to create an institution. According to Mitrany, the expansion of economic activities leads to the requirement for states to put in place a measure of cooperation which allows them to have open economies in the framework of trade liberalisation. Functionalism is about how political divisions which are a major source of conflict can be managed by putting an international functional institution in place that can take care of the interests of all states, and the regional economic integration would eventually lead to regional political unity. Again, a liberal dimension is evident in the functionalist approach to integration as the economic structures lead the process and are regarded as more important than political structures (Mitrany, 1996).

Before discussing and analysing the more recent approaches to integration that SADC is now warming up to, this thesis will study the early stages of integration in SADC which were influenced by the political climate of the 1960s and 1970s. The early stages of regional integration in SADC were motivated by security and political demands, thus taking a realist perspective (Lee 2003:29). The drive for economic development was taken much later in SADC. From the early 1960s a number of African states had attained independence and had a strong desire to develop along the lines of industrialisation. In a way, this was an effort to empower the indigenous African people to participate in their economies. Since most independent African states relied on the export of raw material, regional integration was seen as a way of dealing with external pressure from developed countries or former colonisers who usually offered partnerships with some conditionality.

The SADC was formed after the transformation of the SADCC which also evolved from the Front Line States (FLS). Now the SADC which exists in a new world order where there is neo-liberal capitalism as the economic hegemony for the whole world. In the early stages of the SADC, as members of the FLS, countries had an interest in enhancing regional security. Faced with regional security challenges, Southern African States formed the FLS in order to fight colonialism. The objective was to bring about independence and majority rule for Namibia and Zimbabwe, then Rhodesia. As Zimbabwe's independence was almost certain, it was observed that the struggle against apartheid required a long-term commitment and leaders decided to formalise the FLS relationship into some institutionalised cooperation. This saw the coming into existence of the Southern African Development Coordinating Conference (SADCC) after the 01 April 1980 Lusaka Declaration. SADCC was largely a political grouping (Olusoji; 2003:2).

However, there was explicit recognition that economic factors were important, and specifically of concern was to find ways of removing the regional constraints which came about as a result of economic dependence on Southern Africa. The constraints limited the autonomy of the regional decision makers. According to Olusoji (2003), the SADCC was established to mitigate political and economic aggression from South Africa under apartheid rule. The regional grouping was formed as a way of countering and restricting South Africa as a regional hegemony. This was typical of a regional integration that took a realist approach with the states being the major and only players in the regional integration. The SADCC had a membership of nine countries, Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, and Zimbabwe. As suggested by the name SADCC, the need for integrated regional development was also accepted. (Olusoji, 2003:272; Hwang, 2006:1).

In August 1992, the SADC declaration and treaty were signed by the heads of states who met in Windhoek, Namibia. The Treaty was to become law once it was ratified by individual member states in September 1993. Decisions, policies and agreements were effectively to become legally binding. The regional grouping thus acquired the necessary legal framework to enforce its decisions agreements and policies. For member states that violated the treaty, the treaty gave the region the power to enforce sanctions (Olusoji, 2003). The SADC was formed after Namibia had obtained its independence, and a refocused regional integration emerged. The objectives of SADC outlined in the common Agenda of the 1992 treaty were as follows:

1. Promoting development;
2. Poverty reduction and economic growth through regional integration.
3. Consolidating, defending and maintaining democracy, peace, security and stability.
4. Promoting common political values and institutions which are democratic, legitimate and effective.
5. Strengthening links among the people of the region.
6. Mobilising regional international private and public resources for the development of the region. (SADC, 1992)

The emphasis for the SADC was to promote collaborative economic growth and to promote democracy in the region. These were clear signs of how neo-liberalism affected the character and purpose of SADC. Furthermore, Article 23 of the Treaty acknowledged the need for the involvement of the SADC people and non-governmental organisations in shaping the future of the region collectively. This was a clear warming up of the region to the pressure of neo-liberal capitalism. By giving emphasis to what they called the people of the region, the SADC to an extent promoted a regional integration which empowered the people of the region, which resonates with the later policies such as the African economic ethic of indigenisation. Also important to the SADC was the need to eliminate poverty. At this stage the SADC shifted from being a group which sought to liberate the region politically and to counter the economic hegemony of South Africa. More economic collaboration was evident of the private sector in economic development as noted by Article 23 of the Treaty. Also noted was the need to give emphasis to democratic processes. The influence of the global neo-liberal capitalism was again evident at this stage of SADC evolution. Greater prominence was later to be given to neo-liberalism, as was the case with the formation of the African Economic Platform in March 2017 in Mauritius.

The SADC membership latter grow to 15 with South Africa, Namibia and Democratic Republic of the Congo, Seychelles, Madagascar and Mauritius joining the grouping. The African Union held the African Economic Platform (AEP) in March 2017. This platform was institutionalised as a new annual activity for African leaders and was meant to create an opportunity for dialogue amongst a range of players and sectors such as political leaders, business leaders and academics. It was noted that an all-inclusive approach was critical for economic transformation in Africa. The objectives of the platform were among other issues to:

- Engage in purposeful multi-stakeholder dialogues on issues of common interest led by Africans and meant to influence the regional policies through direct engagement with leaders.
- Establish plans for common action informed by multi country and multi sector priorities.
- Work with leaders in African governments to do away with policy obstacles that prohibited doing business in Africa; put in place and put into operation, strategies for economic diversification and promotion of industrialisation and how to mobilise domestic and other resources.
- Call for the removal of communication barriers and obstacles that prohibited flow of goods, people and services across Africa, create common platforms for pushing forward the common Africa position on issues relating to global affairs and increase the global awareness of Africa’s new role in international affairs.

Clear in these objectives is a strong desire to promote indigenous African entrepreneurs who will drive the African economic development agenda. This thinking again resonates well with the African economic ethic of indigenisation. The new thinking that is being called for through the AEP bears elements of neo-liberal capitalism which seek to reduce government regulation of the economy. The collective approach brings about some form of regional capitalism which supports the emergence of indigenous regional capitalists who will then drive economic development and growth. Evident in the AEP is the neo-liberal capitalist agenda. The SADC as a sub-regional body of the AU is bound to be agreeable to this new thinking. In any case the SADC treaty article 23 embraces the idea of private economic players and the involvement of the people of the region.

With the end of the Cold War, the form and character of regional integration was realigned to respond to the global demands as prescribed by global neo-liberal capitalism. One could argue that the call for greater opening up by regions could have been a way of pressuring some regional integrations which were modelled around using regional integration as a way of protecting the region from global neo-liberal capitalist competition. The tendency to promote indigenous entrepreneurs is evident in SADC. While there is this thrust and policy pronunciation at the regional level, the actual practice of promoting indigenous or local economic players has been done largely in individual countries, but without noted success as Murove (2010) has argued. The need to have a regional approach could offer interesting and new perspectives that can help move the SADC or Africa as a whole out of the vices of poverty and underdevelopment.

6.3 Conclusion

This chapter discussed the concept of regional integration as understood by many scholars. It emerged that regional integration was a voluntary grouping of states for mutual economic, political and security benefits. The chapter also presented how regional integration in Africa emerged and transformed in the face of global neo-liberal capitalist practices. For Africa, the early days of regional integration sought to assert the African position as an independent player in economic and global politics. However, this approach soon met challenges as the continent had problems of economic development, hence there was support from the IMF and the World Bank as they prescribed neo-liberal economic policies which unfortunately failed to deliver economic prosperity to Africa. The region then pursued an inward-looking approach which sought to promote industrialisation with the emphasis being to promote indigenous capitalists who drove the Africa economic development agenda. The concept of allowing the free flow of capital, goods and people has in principle remained in the protocols of regional bodies in Africa but has not been effectively implemented largely because barriers to such movement have remained in place in many countries. Despite being members of regional groupings, the liberalisation of regional economies in Africa has not been as prescribed in the treaties of regional groupings.

In SADC, similar observations can be made as in the case of the rest of Africa. Similar to the African trajectory of regional integration, the SADC integration started from a realist perspective where states were the only players and the business community was marginalised. The earlier drive towards regional integration in the SADC was motivated by the strong desire to liberate the remaining African states during the struggle against colonialism and Apartheid, and, with most countries in Southern Africa gaining independence, the trust for regional integration in Africa shifted to include economic development, but earlier on with a focus on promoting industrialisation by indigenous SADC people. This intention was not achieved as limited regional economic activities such as intra-SADC trade were noted. To an extent the Cold War offered grounds for state dominance as the sole player in international relations. In the SADC, this thinking was realigned at the end of the Cold War as neo-liberal global capitalism became the dominant policy for all. The SADC like many countries embraced neo-liberal capitalism which they thought would attract the much needed Foreign Direct Investment. There has been a considerable shift by individual countries to open-up their economies and to shift from greater state involvement in economic matters towards opening up, especially to other global players. To date there has not been any notable success in regional integration efforts in the SADC. Furthermore, there has been limited intra-regional trade as states focused on attaching foreign direct investment (FDI) aggressively. Barriers to intra-regional trade in SADC still exist.

The chapter concludes that the development of regional integration in Africa and SADC was influenced by the prevailing political, economic and security demands at each particular moment. For the SADC, the political drive was initially pronounced with a strong desire to liberate the rest of Africa. With the coming of independence to most of the African countries in Southern

African, the drive towards regionalism was for security reasons and limited survival and economic cooperation. The regional integration of the SADC was then to counter the threats of Apartheid South Africa to the rest of the independent SADC States. The end of Apartheid saw greater emphasis being given on economic development with countries seeking to cooperate in order to grow their economies collectively and be heard as an emerging global player. Unfortunately, no meaningful progress has been made on economic development. Intra-regional trade remains low with barriers to trade in place. The need to open up the regional economy became apparent with recent AEP which was launched in Mauritius in March 2017. At the AFP there were calls for states to work together with business, academics and other members of the civil society. The chapter also concludes that regional integration can achieve greater economic benefits to its people and member states if a neo-liberal approach is adopted which promotes the growth of local indigenous capitalists who will drive economic development. For the SADC there is therefore a need to rethink the regional integration model with a view to promoting local regional indigenous capitalists to drive economic growth that benefits the poor majority people. Neo-liberalism, if practiced at the regional level, should complement regional integration.

The next chapter discusses and evaluates how the African economic ethic of indigenisation has been implemented in different SADC states. It will focus on a sample of five selected countries and attempt to determine the extent to which states agree or differ in their approach to indigenisation. The next chapter will also attempt to determine the successes and failures in the implementation of indigenisation in selected SADC states.

CHAPTER SEVEN: THE AFRICAN ECONOMIC ETHIC OF INDIGENISATION IN SADC COUNTRIES

7.0 Introduction

The African economic ethic of indigenisation has been controversial wherever it was applied. In some cases, it has been regarded as unethical, depending on one's perspective. Like black economic empowerment and affirmative action, indigenisation is an ethic that most post-colonial SADC states have taken up with a view to correct social and economic imbalances that came about as a result of deliberate colonial policies and laws which marginalised the black people. Indigenisation therefore aims at facilitating greater participation of black people in the mainstream economic activities which during the colonial ear were reserved for the white people. Oppressive colonial policies led to skewed land and business ownership, uneven education systems and unequal employment opportunities. The skewed colonial policies led to distinct social and economic classes. Whites who were the ruling elite during the colonial era formed the class of the rich while the blacks constituted the poor social class. To reverse the social and economic inequality and marginalisation of the blacks there was a need for a purposely crafted policy to empower those who were marginalised. (Chowa and Mukuvare, 2013:3) These social and economic challenges were noted in many SADC countries (Crouch, 2004; Mathonsi, 1988; Steenekamp, 1990; Chaumba, Scoones, and Wolmer, (2003).

Despite the popularity of indigenisation as a policy in most post-colonial Africa, the approaches and implementation were not identical. Each country had its own approach and gave its own name to policies which had the same intentions as the economic ethic of indigenisation. Different conditions and laws were formulated. As noted by Steyn (2010:1), "Empowerment requirements across Africa are diverse ranging from voluntary guidance to mandatory compliance …." The different policies of indigenisation led to different reactions by both the beneficiaries, that is the, disadvantaged black people and the descendants of white settlers.

Indigenisation came about from post-colonial African states as an idea to correct economic imbalances and reduce poverty among the poor. Indigenisation sought to promote greater participation by black people in mainstream economic activities. The idea of creating African capitalists who would lead the way towards the domestication of neo-liberal global capitalism in

SADC has been integral to the controversial post-colonial African economic ethic of indigenisation. The term indigenisation was mainly brought about by scholars and politicians who argued in their different ways, depending on their disciplines, that the colonial interface caused harm or disrupted African indigenous capitalism in a way that created irreparable African economic dependence on western capitalism, sometimes referred to as modernity (Mazrui, 1986: 164-5). For this reason, it has been argued by proponents of indigenisation that capitalism can only bring about genuine economic development when it is appropriated by the African people themselves, instead of having Africans managing capitalism that is externally owned.

In his address to the Botswana University Foundation in 2005, the then South Africa Minister of Finance Trevor Manuel said that:

> "We have come to use the word 'empowerment' in recent years as a broader and more satisfactory characteristic of social policy goal we formerly called 'affirmative action' and before that 'indigenisation' or 'Africanisation'. Empowerment is partly about redressing historical disadvantaged, but it is also about investing in capabilities and opening doors of opportunity." (Manuel, 2005:5)

In the context of the above statement empowerment, affirmative action, indigenisation and Africanisation are words which mean the same thing (Murove, 2008a:138). There is no doubt many countries in SADC pursued indigenisation but used different terms for the same ethic which was meant to promote greater participation of indigenous people in their economies. It was also a way of domesticating capitalism for development and eradication of poverty.

This chapter analyses how indigenisation in its various forms was pursued in selected post-colonial SADC states. An understanding of the different forms and execution of indigenisation would help identify areas in which countries agreed or disagreed in the implementation of indigenisation. Such commonalities of interests or divergence of views offer pointers as to why there has not been an expression of indigenisation at the same magnitude at the SADC regional level.

In the first section, indigenisation in Zimbabwe, Southern Africa, Namibia, Botswana, and Tanzania is discussed. This will be followed by an analysis of the different forms of indigenisation before concluding the chapter.

7.1. Indigenisation and Economic Empowerment in Zimbabwe

Zimbabwe's struggle for independence sought to reverse the effect of discriminatory policies and laws which lead to the economic marginalisation of the black people. The need for economic independence was quickly noticed just after the 1980 political independence. Economic independence meant securing greater participation of the black people in mainstream activities of the economy. In the early years of independence, the government of Zimbabwe took a reconciliatory approach hoping to see the racial divide between the whites and black being reduced and translating into greater economic space for black Zimbabweans. In the years between 1980 and 1990 a moderate approach to empower black people was pursued under the umbrella of the Small Enterprise Development Cooperation (SEDCO). The moderate approach soon received criticism from Affirmative Action Group and the Indigenous Business Development Centre (IBDC). The two were indigenisation lobby groups which preferred a radical approach to wealth redistribution (Nyamunda, 2016:43).

The pressure for black empowerment continued to mount, especially after the failure of economic adjustment programmes which made the poor worse-off. Furthermore, the willing-buyer-willing-seller concept failed to secure greater economic space for the blacks. In 2000, there were farm invasion by blacks who wanted the white farmers to give up land to blacks. The land reform together with unfavourable weather saw a decline in farm productivity and put pressure on the government to find solutions to the economic challenges. This was the time when opposition politics led by the Movement for Democratic Change (MDC) gained ground. The ruling party, the Zimbabwe African National Union (Patriotic Front) (ZANU (PF), then went into a politicised economic empowerment drive. This drive saw the fast-tracked land reform and the enactment of the Indigenisation and Economic Empowerment Act, Chapter 14:33 of 2007 (Raftopoulos, 1996a and 1996b; Chitsove, 2016:56).

The indigenisation Act was supported by a number of regulations. Among them were the Indigenisation and Economic Empowerment Act (General) Regulations 2010 Statutory

Instrument (SI) 21/2010 which was amended by SI 116/2010; 34/2011; 84/2011 and 66/2013. There was also the Indigenisation and Economic Empowerment Act (General) Regulations 459 of 2011 and 280 of 2012 (Chitsove, 2016:59).

In Zimbabwe indigenisation was implemented as the Indigenisation and Economic Empowerment Programme (IEEP). Anderson (2010:424) saw indigenisation and economic empowerment in Zimbabwe as a way by the government to negotiate what was generally regarded as residual dominance of white colonial populations by using developmental and cultural policies which are regarded as necessary to bring back sovereignty to Africans. He further argued that indigenisation has become a policy option of choice for restructuring independent states in Africa, especially in the SADC.

In Zimbabwe, indigenisation of the economy is regarded as part of the third ‘Chimurenga’, a third phase in the struggle for Zimbabwe’s independence. By making it a part of the struggle for independence, Anderson (2010:424) noted that the government of Zimbabwe had framed the ‘settler problem’ and politicised the issue. It is therefore crucial to understand how the ‘settler problem’ was packaged as a political issue. In Zimbabwe indigenisation enabled the government to keep in place a network of patronage and officially repeated statements become highly divisive and exclusivist, wrapped in the argument that it was all about reclaiming African values and sovereignty. Evident in the economic policies of Zimbabwe is that they have been profoundly shaped by the colonial legacy, in that they seek for indigenisation to be part of policy for development. For Zimbabwe the framework that influenced the indigenisation policy kept changing to suit the prevailing political climate.

Craig (2002:571) noted that indigenisation projects in Zimbabwe have been done with varying levels of success. Greater success has been hampered by high levels of politicisation of the process in which a class of African business people has emerged which survives on high levels of political support and sponsorship. As Beveridge (1974) observed in his study of indigenisation in Zambia, in Zimbabwe there was again the issue of indigenisation coming with a cost to the economic development of the country. Also noted was the increase in inequality among the black people.

Perhaps the success of indigenisation would be noticeable in future, but for now the cost of indigenisation by way of slowed down economic development has had a negative effect on the very same poor people the policy is meant to serve. Indigenisation in Zimbabwe was expected to stimulate greater participation by Zimbabweans in the mainstream economy, but it has seen the slowing down of economic activities making the same poor majority suffer while the free politically connected blacks enjoy their wealth. Magure (2012:67) argues that while it can be agreed that there was a need for Zimbabwe to correct colonially induced injustices and racial social and economic imbalances such as the ownership of the means of production, the approach to indigenisation of a one-size-fits-all is fundamentally flawed. He argued that the approach taken by Zimbabwe towards indigenisation deters foreign investors, an issue which could continue to damage the fragile and already weak economy. The observation by Magure was made at a time when there was a requirement for companies with an annual turnover of more than $500 000.00 to cede 51 percent shares to be owned by indigenous Zimbabweans. This 'one-size-fits-all' approach was recently revised after the former President of Zimbabwe RG Mugabe stepped down. The new dispensation has amended the indigenisation law to limit the 51-49 percent ownership requirement only to natural resources-based investments. The earlier ownership requirement was to be achieved in the five years from the time the law came to force or from the time of start of business.

A similar effort had been made by the former the President in April 2016 where he clarified different positions on the interpretation of the indigenisation law. The clarification required the amendment of the law. The official government statement was that:

> One talking point especially on the investors' world is related to the indigenisation law and we found ourselves in an invidious position where the law, as presently constructed, promised empowerment for the indigenous without delivering it on the other hand, while creating discomfort or even suspicion to would be investors on the other hand. (Charamba, 2017:1)

The statement by the government of Zimbabwe is a clear acknowledgement that the 'one-size-fits-all' as observed by Magure (2012) was in fact driving away the much-needed foreign investors. In the end the indigenisation policy which sought to deliver wealth to the poor was making them worse-off. In a similar acknowledgement of the limitations of the law, former president RG Mugabe had said the implementation of the law was to be done in three distinct sectors, the natural resource sector, the non-resource sector, and the reserved Sector 13 (Ndlovu, 2014). It was in the natural resource sector where activities such as mining are undertaken where the 51 percent for government or indigenous people ownership was called for. Partner investors were expected to take up to 49 percent. Not less than 75 percent of the gross value of the exploited resources was expected to remain in Zimbabwe in the form of wages, salaries, taxes, community ownership schemes and other value chain activities (Charamba, 2017:1).

The non-resource sectors covered investment into beneficiation of raw materials, appropriate technology transfer to Zimbabwe with the intention of improving productivity, imparting new skills and creating employment for Zimbabweans and allowing ownership by indigenous Zimbabweans. Such agreements would be entered into with a view to promoting foreign direct investment into Zimbabwe and were to be managed by line ministries and not the Minister of Indigenisation and Economic Empowerment. This Ministry was, however, abolished in the new dispensation that came to power at the end of 2017. The recent policy shift in the approach to indigenisation in Zimbabwe clearly confirms that the economic ethic was highly politicised and self-destructive to the economy and not benefitting the majority poor as required by utilitarianism in ethics. Part of the failed economic performance Zimbabwe in the last decade plus and the failure to attract the much-needed foreign direct investment can be attributed to policies like indigenisation.

For the government of Zimbabwe, "…'indigenisation' means a deliberate involvement of indigenous Zimbabweans in the economic activities of the country, to which hitherto they had no access, so as to ensure the equitable ownership of the nation's resources" (Government of Zimbabwe, 2007:2).

The definition of indigenisation clearly focuses the indigenisation efforts towards addressing the issues arising from the discriminatory practices that were in place before Zimbabwe's independence. The whole effort was to benefit the indigenous Zimbabwean who is defined as:

> …any person who, before the 18th April 1980, was disadvantaged by unfair discrimination on the grounds of his or her race, and any descendant of such person, and

> includes any company, association, syndicate or partnership of which indigenous Zimbabweans form the majority of the members or hold the controlling interest. (Government of Zimbabwe, 2007: 2).

The understanding of an indigenous Zimbabwean focuses on the Zimbabweans who were discriminated against before the 1980 independence of the Zimbabwe. These discriminated against are not limited to people, but companies, associations, syndicates and partnerships owned by indigenous Zimbabweans. The definition clearly excludes any other citizens or organisation within the SADC who are not Zimbabwean. In this understanding of the indigenous Zimbabwean, regional potential investors who are not Zimbabweans do not benefit from the law and may not be able to benefit from deliberate regional integration measures that seek to promote their participation in the Zimbabwean economy. Effectively, the indigenisation law in Zimbabwe discriminates against any potential investor for the SADC and not from Zimbabwe, and favours those who were disadvantaged before 18 April 1980 who are Zimbabweans.

The approach to indigenisation in Zimbabwe therefore only seeks to promote the Zimbabwean capitalism and not a SADC regional capitalism. Unfortunately, as observed by Maphosa (1998:176), the indigenous people do not have capital or resources to acquire stakes in companies. The Independent of 28 October 2005 reported that the history of empowerment in Zimbabwe was full of examples of failure. In cases where the deals went through, indigenisation created elites who became super-rich at the expense of the poor majority. In addition, the Independent noted the confusion that was brought about to investors including those from the SADC region. For local indigenous people their failure to acquire shares was confirmed by failure to take up 15 percent of Zimplats stake and 15 to 20 percent of shares of the Anglo American Corporation Zimbabwe which were on offer at that time (The Independent, 2005).

The approach to indigenisation in Zimbabwe before President Munangagwa’s government lacked clarity on the approach to indigenisation and discouraged foreign investors, making the local economy shrink and fail to uplift the very poor previously marginalised Zimbabweans who had no capacity to invest or acquire stakes (Ndlovu, 2011). The approach was fundamentally not supportive of the principles of regional integration as it worked like a barrier to intra-regional investment and trade. Again, the indigenisation laws put in place marked regulations which contradicted the expectations of neo-liberal global capitalism thus attracting resistance from the western capitalist investors (Munck, 2005). For those reasons, resistance by global economic players to indigenisation had the effect of slowing down economic growth and development in Zimbabwe. There is therefore a need to rethink the African economic ethic of indigenisation in Zimbabwe as it has not delivered the intended utility to the poor previously marginalised indigenous people. It would therefore fail the utilitarianism ethics test.

Whatever form it takes, indigenisation should bring development and economic growth rather than stall it. It must be aimed at reducing poverty and help create indigenous capitalists. Restricting the definition only to include Zimbabweans would constrain potential regional investors. A regional approach could offer a viable alternative. As Chitambara, (2011) argued, indigenisation should create indigenous capitalists who can help create new wealth for economic growth rather than simply distributing the existing wealth. Wealth creation would require the creation of indigenous capitalists. A balance has to be found between indigenisation, regional integration and neo-liberal global capitalisms. On the whole the indigenisation drive should not be seen as a way of promoting crony capitalists (Mazrui, 1986:215; Murove, 2010:52; Hobden and Jones, 2011:133-136). It should be people-centred and bring development and wealth to the majority, as called for by the ethic of utilitarianism.

On the other hand, white Zimbabweans found the indigenisation law unethical in making them responsible for the empowerment of the blacks. They argue that the view that the law assumes that they or even their descendants are beneficiaries of past colonial privileges may not be true for all cases. They view the law as unfair discrimination on the basis of race or origin, which in fact is the very issue the indigenisation law is intended to address. The calls for the redefinition of ‘indigenous’ in line with the dictionary have been stated as: “born of or produced naturally in a region; belonging naturally.” In this definition, they find descendants of whites in Zimbabwe qualifying as indigenous people (Matyszak, 2011).

If the indigenous law is applied on the basis of race and origin, then it would lead to the exclusion of descendants of whites in Zimbabwe and their sense of belonging will be lost and they will not participate in economic development. In rethinking the African economic ethic of indigenisation there is a need to redefine who an indigenous Zimbabwean is. It has also been noted that the law does not specify any other form of who they call an indigenous Zimbabwean. In this case Matyszak argues that this was deliberate to enable individual blacks to own investments in the minerals or natural resources sector. The indigenous law in Zimbabwe has certain clauses meant to enrich the elite, thus defeating the other much said intention of fighting poverty. Also disturbing in the regulations is the power that a minister would have to accept or reject an indigenisation plan (Raftopoulos,1996; Matyszak, 2011). This might lead to channelling of opportunities to a few well-connected (Mazrui, 1986:215; Murove, 2010:52). On another note, such control of the free flow of investment conflicts with neo-liberal capitalist thinking (Munck, 2005; Matyszak, 2011).

7.2. Black Economic Empowerment in South Africa

The need for black Economic Empowerment in South Africa was derived from the history of the country. During the apartheid era (1900 to1994), policies laws and procedures deliberately resulted in the gross inequalities in society between blacks and whites. The white colonial government engineered laws first through a colonial framework and later through apartheid to enjoy monopoly over the economic resources of South Africa. Blacks were systematically left out from participating in economic activities and were not given the right to grow economically or intellectually. The colonial government limited blacks in business and land ownership through legislation. Commercial agriculture was discouraged for blacks in order to avail cheap labour for mines. These mines were owned by key political figures. Through the land Act of 1913 Africans were not allowed to own land outside designated areas. Africans were forced to own communal land, a move which destabilised black commerce. While the laws appeared as being applied across the racial divide, many restrictive laws such as the 1923 Native Act had a greater effect of excluding black Africans and to some extent those of Indian origin from mainstream economic activities by restricting them to specified controlled locations. Such restrictions prevented African entrepreneurial growth since the types of jobs and skills training for Africans were prescribed. Black-owned businesses were restricted in size and location. Such restrictions made white owned businesses flourish and the blacks remained poor to supply cheap labour to the white business. The apartheid economic systems were typically unethical on the grounds of utilitarianism as they benefited a few (Edigheji, 2000; Jack and Harris, 2007).

To correct the effect of the colonial and apartheid induced imbalances, the post-apartheid government came up with Black Economic Empowerment Strategies which were supported by law. Over time the empowerment framework went through several revisions and additions. The present Broad Based Black Economic Empowerment (B-BBEE) is central to the South African government's strategy for economic transformation. Because of the level of importance that is given to the strategy, the formulation of the B-BBEE is driven by the office of the president and it works together with the Department of Trade and Industry (DTI). B-BBEE is done in a multifaceted approach with many components that are aimed at increasing the number of black people that manage, control and own the South African economy. B-BBEE initiatives also aim to reduce racially based income differences. In B-BBEE, black people are South Africans who would have been racially classified as African, Indian or Coloured (Bowman's Law, 2017).

The early stages of B-BBEE were in the early 1980s when the Small Business Development Corporation (SBDC) was established as a response to the increasing pressure from black people in the rural areas. There was unemployment among the black people which was becoming a problem. The SBDC was initiated by Anton Rupert who was granted authority to provide blacks with limited finance to start-up businesses. Progressively, there was relaxation of some of the restriction on blacks in the 1980s. At the end of apartheid in a series of negotiation held between 1990 and 1993, the government withdrew all legal restrictions on black people wishing to start their own business. The removal of restrictive laws did not remove the dominance of the white business people who were reluctant to make way for black business people. Entry of blacks into business remained difficult or nearly impossible. Furthermore, blacks had been deprived of education and were in the earlier post-apartheid period (1990-2000) not qualified to compete for influential managerial jobs (Browning, 1989; Jack and Harris, 2007). The legacy of the apartheid educational restrictions was still affecting the empowerment prospects of blacks even in later years to follow (Charlton and Niekerk 1994).

As a way of putting pressure on the apartheid government, black trade unions were allowed to exist in the 1980s, but they operated with restrictions. In the mid-1980s implementation of the Group Area Act was relaxed to allow black people to reside and work permanently in previously white urban areas. This had the effect of increasing black entrepreneurs who began to flourish even under restrictive conditions. This was a demonstration of the strong desire blacks had in participating in the main stream economic activities (Bowman's Law, 2017; Jack and Harris, 2007).

With the fall of apartheid, the government removed all laws which restricted black people from participating fully in the South African Economy. Despite these developments, opportunities for blacks remained limited and whites continued to dominate in the leading commercial and industrial sectors such as financial services, mining and agriculture. Entry into the mainstream economic sectors remain difficult on near impossible for blacks. Simply put, the legacy of the apartheid system continued to favour the whites and denied blacks the opportunity to participate in the mainstream South African economy. Rather than allow neo-liberal forces to regulate behaviour of the market there was need for government intervention; an intervention which was "within South Africa's Critics of the BEE in South Africa constitutional imperatives" (Mangcu, 2007:2).

The South African Constitution has clauses of Section 9 which seem to contradict each other such as clauses 2, 3, 4 and 5:

> 9.(1) …….
>
> (2) Equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement of equality, legislative and other measures designed to protect or advance persons, or categories of persons, disadvantaged by unfair discrimination may be taken.
>
> (3) The state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.
>
> (4) No person may unfairly discriminate directly or indirectly against anyone on one or more grounds in terms of subsection (3). National legislation must be enacted to prevent or prohibit unfair discrimination.
>
> (5) Discrimination on one or more of the grounds listed in subsection (3) is unfair unless it is established that the discrimination is fair (Republic of South Africa, 1996).

Despite these seemingly contradicting clauses, "Constitutional Court Judge Albie Sachs argues that BEE is a fulfilment of the value of equality in the constitution." (Mangcu, 2007:2). There was a need to promote black capitalists who would develop South Africa. However, care needed to be taken to make sure that BEE does not create only politically connected entrepreneurs. According to Mangcu (2007:4) BEE is good as a short-term intervention measure which cannot be dependent upon to build lasting and sustainable businesses owned by blacks. The thinking that BEE is a short-term measure suggests that at some point it should seize to be relevant. The question is at what point does it seize to be relevant? But there is no doubt that beyond a certain point aspiring black business people will have to start their own businesses. Cargill, (2010) has argued for the rethinking of the BEE.

The starting point of the rethinking process could be the redefinition of who is indigenous. The definition of who is to be regarded as indigenous has been another issue of controversy especially for South Africa were there are arguments that the Bantu Africans are not the indigenous people of the region. In some cases, it is argued that they arrived at about the same time as the Europeans and only the Sun or 'Bushman' or Khoi Khoi or 'Hottentots' were truly indigenous to South Africa (Hunt, 2005:15). With the Dutch having arrived on a more permanent basis in 1652 under the Dutch East India Company led by van Riebeeck the Dutch who became called Afrikaners or Boers after their group of early settlers merged with another group of French settlers also claim equal status to that claimed by the Bantu.

There seems however, to be conflicting views on when actually the Bantus arrived in the Southern African region with scholars like (Webb, 2002:76) putting the period between AD 300 and 800 and (Lodge,T., Nasson, B., Mafson,S., Shubane, K., and Sithole, N., 1991:382) who notes the arrival of Bantus to be between AD 200 and 300 while (Shoup , 2011:xviii) puts it at same time in the 18th century suggesting that the Afrikaners arrived in South Africa way earlier than the Bantus. While it is not the focus of the research to determine the arrival dates of any groups of people in the Southern African region it is important to recognise and acknowledge that the descendants all settlers, whether they are Asian, white or black Africans, know no other home than the SADC region. Generations have passed and there is need to redefine who is indigenous so that all group become settled and develop a sense of belonging. To this end it is only fair to accord descendants of the Asians, blacks and whites an indigenous status but there must be some agree way of classification to avoid any misunderstanding and possible abuse. It is suggested that descendants of at least traceable four generations which lived in the region should be accepted as indigenous. This requires a traceable family history spanning over a century.

Other than its constitutional basis, Luhabe (2007:18) argues that BEE contributes to making the economy a moral and cultural process by which nations select to follow and distribute wealth rather than being simply an issue of numbers. From an ethics perspective Luhabe's views conform to the moral principles that seek to maximise economic benefit to the majority in a society as argued by utilitarianism. An all-inclusive approach in the rethinking of the ethic of indigenisation is likely to produce better results in promoting development and the eradication of poverty.

7.2.1 The First Post-Apartheid Black Empowerment Drive (1993 to 1999)

The first and important activity or event towards Black Economic Empowerment in South Africa can be said to have occurred in 1993. It was in this year that the financial services group Sanlam through Sankorp sold its controlling interest in Metropolitan Life (Metlife) to its black shareholders, Metlife Investment Holdings (Methold). Methold was a consortium of well-known black business people and leaders in the community. The consortium later became New African Investments Limited (Nail) and was chaired by Dr Nthato Motlana. Nail was able to exert effective control over Metlife with its ten percent stake through an agreement with Sankorp in which they exercised vote pooling. Methold's ten percent stake in Metropolitan was financed by the Industrial Development Corporation (IDC). This moved Nail up towards becoming the first black company to be listed on the Johannesburg Stock Exchange. Nail continued to increase its stakes in Metlife so that by 1997 they had a 51 percent stake and cancelled the voting pool arrangement with Sankorp. Nail's strategy was not focused on a specific sector but had an approach to acquire a stake in the mobile phone operator Mobile Telephone Networks (MTN), Theta (Later African Bank Investments), African Merchant Bank (AMB), Daily Newspapers, Sowetan, Radio Jakaranda and Radmark an advertising company. With the passage of time, Dr Nthato Motlana was joined by others like Dikgang Moseneke, Cyril Ramaphosa and Zwelakhe Sisulu. Another group of investors, the National Empowerment Consortium (NEC) was brought by Cyril Ramaphosa. They brought along some capital injection from some trade union funds with which Nail managed to acquire Johnnic, an industrial conglomerate from the Anglo American Corporation (Jack and Harris 2007). Before apartheid ended in 1988, Nail had a market capitalisation of about R6million becoming one of the largest black owned public trading companies. The success of Nail encouraged many blacks to enter the BEE drive. The challenge that was faced by this early wave of BEE was to secure sustainable funding. Most blacks had no capital or collateral to secure funding. In the end, the BEE companies enjoyed growth in stakes and control of companies, but the actual financial performance was enjoyed by those who provided funding (Adams, 1993; Jack and Harris 2007; Edigheji, 2000).

In 1998 there was an economic downturn and companies could not service their loans as interest became higher than dividends. The financiers, who were white, benefitted the most as most black economic empowerment companies went under. They had challenges of poor capitalisation and owed more than they could afford to pay. Little financial benefit went to the blacks except for those Jack and Haris (2007) called the precious few.

Some BEE companies sold their stakes, but their partners did not welcome that since they needed to secure new partners to maintain their BEE credits. This earlier approach to BEE proved unsustainable as it focused more on ownership with no accrued benefits for many. The spirit of BEE was dampened until the Mining Charter was brought up.

7.2.2 The Second BEE Wave (2000 to 2014)

The first wave of Bee had lost momentum around 1993 and this made people to reflect on how they could revive the momentum of BEE. The Black Management Forum (BMF) suggested the establishment of a BEE Commission. The BEE commission found it necessary to address issues of lack of common definitions, the need for reference points or benchmarks and standards for BEE. It was also noted that there was fronting and opportunism. The suggestion from the BMF was adopted by the ANC and a mandate of the BEE Commission was given under Cyril Ramaphosa. The BEE Commission released a game changing report in 2001 which argued for a broad-based approach to BEE. This was a shift from an ownership-driven BEE strategy to include employment equity, procurement preferences and skills development. The report was the basis of the government’s BEE strategy of 2003. Drafts codes of good practice in BEE were released in December 2004 by the Department of Trade and Industry (Ngwenya, 2019).

At about the same time that the BEE Commission Report was published there were two Charters, namely, the mining and petroleum charters, which brought about some leverage for potential black investors to be involved in the decision-making processes of mining companies. The Mining Charter proposed a target of 26 percent equity ownership for BEE. About 30 more charters were put up for consideration in many different sectors (Edigheji, 2000; Jack, 2007:108).

The biggest challenge of BEE in the second wave was that of financing deals with debt being the easily available source of fund but the special purpose vehicles still existed but this time only getting funds to service loans from share dividends payments and not based on the share price as was the case in the first BEE phase. There was however an increase in the participation of shareholders in determining the future direction through votes of the companies they bought shares in. Employee share-ownership schemes benefitted both black and white employees and shareholder activism was increased in companies as shareholders became more involved and using their votes to decide on the company direction. The few individuals who had benefitted from the first BEE phase suffered a backlash. The second BEE wave was designed to benefit more people from abroad spectrum of sectors and levels of employment and not the few well connected who benefitted from the first BEE drive (Jack, 2007:109).

7.2.3 The Third BEE Wave from 2014- Self Sustaining Empowerment

The introduction of the preferential procurement strategy in 1997 brought a new and second wave in the BEE drive. This came about as a result of public procurement reforms prescribed in a Green Paper by Minister Trevor Manuel and Jeff Radebe. The strategy was arrived at with the help of the World Bank. The strategy was based on using government procurement in the area of the small, medium and micro businesses. The idea was based on the belief that the government had a capacity to do purchases which had far reaching economic effects. With that understanding, government purchases could insist on compliance with the BEE framework. Procurement was therefore to be directed towards those who were supportive of BEE. At the same time, the Department of Minerals and Energy had been pushing for transformation through reserving mining licences for those showing that they had taken initiatives to transform (Adam, 1993).

From the time of gaining independence, black businesses depended on contracts from the public sector to survive. There was low level interest by the top white owned companies to buy from black owned companies or businesses. The 2003 Broad Based Black Economic Empowerment (B-BBEE) strategy strongly emphasised the importance of preferential procurement which was allocated a substantial weighting on the BEE score card. Preferential procurement increased the market access to business which supported BEE.

Businesses were also encouraged to support those companies which had shown a transformation in support of BEE. In doing so, businesses owned by blacks became sustainable by reducing their reliance on the public sector. An interesting feature of the third wave of BEE is that it enabled black people to start businesses from scratch and they could grow their business from the support they got from the favourable procurement policies. The overall reality of the third wave of BEE was more painful for the black people as it took time to get to realise any benefits. It would require time for business to develop before any benefits could be derived from them. This was however a much better and sustainable way to empower black people economically. The objective of BEE was to introduce the poor previously marginalised people into the mainstream economy, thereby allowing them to derive benefits from the neo-liberal capitalist system. It was a way of creating black capitalism to drive economic development (Cargill, 2010; Sono, 1993).

Critics of the BEE in South Africa say it has benefitted a few who are politically connected, and it has brought about black capitalists who continue to exploit their fellow blacks. The poor have remained poor and overall BEE has not addressed the challenges of poverty (Raftopoulos, 1996b:221). There is therefore a need come up with an effective and sustainable model which addresses the long-standing issues of poverty. In view of the passage of time, both descendants of Whites, Asians, Coloureds and Blacks only know South Africa or the Southern African region as their home. It may be appropriate to redefine those classified as indigenous in order to secure a collective, jointly owned effort to eradicate poverty. The current understanding of indigenous people excludes the descendants of Whites, Asians and Coloureds whose participation in economic development tends to be restrained by lack of confidence. Care should however be taken to ensure that those relatives of the Whites outside the region do not abuse the platform. It can be proposed that all second generation or third generation descendants be broadly regarded as indigenous and strict registration and records processing be applied.

The African economic ethic of indigenisation has thus failed to address the critical issues of poverty. Furthermore, the South African Model of indigenisation in BEE was inward-looking and only sees South African citizens as the only ones who should benefit from BEE. Any other people, black or white, in the SADC do not enjoy any preferential treatment. This contradicts the spirit of regional integration. There is therefore a need to rethink the African economic ethic from a SADC regional perspective.

7.3 Affirmative Action in Namibia

Namibia at its independence, like Zimbabwe and South Africa, inherited a society in which the whites were the economic elite. As expected, the majority poor people who had supported the liberation struggle demanded and expected meaningful socio-economic changes which the government was expected to facilitate. In a similar move to Zimbabwe, the early post independent, around 2000, Namibian Government abandoned the socialist economics in favour of a 'mixed economy' and a policy of reconciliation. The understanding was that the whites who enjoyed economic and social privileges would open space for blacks to participate in the economy. In those early days the properties of whites were not touched as the government did not nationalise any businesses. This was covered under the property protection clause in the Namibian Constitution (Jauch, 1998:15). In early post independent Namibia whites enjoyed the protection of the law. Interestingly, the same whites accumulated their wealth through enjoying advantages and the support of discriminative laws. This led to entrenched inequalities which were still in place after independence. The exclusion of the blacks was unjust and also threatened the stability of the nation. There was a need for the government to abolish all forms of formal discrimination and to ensure equal rights. The removal of laws did not address the challenges of the continued effects of historical discrimination in the form of inequalities (Klug, 1992:141).

To address these challenges, affirmative action became an imperative for Namibia. Maphai (1992:10) describes affirmative action as "orderly and principled steps to overcome the enormous divisions of 'life chances' created by the apartheid system". Jauch (1998:16) argued that given the continued social in equalities resulting from the systematic discrimination, the government has the duty to repair the damage that was done. This makes affirmative action an ethical imperative for the state. Affirmative action or Black Economic Empowerment (BEE) was brought up also as one of several theories and strategies to provide a solution to Namibia's Economic problems. Instead, of BEE the cabinet of Namibia opted for calling it the "Transformational Economic and Social Empowerment Framework" (TESEF). (African Research Bulletin, 2007:17211B).

The need for the economic and social transformation in Namibia can only be understood after understanding the history behind the present economic status of the country. As former president of Namibia Sam Nujoma argued:

> Those who are seeking to bring about fundamentally new social order in Nambia should understand fully the events which happened in the last hundred years or so, to shape the present social order (Nujoma, 1986:5).

A brief look at the historical overview of how social and economic inequalities were brought about in Namibia will now be described.

7.3.1 Brief History of Economic and Social Discrimination in Namibia

Pre-colonial Namibia was made up of a society characterised by communal ownership of land and production on such land was based on family labour. The family labour was divided on sex and age. Hunting and cattle herding were mainly done by men and young boys. Child rearing, fishing, preparation of food and cultivation were done mainly by women. The main ethnic groups where the Damaras, Namas and Hereros who were pastoralists, the Okavangos and Ovambos who were agro-pastoralists and the San (Bushmen) who were hunters and gatherers (United Nations Institute for Namibia, 1986:27-28).

Before the arrival of whites, there was a political economy which existed in which the communities traded amongst themselves. The arrival of European traders disrupted the existing trade structures as they dominated trade and caused intertribal wars. Important to note is that the trade did not lead to productive development of the native people as they lost cattle (productive resources) in exchange for consumables such as sugar, coffee and liquor, (Mbuende, 1988:38; Bley, 1971: xxi).

During the period of Germany South West Africa (1884 – 1915), when Namibia was under Germany Colonial rule, the Africans were systematically dispossessed of their land, resources and traditional lifestyle and channelled as a source of cheap labour for the whites. Africans lost 75 percent of their land. This led to an anti-colonial resistance war from 1904 to 1907. During this war, Hereros and Namas became victims of German genocide loosing up to 80 percent and 50 percent of their people respectively (Helbig and Helbig, 1983:168; Katjavivi, 1988:10). The genocide only stopped to preserve the source of labour for the German whites. After the First World War Namibia, then South West Africa, was brought under South African rule. The Africans were further subjected to discrimination by the apartheid system. At independence in 1990 the Namibia Economy was dominated by whites (Oden, 1991:1-2).

7.3.2 Implementation of Affirmative Action in Namibia

Article 23 of the constitution of Namibia which was adopted in 1990 provided the foundation for affirmative action or Black Economic Empowerment:

> Nothing contained in Article 10 hereof shall prevent Parliament from enacting legislation providing directly or indirectly for the advancement of persons within Namibia who have been socially, economically or educationally disadvantaged by past discriminatory laws or practices, or for the implementation of policies and programmes aimed at redressing social, economic or educational imbalances in the Namibian society arising out of past discriminatory laws or practices, or for achieving a balanced structuring of the public service, the police force, the defence force, and the prison service.

The Constitution outlawed apartheid and racial discrimination. Parliament was enabled to pass laws which promoted the advancement of the previously disadvantaged people. Furthermore, the Constitution called for putting into place and implementing policies and programmes aimed at correcting the economic and social imbalances that came as a result of past discrimination (Republic of Namibia, 1990:14-15)

Affirmative action in Namibia was aimed at bringing about representativeness in institutions which were dominated by whites, changing the institutional culture from that shaped by racist practices of the colonial era, and bringing about socioeconomic redistribution towards equity (Jauch, 1998:18). To bring about a change in the organisational culture there was a need not only to change the people but to bring in people with the right attitude. A different political perspective was necessary to bring about the desired changes. Bringing about a fair representation of people in institutions would not be a problem and could easily be achieved. What would be more difficult would be the culture change of all the three objectives of the Namibian Affirmative Action. The most difficult to achieve was to bring about fundamental changes in the distribution of wealth. As Sachs (1992) points out, reducing inequalities and bringing about improvements in living standards of the majority can best be achieved through a combination of government practices and strong community and other structures and does not only depend on affirmative action measures (Sachs, 1992).

In Sachs' argument, affirmative action may avail more business opportunities for previously disadvantaged groups, but it should not be the key mechanism to eradicate poverty or redistribute wealth. The capitalist culture should also be introduced to the beneficiaries so that the whole distribution exercise would be sustainable. According to Charlton and Niekerk 1994, generally race-based affirmative action programmes normally benefit the middle-class urban blacks. Gender-based affirmative action also targets urban middle class black and white women. In Jauch's view, this means the rural population is generally left out in such programmes. This then brings about utilitarian ethical concerns of the appropriateness of such affirmative action. Jauch (1998:19) again argued that class based affirmative action tends to benefit the urban working class more than the poor from the rural areas. Perhaps for this reason there were calls for government and community practices to take note of such inadequacies. The historical background of Namibia suggests that the inequalities or economic imbalances were a result of racial discrimination, hence the affirmative action in Namibia was modelled around a racially based programme of wealth distribution. There was however a need for measures to be put in place to make sure that the poor majority benefitted from the programmes (Cargill, 2010).

Notable affirmative action or BEE deals in Namibia were done by Namibia Liquid Fuels and South Africa Oil and Gas Company SaSol; broad based empowerment groups with Old Mutual.

big players in the insurance industry, stimulus with motor parts and accessories company Cymot; P.E. Minerals with Rosh Pinah, Epia Investments with Ohlthaver, a breweries and retail giant, Ohlthevier and List, and Omatemba Fleet Services with Imperial Car Rental. More indigenous doctors and lawyers have gone into private practice making some notable strides in this direction. (African Research Bulletin, 2007:173 27A).

Despite these huge strides noted in the affirmative action drive in Namibia there has been huge discontent from many blacks who complain that they are deriving very limited benefits because the level of business they are getting is way below the maximum they need to survive because they are not accepted compared to their white counterparts. It was noted that as at 2008 the implementation of affirmative action was based on the Constitution, and in the absence of specific legislation it was difficult to pin down detractors. It is hoped that the promulgation of the Affirmative Action (Employment) Act of 1998 will improve on the Namibian employment relations.

As in other SADC countries, the success of BEE or affirmative action in Namibia has been limited by poor capitalisation on the part of blacks and the stereotyping against black businesses. Giliomee (2008:765) observed that empowerment driven by the state in which it imposes on large corporations the requirement to promote economic advancement of a specific racial group benefits mainly the business and middle-class elite that might continue requiring support from the state.

According to Jauch (1998), socioeconomic redistribution of wealth using approaches like BEE or affirmative action requires measures to control the private sector. This has been the difficult part for governments resulting in slower progress compared to areas where focus would have been on representativeness and institutional culture change. Government could have been restricted by the global neo-liberal pressures to implement some of the measures. The other challenge has been the lack of clarity and failure to develop a common understanding of the issues, terms and procedures of BEE or affirmative action. It has also been difficult to dismantle the colonial structures which have remained largely intact and protect the interests and survival of those who were favoured previously.

The affirmative action in Namibia has largely been inward-looking and seeking to bring benefits to Namibian blacks. This perspective appears to contradict the regional integration drive as other SADC potential investors are regarded as not indigenous. According to Jauch (1998), the affirmative action loan scheme in Namibia has failed to bring about notable redistribution of land and better representation in the allocation of fishing quotas. A few individuals have actually benefitted. Jauch (1998:22) noted that "…as a reformist policy, affirmative action has not challenged the economic structures which determine the distribution of wealth and income". There is therefore a need to rethink the African economic ethic of indigenisation if meaningful development and benefits are to be derived for the majority of poor people.

7.4 Citizen Economic Empowerment in Botswana

The government of Botswana has been committed to a programme they call Citizen Economic Empowerment. The commitment of the government is evidenced by the number of programmes and policies that it put in place since independence in 1966. These policies were to encourage citizens and companies owned by citizens of Botswana to participate in the mainstream activities of the Botswana economy. The National Development Plans and other policy documents outline the government initiatives (Republic of Botswana, 1966). Some of the initiatives may not have been clearly indicated or named citizen economic empowerment policies but were put in place with the same intention and purpose as the citizen economic empowerment programmes. (Citizen Entrepreneurial Development Agency, 2008). The intention and desire of the government of Botswana to have the citizens of Botswana have a say in the economic matters of their country was pronounced as far back as 1966. The transitional plan for Social and Economic Development of 1966-1971 is a good testimony of this commitment (Republic of Botswana, 1966). Progressively, the empowerment drive developed into an economic policy for Botswana. The citizens' Economic Empowerment Policy was promulgated in 2012 (Republic of Botswana, 2012).

Prior to the Citizen Economic Empowerment Policy, a number of policies and programmes aimed at promoting citizen economic empowerment had been implemented. Some of the policies include the Localisation Policy, Credit Guarantee Scheme, Preferences under Public Procurement, Reservation Policy, Privatisation Policy, Citizen Entrepreneurial Development

Agency (CEDA), Business Finance Scheme, Universal Access to Education, Citizen Entrepreneurial Mortgage Assistance Equity Fund (CEMAEF), Economic Diversification Drive (EDD), Local Enterprise Authority (LEA), Micro Business Finance Scheme, Remote Area Development Programme and Financial Assistance Policy (Republic of Botswana, 2012; Duncan, T., Jefferies, K., and Molutsi, P., 2000).

Botswana's Citizen Economic Empowerment was motivated by slightly different factors to those that affected more of the former colonies in the SADC region. Unlike South Africa, Zimbabwe and Namibia whose empowerment initiatives wanted to deal with past colonial socio-economic discrimination which led to inequalities. In the case of Botswana, the country was a protectorate and at independence in 1966 the people of Botswana felt neglected compared to other countries in the region. The colonial administration neglected infrastructural development and there was limited effort towards educating the local people. Though colonialism was not about development some countries got better attention than Botswana. In 1964 there were only four high/secondary schools in the whole protectorate. Earlier on, in 1961, only six Botswana nationals were attending universities (Somalekae,1998). While the observation did not consider the generally small population of Botswana in presenting these numbers, there is no doubt the poor educational services during the colonial times did not prepare the people of Botswana to take full charge of their socio-economic affairs at independence. They remained dependent on Europeans for administrative skills and worse still technical competencies. This made the Whole civil service system to remain under the Europeans even after independence. There was therefore a need for the localisation and empowerment of locals in areas which were neglected (Nthomang, 2013).

The localisation policy presents a framework that gives preferences to employment of citizens of Botswana over non-citizens in situations where they have similar education and training qualifications. The credit guarantee scheme provides guarantees to loans from commercial banks and offered to citizen-owned small and medium micro enterprises. The credit guarantee scheme also pays a certain percentage in case the citizen beneficiaries' default. With the reservation policy, some businesses and services are reserved for Botswana citizens only. Preferences under public procurement are measures meant to favour citizen-owned businesses ahead of foreign companies when doing business with government (Somalekae,1998; Republic of Botswana, 2012; Nthomang, 2013).

Unlike countries like Namibia, Zimbabwe and Tanzania which pursued some form of socialist ideologies in their early years after independence, Botswana from the onset had wanted to develop a capitalist state since 1966. The capitalist approach was not purely neo-liberal in nature or did it conform to state centred capitalism which was common in most SADC states just after independence. Rather, the Botswana capitalist accumulation followed a combination of private capitalism and state intervention (Tsie, 1998). The idea of state involvement was to bring about equal development nationally by deliberately empowering areas which had been neglected during colonial rule (Somalekae,1998). There was also the privatisation policy to promote private capitalism.

The privatisation policy aims at shifting government focus from engaging state-owned businesses and instead outsource some non-core services to the private sector. The government of Botswana provides financial assistance to businesses in order to promote the productive employment of citizens and this is covered under the Financial Assistance Policy. The Micro Business Finance Scheme seeks to provide small loans to small and medium micro enterprises (SMMEs). The Universal Access to Education provides basic education to all citizens for nine to ten years. The Citizen Entrepreneurial Development Agency (CEDA) gives loans at subsidised interest rates, structured finance, training and mentoring to citizens businesses. Equity finance to troubled citizen businesses that are threatened with closure by commercial banks is provided from the Citizen Entrepreneur Mortgage Assistance Equity Fund (CEMAEF). The Local Enterprise Authority (LEA) provides development and support services as a one stop shop to the local industry needs of SMMES owned by Botswana citizens (Duncan, T., Jefferies, K., and Molutsi, P., 2000; Republic of Botswana, 2012).

The colonial system had not developed the remote areas of the country and deliberate government programmes were put in place to promote local capitalist across the country including in remote areas. The Remote Area Development Programme (RADP) was one such programme that was meant to bring development to the neglected areas in Botswana an allow for the development of local capitalism (Nthomang, 2007; Molebatsi, 2000). There were however, challenges that the policies did not deliver the desired out comes for many reasons among them lack interest by the people and lack of social services to support businesses as argued by (Toteng,1991; Mkandawire, 2004). For development programmes to succeed, Mkandawire (2004) observed that it was important for policy developers and implementors to understand that there is a strong relationship between the social development policy, provision of basic social services and the success of policies in poverty reduction.

Despite these many initiatives, the Republic of Botswana (2012:2) claims that there is evidence showing that generally the participation of citizens in major economic activities and opportunities is not significant and this is not a good indicator for sustainable economic development. In other words, the initiatives have not been successful, implying that the citizens' economic empowerment concept has not been successful from the time of Botswana's independence in 1966. For the people of Botswana to take part meaningfully in the economic development of their country there is therefore a need for a more strategic approach ((Nthomang, 2013; Republic of Botswana, 2012:2).

The Republic of Botswana (2012:3) defines Citizen Economic Empowerment "…as a set of interrelated interventions aimed at strengthening the ability of citizens to own, manage and control resources, and the flexibility to exercise options, which will enable Botswana to generate income and wealth through a sustainable, resilient and diversified economy". In this definition any other SADC citizen other than those of Botswana cannot benefit from citizen economic empowerment. The policy appears to be a barrier to investment from outside Botswana. The presence of a government hand on the market activities contradicts the precepts of neo-liberal capitalism. The Republic of Botswana (2012) indicates that the citizens economic empowerment would help protect the economy from global shocks which might cause greater harm to the economy when it is owned by non-citizens. Their economic performance might be easily affected by the shocks of the global neo-liberal economy.

Another essential requirement for the success of the CEE is human capital development which should provide the Batswana with the necessary skills and capabilities to take advantages of economic opportunities to compete well in the neo-liberal global capitalist economy. Available evidence shows that the Batswana are not very visible at senior management levels in the private sector segments such as construction, tourism and manufacturing (Tsie, 1998; Somalekae,1998).

The Batswana have however been doing well in pursuing tertiary education (Nthomang, 2013). However, the Financial Assistance Policy (FAP) was phased out in 2001 because of about 70 percent of projects which had failed. For medium scale and large-scale projects, a failure rate of about 40 percent and 35 percent was noted for Botswana. The failure of FAP led to the establishment of CEDA in 2001. Unlike FAP which focused on financing citizen economic empowerment in addition to funding, CEDA promotes citizen economic empowerment by providing training and mentorship. CEDA however has its own challenges such as limited access to information, there is lack of commitment and dedication by project promoters and difficulty in accessing markets in the drive to empowerment and sustainable citizen business enterprises (Mkandawire (2004); Republic of Botswana, 2012:5).

The government of Botswana has noted that some schemes which were offered through the Public Procurement and Asset Disposal Board (PPADB) have been ineffective in promoting citizen economic empowerment. This has been so since companies of citizens have been providing low value products and services. A larger number of tenders have been awarded to non-citizen owned companies compared to those owned by citizens. Like all other SADC countries there is limited confidence in the businesses owned by indigenous people. Generally, the citizen enterprises have been small and lacked the motivation to grow, hence they remained restricted and could not secure better high value contracts. The schemes have not promoted growth of enterprises so they could graduate from SMME to bigger larger scale enterprises. It was also noted that the Botswana domestic market was small and could not support growth of enterprises. In this case access to the SADC regional market would help in growing the enterprises. Also noted was the lack of entrepreneurial tradition and culture (Republic of Botswana, 2012:6).

The challenge of limited entrepreneurial skills is not only unique to Botswana but the whole of the SADC and Africa as a whole which has not produced enough capitalists with entrepreneurial skills to drive economic development, hence the call for the rethinking of the African economic ethic of indigenisation. The more entrepreneurs that enter the regional market, the stronger the SADC capitalism (Mkandawire, 2004).

The other dimension of citizen economic empowerment focused on women, youth and those living in far and remote areas. Women have remained engaged in low income generating activities and the youth suffer from unemployment. Those living in the rural or remote areas remained economically marginalised and only enjoy some competitive advantage over others in the rest of Botswana in areas where they enjoy special skills and knowledge to exploit their environment which then remains limited in those localities (Republic of Botswana 2012:6). For citizen empowerment to be sustainable there is need for human capital development. People should be empowered with appropriate skills, competences and abilities to exploit economic opportunities which may arise.

Notwithstanding the efforts of the government of Botswana in citizen empowerment, Lekgowe (2016:138) argued that this age-old policy of citizen economic empowerment has for a long time failed to deliver. Lekgowe noted that from 1966, when the issue of citizen economic empowerment was conceived, the policy has been surviving on fragmented pieces of national development plans and many loose pieces of legislation up to the recent 2012 citizen economic empowerment policy. Lekgowe argued for a single legislation which puts all these pieces together into a comprehensive law which can be compelling to all parties.

Despite some remarkable transformation of the economy during the period 1973-1991 in which the second and the sixth national development plans were in operation, there was acknowledgement that “too many Batswana still lived in poverty.” (Republic of Botswana, 1985:168). Lekgowe, (2016:168) observed that while the government of Botswana has put in place the citizen economic empowerment policy, it also has the economic diversification drive which promotes the purchase of locally produced goods and services. There has not been consideration of foreign investment requirements. To improve the quality of products and bringing into Botswana new technologies there is need for a strategy to accommodate foreign direct investment. The citizen economic empowerment does not promote foreign investment from other SADC states. They will be discouraged and yet Botswana is a member of the regional body which requires foreign investment inasmuch as it also seeks to expand its global investments into mineral value addition and beneficiation.

The approach taken by Botswana of citizen economic empowerment has the same thrust as the indigenisation ethic in other SADC countries. The policy seeks to protect and provide a framework for the promotion of greater participation of the Batswana in their mainstream economic activities. By offering protection and preference to citizen business the citizen empowerment ethic tends to be inward-looking and not supportive of regional transnational investment which the regional integration of SADC has set out to promote. Similar challenges have been observed elsewhere in the SADC in the implementation of such an ethic. One major challenge has been the failure of the policy to eradicate poverty. With the majority of the people in Botswana and indeed the SADC being poor, there is need to rethink the African economic ethic of indigenisation, or citizen economic empowerment as it may be known in Botswana, to bring benefits and relief to the majority poor citizens.

7.5 Economic Empowerment in Tanzania

The National Economic Empowerment Act 2004 of Tanzania defines economic empowerment as "...deliberate and affirmative action and measures undertaken by the government for the purpose of promoting and enhancing knowledge, skill, economic prowess and financial prudence of Tanzanians to enable them to meaningfully participate in economic activities, and includes all plans, strategies, policies and measures taken to achieve that goal, be it by public or private sector." (Government of Tanzania, 2004:4). In its definition of terms, the national Economic Empowerment Act 2004 does not elaborate on the nature of the Tanzanians who are to benefit from economic empowerment. This is unlike the definitions given by the other SADC states such as Zimbabwe and South Africa indicating those who were previously disadvantaged. Furthermore, the definition seems to observe the role and importance of private sector in economic empowerment.

In Tanzania, economic empowerment is guided by the National Empowerment Act Number 16 of 2004. The implementation is done with the National Economic Empowerment Council (NEEC) playing an oversight role. Like other SADC members states who have taken-up the African economic ethic of indigenisation, Tanzania's economic empowerment is to enable the people of Tanzania to participate more in the economic activities and manage a large segment of their economy, leading to improved living standards (Kamba, 2009). The economic empowerment drive is expected to contribute to poverty eradication and to bring about sustainable economic development in Tanzania. To achieve this, the National Economic Empowerment Act is put into operation by the National Economic Empowerment Policy of 2004.

7.5.1 Early Economic Empowerment Efforts

In Tanzania there seems to have been slow progress in the development of a fully-fledged economic empowerment framework. The reason could be that the first president of Tanzania, Mwalimu Julius Nyerere, was not supportive of economic empowerment since he equated it to reverse apartheid (Nyerere,1968). Instead Nyerere opted for the Ujamaa Villages which were to be the centres of human development and self-reliance following a collective socialist development model. His socialist model failed to effectively reduce poverty (Kamuzora, 2002).

Those who were charged with executing economic empowerment understood it as a transformative initiative which is not easy to define but can be seen in the changes in the economic and social lives of the people. Kwayu (2006) sees empowerment as an initiative to give people control of their own lives, politically, socially and economically. Empowerment is usually aimed at marginalised groups and intended to distribute power and wealth. Kwayu (2006) noted that for Tanzania, economic empowerment was for the majority of Tanzanians who were denied the opportunities historically to participate fully in the economic activities of their country. There was a need to have Tanzanians owning and running their economy. Economic empowerment in Tanzania was also because there was observation of very limited participation in economic activities by local Tanzanians for many years.

Before the independence of Tanzania in 1964, People in the then Tanganyika were systematically denied the opportunities to take part fully in main stream economic activities. Most people in the then Tanganyika were compelled to participate in the informal sector of the economy while the formal sector and larger part of the economy was under the control of the whites. Land was confiscated and redistributed to the whites. In 1961 when Tanzania got its independence it only attained political power and not economic power. Economic power remained with the whites and a few privileged citizens. For this reason, there was the Arusha Declaration which argued that the state should ensure that the majority of Tanzanians should take command of the economy. This saw state enterprises being established and supported by the state to produce goods and provide services. Capital and operating costs were met by the state and support kept coming even when the enterprise experienced losses (Mwaiselage, 1999; Kwayu, 2006:6).

From about 1972 to 1982 there were efforts to get the majority of Tanzanians to participate in mainstream economic activities through cooperatives. The control and support of cooperatives was initially more in the hands of the local authorities and the people themselves. This was to change at some point with central government becoming more pronounced. This did not produce the desired results of empowerment and the government had to revert to enabling greater control of the cooperatives to the local authority and the people. On the operations of state-owned enterprises, in 1992 Tanzania came up with a privatisation policy. This was after the realisation that state enterprises were not performing well and had become a burden to the state. Unfortunately, indigenous Tanzanians could not take over the state enterprises because they lacked the requisite skills and capital. This limited the participation of indigenous Tanzanians in the privatisation process despite the establishment of the privatisation trust fund to support the citizens (Kwayu, 2006).

7.5.2 The National Economic Empowerment Policy

The earlier attempt to empower Tanzanians through cooperatives and state-owned enterprises had failed to produce the desired results (Hamisi, 2011). Tanzanians were yet to participate fully in their economy and remained deeply impoverished and illiterate. In view of this situation the government of Tanzania established the National Economic Empowerment Policy. The policy was to provide guidance on how the majority Tanzanians were to participate in all sectors of the economy (Mwaiselage, 1999; Kwayu, 2009). The National Economic Empowerment Policy pointed out among many the following challenges which were identified as constraints limiting the participation of Tanzanians in economic activities:

- Lack of capital or access to capital;
- Lack of knowledge and experience;
- Inhibiting customs and traditions, no capitalist culture;
- Wrong mind-set towards development;
- Problems related to procedures and implementation of the privatisation policy; and
- Lack of reliable markets (Hamisi, 2011).

The primary objective of the Economic Empowerment Policy was to provide guidelines of how the majority of the citizens of Tanzania would access opportunities to participate in a more meaningful way in economic activities in all sectors of the economy. Policies in each sector of the economy were to give preferential treatment to Tanzanian nationals.

7.5.3 Challenges of Economic Empowerment in Tanzania

Tanzania's vision 2025 and the National Economic Empowerment Policy emphasise the need for national cohesion which they believe will be achieved when citizens are well empowered and have been availed with equal opportunities for economic emancipation and development. Kashuliza (2013:4) observed that there were still gaps in the access to resources by Tanzanians. Also noted were the high levels of poverty which could end up affecting the drive to achieve national cohesion negatively. After the liberalisation efforts of the mid 1980s the drive towards privatisation of state-enterprises was welcome as they had been a burden to the tax payers. However, there were perceptions that foreigners and a few rich nationals, especially of Asian descent, were benefitting more from the privatisation measures. The majority of the people were poor and could not raise the required capital. For Tanzania there has been a new drive to bring foreign investment, hence, the new wave or new form of economic nationalism. In this effort foreign investment has been welcome. This has also come with a new thrust, to empower Tanzanians without any racial divisions (Mwapachu, 2013).

The continued participation by the rich and foreigners appears to leave out the majority poor who have no financial capacity to compete for private investments in national natural resources (Mwapachu, 2013). There is a need for robust empowerment initiatives to secure the interests of the majority poor Tanzanians. Some win-win mechanisms need to be identified. This approach to empowerment seems to acknowledge the hegemony of neo-liberal capitalism and in some way, it can be a means of bringing in private sector participation in empowerment. This could be another way to rethink the African economic ethic of indigenisation while acknowledging the role of a market driven economy in economic development.

7.6 Conclusion

This chapter presented, analysed and evaluated how the African economic ethic of indigenisation was implemented in five post-colonial African states with a reflection of how it was conceived. It emerged that the African economic ethic of indigenisation was a deliberate strategy or a set of initiatives which were supported by legislative instruments and designed to correct the socio-political and economic imbalances which were brought about by deliberate colonial discrimination or neglect of the black Africans. The African economic ethic was found to be a common approach that was taken by most post-colonial African states with a view to bringing economic development to the newly independent states. The economic development was to be driven by the local people participating more meaningfully in their economies. It was noted that different countries in the SADC had different terms to describe the African economic ethic of indigenisation. In some countries like South African it is called Black Economic Empowerment, while in other countries it is called indigenisation, affirmative action, citizen economic empowerment, and so on.

The chapter sampled five SADC countries and with interest on how they implemented the African economic ethic of indigenisation. What was common in all the countries was the strong desire to help bring up the poor, previously marginalised indigenous people to be able to take part in their economies.

In South Africa, black economic empowerment was supported by legal instruments and was focused on ownership of businesses. The early attempts failed as the beneficiaries of indigenisation or black economic empowerment were heavily in debt and went under. Learning from the failures of the first phase, the second phase targeted broad based black economic empowerment. This time more focus was given to control, skills and knowledge of how to run business. This was with a view to having sustainable economic empowerment programmes. Programmes were driven by a black economic empowerment commission. These efforts were later given impetus by the mining and petroleum charters which gave hope to blacks that they could participate in previously white dominated sectors of the economy. The biggest challenge of BEE at this stage was funding. After the slow-down of BEE the government then introduced the preferential procurement policy which persuaded many companies to conform to BEE requirements. Some of the challenges in BEE included lack of funds and the failure by black owned businesses to secure big contracts as they were looked down upon. Another challenge was that BEE was seen to have been benefitting the few politically connected people. Because of these challenges BEE was still to address the issues of poverty and wealth distribution.

In Zimbabwe the early stages of indigenisation were based on a reconciliation framework of willing-seller-willing-buyer especially in the farming sector. This failed to produce results, leading to people calling for action by government, and farms were invaded by the masses after a delayed empowerment process. This led to the fast-track land reform which was highly criticised for benefitting the politically connected. With changes in the political and economic environment, the government came up with a more aggressive indigenisation drive which was supported by law compelling whites owning companies or investors to give up 51 percent of equity to indigenous Zimbabweans. This led to massive capital flight and the drying up of foreign direct investment. Further economic decline forced the review of the indigenisation thrust. The 51 percent equity requirement was left only to investment in natural resources such as mining. This was the new development that was introduced after the retirement of President Mugabe. The idea was to attract foreign direct investment. Challenges of funding and accusations of the programmes benefitting a few well-connected were noted.

In Namibia, similar developments to those in South Africa and Zimbabwe were noted. There was a lack of funding to support indigenous investors. The economic empowerment effort was said to have benefitted a few well-connected. For South Africa, Zimbabwe and Namibia, the intended beneficiaries of economic empowerment were those people who were defined as having been previously discriminated against by the colonial system or apartheid.

In Botswana, the understanding of the beneficiary of economic empowerment differed slightly from that of Zimbabwe, South African and Namibia. They called their indigenisation drive the citizen economic empowerment. In the citizen they saw any Tswana as qualified for economic empowerment. There was no clear reference to the previously marginalised but rather on neglect of locals and local infrastructure. Emphasis of citizen economic empowerment was on supporting and developing the greater participation of Batswana in their economy to eradicate poverty.

In Tanzania the thinking was the same as that of Botswana. The focus was to bring Tanzanians on board to take part in their economy. The policies in Tanzania were cautious not to emphasise the beneficiaries of economic empowerment as those who were previously marginalised, but it was implied in the policy. The biggest challenge again was a lack of funds for meaningful investment by the Tanzanians. Also critical in Tanzania, like elsewhere in the SADC, was the lack of knowledge and skills. After several failed attempts to address poverty from economic empowerment, there was realisation that the economic empowerment strategies were not friendly to foreign direct investment. The new approach to empowerment in Tanzania is one which is sensitive to the need to attract foreign direct investment. The government has adopted an approach of slowly distancing itself from the market systems which is typically a neo-liberal model. The approaches of Botswana and Tanzania to the African economic ethic of indigenisation seem to have accepted the hegemony of global neo-liberal capitalism. The thinking has been to come up with a win-win arrangement with foreign investors who will invest while taking on board the indigenous people. Zimbabwe seems to be warming up to this thinking after the new dispensation of President ED Munangagwa. If indigenisation is to serve the majority poor, there is need to rethink the ethic and make it sensitive to the global neo-liberal market demands.

Generally, the African Economic Ethic of indigenisation has failed in all SADC countries as poverty is still a big challenge and the structures that provide control of businesses are still in the hands of the few whites who benefitted from systematic discrimination. There is no funding to establish businesses. Critical also, is the effect the African economic ethic of indigenisation has in turning away the much-needed foreign direct investment. In most cases the implementation of indigenisation or black economic empowerment policies has been seen to favour the well-connected, leaving out the majority poor people. From utilitarianism in ethics, policies should be such that they deliver the best to the greatest number of people. The rethinking of the African economic ethic is therefore an imperative given the dominance of neo-liberal global capitalist practices. The ethic might have out lived its purpose and an all-inclusive approach to economic development is fast becoming inevitable. There may be a need to redefine those classified as indigenous to include descendants of apartheid and colonial settlers. This is so given that there has to come a moment when all these people are accepted as Africans rather than foreigners given that some of them have been in Africa for more than four generations (at least a120 years) and they know no other home than Africa. Their reclassification as indigenous and not as foreigners can stimulate their active and positive participation in the regional economy given that they own a substantial percentage of the economies.

The next chapter focuses on the Southern African Development Community with a view to determine to what extent the African economic ethic of indigenisation is expressed in the regional integration. Also, to be examined in the chapter is the question why, if indigenisation is popular in SADC states, it has not been expressed with the same degree of popularity, interest and magnitude of activities at the SADC regional level. In the process of analysing the regional position on the African economic ethic of indigenisation this thesis will attempt to identify possible approaches which can be used in rethinking the African economic ethic of indigenisation so that it can benefit the majority poor people as required by utilitarianism in ethics and bring the much needed development to SADC.

CHAPTER EIGHT: INDIGENISATION IN THE SADC: DETERMINING THE REGIONAL EXPRESSION

8.0 Introduction

Regional integration in SADC has gone through several transformations to the current status. The different forms and objectives which the regional integration has taken were affected greatly by the prevailing political and economic environment. In the early stages, the SADC pursued a Pan-Africanist Agenda that sought to liberate countries in the region which were still under colonial rule. At this time the region was operating as the Front Line States (FLS). The regional objectives were driven largely by a political and security agenda. With the coming of independence to Zimbabwe and greater hope for the independence of Namibia and the expected end of apartheid, there was a need to develop greater economic cooperation for the development of the independent states as well as to counter the economic dependence on South Africa. This new thinking saw the formation of the Southern African Development Co-ordination Conference (SADCC) in 1980.

After Namibia attained independence and the end of apartheid, regional integration was further transformed into the Southern African Development Community in 1992. There was greater emphasis on economic co-operation and also the desire to counter and bring South Africa under the control of the regional body. From the time of the fall of apartheid, SADC membership has grown to 15.

The end of the liberation struggle and the coming of independence to all SADC countries and the end of apartheid saw the post-colonial states faced with new realities of bringing economic development and ending poverty. One common challenge to independent SADC countries was poverty and the unequal distribution of wealth. For the SADC, poverty alleviation became its overarching objective. Further to that, the regional integration sought to enhance the standard and quality of life of the SADC people.

In dealing with poverty and inequalities, SADC countries individually adopted policies aimed at alleviating poverty and reducing the economic inequalities that were introduced during the colonial and apartheid eras. One common policy in most SADC states was indigenisation. In some countries it was called black economic empowerment, affirmative action and citizen economic empowerment. Despite the common desire to empower people in the SADC member states, it seems no similar expression of indigenisation was evident in the SADC regional initiatives. Furthermore, the individual efforts by the SADC countries to alleviate poverty and to reduce inequalities through indigenisation have not produced the desired results. The black people remained poor and the whites have remained wealthier than the blacks. Given the popularity of the African economic ethic of indigenisation in individual member states, one would expect an equally strong expression of indigenisation in SADC regional initiatives. It seems no research was conducted to determine the extent to which indigenisation or economic empowerment finds expression in the SADC initiatives. Furthermore, given the failures of indigenisation in individual countries, there is a need to rethink the African economic ethic.

This chapter analyses the SADC structures and policies to determine to what extent the African economic ethic of indigenisation finds expression in the regional initiatives. The chapter also attempts to provide insights in coming up with a new approach to the African economic ethic of indigenisation, taking note of the regional drive and the hegemony of neo-liberal capitalism. The first section focuses on the SADC regional integration objectives and initiatives. This is followed by a section on determining the level of expression of indigenisation in the SADC policies initiatives, especially the Regional Indicative Strategic Development Plan (SADC, 2015b). It is concluded by summing up the findings of the chapter.

8.1 SADC Regional Integration Objectives and Initiatives

The treaty that transformed the SADCC into the SADC was signed in Windhoek, Namibia in August 1992. The treaty became effective in 1993, after being ratified into national laws by the respective member states. The ratification of the SADC treaty made the decisions, agreements and policies legally binding for the member states. The treaty effectively replaced the memorandum of understanding on the institutions of the Southern African Development Coordination Conference that was signed in July 1981 (Olusoji ,2003:273).

The SADC Treaty has gone through a number of amendments, but the initial objectives have remained fundamentally the same with a few additional objectives aimed at new developments such as the fight against HIV/AIDS and an emphasis on gender. These objectives are spelled out in Article 5 of the Treaty. The same objectives were declared as the SADC Common Agenda in Article 5A of the treaty (SADC, 2015a: 7). The SADC Common Agenda was to guide the SADC activities and initiatives. Each of the objectives which are relevant to the study will be looked at.

8.1.1 Promotion of Economic Growth Socio-Economic Development, Poverty Alleviation, Improvement of Quality of Life of the People of SADC and the Support of Socially Disadvantaged Through Regional Integration

The first objective in the SADC Common Agenda is:

> Promote sustainable and equitable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication, enhance the standard and quality of life of the people if Sothern Africa and support the socially disadvantaged through regional integration. (SADC, 2015:6).

The first objective clearly spells out the regional strong desire to support the socially disadvantaged and bring about sustainable equitable economic growth that will reduce poverty levels and aimed at improving the quality of life for all the people of SADC. Clearly the objective pursues a majoritarian thrust to bring good quality of life to the majority of the SADC people. The objective itself resonates very well with the national calls for indigenisation and black economic empowerment. By ethical principles and utilitarianism this objective was aimed at delivering the greatest good to the greatest number of people in the region. By equitable economic growth and socio-economic development that will ensure poverty alleviation and ultimate eradication, the Treaty aimed to address the socio-economic inequalities which were brought about by the colonial systems and apartheid. This has been the same concern at the national level for SADC states, hence the African economic ethic of indigenisation. The emphasis on the improvement of the quality of life for SADC people talks to the ethical principle that the choice of any social or economic policy should be guided by producing the greatest pleasure or utility for the greatest number of people. The thinking in the SADC leaders when they agreed on the first Common Agenda item and objective of the treaty was informed by the desire to achieve the best for the majority people of the SADC.

In the first objective again, there is emphasis on the support for the socially disadvantaged people of the SADC. This part of the objective is synchronised with the thinking in SADC member states where they observe that the poor black people were disadvantaged and needed a deliberate policy to help them find their place in the society and economy.

There seems to be no clearly written down policy on indigenisation in the SADC as a region, but the first object of the Common Agenda of that SADC treaty shows concern and intention to address the same challenges which were noted by individual SADC states. Clearly, there is expression of the African economic ethic of indigenisation at the SADC Treaty level. The concern therefore would be on whether the objective was executed or not, and, if so, to what extent, which is what this chapter will attempt to address later.

8.1.2 Promotion of Common Political Values, Systems and Other Shared Values

The second objective on the SADC treaty or Common Agenda is to "…promote common political values, systems and other shared values which are transmitted through institutions which are democratic, legitimate and effective." (SADC, 2015a:6).

One common value in SADC that has come out in this study is the desire by SADC member states to address social and economic inequalities which were brought about by discriminative colonial and apartheid laws and administrative policies. In attempting to address this common value, SADC states have pursued the African economic ethic of indigenisation individually. If the African economic ethic of indigenisation is a popular and shared value, then its promotion at a regional level must have been clearly pronounced, as called for by the second objective of the SADC Treaty.

8.1.3 Regional Complementarity Between National and Regional Strategies and Programmes

Another of the SADC objectives is to "…achieve complementarity between national and regional strategies and programmes." (SADC, 2015a: 6). Indigenisation has been common to SADC member states as a national strategy for bringing the previously marginalised blacks to participate in the mainstream economy. With the set regional objective to achieve complementarity between national strategies and regional programmes, especially the common ones, the national indigenisation or economic empowerment programmes were expected to receive complementary support at the regional level.

8.1.4 Poverty Eradication in all SADC Activities and Programmes

The other objective of SADC is to "ensure that poverty eradication is addressed in all SADC activities and programmes." (SADC 2015a: 6). One objective of indigenisation or economic empowerment is to eradicate poverty. The expression in one of SADC's objectives, that it needs to eradicate poverty, is testimony that indigenisation, if it was accepted as an ethic to address the challenges of poverty at the national level, then it had space to be taken up as one of the SADC programmes or initiatives.

8.1.5 Harmonisation of Political and Socio-economic Policies and Plans of Member States

Another objective of the SADC Treaty was to harmonise political and socio-economic policies and plans which were being implemented by member states (SADC, 2015a:6). The desire and commonality in the interest to have the African economic ethic of indigenisation or economic empowerment in SADC states is evident. However, the way the idea of indigenisation was being implemented by member states showed some variations in the understanding of the beneficiaries and the economic areas of emphasis as well as understating of the ethic. With the provision to harmonise these policies having been made to be one of the regional SADC objectives, one would expect a harmonised regional thinking and approach to the Africa economic ethic of indigenisation.

8.1.6 Development of Policies aimed at the Progressive Elimination of Obstacles to the Free Movement and Trade

Development of policies which seek to progressive remove barriers to free movement of capital, labour, goods and services as well as the general people of the region in the member states was another of the SADC objectives (SADC 2015a:6). The African economic ethic of indigenisation as it was implemented in most SADC states gives preferential treatment to citizens of a particular country in areas of investment, labour movement and trade in goods and services. Non-citizens, even if they belong to a country that is a member of SADC, are treated as foreigners and not indigenous people.

The African economic ethic of indigenisation therefore prohibits free regional movement of capital, goods and services in the region. It is therefore a contradiction to one of the SADC's objectives. If a rethinking of indigenisation is to be done then the new approach should permit free movement of capital, goods and services and people within the SADC region. This then calls for the redefinition of who is to be called indigenous. If anything, the redefinition of the indigenous people should extend boarders to cover the whole of the SADC region. Furthermore, to promote capital movement in the region, clarification of who is indigenous should be made. After almost 25 years since the fall of apartheid and more than 25 years after the attainment of independence by Namibia, there is a need to redefine the indigenous people also to include some descendants of the whites. Some win-win arrangement can be entered into to enable the once marginalised blacks to benefit at the same time the descendants of the white colonial rulers also benefitting. This redefinition of indigenous people would promote regional capitalism and help the region's economy to grow. By growing the economy, the poor will be reduced in numbers. The win-win situation will also help redistribute the wealth and bring in new regional capitalism which the writer has called "SADCapitalism". By stimulating regional capitalism which is shielded from the global neo-liberal capitalist forces, the region can create and grow its wealth for the benefit of the majority SADC people.

8.1.7 Development of Human Resources

On the SADC objectives there is also the objective for the development of human resources. Similar to the broad-based black economic empowerment, human resources development is critical in the empowerment model or the growth of indigenous capitalism. Regionally, there has to be a way of promoting the acquisition of knowledge and skills which help promote wealth creation and management (SADC 2015a: 6). Again, when the SADC came up with the human resource development objective, it appears it was focused on empowering citizens of the region. The objective has to be transformed into empowerment activities and initiatives with visible results.

8.1.8 Development and Transfer of Mastery of Technology

Like the human resources development objective, the SADC objective to "promote the development, transfer and mastery of technology" also aims at the empowering the citizens of the region (SADC 2015a: 6). This would equip them with technology and mastery skills for wealth creation and economic development. In this objective SADC seeks to empower its citizen which is a clear expression of indigenisation in the regional policies and strategy. A distinction has to be made between the expression of interest in the region and the execution of the objective.

8.1.9 International Understanding and Capital Inflows into SADC

One of SADC's objectives is to "secure international understating, co-operation and support and mobilise the inflow of public and private resources into the region" (SADC, 2015a:7). This objective does not seem supportive of indigenisation. Instead the objective suggests the region acknowledges the hegemony of neo-liberal global capitalism. It is also an acceptance by the region that on the part of development the regions will have to work with international partners. Perhaps what is not clear is the ownership structure of such investments that are done with foreign investors.

Considering that the other objectives stated earlier sound supportive of indigenisation in the way they are expressed, bringing in international capitalism would require some preferential treatment of SADC citizens. However, a win-win arrangement has to be made so that there is a good attraction of foreign investment that is needed to promote regional economic growth and development.

8.2 SADC Strategies, Initiatives, Policies and the African Economic Ethic of Indigenisation

There is no question that regionalism has been one of the alternative regional economic strategies which has been a subject of debate in relation to development. Such debate has intensified with the end of the Cold War era and the increased dominance of neo-liberal global capitalism. African leaders have embraced regionalism, and in doing so they are containing the negative effects of globalisation on the vulnerable poor African people and economies (Matlosa, 2003:1).

This understanding is an acknowledgment of the need to have an intermediary system between the state and the global neo-liberal capitalist market. Regional integration has been taken to play that role in order to protect the poor and the weak African economies. Matlosa, (2003:1) argued that while containing the negative effects of global neo-liberal capitalism, there is need to determine what the region can also benefit from accelerated globalisation. Whether the SADC regional is structured and organised to exploit the benefits of global neo-liberal capitalism and also protecting the region from the negative effects is what this chapter seeks to determine. There is the partnership for African Development (NEPAD) trying to bring in a new approach of African peers helping each other in development, but its strong relationship with external funding makes for an autonomous development agenda with an extension of neo-liberal capitalist manipulation. Matlosa (2003:1) also argued that sustainable deep regional integration and co-operation is expected to be built upon "an indigenous and autonomous development paradigm in the SADC region", and this is likely going to remain the main regional focus. In his argument Matlosa sees a regional economic integration that is built around indigenous regional capitalists or what the writer would call "SADCapitalists." Matlosa (2003:13) emphasised that regional co-operation should be people-driven. Regional co-operation should not be state-centric. Mandaza, Tostensen and Maphonyane (1994) noted that:

> …regional co-operation must have a popular region-wide constituency, and this suggests, in and for itself, the need for democratisation of regionalism with a view to broaden participation of popular forces and address immediate and long-term interests and needs of the region's people. (Mandaza, Tostensen and Maphanyane, 1994:102).

They noted that it is the people, and not governments, who integrate economies and societies of the SADC. There is therefore a need to realise the inner dynamics of integration where people become the drivers of regional integration.

The views of Mandaza Tostensen and Maphonyane argued for the promotion of free movement of people and their resources where they will be regarded as one people and one integrated community. To the writer, this calls for the revision of restrictive policies such as indigenisation from the way they are currently prescribed at national levels. In the current situation, people are regarded as foreigners in another SADC state and suffer discrimination compared to the citizens of that country. If all SADC people are regarded as citizens of the region and then be defined as indigenous to the region, then there will be free movement of people and resources which can lead to an improvement in the level of integration. This could lead to inner and dynamic integration or deep regional integration. Furthermore, the majority of the people will benefit from integration as called for by utilitarianism.

Matlosa (2003:7) observed that economic integration has five forms of levels:

1. Preferential trade area (Free movement of selected commodities).
2. Free trade area (All trade barriers are removed).
3. Customs Union (Free trade of goods and services and common external tariff).
4. Common Market (It has a customs Union and free movement of Capital and labour).
5. Economic Union (Common market and unification of macroeconomic policies and economic systems).

To have the free movement of capital and labour, in a region with common external tariffs, no trade barriers and using the same macro-economic policies and systems, one will need to have taken the whole region as one market. People and businesses from member states would then be regarded as indigenous to that region. The indigenous regional persons and businesses would be treated equally in any member country.

Matlosa (2003:25) argued that in the face of the accelerated global neo-liberal capitalism Southern Africa should come up with a more meaningful and beneficial regional co-operation strategy informed by the desire for what he called “autonomous development “and economic nationalism “rather than dependent development”. What Matlosa was calling for is some capacity within SADC to develop itself through some internal capacity and strength rather than to rely on neo-liberal market forces. This would call for the development of indigenous capitalists within SADC to drive development further leading to deep integration within SADC where the majority of the SADC citizens will participate. However, the region should remain alert to global economic and market signals and practices.

Other scholars like De Melo and Panagriya (1992:20) argued that African countries should not waste time thinking that regional integration will protect them from globalisation, but they should instead simply integrate their economies with the rest of the world to reap benefits and to achieve faster development. However, Mazur (2000:88-91) and Boas, Marchand, and Shaw, (1999:1065) and McCarthy (1999:230) warned that globalisation has a devastating effect with countries seeming racing to decline, "a race to the bottom", as Africa is being further underdeveloped by the so called multinational corporations who work together with corrupt African leaders. They continue to extract wealth from Africa living poverty and destitution in the process. These warnings come as a reminder of the failure of structural adjustment programmes which called for the removal of barriers to trade, but left African countries more marginalised economically than before, as one-way trade benefitted the developed capitalist economies (Lee, 2002:5).

Oloruntoba (2015) observed that poverty and inequality have remained the two most enduring socioeconomic problems faced by African countries. This is despite the fact that Africa is on record as having been a region with the fastest economic growth rate. There have been many different strategies which different governments have put in place at the national levels but they "have done little to alleviate or reduce poverty" (Oloruntoba 2015:1). An attempt to engage neo-liberal approaches made the situation worse. Oloruntoba (2015:1) argued that it is imperative to take up another approach "in the form of a regional strategy to tackle the twin problems of poverty and inequality at the regional level." A new approach which helps address the challenges of the majority poor people would be acceptable as more ethical than the other approaches which brought about more suffering to the majority poor people. It is the twin problem of poverty and inequality which the African economic ethic indigenisation seeks to address. Oloruntoba (2015) suggested an integrated regional approach to fight poverty and one which will ensure that resources, human and material, from richer countries in the region are pooled to assist in improving the life of those in poorer countries or parts of the region. Oloruntoba (2015) argued that an integrated regional approach in dealing with poverty could help cater for the incapacity of many SADC states to deal with poverty and inequality through pooling of resources, infrastructure, skills and technical capacity.

8.2.1 SADC Regional Indicative Strategic Development Plan (RISDP) and Poverty

The SADC RISDP was developed and approved by the SADC 2003 Arusha summit. The RISDP was to help in the restructuring of SADC and providing a clear direction for the region's policies and programmes. The main purpose of the RISDP was to enhance the SADC's effectiveness in delivering the "overarching goals of social and economic development and poverty eradication" (SADC, 2003:4), guided by the SADC vision which states that:

> The SADC vision is one of a common future, a future in a regional community that will ensure the economic well-being, improvement of the standard of living and quality of life, freedom and social justice and peace and security for the peoples of Southern Africa. This shared vision is anchored on the common values and principles and the historical and cultural affinities that exist between the peoples of Southern Africa (SADC, 2003:4).

The desire to alleviate poverty is clear in the SADC vision. In that view, "…the ultimate objective of the Regional Indicative Strategic Development Plan is to deepen the integration agenda of SADC with a view to accelerating poverty eradication and attainment of other economic and non-economic developmental goals" (SADC, 2003:8). To achieve the above-stated goal there is need for the economic empowerment of the people of the SADC. Achieving economic empowerment of the SADC people is indigenisation of the SADC economy. It is imperative that the regional strategy has to be one which addresses the requirements of the African economic ethic of indigenisation. However, this has to be done mindful of frustrating the expectations of the global neo-liberal capitalist economy which would be needed by the regional economy for financial support and expertise.

A balance has to be found in which the economically poor and vulnerable people of the SADC are protected from stronger global economic players while at the same time attracting enough financial support from the global capitalist economy. One aspect which came out clearly as a challenge in the process of national indigenisation or economic empowerment efforts is the lack of funding. While countries in the SADC have remained particular about equality of states in the region, it must be accepted that South Africa is the hegemony of the region. As at 2002, South Africa contributed 65,7 percent of the SADC gross domestic product (GDP) (SADC, 2003:10). The next highest contributions were from Angola and Tanzania with 6.1 percent each. Clearly

South Africa has the economic muscle to drive the regional economy. There has been fear that regional integration in the SADC would benefit the stronger economies like South Africa. However, a win-win arrangement can be achieved in which South African investors can be allowed to invest in the SADC and be treated like indigenous regional investors with favourable conditions like those of other non-regional investors. South Africa and Mauritius are the only countries in the SADC with a manufacturing sector contributing approximately 25 percent to the SADC GDP (SADC, 2003:10). Leveraging on the industrial capacity of these two SADC member states, the SADC's drive for industrialisation can be achieved faster than relying on the global economy.

In a similar manor, other SADC states have areas in which they enjoy greater comparative advantages. For example, Botswana has expertise in Diamond mining and beneficiation and that expertise can be invested in other SADC countries for the benefit of Botswana and any other country in the region. The Democratic People's Republic of the Congo has a huge power generation capacity and its companies can be treated as regional indigenous companies. Regional indigenous companies would be allowed to operate within the region under some preferential arrangements. The RISDP notes that Seychelles, Mauritius, Botswana and South Africa have a fairly high average gross national income per capita in excess of US$2800-00 (ZAR 36,000-00) approximately in 2002. The average gross national income per capita for DRC, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe was below US$ 500 (ZAR6500) in the same year (SADC, 2003:11).

In 2016, statistics showed that there has been a decline in the regional per capita GDP. As at 2011 SADC attained its highest per capita GDP of US$2440-00 (ZAR 31,720-00) but this has decreased and as at 2016 the regional per capita GDP stood at US$1834 (ZAR 32,842-00). As a measure of poverty, the declining per capita GDP shows worsening standard of living for SADC people (on the global comparative scale given that the American dollar has remained relatively stable over the same period and assuming relatively stable exchange rates (SADC, 2017b:1). This is a clear confirmation that the regional strategy for deeper integration and poverty alleviation has not produced the desired results.

Noting the failures of the RISDP to deliver the desired outcome, in April 2015 the SADC came-up with a revised RISDP which was meant to help address some of the shortcomings in the initial RISDP which was meant to guide SADC regional integration and the fight against poverty. The writer will come back to the revised RISDP after looking at a few areas of the original RISDP.

To achieve the United Nations (UN) recommendation to halve poverty in SADC by 2015 from the time of implementing the RISDP, the SADC average GDP growth rate had to be above seven percent. RISDP also indicates that member states are individually dealing with poverty through Poverty Reduction Strategy Papers (PRSPs) (SADC, 2003:17). Instead of a regional drive to improve regional macroeconomic performance the RISDP, section 2.3.3 acknowledged the need to deal with poverty but rather left the task to individual member states by urging them to pursue NEPAD guidelines in order to accelerate economic growth:

> To accelerate economic growth, SADC member states individually should intensify their efforts to implement comprehensive economic and social reforms within the NEPAD development framework, pursuing poverty reduction-oriented policies.... (SADC, 2003:15).

However, Matlosa (2003:28) argued that NEPAD was an attempt to revive neo-liberal agendas driven by the World Bank and the IMF. Matlosa observed that the year before the call for NEPAD in Africa the World Bank had published an article entitled ‘Can Africa Claim the 21st Century’ which ideologically appears to be a mirror image of the World Bank document which called for international partners in the effort to bring economic growth in Africa. This was at the expense of ‘autonomous development’ in which the SADC citizens play an important role and participate in economic growth. Matlosa argued that greater participation of SADC citizens would aid in coming-up with deeper integration which would help alleviate poverty and improve the livelihoods of the majority SADC citizens. He argued further that NEPAD was unlikely to add value to sustainable SADC regional cooperation and ‘deep integration’. For NEPAD to be of value it had to be refocused to achieve ‘autonomous development’ rather than the neo-liberal approaches of the World Bank and the IMF. RISDP acknowledges the negative effect of neo-liberal policies on the poor people (SADC, 2003:18). To demonstrate the influence of NEPAD in the RISDP further, the plan calls for SADC to improve links with global marketing networks in order to maximise the opportunities brought about by international economic partnership agreements (SADC, 2003:15). Traces of NEPAD are evident. From this it can be argued that RISDP for the SADC had neo-liberal thinking and did not develop the collective regional framework for the alleviation of poverty. Though the RISDP identified poverty and economic inequalities as the main challenges for SADC, it did not explicitly take the empowerment or indigenisation route.

The RISDP acknowledged that 70 percent of the population in SADC lives on less than US$2,00 per day on the international poverty line, and 40 percent of the people leave below $1,00 per day on the international poverty line. In some countries such as Mozambique and Zambia, about 80 percent of the population is living in extreme poverty (SADC, 2003:16). Indications from SADC statistics suggest that the poverty levels and wealth inequality are getting worse as indicated by the decreasing SADC average GDP levels (SADC, 2003:16; SADC, 2017c:1). There is therefore a need to come-up with a new approach since the present route has failed to deal with poverty and inequalities. The RISDP acknowledges the high level of poverty and makes no mention of the discriminative colonial and apartheid laws and policies and historical causes of such inequalities. An understanding of the source of poverty and inequalities would be helpful in coming-up with an ethical policy or economic strategy to deal with poverty having remained one of the major challenges in the SADC, where up to 40 percent of the population lives in abject poverty (SADC, 2017b:1). The 2006 SADC summit agreed to a strategic dialogue on the issue which is discussed in the next section.

8.2.2 SADC Strategy for Poverty Eradication

The RISDP for SADC was set for implementation between 2005 and 2010. However, by 2011, 14 percent of the set RISDP objectives had been achieved, 68 percent partially achieved, and 18 percent were yet to be achieved (SADC, 2011:11). One of the key objectives which cuts across many sectors in the SADC RISDP is to do with poverty reduction and ultimate eradication. This essential SADC objective has not been achieved. Because of the continued persistence of the challenge of poverty, the 2006 summit agreed to a dialogue that came in the form of a conference that was held in Mauritius from 18-20 April 2008.

The conference came up on the realisation that 40 percent of the SADC population lives in object poverty. The RISDP had a target to reduce by half the proportion of the population that survives on not more than US$1.00 per day over the period 1990-2015. This was aimed at achieving goal one of the Millennium Development Goals (MDGs). The summit had also noted that the status of regional economic integration in the SADC had emphasised the trade integration more, especially the free trade area, which was launched in 2008, and the customs union whose launch missed the 2010 time frame. They noted that the other functional and developmental issues which had a direct impact on poverty eradication were being addressed but at a slower pace (SADC, 2011: 2). A SADC conference on poverty and development was convened to refine the RISDP initiatives and measures to do with poverty eradication.

It was also noted in the summit of 2006 which convened a conference on poverty and development that there was a culture of poor implementation in the SADC. Clearly expressed positions on poverty reduction were not being put into action. (SADC, 2011:3). It must be noted that the regional poverty reduction framework which was produced by the conference observed many other sources of poverty in the SADC, and among them were poor resources in some areas, conflict, lack of assets by the poor, living in remote areas, vulnerability due to age and poor governance (SADC, 2011:3). On vulnerability due to age, the conference may have missed the point. The Bantu culture rides on strong extended family relationships and a lot of care is given to the elderly within families providing great relief to the elderly. What was clearly absent in the SADC framework was the identification of the source of poverty as the colonial and apartheid repressive systems favoured the whites. An understanding of this key source of poverty will help inform an appropriate response or strategy to deal with poverty and inequalities in the SADC. There is a need for empowerment or indigenisation to be recast in a different framework that allows a win-win by the poor and the rich. As the regional poverty reduction framework rightly observes, “An effective strategy for poverty reduction must therefore help to achieve pro-poor and sustainable economic growth, pro-poor governance and inclusive social development” (SADC, 2011:3-4). Pro-poor policies are simply empowerment policies or indigenisation policies.

On the rationale for the regional poverty reduction framework, the conference kept turning back to the RISDP for guidance, despite its proven failure. Again, for a clear way to reduce the responsibility of SADC in dealing with poverty, the first of the three principles of the poverty reduction framework is “subsidiarity” (SADC, 2011: 6). In subsidiarity, the regional approach was to allow the national poverty reduction strategies and initiatives to take the lead while the regional effort was simply to complement the national initiatives. This approach encouraged a fragmented approach to poverty eradication such as is the case with the different perspectives of indigenisation which are being pursued by different countries. A more coordinated regional approach would be needed. In the national approaches, non-citizens of a member state are regarded as foreigners and do not enjoy the privileges of nationals or citizens of that country. This approach would be restrictive to the movement of regional investors who only enjoy citizen privileges in their own country. This is on the understanding that the African economic ethic of indignations is common and popular in almost all SADC states. Such national policies become barriers to the free movement of investment from the SADC member states. Furthermore, the nationalist perspective does not promote the development of ‘SADCaptitalism’ or simply the development of SADC capitalists who could help bring in economic development to reduce poverty. A regional approach to dealing with poverty and inequality at the regional level is essential. This would require the rethinking of the African economic ethic of indigenisation which has failed at the national level, but carries the correct fundamentals focused on improving the lives of the majority poor people.

Another important principle of poverty eradication is partnership while the framework acknowledges the existence of other partners who would be expected to enter into partnerships with the region such as governments, civil society organisations businesses and development partners (SADC, 2011:6). The notable partners who can bring capital to the region are international partners. This is recognition of the inevitable neo-liberal global capitalist world economic order. While SADC citizens and their businesses may enjoy preferential treatment, there is a need to accommodate other non-SADC partners and create a win-win approach. A totally neo-liberal approach has failed to deliver, and some way of regulating neo-liberal capitalism would be required to protect poor and economically vulnerable people.

In a separate high-level dialogue organised by the Southern Africa Trust and Flemish Government, issues of regional integration and related challenges in the regional integration and poverty reduction were raised. The conference was held in Johannesburg on 03 November 2011.

It was attended by state representatives, civil society, private business players and people from the academia. The objective of the dialogue was to look into innovative approaches to the challenges relating to regional integration and poverty reduction. The dialogue also looked at the SADC regional integration model to find out whether it was relevant in coming up with inclusive and equitable economic growth and development (High level Dialogue, 2011:3).

The dialogue discussed the status of integration in the SADC and concluded that there was some progress but the "…integration remains largely fragmented after almost three decades of co-operation!" There was generally lack of an enabling environment that would allow all sectors, private, public and individuals, to contribute in a meaningful way towards regional integration that is structured to fight poverty. It was also noted the importance of direct representation of citizens and their popular participation in all regional issues so that there could be effective and beneficial regional integration. Consultation with the people was important in policy formulation for agenda setting (High Level Dialogue, 2011:3).

It was also noted that despite numerous protocols that were signed and ratified by member states in the SADC, implementation remained poor. Protocols were not domesticated in member states for implementation as well as the challenge of resources and capacity. As an example of the Protocols on Trade and Trade in Services were singled out. Intra-SADC trade remains low as a proportion of the total regional trade despite the SADC free trade area that was established in 2008 in which 85 percent of the tariff lines were being removed (High Level Dialogue, 2011:3).

The challenges of low trade could be a result of inward-looking indigenisation policies. The protocol on Trade in Services had remained a draft for a long time. It was also noted that successful regional integration schemes required champions (High Level Dialogue, 2011:13). For the SADC, South Africa could very well play the role of a champion as did Germany and France in Europe, Malaysia and Indonesia in the ASEAN, and Brazil, Argentina and Venezuela in South America. There was also a need to encourage private sector participation. The dialogue called for more inclusive approaches to integration if poverty is to be addressed. Furthermore, the region was reminded that it is competing with other regions for investment so there was a need for investor-friendly policies and reduced costs of doing business guided by a transparent regulatory framework (High Level Dialogue, 2011:25).

8.2.3 Bi-lateral Investment in the SADC

One issue that indigenisation seeks to address is the inequality in the distribution of wealth. In cases where investors are foreign there is usually a requirement that the foreign investor allows a stated percentage of the business to be owned by an indigenous investor. The percentages of investment levels vary from country to country and in some cases sector to sector. The thrust of indigenisation laws and policies would be to promote greater participation of indigenous people in the economies of their countries. In the SADC there are no harmonised indigenisation laws and any non-citizen of a country would be required to meet the country-specific legal requirements. However, there is a framework that was developed called the Bilateral Investment Treaty (BIT) template to assist SADC countries in coming-up with treaties which manage trade and investment (SADC, 2012:3).

The SADC model of a bilateral investment treaty is informed by the SADC protocol on finance and investment. The overall goal of the protocol is to promote the harmonisation of SADC member state’s investment policies and laws. The model in not legally binding, but states can choose any sections or elements of the model or template they wish to include in their treaty. Each individual state has the ultimate responsibility to choose clauses it wants to include in the treaty (SADC, 2012:3). This flexibility in coming-up with investment treaties results in a fragmented approach to investment in the region. Even the intra-SADC investment would not be standardised. With states operating different indigenisation laws in the SADC, there are bound to be many treaties which do not conform to the SADC protocol on finance and investment, especially on the harmonisation of member state’s investment policies and laws. If indigenisation was found to be common and popular in the SADC, then the laws regarding investments should be synchronised to promote investment by business and citizens of other states.

Trade and investment are essential pillars that support international economic relations. International trade between countries is regulated by bilateral or regional trade agreements. In some cases, it is governed by multilateral trade regulations or rules which are found under different World Trade Organisation agreements. In the SADC there is no regional or multilateral framework for governing cross-border investment. Without multilateral regulations or rules on foreign investment, states have no option but to resort to bilateral agreements on investment.

This would then provide a legally binding regulatory framework for foreign investment (Woolfrey, 2014:1,3 and 13).

Bilateral investment treaties are international agreements that are made between two states which come up with terms and conditions for investment by nationals or businesses from either of the two states. One of the key terms is to do with equitable treatment of investors. Also, of concern is the issue of non-discrimination and full protection of investment (Woofrey, 2014:2). However, BITs have the flexibility that state parties can meet their national policy objectives. For a state that is pursing the ethic of indigenisation to ensure its citizen benefit from the investment, they are expected to meet their national legal requirements. Since indigenisation or economic empowerment laws in SADC states do not define a SADC citizen as equal to a citizen of any member state, some discrimination or preferential treatment will be experienced between foreign investors from the region and national investors. SADC citizens are not in any way distinguished from other international investors unless a bilateral investment treaty has special clauses to that effect. To promote the development of regional capitalism and the indigenous capitalists, there has to be a way of promoting SADC citizens ahead of other international investors. This would also help in wealth distribution and creation for development and poverty alleviation, an essential SADC integration goal (SADC, 2003:14).

To allow for deeper integration there has to be equal treatment of SADC regional investors and national investors. SADC regional investors should be encouraged to invest in areas where they have national comparative advantage. This will boost the SADC regional economic efficiency, making the region globally competitive. Allowing regional investors to invest in areas where they have comparative advantage will improve the regional specialisation and thus improve on regional competitiveness. Removal of discriminative national laws that promote indigenisation at the national level with indigenisation laws at the regional level can help protect the regional investors from international competition and allow for the growth of the regional economy, further providing for poverty alleviation. Such a regional approach should enable more regional citizens to participate more in the regional economy and develop deeper integration in the long run.

8.2.4 Revised SADC RISDP Indigenisation, Intra-regional Investment and Indigenisation

The RISDP was the strategic document which provided direction to the SADC council of ministers. It translated the SADC Common Agenda or objectives into implantable initiatives. The RISDP was a 15 year plan from 2003 when it was adopted by the SADC Arusha Summit (SADC, 2015b:2).

According to Mureverwi (2016:1), the original RISDP of 2003 focused more on market integration and clearly had no laid down plan for the industrialisation of SADC. A mid-term review of the RISDP was carried out to give fundamental reflection in the form of an enquiry that was designed to ensure the regional and global dynamics and realities were accommodated in the way forward for the SADC. A revised RISDP was adopted at the same time with the SADC industrialisation strategy. The industrialisation strategy 2015-2063 was adopted by the same Summit in 2015.

Noting the failure of the earlier RISDP in addressing the overarching SADC goal of poverty alleviation and economic development in the region, the industrialisation strategy was an inclusive long-term modernisation and economic transformation scheme that was to enable an effective and sustainable improvement of the living standards of the majority of the SADC people. The industrialisation strategy was to help SADC catch-up with other industrialised countries.

The revised RISDP priorities for 2015-2020 were:

1. Industrial development and market integration;
2. Infrastructure in support of regional integration;
3. Peace and security cooperation; and
4. Special programmes of a regional dimension (SADC 2015b:6).

Of interest to this study would be the industrial development and market integration pillar. In this pillar the SADC wished to come-up with sustainable industrial development, productive competitiveness and supply side capacity. It undertook to promote free movement of goods and services. Also, in the industrial development and market integration pillar was the convergence of macroeconomics with the idea of bringing about regional economic stability. Another element of the industrial development and market integration pillar was financial market integration and monetary co-operation. The fifth element of the pillar was promotion of intra-regional investment and foreign direct investment (SADC, 2015c:22). The revised strategy also recognised the important role the private sector needed to play towards sustainable industrial development, trade integration and financial cooperation. There was emphasis on the need to increase public-private partnerships in industrialisation and business. To promote private sector participation there was a need for member states to improve on their ease of doing business and competitiveness. In this regard there was to be a rating of SADC member states on the ease of doing business (SADC: 2015b:16).

The revised RISDP was however silent on the role of the SADC citizens in investments, especially how it was to address the long-standing challenge of economic inequalities. There is no regional policy on intra-regional investment, and this has been left to bilateral investment treaties which are negotiated by countries. Cross-Border Investment (CBI) refers to the flows of capital, both private and public between countries. The amount of CBI is used to measure the level, depth, nature and content of socio-economic integration in a regional economic community. This is a source of foreign direct investment which usually affects the economies of developing countries positively, such as those in the SADC (Mougani, Rivera, Zhang, Mbeng Mezui, Kim, Mupotola, and Addison, 2013:1). However, the African Development Bank Group (ADBG) observed that, unlike the Asian region where intra-regional cross boarder investment accounts for 30 percent of the total FDI, in Africa the SADC included FDI which essentially comes from abroad and is concentrated mainly in the oil and mining sectors. ADBG attributes this low intra-regional investment to institutional barriers and underdeveloped financial markets among other things (Mougani et al, 2013). Also, to note are barriers such as the African ethic of indigenisation which discriminates against even fellow members of the same region. Mougani et al (2013) noted that there has been an increased interest in promoting CBI in SADC through the protocol on finance and investment despite this intra-regional CBI in Africa remaining low at 5 percent of total FDI in Africa. In the SADC intra-regional cross-border investment remains a small share of the overall FDI inflows. There is need for a trade-deepening regional policy, with strategies and incentives for promoting CBI. One form of incentive would be to redefine indigenous people or investors in the region.

A purposeful regional integration modelled around indigenisation can encourage the SADC CBI to invest anywhere in the region. It is essential to promote regional indigenous value chains in which those defined as indigenous to the region are given preferential treatment. In this thinking sectors can be identified where countries in the region are known to have comparative advantage and their businesses or investors would then be allowed to invest in any SADC country without the restrictions by the local indigenous laws and policies. For example, Botswana has expertise in diamond processing and beneficiation. Companies from Botswana can then be allowed to invest say in Zimbabwe or even the Democratic Republic of Congo (DRC) and help in beneficiation from diamonds. Similarly, since Zambia is renowned for copper and has better expertise in the area they can be allowed without restrictions or with preferential treatment to invest in the copper industry in any SADC country ahead of other international investors. Zimbabwe can be allowed the same advantages in the education, agriculture and tobacco industries. While the DRC can focus on power generation, transmission and distribution, such specialisation can help in developing deep regional integration and promote greater participation of indigenous people in the regional economy.

Greater participation of the regional indigenous people in regional investment can help develop durable and sustainable industrialisation and economic development for the SADC. The indigenisation laws in member states need to be aligned regionally. Such laws have failed at the national level and have achieved in restricting FDI from beyond SADC and even the CBI intra-SADC investments. Mougani et al (2013:4) identified what they called “business climate barriers”. Key among them were:

1. **Unclear and arbitrary administrative requirements:** These requirements simply hinge on the treatment of foreign investors. It is very difficult for people or foreign businesses to obtain business permits or even for work permits. It is difficult for non-citizens to be given a work permit even if they are from SADC. Some SADC countries have restricted labour inflows only to areas where they have limited expertise. If SADC

citizens or businesses are redefined as indigenous to the region under some framework, then this barrier will be eliminated.

2. **Uncertainty arising from different interpretation of provisions of new legislation and frequency of changes in laws**: Laws which fall into this category of obstacles are those related to indigenisation or black economic empowerment. These laws have been changing many times especially for Zimbabwe where 51 percent equity was required to be reserved for locals. This law was changed only to remain effective for investments in natural resources such as mining. The fluidity in the making of such laws and lack of clarity has been a big setback for CBI, thus restricting intra-regional trade and investment. In some cases, non-SADC investors are given a better deal than smaller investors from the region, which Mougani et al (2013:4) described as a "big ticket" investment project preference. There is need for clear ethical laws which promote regional investors.

3. **Increased competition and high-risk factors:** The political situations in a number of SADC countries like Zimbabwe, Madagascar and Swaziland have made the countries to be regarded as high risk investment destinations. The situation is made worse by the fact that the economies of most SADC countries depend on low value raw materials which suffer from global price instability. Furthermore, global competition for FDI has increased and investors regard Africa as a high-risk area. There is a need to come-up with investor-friendly policies that attract investment in SADC.

Mougani et al (2013:7) recommended that for the SADC to realise an improvement in intra-regional investment there must be a strategy to address that the above-stated business climate barriers. In the strategy regional investors must not face the same constraints as investors from outside the SADC. Typically, this is an approach in which special treatment is given to SADC citizens for their investment in the region. This thinking is similar to the economic ethic of indigenisation but being implemented a regional level.

All SADC investors would be regarded as indigenous and would have special treatment. Intra-SADC investors can be given an opportunity to invest in special projects in which they or their countries have comparative advantage. They would accelerate deeper regional integration and the greater involvement of SADC citizens in the economic activities of the region. This will empower and benefit SADC citizens. More elaborate initiatives can be made to involve the majority poor people in the investments. Another important suggestion by the Mougani et al (2013:7) was to facilitate the movement of professionals and business operators. In the intra-regional investment strategy, there should be free movement of professionals to fill gaps in skilled labour shortage. They however worked against complete freedom of movement. Complete free movement of people would be the best, but this would require a protocol which may take time because of political reluctance. Therefore, the implementation could start by targeting the free movement of professionals and investors or business operators. These can be identified in terms of sectors or quotas per country (Mougani et al, 2013:7). Such a strategy could help in developing SADCapitalism and help domesticate capitalism, leading to the alleviation of poverty in the region. Such an international/regional development strategy would be more ethical as it improves the living standards of the majority of SADC citizens.

Though intra-regional FDI has remained limited in Africa, Nkuna (2017:1) observed that globally there has been a sharp increase in FDI to developing countries. Furthermore, one third of the total FDI inflows reported by developing countries were from other developing countries. Clearly, intra-regional trade in developing countries will promote economic development and help alleviate poverty.

The SADC Finance and Investment protocol in article 18 recognises the importance of the link between investment and trade. To that end, for the SADC to have an increase in regional trade the protocol supports an increase in intra-regional investment. To achieve this, state parties to the protocol agreed to openness in trade and intra-regional industrial policies and to reduce barriers to intra-regional trade in line with the SADC protocol on trade. The protocol in article 19 further calls for the harmonisation of policies and laws to enable the SADC to develop into an investment zone with harmonised investment frameworks, policies, laws and practices with the aim of enhancing regional integration (SADC, 2006:33).

The protocol on Finance and Investment is clear on the harmonisation of policies and laws which regulate intra-regional investment, though there is emphasis on banking laws. Unfortunately, for SADC there is still a fragmented approach to any investment that comes to any SADC state from outside its borders. The economic ethic of indigenisation appears to be one of the major barriers to intra-regional trade. Each member state has its own approach on how to promote what are called indigenous people or citizens. If more trade is to be realised, then there is a need to promote intra-regional investment. The definition of indigenous people and business needs not separate or distinguish between the SADC citizens. This would promote greater involvement into the regional activities by the people of SADC. By greater involvement people in the region can bring about the increase in SADC capitalists who will facilitate sustainable regional developments which in-turn alleviates poverty in SADC. Neo-liberal capitalism applied on its own has not produced the desired results of alleviating poverty. Similarly, SADC regional integration in its present form has not brought economic relief to the majority poor people of the SADC. The same can be said for the African economic ethic of indigenisation as it was implemented at national levels in SADC states. There is need for an ethical policy that serves the interests of the majority of the people.

A middle of the road policy is suggested in which the African economic ethic of indigenisation can be redefined and prescribed to cover citizens of the region and their businesses. There is need to agree regionally and harmonise the ownership levels of business for them to be regarded as indigenous. Furthermore, businesses which meet the minimum indigenisation requirements should be allowed to invest freely anywhere in the region. This will promote the local regional capitalist who will drive regional capitalism in the form of 'SADCapitalism'. The region is bound to grow sustainably, and the created wealth will remain circulating locally to alleviate poverty in the region.

On 29 April 2015 the SADC Summit agreed on a SADC industrialisation strategy and roadmap 2015-2063. In this strategy the summit tasked the secretariat to come-up with a detailed action plan with costs for implementation. This action plan was finalised and approved by the summit on 18 March 2017 (SADC, 2015c:6; SADC, 2017a:1). The need for a SADC strategy came out of the realisation of the need for SADC to transform its economy through leveraging the region's economy on the diverse resource beneficiation and value addition. This was expected to lead to sustainable economic and social development and the ultimate eradication of poverty. The strategy noted the low intra-regional trade which was at 17 percent of the total regional trade. Again, the strategy noted that the low intra-regional trade showed that the emphasis on the elimination of tariffs had not produced the desired results of enhancing the quality of life and well-being of SADC people. In utilitarianism, the efforts in SADC had no utility and hence had not met the utilitarian ethical requirements of an economic policy (SADC, 2015d:6).

The industrialisation strategy was expected to be an effective strategy for boosting regional productive capacity of SADC industries. This was to be achieved with the support of enabling infrastructure to leverage regional industrial development, technological advancement and skills development by taking full advantage of opportunities on the market offered by trade liberalisation.

There was need for governments and private sector partnerships to develop regional value chains. Innovation was also called for in finding solutions to funding problems which had been one of the major challenges regarding industrialisation in the region. Public private partnerships were to be funded through a Regional Development Fund which needed to be put in place. Co-operation with international partners was to be guided by the strategy and Roadmap 2015-2063 and their investments were to complement the regional industrialisation initiatives (SADC, 2015c:6).

The strategy clearly accepted the need to work with international partners and this in a way acknowledges the dominance of global neo-liberal capitalism. By implication the SADC industrialisation would have to be done in partnership with international investors. However, the promotion of SADC industries and SADC citizens' investment into the region would give the region the opportunity to develop in a sustainable way as the wealth created by SADC capitalists is highly likely to be circulated in SADC. This would support the regional economy further, unlike wealth that is created by international partners who will repatriate their benefits to their source countries. A regional empowerment or indigenisation model can be developed to promote local 'SADCapitalism' for sustainable development, economic development that continues to support itself into the future.

In the value chains indicated by the Industrialisation Strategy and Roadmap, industries or companies from countries where there is comparative advantage should be allowed to invest in any SADC state and improve the efficiency of the whole SADC industrial base. Even the initial RISDP expressed the agreed position of the SADC Summit that there should be free and easy movement of capital for intra-regional investment and industrialisation, though there was a notable emphasis on the banking industry. The free movement of SADC citizens and SADC registered businesses was not clearly stated (SADC, 2003:27). Intra-regional investment or industrialisation in SADC would allow international investors to develop confidence in SADC economies. In this case, if investments are crossing boarders then countries in the region will be having confidence in each other. International investors are likely to start build confidence in the SADC countries as good destinations for investment (SADC, 2003:27).

The SADC Industrialisation Plan of 2015 was alert to the need for free movement of investments, goods and services. Also noted was the importance of the private sector in developing the region. There was a need to harmonise the member states' investment laws which were regarded as similar. A closer look at the Industrialisation Plan shows that there was mention of empowerment, but emphasis was on the youth and women. The words indigenisation or affirmative action were never mentioned (SADC, 2015b:15). There was a need to involve indigenous SADC citizens in the industrialisation process for sustainable development and the alleviation of poverty.

8.3 Conclusion

This chapter analysed how and to what extent the SADC in its treaty, protocols, initiatives and programmes took on board the African economic ethic of indigenisation. The chapter presented the SADC regional integration objectives and initiatives before doing an analysis of the extent to which they express the African economic ethic of indigenisation.

It came out from the chapter that in its protocol signed in 1992, the SADC region expressed a desire to eradicate poverty as its overarching goal or objective. To an extent, if the region had achieved in eradicating poverty, it would have addressed one of the fundamental concerns of the African economic ethic of indigenisation. What did not come out in SADC policies is a clear expression to want to correct the unequal wealth distribution in citizens of the region which came about as a result of colonial or apartheid discriminatory policies. No clear mention of these historical economic imbalances was mentioned or expressed in the SADC policies except the recognition that the majority of the people in the region lived in poverty which needed alleviation.

The RISDP appears to have been influenced more by the NEPAD which is seen by many as another attempt to bring in neo-liberal capitalist policies into Africa and indeed SADC. The RISDP is the strategic guide for SADC which assists the region in putting its Common Agenda issues into operation. The RISDP also emphasised the need to eradicate poverty as the overarching SADC objective. It provided a guideline on how the SADC region could achieve deeper economic integration by promoting free trade, reducing barriers to trade and investment, promoting easy and free movement of capital and labour. It did not however bring about the idea of preferential treatment of citizens of SADC in investments. Intra-regional investment is to be guided by bilateral investment treaties. This would be a negotiated arrangement between two member states. However, the SADC provides guidelines to such treaties, but member states are not compelled to follow the guidelines religiously. Again, member states are expected to be guided by their own national laws and policies in coming-up with the bilateral investment treaties. Given the different approaches and understanding of the African economic ethic of indigenisation in different SADC member states, the bilateral trade agreements are bound to be different between countries. The non-citizens or investor from one-member state are not regarded or treated as indigenous people by indigenisation or empowerment laws of another state. Their treatment would be subject to the provisions of the bilateral investment treaty. Technically, there is no clear or regional investment policy which favours SADC citizens regionally.

To promote SADC regional capitalism or SADCapitalism there is need to protect regional citizens and treat them as indigenous to the region. They should then be allowed free and easier investment in the region. Some kind of a regional indigenisation policy would be required to promote regional capitalism in which the majority of SADC citizens participate freely in the regional economy. It is hoped that with such a regional capitalist base the region can realise sustainable economic development, eradicate poverty and reduce the inequalities in wealth distribution.

The chapter also observed that the RISDP has a neo-liberal capitalist inclination as guided by NEPAD. The RISDP encourage member states to come-up with favourable investment arrangements for international investors and did not clearly distinguish such investors from the intra-regional investors. The international partners are important for regional economic growth and the provision of technology and funding, but for a sustainable regional economic development which benefits the people of the region there is a need to develop capitalists who are SADC citizens. These would help domesticate capitalism and help eradicate poverty.

The SADC investment protocol of 2006 and the revised RISDP both do not explicitly express indigenisation in the same manner as it is addressed in SADC individual states. The same thing goes for the Regional Industrialisation Roadmap 2015-2063. There is no clear expression of taking the African economic ethic to the regional level. No mention of empowerment, affirmative action or indigenisation was made in the Industrialisation Road Map. However, there was a strong expression of the desire to eradicate poverty and to promote intra-regional trade and investment, but no guidance for these intentions has been derived from historical economic inequalities.

The chapter concludes that there is limited expression of the African economic ethic of indigenisation in the SADC treaty, protocols and initiatives. It is only expressed to the extent the region desires to eradicate poverty as its overarching objective. No explicit expression to address economic inequalities arising from colonialism systems or apartheid was found.

The next chapter is on the challenges being faced in African regional integration with an emphasis on the SADC. The chapter is an attempt to come up with a way to develop SADCapitalism. Given the noted failure of neo-liberal capitalism in Africa, the failure of regional integration and the failure of the African economic ethic of indigenisation to eradicate or alleviate poverty in SADC, there is need to rethink these policies. The next chapter also acknowledges the hegemonic nature of global neo-liberal capitalism, the need for regionalism and the importance of indigenous capitalists in the attempt to come up with a hybrid regional economic approach which calls for the rethinking of the African economic ethic of indigenisation.

CHAPTER NINE: TOWARDS THE RETHINKING OF THE AFRICAN ECONOMIC ETHIC OF INDIGENISATION IN THE SADC

9.0 Introduction

Global neo-liberal capitalism has emerged the dominant economic policy in the world after the end of the Cold War, but at the same time regional integration has become popular throughout the world. Almost all countries in the world belong to at least one regional grouping. The same observations and popularity of global neo-liberal capitalism and regional integration have been noted in Africa and the SADC. Neo-liberal capitalism is regarded as the only approach that can bring economic development to developing countries such as those in the SADC. At the same time, regional integration has been accepted as another way of bringing sustainable development to developing countries.

At the time global neo-liberal capitalist practices and regional integration were becoming increasingly popular in the world, and indeed in Africa, the African economic ethic of indigenisation also became popular in most post-colonial SADC states. The African economic ethic of indigenisation seeks to empower the black people who were previously marginalised by the colonial and apartheid administrations. The thrust of the African economic ethic of indigenisation has been to eliminate the economic inequalities and facilitate greater participation of indigenous people in their economies and eradicate poverty.

Despite the number of years that the SADC countries have implemented neo-liberal capitalist practices in their various forms, no notable reduction in poverty or sustainable economic development has taken place in the SADC. Similarly, the SADC, taking into account its earlier form as the SADCC, has been in existence for almost 40 years, but the region still has the challenge of poverty and skewed wealth distribution among citizens. The African economic ethic of indigenisation has equally failed as it was being implemented in individual SADC states. The failure may not be totally blamed on the SADC region or member states as there are other factors beyond the region. Given these failures and accepting that the three economic approaches are indispensable, this chapter suggests the rethinking of the African economic ethic of indigenisation with a view to coming-up with a proposal that takes on board regionalism and neo-liberal capitalism. It is hoped that in rethinking the African economic ethic of indigenisation, a more sustainable economic development model can be arrived at, a new economic model which can help bridge the gap between the rich and the poor in the SADC, as well as alleviating and eventually eradicating poverty. The thinking in this chapter is informed by the theory of evolutionary economics which argues that economic policies should not be taken to be universally applicable to all situations, but that they should be put into context. Policies should take into account the historical background of countries of region. The theory of evolutionary economics also argues that if an approach to economics has shown that it has some inadequacies, then another better theory or approach will eventually emerge and be implemented.

Also important in rethinking the African economic ethic of indigenisation is the need to be guided by applied ethics principles. The economic approach that is implemented should be one that seeks to maximise benefits for the greatest number of people as argued by utilitarianisms. Otherwise, an economic policy that serves a selected number of people in society is unethical.

In rethinking the African economic ethic of indigenisation, this chapter will also discuss some of the ethical and moral imperatives for indigenisation of the regional integration policy in the SADC. The chapter reviews literature on the ethics and effect of global neo-liberal capitalist practices and how they relate to the efficacy of indigenisation as a policy for domesticating capitalism in Africa with specific focus on the SADC. This chapter also examines the relevance and ethics of indigenisation and global neo-liberal capitalism in the contemporary global political economy.

This chapter is mainly an analytical chapter based on the findings of this study in earlier chapters. From the analysis, the chapter seeks to propose a more ethical approach to the African economic ethic of indigenisation for a more purposeful regional integration in the face of global neo-liberal capitalism. The emphasis being a model which is fair and able to deliver the greatest good to the greatest number of SADC people as argued by utilitarianism. The first section discusses the ethical challenges of neo-liberalism, regional integration and the African economic ethic of indigenisation. The second section focuses on the ethical concerns in the economic development relating to the African union. The third section is an attempt to understand the challenges which are being faced in addressing poverty in SADC by pursing neo-liberal capitalism, regional integration and the African economic ethic of indigenisation. The fourth section of the chapter presents a proposed regional integration model which borrows from the concept of the African economic ethic of indigenisation, regional integration and the global neo-liberal capitalist practices. The fifth section concludes the chapter.

9.1 Ethical Challenges of Neo-liberalism, Regional Integration and the African Economic Ethic of Indigenisation

The African economic ethic of indigenisation is being pursued in the SADC at a time when the global economic landscape has become dominated by neo-liberal capitalism as the preferred economic option by most countries, a situation which seems set to prevail well into the foreseeable twenty first century. Generally, accepting the hegemonic presence of neo-liberal capitalism as a credible economic system for nations and regions, there is need for an analysis of the relevance and appropriateness of the African economic ethic of indigenisation in such a neo-liberal capitalistic global political economy. However, it should be noted that regional integration has also been popular as an economic development framework and with notable success elsewhere.

There have been arguments against regional integration on the grounds that there will be uneven development in countries arising from uneven benefits, but if the security community theory exists and is acceptable in explaining how security challenges in one country can spill over into another country because of proximity as argued by Buzan (1991), then the reverse should be true with a proposed theory the writer would call the 'development community theory', where the early stages of development countries in a regional economic integration arrangement may not realise equal benefits and levels of development, but as time progresses development will spill over into the less developed countries or regions of an integrated region because of proximity, as long as there are conditions to enable free movement of resources. This thinking resonates with the views presented by Lee (2002).

Global neo-liberal capitalist practices focus primarily on creating value or profit from investments anywhere in the world where there is minimum interference by governments in economic matters. Global neo-liberal capitalism has been viewed largely as one of the viable options that African economies should pursue if they are to have sustainable economic development which attracts international capitalist partners who facilitate investment inflows into these economies, and in the process help in the domestication of capitalism in another way.

According to the African Development Bank (2017), in 2016 African economies registered a real GDP growth rate of 2.2 percent. It has been argued that this economic growth has been the result of the global commodity boom leading to increased demand for and consumption of African resources by the emerging economies of Brazil, Russia, India, China and South Africa, the so-called BRICS. The growth rate noted above has not translated into poverty reduction in Africa, a critical requirement for real economic development. Clearly, the capitalist approach would enrich those who are already rich, and further marginalise the poor, as explained by the theory of the leisure class as propounded by Veblen (1898). The economic growth does not translate into economic development if poverty has not been reduced. Indicators are that poverty in Africa has actually increased and so has the population. If Africa is to have a sustainable growth rate that supports economic development, then there is need for ethical policies that seek to eradicate poverty and provide for the greatest good to the greatest number of people as called for by utilitarianism in ethics. In these new evolving circumstances, a new economic model as advocated by the evolutionary economic theory has to be developed to accommodate the African situation. One such model could be regional indigenisation or economic empowerment. Though the policy has not worked at the national leave there is a need to rethink it and consider its appropriateness at the regional level.

Nelson and Winter, (1982:4) argue that it is necessary to move away from self-enriching pure capitalist practices and economic models to those which respect the fundamental human values. The capitalist and the global neo-liberal capitalist practices are known to selfishly and continuously enrich the few who have the economic and political power (Veblen, 1898). At the same time, they create opportunities upon which economic development can be anchored. Global neo-liberal capitalism alone may not be the most suitable model for the SADC, given the weak position and poor standing of the majority people in this complex highly competitive economic matrix. At the same time indigenisation, as it was implemented at the national level, has failed to achieve the desired results of uplifting the lives of the marginalised and reducing the gap between the rich and the poor. Instead it has created a class of very rich Africans who have replaced the foreign capitalists (Murove, 2010:52; Hobden and Jones, 2011:133-136). The individual national approach to indigenisation has thus failed.

Taking from Karl Marx, (1973) and Darwin, (1859) there is a need to accept that economic scenarios change and require an equally fluid and adaptive modelling as argued by the evolutionary theory of economics. The theory of evolutionary economics raises concerns similar to the utilitarianism theory which calls for the greatest benefits to the greatest number of people. Modern economics laws argue that the economics of a country should be allowed to evolve on their own without social or political interference, instead the society and politics if necessary, should only take advantage of such change as it occurs. Such change should see the evolution of economics and better economic systems prevailing over inferior ones, which is what the evolutionary theory of economics would argue for (Innes, 2007:49).

It must however be understood that even in the middle of a desire to develop local capitalism or value addition, in this age of global neo-liberal capitalism nations cannot afford to remain isolated, they need to be a part of the global village. However, the intensity of competition and rivalry in the face of diminishing world resources and the weakness of African states calls for a well thought-out economic development model or strategy.

Fanon (1963:149-155) observed that there was no capitalist model to follow at the regional level in Africa. Instead, a capitalist model was imposed on the continent and a natural development gap was skipped. Fanon argues that the colonial powers never committed themselves to developing their colonies beyond the capacity which enabled them to extract value for the benefit of their home industries. No regional economic structures were built before independence making a weak regional network for value addition and creation. The local economic development was to the extent enough to support accessing to resources in a model which was extractive with the value addition and greater wealth creation (capitalist) processes being undertaken in the colonial masters' country. At independence, the survival of the newly independent states without the colonial masters was not easy. The countries were an extension of the former colonial masters hence a strong interdependence existed Fanon (1963:159). Regional economic structures did not exist, making the post independent Africa countries weakly connected to each other with no economic model or infrastructure to support regional value creation (capitalism). Even to date countries in Africa remain economically connected strongly to their former colonial masters.

To avoid economic failure, replacing the traditional colonial economic network with a local or regional indigenous entrepreneur there is a need to facilitate the development of national or regional value addition and value creation capacity (regional capitalism). Innes (2007:50) argued that the African economies were taken off track and the role of policies such as BEE or indigenisation was to bring them back on the track and allow the economies to evolve naturally.

Most of the existing post-independence bourgeoisie and their intermediary sector have been configured to serve the former colonial economic network (Fanon, 1963:179). These need to be replaced with a new crop of capitalist who are committed to the growth of local indigenous capitalism which benefits the majority of the people of the region.

A regional approach to the global economy offers greater collective regional competitiveness in the face of global neo-liberal capitalism. This will complement the effort of searching for regional economic development. Inasmuch as global neo-liberal capitalism may bring economic growth, if it is not checked it may not bring economic development in the real sense of improving the well-being of the majority poor people in the SADC. Regional integration can provide the much-needed buffer to protect the weak SADC economies and the poor majority people of the region. It will also act as an entry or exit platform for SADC countries into the highly competitive global neo-liberal capitalist economy. The SADC region, with its own indigenous capitalists, will act as a collective capitalist economy in the global system.

Collectively domesticating capitalism in the SADC gives the region greater scope for purposeful economic integration and global economic competitiveness by producing its own high value products rather than continuing to export low value products and raw materials, an approach which from colonial history has been the back bone of Africa’s exploitation. SADC countries therefore need to band together and pool their natural resources. By strengthening ties with like-minded neighbours, building upon their individual strengths and that of their neighbours, the SADC countries will realise self-sustained economic development, especially in the area of industrialisation which is essential in domesticating capitalism. Differences in national resources endowment will lead to a deepening of specialisation patterns which will benefit all countries involved in the integration process. A purposeful regional integration would see the efficient reallocation of production resources and specialized economic roles based on individual country strengths. This allows for the collective regional exploitation of national comparative advantages, thus strengthening the region's ability to bargain with non-SADC powers on a more equal basis (Schraeder, 2007:170).

Domestication of capitalism gives it an African character that is ethical and able to deliver the greatest good to the greatest number of people (Driver, 2007:44). Equally important in the process is to be able to define clearly the new role of the SADC economy in the global economic setting. In rethinking the ethic of indigenisation, the study will seek to define the new role of the SADC in the global economy through a purposeful SADC regional integration that is informed by a regional indigenisation concept.

Leys (2007:11) took the view that whichever way development is defined it must involve the accumulation of capital. Capital accumulation allows surplus to be generated. and from this surplus, investments are made for more output or wealth creation and for leisure or for improving the quality of life. Leys (2007:11) argued further that some of the most efficient organisations in wealth creation and accumulation are the multinational corporations (MNC). He however recognised the role of the 'local' domestic, 'national' (and perhaps, 'indigenous') capitalists in their individual or collective capacities in the process of accumulation of wealth. He argues that the indigenous people cannot be left out as they influence the process of capital accumulation through their social cohesion, political power, and ideological influence they enjoy. They can therefore not be left out in the process of capital accumulation because MNCs are known only to operate in a limited number of sectors such as soft drinks, fuel and oil distribution, beer, construction, and mining.

The key question is whether African capitalist classes really existed, and, if so, how independent they were from foreign capitalists, "as opposed to being compradors – mere conduits or agents of foreign capital, with no capacity or will to enforce their own independent interests at the expense of the interests of foreign capital or to promote 'national' capitalist development" Leys (2007:12). African capitalists should not be proxies of foreign capitalists as this would not make them serve the interests of their own people, hence the need for domestication of capitalism.

9.2 The Ethical Concerns in the Economic Development of the African Union

Calls for a Pan Africanist approach of “many voices” and “one vision”, as Adejumobi and Olukoshi (2008:4) put it, had the ultimate objective of political renewal, reversal of the trend of socioeconomic decline and marginalisation and mainstream Africa in the global political economy. With Africans having been systematically marginalised from participating in the mainstream economic activities of their countries, their opportunities to participate meaningfully in the global political economy have been even further reduced. In most SADC states efforts to address the issue of economic marginalisation are being made through policies which were inward-looking and focusing on the redistribution of wealth and involvement of the black people in the mainstream national economic activities. There was therefore a need to harmonise the regional economic integration objective that focuses on the global political economy as was noted by Nkrumah in 1964 as a way of making Africa define its role in the global economy:

> “As I have said time and again the salvation of Africa lies in Unity. Only a union government can safeguard the hard-won freedom of the various African states. Africa is rich, its resources are vast and yet African states are poor. It is only in a union government that we can find the capital development of the immense economic resources of Africa.” Kwame Nkrumah May 24, 1964 (Adejumobi, 2008:3).

Unlike the current practice in the African economic ethic of indigenisation which focuses on the local state political economy, the Pan Africanist view by Nkrumah argues for united regional approach to the global neo-liberal economy. If the African economic ethic of indigenisation is to succeed there is a need to rethink the approach at a regional level with the ultimate aim of securing relevance for the black Africans in the global political economy.

The African Union observes two commonly shared views and challenges of African countries. Firstly, the overdependence on the external world and secondly the under-exploitation of development potential at the continental, regional and national levels (Adejumobi, 2008: 4). These concerns call for the need to empower the majority people to make them self-reliant and then be able to exploit their national, regional and continental economic potential. The commonality of these challenges in Africa has been the major source of calls for unity in Africa. To advance the pan-Africanist agenda there was among others the Lagos Plan of Action, the

African Alternative to the Structural Adjustment Programme and the New Partnership for African's Development (NEPAD). All these regional institutional arrangements seek to address the two challenges mentioned above though approaching these issues from different policy perspectives (Adejumobi 2008:4).

The Logos Plan of Action called for economic self-reliance and a central role for the state in the control of the economy. NEPAD is a market-based approach which seeks to have a liberated private sector. Clearly, NEPAD is neo-liberal. What seems absent from these approaches is the focus on the indigenous people. Though like in Southern Africa, indigenisation and economic empowerment policies are emphasised at the national level, and no significant expression is notable at the regional level.

The African Union (AU) was later formed in 2002 taking over from the OAU which had achieved its key objective of the total liberation of African. The AU was formed to correct some perceived inadequacies of the OAU such as having been a "club of dictators" where the leaders played around with the principle of sovereignty to further their dictatorship in the countries. The Agenda for the AU was refocused to the institutionalisation of norms and standards of democracy, human rights and rule of law and also to accelerate economic development in African states. The thrust of the AU was more towards transnational political, economic and social integration, unlike the OAU which was more concerned with the total liberation of Africa. The AU was more people-driven than leader-centric (Adejumobi, 2008: 2). Another new feature of the AU was the coordinated African responses to global developments and development of consensus on key issues of trade and commerce.

9.3 The Failure of Economic Policies to Address the Challenges of Poverty and Economic Development in the SADC

It has been noted that neo-liberal capitalism has the effect of making the poor in Africa worse-off. At the same time, regional integration as it has been pursued, has failed to address the challenge of poverty and wealth distribution in the SADC. Post-colonial and post-apartheid SADC states have pursued the African economic ethic of indigenisation from a nationalistic view. The African economic ethic of indigenisation, as it was implemented at the national level, has failed to address the challenge of poverty and skewed wealth distribution. Even though the three economic systems or approaches have failed to address the major economic and developmental concerns of the SADC, they are supported by strong economic arguments which make it difficult to totally ignore any of the approaches. The three economic approaches have been competing for supremacy, but neo-liberal capitalism emerged as the most dominant of the three because of the support it has had from the major economic players in the global economy, but its appropriateness in the SADC has been questionable as will be discussed it in the next section.

9.3.1 Global Neo-liberal Capitalism, Poverty and Economic Development in the SADC

The economic influence of global neo-liberalism is significant to any country or region such that in rethinking the way forward for the SADC the region cannot ignore neo-liberal capitalism. Global neo-liberal capitalism is argued to be an approach that promotes global economic efficiency. In this argument, capital modality is such that capital is attracted to countries or regions which offer an economic environment that promotes greater return on investment and where there is security of investment. For the SADC one of the major challenges has been to attract Foreign Direct Investment (FDI). FDI is essential in providing the capital to boost investment, industrialisation and technological transfer into the SADC. With capital injection in the SADC it is expected that the region's economy would be stimulated and would grow such that there would be higher levels of employment an improvement in the living standard of the people. Generally, global neo-liberal capitalism would help SADC countries or the SADC region to attract the much need capital to develop the economies. The traditional colonial global investors focused on mining and to some extent agriculture. The business models which were followed by white colonial governments and global liberal capitalists were, however, not bringing the wealth to the poor majority people in the SADC. Instead, there was a tendency to pursue unethical and selfish extractive policies which benefitted the colonial capitalist investors more than the SADC people. But there is no doubt that neo-liberal capitalism cannot be ignored in rethinking the appropriate economic approach for the SADC. There is a need to engage global neo-liberal capitalists who would come to the SADC and also to ensure that their activities and investments benefit the poor majority people of the region and at the same time meet their business expectations.

9.3.2 Regional Integration in the SADC and Poverty and Economic Development

Like global neo-liberal capitalism, regional integration is popular throughout the world. The thinking in regional integration has been that there would be efficient allocation of resources and the region as a whole would become economically efficient, promoting economic growth. Also, in regionalism is the idea that weaker economies, like those of most of the SADC states, enjoy the protection of a region by receiving preferential treatment that protects its citizens from unethical and unfair competition from international players. It is believed that with that protection weak economies would be given a chance to grow without being directly exposed to the challenging global capitalist market. For this to work, there has to be strong regional institutions and a common or collective approach to support the integration. Also critical is that the region must be deeply integrated to allow the free movement of resources. This would include free movement of people and resources, an idea which should inform the rethinking and redefinition of indigenisation.

For the SADC, regionalism has failed because there is a lack of political will to implement some of the agreed protocols. In addition, the region is not deeply integrated as movements of capital, labour and other resources are still affected by many barriers, some of which are the indigenisation laws and policies of individual member states. The indigenisation laws have not been harmonised so intra-regional investment has been restricted because other SADC investors are not regarded as citizens in other countries. Furthermore, there has been very low intra-regional capital movement because the region does not have the resources and capacity to invest. This is the gap which needs to be filled in by the global neo-liberal capitalists in a win-win arrangement.

The indigenous SADC people have also failed to invest in their own countries because of lack of capital. The greater participation of SADC citizens in their regional economy helps improve the depth of regional integration. By participating in the regional economy, they can help in the efficient regional redistribution of wealth enabling the creation of some SADC capitalists who will drive economic growth. Regional integration in the SADC is focused on alleviating poverty and improving the well-being of the SADC people. Without capital for the indigenous people to participate in the regional or national economies the region would not be able to address poverty and wealth distribution. There is therefore a need to rethink the SADC regional integration model because it does not pursue ethical policies which support the poor, despite poverty alleviation being the region's overarching objective. In rethinking the SADC structures and regional integration model there is need to develop a regional integration which encourages the poor to participate more in the regional economy and also pursue strategies which reduce poverty.

9.3.3 The African Economic Ethic of Indigenisation and Poverty and Economic Development in the SADC

The African economic ethic of indigenisation was introduced by many SADC countries to reduce the wealth gap or economic inequalities between those who were unethically discriminated upon and the former colonial rulers or apartheid. Also critical in the African economic ethic of indigenisation drive has been the desire to alleviate poverty. One big challenge which was faced in the implementation of the African economic ethic of indigenisation has been lack of funding to participate effectively or buy shares in companies which were owned by the former colonial rulers. The rich have remained ahead of the poor and the poor have remained poor.

The ethic has been criticised for bringing up a new crop of capitalists who were politically connected and have not come out to support fellow indigenous people. The national economic policies have failed to alleviate poverty and most of the people still suffer high levels of poverty. Furthermore, the indigenous policies in different SADC states are not harmonised. They define the indigenous person differently.

At the regional level, though there are policies and initiatives that emphasise poverty alleviation, no policy or document from the SADC talks of the empowerment of the previously disadvantaged people. While some SADC policies make statements that appear to favour indigenisation, there has not been any clear policy on indigenisation or economic empowerment for the whole region. This is despite the popularity of indigenisation in the SADC countries.

To enhance deeper integration there has to be free movement of intra-regional capital, people and trade. The investment by SADC citizens in the regional economy would help in returning regional resources and maintaining them within the region to further support regional economic growth. Furthermore, the opening up of the regional economy to regional citizens would allow them access to a broader market and enhance the efficient utilisation and allocation of resources based on comparative advantages of member states. Such an arrangement would make the region more competitive on the global neo-liberal capitalist market. The greatest beneficiaries will then be the majority of the poor SADC people. Investment by SADC investors would help develop the much needed 'SADCapitalism' and citizen capitalists who will help in the domestication of capitalism in the SADC for development.

This thesis will now briefly examine how the SADC regional integration and the African economic ethic of indigenisation can be reviewed in order to come-up with a strategy that is focused on poverty eradication, as well as economic development in the SADC region.

9.4 Rethinking the African Economic Ethic of Indigenisation for the Purpose of Sustainable Regional Integration

The challenge of inequalities in the SADC cannot be addressed without some form of affirmative action, economic empowerment or indigenisation. In the highly competitive global neo-liberal capitalist economic environment there are slim chances of success for the poor indigenous people who suffered unethical discrimination during the colonialist and apartheid eras. However, in rethinking the African economic ethic of indigenisation, there should be recognition that indigenisation has failed to eradicate poverty as it was being implemented at the national level. The new thinking in the implementation of the African economic ethic of indigenisation should embrace the current realities of neo-liberal capitalism and the importance of regional integration. Again, the indigenisation drive should complement regional integration. Most importantly, to allow for greater participation of all SADC citizens there is a need to redefine who is regarded as an indigenous person.

9.4.1 Redefining the Indigenous People and Businesses.

The study has shown that the current practice of indigenisation, affirmative action or black economic empowerment has failed to serve its purpose mainly of reducing the wealth gap and poverty especially among the poor majority who are said to have been marginalised by apartheid of colonial policies. The ethic has been abused to benefit a few well positioned people. There is also realisation that most descendants of former colonial settlers have no other home they know for more than a century or four generations. It has also come out that the African economic ethic of indigenisation was a temporary measure which at some point must end and all citizens of SADC begin enjoying the same social and economic status. This research therefore argues that there is a need to rethink this approach. There is a sense that the African economic ethic of indigenisation has out-lived its purpose.

To create SADC citizens who are defined as indigenous throughout out the region, there is a need to redefine the term ‘indigenous’. As a starting point there must be a common definition of what an indigenous person or business is. In some SADC countries the indigenous people have been identified simply as those people who were marginalised and subjected to discrimination by previous administrative colonial or apartheid systems. In others it was simply the citizens of those countries. It is now time to allow all Whites, Indians and Coloureds who are descendants of settlers to be accorded the same status as those currently being given to blacks in the current African economic ethic of indigenisation. The inclusion of all these groups should stimulate confidence in all and greater co-operation can be realised for the much-needed all-inclusive economic development and poverty eradication. A SADC citizen should then be defined using an agree framework as say one with a traceable fourth generation descendance. Such a citizen should be allowed free movement and investment in the SADC region in a more purposeful regional integration approach.

The SADC economy needs to be part of the global neo-liberal capitalist economy, and its success in this highly competitive environment is among other issues is dependent on the quality and efficiency in the production of goods and provision of services in the region. This is the value addition and value creation process or simply capitalism. The regional capitalism must be efficient to succeed in the global market. The region should operate as a collective rather than individual countries to survive in the global capitalist market. Furthermore, if the region is to provide an economic shield to SADC states against global competition, there has to be a well-established system of cooperation and interdependence of states within the SADC region.

To develop the regional efficiency and collaborative interdependence the countries in the SADC need to participate in areas they feel they have the best competencies or comparative advantages. In doing so, countries support each other in a more efficient way that enables the region to compete well in the global capitalist economy.

A more meaningful regional co-operation can be one in which countries and their citizens, as redefined above, are allowed or given preference to invest freely in the SADC region especially in areas where they have comparative advantage. As an example, Botswana has a well-established diamond polishing and beneficiation industry. The Botswana companies should be given preferential or free treatment to invest in diamond polishing and beneficiation anywhere in the SADC region, provided they are certified as meeting prescribed regional indigenisation ownership requirements. The Democratic Republic of Congo has huge power generation capacity and can be allowed to conduct business anywhere in the SADC freely in the area of electricity generation and distribution. Zimbabwe has the comparative advantage in the area of agriculture, especially tobacco farming. The Zimbabwean and South African farmers and related industries can be allowed to operate in the region and help improve agricultural productivity. Namibia and Botswana are good in the beef industry. Tanzania has expertise in tourism. Angola has the oil industry comparative advantage while Zambia has comparative advantage in the copper industry. South Africa has a well-developed mining and manufacturing industry and can be allowed to invest in the SADC region freely.

For a company to be granted regional free investment option, it is suggested that it should be given the indigenous status clearance by an agree regional or national procedure to avoid the abuse of the facility. Failure to do so could lead to continued exploitation of the poor majority and the widening of the wealth divide in the global capitalist environment. This thinking argues for all SADC registered companies which are owned by SADC citizens to be allowed to invest freely anywhere in the region. A purposeful regional integration in which countries can be allowed to specialise in areas where they have comparative advantage can help develop regional efficiency and make it more competitive in the global neo-liberal capitalist economy. Collectively the region can develop unlike when individual countries subject themselves to global neo-liberal capitalism. It should follow that regional development would help in dealing with poverty.

As the SADC revisits the African economic ethic of indigenisation it should accommodate global neo-liberal capitalism. This can be helpful in bringing in the much needed FDI. This is on the understanding that the SADC region may not have enough capital for notable economic development. A new regional indigenisation approach that embraces regionalism and global neo-liberal capitalism may offer the SADC the opportunity to overcome some of the biggest challenges it faces of poverty and wealthy redistribution. The new thinking can end up benefitting the majority of the SADC citizens. When governments and the region make economic policy options, they must ensure they are ethically maximising the utility derived from such policies for the benefit of the greatest number of people, as argued by utilitarianism in ethics. Neo-liberalism on its own without regionalism and regionalism on its own without the participation of the majority of the people will not deliver the greatest good to the greatest number of people. The RISDP should be revisited to take on board such new thinking.

In the new thinking, the blacks may surfer the disadvantage of trailing in the economic front but the long-term outcome should see a more tolerant and collectively owned economic development which benefits all thus delivering the greatest utility to the greatest number of people in the region as argued by utilitarianism. For this model of redefined indigenisation to work in the region it must be accepted throughout the SADC region and the treatment of the so defined regional citizens should be the same throughout the region. The idea being to define SADC citizens who will be able to invest anywhere in region and develop 'SADCapitalism' which will be essential for sustainable economic development of the region.

9.4.2 Intra-SADC Investment and Regional Indigenisation

The present indigenisation laws in different countries in the SADC do not allow other SADC citizens who are not citizens of particular countries to invest freely in these particular countries. The non-citizens in a country would only be allowed to own a defined percentage of the businesses. The existing indigenous policies discourage intra-regional investments and yet the intra-regional investment is supposed to drive 'SADCapitalism'.

In rethinking the African economic ethic of indigenisation one option is to accept all regional citizens as indigenous to the region and provide them with more favourable investment conditions than non-regional citizens. Effectively, this approach calls for the redefinition of regional indigenous citizens to include all citizens, black or white, qualified by some criteria, say of generation level, to be allowed to invest anywhere in the region taking advantage of the comparative advantage of their country of origin.

Some might argue in favour of continuing with the thrust of redistributing wealth between the poor majority and rich within SADC states two classes of indigenous people or businesses can be created. However, this approach has not served the purpose and has only achieved to sustain the division and hatred of the descendants of whites and Asians and the black people. Such divisions may not promote the much needed national or regional capitalism. The greater participation of the redefined SADC citizens in the regional economy should be viewed as a way of developing indigenous 'SADCapitalism'. By promoting and supporting 'SADCaptitalism' the new approach to the African economic ethic of indigenisation would help transfer wealth to the SADC majority citizens as opposed to having international partners deriving the greatest benefits. The more SADC citizens participate in the regional economy, the greater the chances of alleviating poverty and its ultimate eradication. With the regional economy in the hands of regional citizens or regional indigenous people, as redefined, then regional economic development can be more sustainable. Furthermore, with more SADC citizens across the region are involved in the regional economy the deeper regional economic integration.

9.4.3 Free Movement of Labour

The rethinking of the SADC should allow the free movement of the citizens redefined as citizens in the region. Such free movement could initially be restricted to agreed and defined investment in economic sectors of the regional economy or follow some quarter system per-country, aligned to country comparative advantage. This would help curb the influx of people from underdeveloped regions of the SADC to those better developed regions or countries like South Africa. Under the existing indigenisation laws, it is difficult for non-citizens of a particular nation to register businesses in another SADC state. These regulations and procedures should be harmonised across the SADC region.

9.5 Conclusion

Chapter nine was on issues that inform the process of rethinking or coming up with a new approach to the African economic ethic of indigenisation. It was noted that global neo-liberal capitalism has ethical challenges in that it benefits a few and leaves out the majority. Neo-liberal capitalism was pursued in most SADC states but did not address the challenges of poverty and economic inequalities which were mainly as a result of discriminative colonial policies. The gap between the poor and the rich has continued to widen in the neo-liberal capitalist environment. The observations led to ethical concerns on the appropriateness of neo-liberal capitalism in the SADC since the well-being of the majority of the people was not improving.

The chapter also noted that the SADC had embraced regional integration as an economic development strategy for the region. Unfortunately, even after more than 38 years of regional integration, the region still faces challenges of poverty and slow economic development. Top on the SADC Common Agenda and objectives is the desire to eradicate poverty. Unfortunately, the SADC regional integration has failed to address the critical issues to do with poverty and wealth redistribution.

In the chapter it was also noted that the SADC countries pursued the African economic ethic of indigenisation. The objective of the African economic ethic was to address challenges of economic imbalances or skewed wealth distribution which favoured the former colonial masters or their descendants. By increasing the participation of indigenous people in their economies the African economic ethic of indigenisation also sought to eradicate poverty. Unfortunately, the African economic ethic had not achieved its objectives regarding poverty and wealth redistribution. The African ethic was practiced mainly at the national level and regionally no indigenisation activities or initiatives were undertaken.

The three economic approaches, neo-liberal capitalism, regional integration, and the African economic ethic of indigenisation, have not managed to address the issues of poverty and skewed economic wealth distribution in the SADC. While the failure of these policies or approaches was observed in the chapter, it was also noted that global neo-liberal capitalism and regional integration remain popular internationally.

The chapter also discussed ethical issues relating to the colonial legacy which restricted the growth of indigenous capitalism in the SADC. These include lack of capital and strong dependence on the former colonial masters and colonial capitalists. The post-colonial leaders became corrupted by power and wealth such that they neglected the masses and created a class of the national bourgeoisie who aligned themselves with the former colonial capitalists and distanced themselves from the poor black people.

The chapter concluded that there is a need to rethink the African economic ethic of indigenisation from being a nationalistic policy to a regional policy. In the rethinking there was a need to redefine the people who are to be defined as indigenous in the SADC. This should include all the SADC citizens so that they will be allowed to move themselves and their resources freely throughout the region. In redefining the term indigenous, the chapter acknowledged that the existing understanding of an indigenous person has out lived its purpose and needs to include all descendants of apartheid and colonial settlers as well as Indian and coloured descendants. There has to be an agreed criterion of defining these citizens. It is suggested that a traceable fourth generation descendent can be accorded this redefined indigenous status which should be recognised throughout the SADC region and be allowed free movement and investment.

It is hoped that the redefining of the indigenous SADC citizen will promote regional economic efficiency for SADC to be able to compete well in the global neo-liberal capitalist environment. The regional economic development should ride on national comparative advantages of countries in the region. The all-inclusive approach should stimulate business confidence in these who have for many years not been regarded as indigenous citizens of the region and their commitment to development is expected to improve further leading to increased economic activity and development. Countries in the region are argued to promote each other in order to contribute towards the growth of SADCapitalism, facilitating each other's investment in areas they have comparative advantages over others. This would help develop regional capitalism, regional economic efficiency and subsequently competitive on the global market. In the long run, the increase in 'SADCapitalism' would help reduce poverty and redistribute wealth to the majority poor people of the region as argued by utilitarianism.

The next chapter is the last chapter of the study and summarises all the chapters of the research before presenting the research findings, conclusions and recommendations.

CHAPTER TEN: GENERAL CONCLUSIONS AND RECOMMENDATIONS OF THE STUDY

10.0 Introduction

Neo-liberal capitalist practices have dominated the global economy since the end of the Cold War. For SADC countries there has been acceptance that neo-liberal capitalist practices would lead to greater economic efficiency and economic growth. In this thinking, states believed poverty would be reduced. However, the implementation of neo-liberal capitalist practices through economic prescriptions by the IMF and the World Bank led to greater economic challenges for the poor in the region. Ethical issues were raised questioning the appropriateness of neo-liberal capitalism in the SADC. Some arguments attributed the failure of neo-liberalism in the SADC to the failed domestication of capitalism in the region. There were no indigenous or local capitalists who could create and grow wealth for the SADC economy. Poverty in the SADC remained at high levels even after the implementation of neo-liberal capitalist economic policies in the post-colonial states. This led to a number of responses. One such response was regional integration.

Regional integration in the SADC has gone through many transformations. The earlier forms of regional integration in the SADC such as the FLS were informed by political motives aimed at the liberation of African countries. After the attainment of independence by almost all Southern African countries the SADCC was formed with increasing focus on economic development and countering the hegemony of South Africa in the sub-region. The SADCC was later transformed to the SADC which focused more on economic development. The key common agenda issues for the SADC became eradication of poverty and economic development. The SADC was also to play a role as an economic buffer for the weak economies and people of the region, protecting them against competition from global neo-liberal capitalism. Unfortunately, even after more than 38 years of regional integration in the SADC, the region has failed to eradicate poverty. In the SADC states, the majority of the people have remained poor. Meaningful economic growth has not been realised. As a result, ethical questions were raised regarding the failure of regional integration to eradicate poverty.

Another response to global neo-liberal capitalism was the African economic ethic of indigenisation. The African economic ethic of indigenisation aimed at addressing the economic challenges which were a result of discriminative and unethical colonial policies. Before the attainment of independence by the SADC states, the black people were systematically marginalised from the mainstream economic activities. The laws and economic policies of that time favoured whites. After independence the majority or so-called indigenous people remained poor and vulnerable such that their survival and prosperity in the global neo-liberal economy required special intervention measures and policies. The African economic ethic was then introduced as an economic policy to correct the economic imbalances and enable the indigenous people of Africa to participate in their economies. The African economic ethic of indigenisation in some countries was known as black economic empowerment or affirmative action. The economic ethic was intended to address the challenge of a skewed wealth distribution and to eradicate poverty and achieve a fair wealth distribution. Unfortunately, there is no recorded success in the implementation of the African economic ethic of indigenisation. Instead, the ethic created a class of national capitalists or bourgeoisie who replaced the former colonial capitalist and continued to exploit fellow Africans as proxies of the former colonial masters.

The failure of the African economic ethic of indigenisation and neo-liberal capitalism was blamed on the failure to create African entrepreneurs and the absence of African capitalists. It was argued that there was a need to domesticate capitalism and make it benefit the African people. The African capitalist would help create wealth for the African economies and help in economic development and poverty eradication.

The study observed and assumed that the SADC member states recognised that indigenisation is an indispensable policy for the domestication of capitalism, wealth redistribution and poverty eradication. The research therefore sought to determine why the SADC region has not come up with a purposefully coordinated ethical regional economic policy for the benefit of the black people. The study was on how the African economic ethic of indigenisation originated and evolved in the SADC region. The research also sought to determine the extent to which indigenisation finds expression in SADC policies. It also sought to establish the ethical and moral imperatives for indigenisation of the regional integration policy in the SADC.

The research used a qualitative analytical case study desk research design. It took the form of a policy case study and the analysis in the study used the philosophy of logic in its arguments. In the philosophy of logic, validity and soundness of arguments is emphasised. A sample of five SADC countries was taken for the study in an attempt to understand how the African economic ethic of indigenisation was being implemented in SADC countries.

The study was guided by the theory of evolutionary economics which argues that there is no universal economic policy for the whole world but rather that an appropriate economic policy has to be developed which takes into account the historical backgrounds of a nation or region. Furthermore, evolution economics argues that economic policies will always be revised or replaced by better and more appropriate policies once the inadequacies of the earlier policies are identified. Also informing the study was utilitarianism in consequentialist ethics. Utilitarianism argues that governments should choose and implement policies which bring the greatest benefit to the greatest number of people. The rethinking of the African economic ethic was also informed by the theory of regional integration upon the realisation that regional integration helps to protect weak countries against the stiff competition in the global neo-liberal capitalist economy.

10.1 General Conclusions and Findings of the Research

The research found that in the SADC there were policies which resonated well with the precepts of the African economic ethic of indigenisation. However, there was no clear and explicit expression of indigenisation as an economic policy for the SADC region. In the SADC policies, the dominance of global neo-capitalism was evident. The SADC policies to a large extent reflected notable neo-liberal capitalist precepts. NEPAD is one such approach to regionalism which is informed by neo-liberalism and is silent on addressing the unethical historical economic imbalances and poverty eradication. The neo-liberal tone in the SADC policies accounts for the absence of any form of regional expression of the African economic ethic of indigenisation despite it popularity at national level in member states.

Chapter one of the research introduced the study giving the key research questions, the research objectives, the methodology and theoretical frameworks. Chapter two presented the issues that lead to the adoption of the African economic ethic of indigenisation. In this chapter the historical colonial laws and policies were reviewed with a view to presenting the details of how the black people of the SADC were marginalised by the white colonial regimes. The chapter also discussed how the post-colonial SADC states introduced and justified the African economic ethic of indigenisation. The chapter concluded by noting that the colonial and apartheid systems unethically created economic inequalities between the black people and whites. The colonial polices and laws were also the major reason for the failed development of indigenous capitalism. The failure to develop a capitalist culture in the SADC was the main reason the region failed to domesticate capitalism. Without indigenous capitalists, the region would not deal effectively with poverty and wealth redistribution, let alone participate in the global neo-liberal capitalist economy.

Informed by the understanding that regional integration has become popular in international economic relations, chapter three of the research sought to determine how the principles which inform the theory of regionalism would relate to the African economic ethic of indigenisation. The thrust in this chapter was to determine whether there was scope for a regional integration like the SADC to practice the ethic of indigenisation at a regional level. The chapter helped in exploring how indigenisation could be expressed ethically at a regional level. It also showed that regional integration and indigenisation are complementary in that they would both seek to promote a preferred class or group of people, organisations or countries. Preferences practiced in regionalism are similar to deliberate policies meant to support the previously disadvantaged majority. However, it was observed that end of the Cold War brought in a global neo-liberal character in regionalism which called for the opening up of regional integration markets to more players other than the states. This approach was to bring competition to poor countries and their poor citizens such that their survival in the global neo-liberal market would be difficult. Chapter three also discussed how regionalism was introduced to Africa until the recent form of new regionalism. This chapter concluded that the old regional integration did not contradict the African economic ethic of indigenisation. In the case of the SADC, the emphasis of the regional grouping has been to eradicate poverty and to bring economic development to the region. The old approach to regionalism was rather protective of regional economic players against global neo-liberal capitalist competition. However, new regionalism applies global neo-liberal capitalism at the regional economic level. With new regionalism, the regional economy has to be opened to other players, thus bringing in global competition to the already marginalised poor majority people without any form of protection. This is bound to cause greater suffering and poverty.

Chapter four analysed the ethics of welfare economics and how they related to the African economic ethic of indigenisation. The chapter discussed the economic utility concept and how governments should strive to come up with economic policies which are majoritarian in nature. The chapter was guided by utilitarianism in ethics. Chapter four also discussed the ethical principles which should inform the selection of a policy by governments or regions. Critical among them is to ensure that such policies benefit the majority of the people who should derive the greatest utility from such policies. As a conclusion to this chapter, there was also emphasis on the need for the government to come up with ethical policies or welfare economic policies which help in wealth redistribution. Wealth redistribution has been one major concerns of the African economic ethic of indigenisation. Economic policy options should deliver the greatest good to the greatest number of people if they are to meet the utilitarian ethics standards.

Noting and accepting the dominance of global neo-liberal capitalism, chapter five discussed how the African economic ethic of indigenisation relates to neo-liberalism. The chapter also discussed the appropriateness of neo-liberal capitalism in post-colonial SADC states. The Chapter traced how liberalism evolved over the years and how it was introduced in Africa. Also, in the chapter was how the recent form of liberalism, neo-liberalism, evolved over the years, and how it was introduced in Africa. It also presents debates on how the recent form of liberalism in the form of global neo-liberalism would relate to the post-colonial African political economy. The chapter concluded that neo-liberalism shares the same principles with 'classical liberalism' which called for no government interference in the market economy. It came out in the chapter that neo-liberalism in its western form, if introduced to the post-colonial SADC states, would lead to an increase in the level of poverty and a widening of the wealth gap. Furthermore, the global neo-liberal approach was extracting African resources and was only making other regions of the world richer while Africa, especially the SADC, on which the research was focused, remained poor.

The levels of poverty in the SADC were bound to increase. Furthermore, within the SADC states the wealth distribution was going to continue or worsen with the richer descendants of white colonial rulers becoming richer while the black people got poorer. Clearly, neo-liberalism applied to the SADC in its Western form would be unethical as it would benefit a few, especially the already rich and well-connected. Chapter Five also noted that the African economic ethic of indigenisation had failed in the countries where it was being implemented. The Chapter concluded that to deal effectively with poverty in the past colonial SADC and to correct the historical economic imbalances there is a need to develop capitalism in the SADC which the writer called ‘SADCapitalism’. ‘SADCapitalism’ would be created by capacitating the indigenous majority people in the SADC as a region to participate in their regional economic activities. In this regard the SADC regional economy was to be opened to any SADC indigenous people or their businesses. The growth in the capitalist activities in the SADC would help develop ‘SADCapitalism’ which would better position the region and its indigenous capitalists for healthier and gainful engagement with the global neo-liberal capitalist market. Embracing the dominance of neo-liberalism would help in the rethinking of the African economic ethic of indigenisation. Taking indigenisation to the regional level in order to create and develop the much-needed SADC capitalists and ‘SADCapitalism’ would in the long run benefit the majority of the people directly or indirectly, as called for by utilitarianism.

Chapter six of the research discussed global neo-liberal capitalism and how it relates to regional integration in Africa. The focus of the chapter was on how well the two served the interests of the African states and how they dealt with poverty, wealth distribution and economic development. Also, of interest was whether the two economic approaches would possibly co-exist or contradict each other. The chapter concluded that regional integration in Africa, including the SADC, was influenced by the prevailing political, economic and security demands. Before the new regionalism, regional integration offered some form of protection to states and their economies against the competition of the global capitalist market. In this context, regional integration facilitated states in a region to engage in the global capitalist market collectively for the benefit of their people. With localised regional neo-liberal capitalist economic practices within the region, greater benefits of wealth creation for the eradication of poverty and wealth redistribution can be achieved. Deep regional integration would therefore help eradicate poverty and redistribute wealth in the SADC. On the other hand, the new regionalism would bring competition to weak SADC states and their poor people, making their economic prosperity difficult.

Chapter seven of the research examined how the African economic ethic of indigenisation as it was implemented in different SADC states. A sample of five out of the fifteen SADC countries was taken. These were Zimbabwe, South Africa, Namibia, Botswana and Tanzania. The chapter revealed that for these SADC countries, different approaches to indigenisation were taken but the basis, purpose and intention of these policies were the same. In South Africa they called it black economic empowerment. In Zimbabwe it was called indigenisation and economic empowerment. In Namibia they called it affirmative action. In Botswana they called it citizen economic empowerment, and in Tanzania they called it economic empowerment. Despite these many different names which were used, the polices which can be generalised as the African economic ethic of indigenisation were intended to address the challenge of economic development and skewed wealth distribution which favoured apartheid and former colonial masters. With indigenisation, post-colonial and post-apartheid governments sought also to address the challenges of wealth distribution, poverty and economic development.

Given this common position at the national level it was expected that at the SADC regional level, the African economic ethic of indigenisation would find expression, given the fact that the SADC treaty emphasised on the promotion common values and principles. Chapter seven concluded that at the national level the African economic ethic of indigenisation had failed to redistribute the wealth. Instead, there were criticisms that the policy benefitted the politically connected and created a few new capitalists who emulated their white counterparts. With the failed redistribution of wealth, the African economic ethic also failed to eradicate poverty. There was therefore a need to rethink the ethic if it was to serve the majority of the SADC people. One of the main reasons for the failure of the African economic ethic of indigenisation was lack of capital by the indigenous people which was needed for them to buy shares in companies. Another reason was the failed domestication of capitalism in the SADC. The culture of wealth creation was not in most SADC citizens. In other countries the challenge was lack of skills by people to manage businesses into success. There was need for training to empower people with relevant technical and administrative skills. Such skills were a preserve of the former colonial masters.

Chapter seven also revealed that the African economic ethic of indigenisation was not supportive of global neo-liberalism. This had to lead to the failure by countries to attract the much-needed foreign direct investment. There was therefore a need to rethink the African economic ethic while being mindful of the hegemonic effects of global neo-liberal capitalism.

Chapter eight of the research sought to determine at the extent to which the African economic ethic of indigenisation found expression in the SADC as a collective region. The chapter noted that the SADC had gone through several transformations from the FLS to the SADC. The purpose of the regional grouping also transformed in the process. The earlier days of the regional integration were aimed at the total liberation of the whole Southern African region. As the total liberation of the Southern African region was in the sight, the FLS was transformed to the SADCC whose main purpose to counter the region's economic dependence on apartheid South Africa. The region at that stage sought to collaborate on issues of economic development. Towards the end of apartheid and after the independence of Namibia, the SADCC was transformed to the present-day SADC. The key and new mandate was to deal collectively with economic development, eradicate poverty, and add the voice of the SADC to the international system. In the SADC treaty and the common agenda, the region agreed to promote common values and interests of states. Among the common interests of the states was the African economic ethic of indigenisation. In this ethic countries were intended to reverse the colonial economic imbalances which were introduced during the colonial and apartheid eras. The colonial and apartheid era policies and laws had given the colonial rulers an advantage over the black people. There was a need to promote the greater participation of the black people in the mainstream economic activities. Another essential item of the SADC common agenda was to eradicate poverty. Poverty eradication became the SADC's overarching objective. The countries in the SADC also sought to improve the standard and quality of life for the people of the region.

To eradicate poverty and to improve the quality of life for the people of the SADC the states individually pursued the African economic ethic of indigenisation. This became a common economic ethic for countries in the SADC region. Chapter eight, however, concluded that despite the African economic ethic being popular and common in the SADC countries, there was no similar or matching clear expression of the African economic ethic of indigenisation at regional level. Though the SADC in its treaty and protocols had stated the same intentions of eradicating poverty and improving the standard of living for the people, there were no policies or initiatives which dealt clearly and directly with these issues of wealth redistribution related to past discrimination at a regional level. Since the SADC common agenda and treaty emphasised the promotion of common values and aspirations, it was expected that the region's strategic initiatives would emphasise the African economic ethic of indigenisation. The RISDP makes no mention of indigenisation in its various forms. The SADC Common Agenda of the treaty however sought to deal with the same challenges which countries were dealing with through policies such as indigenisation, but at the regional level there was no policy or strategic initiative similar to the African economic ethic of indigenisation. Measures to eradicate poverty were left to be taken by member states at the national level and the region would play a supportive role. Trade between countries was to be guided by bilateral treaties. The indigenisation laws in individual countries were applied and regarded other SADC citizens as not indigenous to countries they did not originate from. The application of indigenous laws at the national levels restricted the SADC intra-regional trade and investment. This had the effect of stifling the development of 'SADCapitalism' or the domestication of capitalism in the region. There was a need to promote intra-regional trade and investment as they were key elements for the growth of local regional capitalism in the SADC. The growth of capitalism in the SADC would help reduce the wealth gap and eradication of poverty. Some kind of regional indigenisation policy was therefore necessary to promote intra-regional trade and investment. There was a need to redefine who could be called indigenous to the whole region so that there could be free movement of capital for investment within the region. The development of regional indigenous capitalism was expected to benefit the majority as more and more indigenous people became involved in the mainstream economic activities.

Some of the reasons for the failure of the SADC to clearly express the African economic ethic of indigenous at the regional level were that the region was under pressure from global neo-liberal forces which was expressed in the form of NEPAD while the countries had many different approaches to the African economic ethic. Another reason was that the political elite in the individual countries were benefitting from the African economic ethic of indigenisation and taking the ethic to the regional level was bound to weaken them and subject them to regional oversight, thus undermining their national authority which favoured them as beneficiaries of indigenisation programmes. The failure of the African economic ethic of indigenisation at the national level justified the need to rethink the ethic at the regional level for a purposeful regional integration that benefitted the majority SADC citizens.

Chapter nine of the research presented the ethical issues which related to the rethinking of the African economic ethic of indigenisation. The chapter argued for the rethinking of the African economic ethic of indigenisation by taking it to the regional level as a strategy for domesticating capitalism in the region. The chapter further argued for the rethinking of the African economic ethic of indigenisation taking it to the regional level as a strategy for domesticating capitalism in the region. The chapter called for the redefinition of who can be called an indigenous person or company within the region.

Given the failure of the three economic approaches in addressing the challenges of poverty for the black people of the SADC, questions were raised on the ethical appropriateness of these economic policies as they were not dealing with the plight of the poor majority. Utilitarianism in consequentialist ethics argues that when governments make economic policy options, there is need to ensure that such policies serve the majority of the people. From this ethical perspective and informed by the fact that the dominant neo-liberal capitalism and regionalism were unavoidable global trends, the researcher argued that there was a need to rethink the African economic ethic in order to develop the much-needed African capitalism or ‘Africapitalism’ which for the SADC was called ‘SADCapitalism’. The research argued further that the SADC capitalists would help domesticate capitalism and in create wealth in post-colonial SADC states. The SADC capitalists would help redistribute wealth and eradicate poverty. The rethinking of the African economic ethic of indigenisation should embrace global neo-liberal capitalism and regionalism. In this regard, there was a need for the African economic ethic of indigenisation to be expressed clearly and articulated in SADC policies at a regional level. A regional approach to the African economic ethic of indigenisation was argued for as a way of bringing about more purposeful deep regional integration in the SADC. A more purposeful regional integration should bring economic development and wealth for the benefit of the majority people of the

SADC region. There is realisation from the research that the current understanding of indigenisation has out lived its purpose and has failed to deliver hence the need to rethink.

The research suggests a redefinition of who is to be regarded as indigenous as key in the rethinking of the African economic ethic of indigenisation. It is suggested that the descendants, Indian, coloured and those of former apartheid and colonial settlers who have leaved in the SADC for more than four traceable generations (at least 120 years) be regarded as indigenous to the region just like the black Africans. Such redefined people should be allowed to invest freely anywhere in the SADC taking advantage of the comparative advantages of their countries of origin. This all-inclusive approach should be acceptable by all member states and is expected to bring a sense of belonging to all and help stimulate regional capitalism which is key to economic development. It is envisaged that poverty will be eradicated with economic development and the majority of the people will benefit.

The rethinking of the African economic ethic of indigenisation was expected to stimulate the growth of ‘SADCapitalism’ and participation of indigenous regional entrepreneurs. With more indigenous people getting more and more involved in the regional economic activities it was hoped that there would be better wealth distribution and reduction of poverty. The rethinking was informed by the fact that global neo-liberal capitalism, regional integration and the African economic ethic of indigenisation had all not managed to bring about ethical wealth redistribution and reduction in poverty levels. The three economic approaches have however remained popular and appear to be indispensable. There is therefore a need to rethink the African economic ethic of indigenisation with a view to coming up with a purposeful regional integration which embraces the neo-liberal economic views and regionalism.

In rethinking the African economic ethic of indigenisation there is need for a regional approach to indigenisation which promotes the development of ‘SADCapitalism’ by redefining the indigenous people. Furthermore, there is a need for countries or investors from the SADC countries to be given preferential treatment as they invest within the region. Countries can be given the authority to invest freely in areas where they have comparative advantage. The growth of ‘SADCapitalism’ is expected to help in the redistribution of wealth and eradicate poverty and improve to social well-being of the poor majority who were unethically marginalised under colonial and apartheid regimes. The regional approach to the African economic ethic of indigenisation would also help in monitoring the behaviour of leaders who want to abuse and benefit from the African economic ethic of indigenisation at the national level.

10.2 Recommendations of the Research

The research noted that the African economic ethic of indigenisation was introduced to the SADC by post-colonial governments to address economic inequalities and poverty. The two economic challenges were a result of unethical discriminatory policies which were used by the colonial rulers and the apartheid regime. Even though the African economic ethic of indigenisation has not managed to address the challenges of poverty and inequalities in the post-colonial African state, its principle and intentions are ethically justified. The challenges have been in its implementation in which the politically-collected benefitted from the post-colonial economic policies. It was noted that the economic ethic was popular in post-colonial states in the SADC region. One reason for its failure was lack of funding because the indigenous people were poor. To address the issues of poverty and inequality in wealth distribution there was a need to rethink the approach to the African economic ethic of indigenisation. It is recommended that to counter the problem of the politically connected benefitting from the African economic ethic of indigenisation the policy should be implemented at a regional level where the SADC regional body can have oversight over the indigenisation processes in individual countries. Political leaders and governments will be liable to criticism by other SADC states if they practice unethical redistribution of wealth.

At the regional level, the SADC common agenda of the treaty emphasises the need for the SADC states to promote common values and policies. One such common value and policy is the African economic ethic of indigenisation. Furthermore, the overarching SADC objective is to eradicate poverty and improve the economic well-being of the people of the SADC. In this context the African economic ethic of indigenisation fits well into the SADC common agenda. However, no clear expression on the economic ethic of indigenisation was found in the SADC treaty, policies or initiatives. There is therefore a need for the region to express clearly the African economic ethic of indigenisation in its policies and initiatives. Such a regional approach would help in domesticating capitalism by making it benefit the majority people of the region. In the face of global neo-liberal capitalism, the promotion of indigenous capitalism in the SADC will help create wealth and distribute it within the region rather than it being taken to the other developed regions of the world with more efficient and highly competitive economies. With more of the SADC people getting involved in the region's economy there would be more wealth that will be created and retained in the region. This would help in the achievement of the SADC objective of poverty eradication.

An approach which brings benefits to the majority of the people conforms to utilitarianism in ethics. Utilitarianism argues that economic policies should produce the greatest results to the greatest number of people. Leaving the region's economy to remain a part of the global neo-liberal capitalist economy without a way of empowering the people of the region will leave them at the mercy of the global capitalist forces which can worsen the poverty and wealth distribution problem that was inherited from the colonial and apartheid eras. The economically more powerful players would dominate the market taking away the freedom of the poorer individuals. Furthermore, the global neo-liberal capitalist practices would be extractive and benefit the already established global capitalists. There is therefore a need to rethink the African economic ethic of indigenisation in order to domesticate capitalism in the region, create wealth for the region and eradicate poverty. The rethinking of the African economic ethic at the regional level should enable the development of what was called 'SADCapitalism', which helps to domesticate capitalism in the SADC region by creating indigenous capitalists who would create wealth for the region to benefit the majority of the SADC people.

Global neo-liberal capitalist practices were found to be extractive and benefitting a few global capitalists. The research noted that without local or indigenous capitalists in the SADC, the region will remain poorer than other regions in the world. There is therefore a need to develop indigenous capitalism. Post-colonial SADC states had sought to create local or indigenous capitalists in their countries individually through policies such as the African economic ethic of indigenisation. It was noted in the research that the SADC countries had different approaches to the economic ethic of indigenisation. However, what was common in the policies was the desire to redistribute wealth and work towards poverty eradication. Again, the policies were inward-looking and would regard any other people not citizens of a particular country as not indigenous to that country. What this means is that, the SADC citizens are not regarded as indigenous in any country other than their countries of origin. This has the effect of restricting wealth creation to the national level and thus contradicting the intention of regional integration. There is therefore a need to redefine the people to called indigenous people.

The research suggests that blacks who are currently defined as indigenous in their countries, traceable fourth generation descendants of Indian, coloureds and those of apartheid and colonial settlers be classified as indigenous regional citizens. The redefinition of the indigenous people and the rethinking of the African economic ethic of indigenisation should see the treatment of all the redefined indigenous regional citizens being accepted as indigenous in all SADC countries. This will help in promoting free movement of capital and labour within the region. This would also promote the development of 'SADCapitalism' which benefits people of the region. The indigenous people of the SADC would have preferential economic treatment in any SADC state ahead of other non-SADC citizens. This rethinking of the African economic ethic of indigenisation would bring deeper regional economic integration for the benefit of the greatest number of the SADC people as called for by utilitarianism. To avoid mass migration of people from less developed areas it is suggested that the initial free movement be allowed mainly for the purposes of investment of or be based on some agreed quarter system in-line with the assigned comparative advantage of the originating country.

The regional integration model that has been pursued in the SADC has not addressed the challenges of poverty and well-being of the people. Similarly, even after many years of pursuing neo-liberal capitalist practices, poverty and wealth redistribution in the SADC have not improved. One reason for the failure of neo-liberal capitalism has been the absence of local or indigenous capitalists in post-colonial African states. At the same time, the African economic ethic of indigenisation was being practiced for many years in the SADC countries at national levels. Despite the many years of being practiced, the African economic ethic of indigenisation has failed to improve the well-being of the people in these countries. The majority of the people in these countries have remained poor and the wealth distribution still favours the former colonial masters or their descendants. The three economic approaches, global neo-liberal capitalism, regionalism and indigenisation, however, remain popular in the SADC, and are all regarded as necessary for economic development, poverty eradication and wealth redistribution. However, they have each failed to serve the majority of the SADC people or they have failed to deliver the greatest good the greatest number of people, and this calls for a rethinking of these policies from an ethics perspective.

It is necessary to bear in mind the theory of evolutionary economics which argues that there is no universal policy that can be applied to every economic situation. Instead, policies have to be put into context in relation to countries or regions. There is a need to take into account the historical backgrounds of countries or regions. In the case of the SADC, applying regional integration models borrowed from Europe without taking into account the history of the SADC as a region or the SADC states may not produce the desired outcome. There is a need to take into account the historical background of the SADC as a region. The research therefore recommends that a hybrid regional integration approach be adopted for the SADC. In this approach, the region should acknowledge the dominance of global neo-liberal capitalism, but instead of taking it as it is prescribed from the Western countries, there is a need to develop indigenous capitalism in the SADC which has been called 'SADCapitalism'. For the SADC capitalism (SADCapitalism) to develop, the indigenisation laws and policies of the SADC member states have to be aligned to promote the regional capitalist culture in SADC citizens. The SADC citizens and their business should be regarded as indigenous to any SADC member state and made to enjoy the benefits of being given preferential treatment ahead of any other non-SADC citizen. This understanding differs from the global neo-liberal capitalism which calls for no government hand in determining the market dynamics. Like classic liberalism, neo-liberalism would not support any preferential treatment of players in the market, but this has not worked for the SADC and an evolution of such economics is necessary.

Further to the SADC citizens being given preferential treatment, a more meaningful and purposeful region integration can be developed through giving preference to countries or businesses originating from them to invest anywhere in the region in areas where they enjoy comparative advantages over other SADC countries. Again, this will improve the regional economic efficiency and help promote regional capitalism which is essential in dealing with the highly competitive global neo-liberal capitalist economy. Such a rethinking of the three approaches of neo-liberal capitalism, regionalism and the African economic ethic of indigenisation would help develop capitalism, redistribute wealth, and eradicate poverty for the ethical benefit of the majority of the people of the SADC.

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