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Testing The Rambo Effect Theory: A Comparative Analysis Of Economic Integration In MERCOSUR And SADC

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ABSTRACT
This paper attempts to conduct a comparative analysis between the integration processes of two regional blocs of the Global South, one in Latin America, namely the 1991-founded Common Market of South America (MERCOSUR) and the other in the southern part of Africa, namely the 1992-founded Southern African Development Community (SADC). In particular, this paper will seek to compare the economic integration process between MERCOSUR and SADC using insights of international political economy and regional cooperation. In doing so, the paper will test the 'Rambo effect' theory which claims that the dominant power of Brazil and South Africa has led to the failure of MERCOSUR and SADC respectively.

Keywords: *Rambo effect, MERCOSUR, SADC, Economic development, Market systems*

INTRODUCTION
Regional integration in the Global South is certainly not a new phenomenon. In Latin America, it is a process which started back in the 1960s with the establishment of the Latin American Free Trade Association (LAFTA). However, the region's most successful integration effort is the 1991-founded Common Market of South America, commonly known, in Portuguese, as the Mercado Comum do Sul (MERCOSUR). MERCOSUR is an economic, political and social regional integration project for Latin America established in 1991 by its four founding State Parties, namely Argentina, Brazil, Paraguay, and Uruguay. Venezuela joined the organization in 2006 and more recently, Bolivia was accepted into the organization in 2015. Venezuela is, however, currently suspended as a State Party, and while the Accession Protocol of Bolivia was signed by all of the States Parties in 2015, it is yet to be incorporated by the congresses of the States Parties.

The 'new regionalism' in southern Africa started around the same time when MERCOSUR was founded, with the establishment of the Southern African Development Community (SADC) in 1992. Nevertheless, regional integration in southern Africa is also not something completely new. It is a process which started back in colonial times with instances like the 1910-founded Southern African Customs Union (SACU) and the Southern African Development Coordinating Conference (SADCC) which was established in 1980. The SADCC was eventually transformed and formalized into SADC as a greater and more ambitious regional project. SADC is presently made up of sixteen Member States. Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe were the first to sign the SADC Treaty in 1992. Following its first democratic elections, which saw the landslide victory of the anti-apartheid leader Nelson Mandela, South Africa joined in 1994. In 1995, Mauritius became the first island country and first Francophone country to join SADC. The Seychelles and the Democratic Republic of Congo joined in 1997. Madagascar gained membership in 2005. The newest member of the Community is Comoros which joined in 2017.

SOCIO-ECONOMIC PROFILES OF MERCOSUR AND SADC
MERCOSUR and SADC have experienced different socio-economic conditions over time. Both blocs consist of developing countries and some of the world's poorest economies like Malawi. The table below provides a summary of facts and figures to illustrate the socio-economic profiles of the two regional blows:

Table 1: *Socio-economic profiles of MERCOSUR and SADC*

	MERCOSUR	SADC
State Parties/ Member States	5	16
Total Population (2018)	295 million	345 million
Land Area	14,869,775 km2	556,781 km^2
GDP (2018)	USD 3.396 trillion	USD 721.3 billion
GDP per Capita (2018)	USD 11,887	USD 2,081
Inflation (2018)	16.7%	7.1 %
Average Public Debt (2015)	56.4% of GDP	42.8% of GDP
Total Imports (2018)	USD 377,390 million	USD 185,243 million
Total Exports (2018)	USD 377,997 million	USD 191,575 million
Intra-regional Imports (2018)	27.8% of Total Imports	20.6% of Total Imports
Intra-regional Exports (2018)	26.5 of Total Exports	22.4% of Total Exports
Intra-regional Trade (2018)	27% of Total Trade	22% of Total Trade
Fiscal Balance (2018)	-4.5%	-3.1 %

Source: *SADC, MERCOSUR, UNCTAD, IMF and World Bank (2018)*

The above table shows the key difference in the socio-economic factors and indicators of the two blocs. MERCOSUR is composed of few large members while SADC is made up of several smaller countries including small island developing states like Comoros, Mauritius and Seychelles. The GDP figures suggest that MERCOSUR is more economic prosperous than SADC which has a GDP per capita of merely USD 2,081. The trade statistics reveal that intra-bloc trade in both regions tends to be generally low. As the table indicates, intra-bloc trade for 2018 is 27% and 22% of total trade in MERCOSUR and SADC respectively.

RAMBO EFFECT THEORY

Krapohl and Fink (2013) seeks to explain the different developmental paths of regional integration based on the implication of external economic actors and economic asymmetries in regional blocs. They claimed that regional integration can follow three developmental paths. The first path causes intra- regional interdependence, the second one reinforces dependence on extra- regional actors, and the third path reinforces asymmetries in the region. They associated the European Union (EU) to the first path, the Association of Southeast Asian Nations (ASEAN) to the second path and the Southern African Development Community (SADC) to the third. Later, Krapohl et al. (2014) applied the third path to the case of MERCOSUR.

The theoretical argument and empirical analysis put forward by Krapohl and Fink demonstrates how regional organizations get locked into these three developmental paths. The third path involves less-developed member states where there is a regional power. In this scenario, integration will result in strained cooperation since the regional power will pursue extra-regional interests over regional integration. Krapohl and Fink labelled this as the 'Rambo effect', where the super power (the Rambo) blocks, or fails to comply with, the region's integration agenda. According to them, it is unlikely, or impossible, that such an asymmetric cooperation will succeed, as it will feed a cycle where asymmetries are reinforced. They identify South Africa as the Rambo of the region and they claim that the region has failed due to the dominant power of South Africa. Similarly, Krapohl et al. (2014) claimed that Brazil's behaviour in MERCOSUR is that of a Rambo and this has damaged the regional integration process in Latin America.

BRAZIL AND MERCOSUR

The experience of MERCOSUR has been one of contrasting developments since its inception. The pathway of the regional bloc in its early years has been quite impressive owing to its regional integration agenda.

According to Campos (2016), the period of 1991 to 1999 was regarded as MERCOSUR's 'golden years'. During this period, the region experienced significant achievements with respect to the economic, political, and social aspects of integration. This was largely due to Brazil's will and commitment to the region. Regional integration was, in fact, a win-win situation for both Brazil and MERCOSUR. Brazil's economy was struggling in the early 1990s. Its low levels of intra-regional trade highlighted the economic benefits that Brazil could gain by going regional. Brazil was particularly interested with the multiple opportunities that regional integration could offer such as better access to the markets in other MERCOSUR countries given that it needed to expand its economic space. Indeed, Brazil's GDP per capita increased from USD 3,093 in 1990 to USD 5,271 in 1997 (World Bank). However, Siroen and Yucer (2012) found that the impact of MERCOSUR's integration varied across different Brazilian regions and that the Center West region of Brazil did not really benefit from the integration process. They suggest that Brazil's openness to regional trade within MERCOSUR in the 1990s triggered a shock that impacted the trade-off between the different possible trade directions for Brazilian states. This was detrimental to domestic trade, because some states preferred to trade with relatively more accessible foreign neighboring countries in MERCOSUR instead of other states in Brazil.

Apart from potential economic growth, Brazil was equally attracted by peace and security cooperation and political stability that MERCOSUR could provide. On the other hand, MERCOSUR members saw Brazil as the region's benevolent and undisputed trailblazer with its dominant economy and its political leadership including diplomatic affinities that would influence State Parties to follow the integration agenda (Campos, 2016). The dependence on Brazil grew and so did the economic power of Brazilian markets. MERCOSUR countries simply accommodated Brazil's needs and this led to an increase in intra-MERCOSUR trade between State Parties. As such, MERCOSUR became very successful and this resulted in the settlement of existing disputes between its members and in the setting up of regional institutions (Meissner, 2017). The antagonistic relationship that existed between Argentina and Brazil was transformed into cooperation.

Nevertheless, the region experienced a major downturn starting with the Argentinian Economic Crisis between 1999 and 2000, and the economic crisis in Brazil and Argentina from 1999 to 2001. Even if Brazil was weakened economically, it did not neglect the region and demonstrated its commitment to the region by financing MERCOSUR projects. For Brazil, investing in regional infrastructure was a way to boost Foreign Direct Investment (FDI) and to improve the region's economic performance. Brazil's willingness and ability to lead was central in maintaining the regional integration arrangement throughout this difficult period. Brazil was also successful in keeping the State Parties united in external relations despite the financial crises (Meissner, 2017). This eventually resulted in a relaunching of integration in MERCOSUR.

However, post-millennium, the region's integration process has been stagnant and MERCOSUR has been regarded as one of the biggest failures in the history of regional integration (Campbell, Rozemberg, and Svarzman 1999; Kaltenthaler and Mora 2002; Malamud 2005). Krapohl et al. (2014) associates this failure to the dominance of Brazil, labelling it as a Rambo. Following MERCOSUR's relaunch, economic conditions improved in the region and Brazil was the world's 7th largest economy in early 2000s. However, Brazil's commitment to the region started to fade as it started to be more economically prosperous and as it began to position itself as a global trader, no longer bound to the regional markets of MERCOSUR. Brazil became reluctant to engage in regional integration efforts through MEROSUR as it became unwilling to cede autonomy to a supranational body. It started shifting its exports externally to countries outside MERCOSUR and the region's economic integration went stale.

In recent years, Medeiros and Dri (2013) suggest that Brazil has continued to consolidate its image at the international level and this has largely accounted for the detachment of Brazil from MERCOSUR, limiting the economic interdependence among MERCOSUR members. They claim that this low-impact regionalism has facilitated Brazil's actions at the international level. The economic incentives to deepen the integration process bleached and the political dynamics of the bloc changed with the entry of Venezuela in 2005.

Venezuela joined the bloc without having adopted and enforced the "acquis communautaire" of the bloc. While this was agreeable to three of the State Parties, Paraguay rejected this demarche, questioning Venezuela as a non-democratic state. Ironically, the admission of Venezuela was formally accepted by MERCOSUR eight years later in 2013, during a period when Paraguay was suspended from the bloc for certain political reasons (Veiga and Rios, 2019). Apart from the rising trade protectionism, regulatory and economic uncertainty in countries like Argentina caused Brazilian investments to fall in the region. In such a situation, Brazil's economic foreign policy priorities shifted to the global agenda, moving more towards the WTO and BRICS (Veiga and Rios, 2019).

SOUTH AFRICA AND SADC

The establishment of the SADC Free Trade Area (FTA) in 2008 remains the most important achievement towards SADC's regional integration agenda. Despite numerous constraints, the FTA have been producing positive results, including the rise in intra-SADC trade flows. Since 2013, intra-regional trade in the region has consistently been above 20% and growing (SADC Secretariat, 2019). This represents a relatively fair performance compared to the pre-FTA era where intra-regional trade accounted for 16%. The region also savored success in other important sectors such as regional infrastructure and in the area of preventive diplomacy, mediation, conflict prevention and resolution. In recent years, the regional bureaucracy has been revamped with increased organizational capacities, industrialization has been brought to the forefront, and the SADC Industrialization Strategy and Roadmap 2015-2063 has been developed and is being implemented.

However, while much have been achieved, SADC is still lagging behind. SADC was established in 1992. It was expected to evolve into a customs union by 2010, a common market by 2015, a monetary union by 2016 and a single currency union by 2018. Yet, none of these targets have been met by 2020. Krapohl and Fink (2013) explains that South Africa as the Rambo of the region has blocked the regional integration process by favoring extra-SADC trade. However, unlike Brazil, South Africa is not a founding member of the regional bloc. In fact, the precise objective of the Southern African Development Coordinating Conference (SADCC), which later on was transformed into SADC, was to eradicate the patterns of integration developed so far in the region and by reducing their dependence on the then white-led South Africa (Niemann, 1991). Following its first democratic elections, which saw the institution of black-majority rule, South Africa joined SADC in 1994 and become the region's powerhouse. Alden and Le Pere (2003) claimed that since its accession to SADC in 1994, South Africa has remained strongly committed to the region (Alden and le Pere, 2003).

Using the flying geese model of economic development, Nelufule (2005) labelled South Africa as a "leading goose" and as a "springboard" to the region which boost FDI and trade in SADC. He gathered positive and statistically significant evidence to suggest that South Africa acts as a "leading goose" in the region through FDI and trade. Nelufule demonstrated that the increase in trade and the strengthening of investment relationships with South Africa have helped other SADC countries to develop, in particular by reinforcing their industrial structures and by the transfer of technologies. Alden and Soko (2005), studying South Africa's economic relations with other African countries, recognized that South African investments in bordering countries such as Mozambique have positive economic, social and political effects in these countries. Mlambo and Ogunnubi (2018) argue that, since its independence, South Africa has contributed positively in SADC's regional integration process through regional economic, diplomatic and military interventions. They acknowledge that South Africa is often portrayed as a dominant hegemon, but the country has used its regional stance to the benefit of the region and to deepen regional integration.

Moreover, with their 'Rambo effect' theory, Krapohl and Fink could also be drawing a somewhat narrow portrait of integration which omits other crucial aspects. For example, what happened to the "failed state" of Zimbabwe – the former powerhouse of SADC – has not been linked to the analysis of the integration process (Sithole, 2009). Before South Africa joined SADC in 1994, Zimbabwe was the main locomotive behind the development of SADC and there were high expectations on Zimbabwe to deepen the integration process in the region (Tjønneland, Isaksen and le Pere, 2005). Due to its economic importance, geographical position and historical significance, Zimbabwe, together with South Africa, was expected to be play a crucial role in deepening integration in the region. However, Zimbabwe became a “failed state” over time, consumed by political crises, governance failures and severe socio-economic difficulties. As at date, Zimbabwe is still facing numerous economic, financial and immigration sanctions from the US and its allies. Scrutinizing the SADC FTA in 2013, Sandrey confirmed the commonly accepted position that intra-SADC trade has been low but he pointed out that it would make a big difference if Angola and the DRC are included in SADC trade analysis (Sandrey, 2013). Angola, which is the second-largest economy after South Africa in the SADC region, and DRC have not yet joined the FTA. Once again, this has often been associated with the overriding power of South Africa, claiming that Angola is holding back from joining the FTA over qualms of being submerged by the dominant position of South Africa (Redvers, 2013). However, this remains highly questionable considering the fact that Angola joined the COMESA-EAC-SADC Tripartite FTA which, apart from South Africa, includes other bigger and powerful actors like Egypt, Ethiopia, Kenya and Sudan.

Nathan (2012) claims that SADC has failed to establish a credible security regime and he associates this failure to a lack of common values among Member States and their unwillingness to surrender their sovereignty to the regional organization. Reviewing Nathan's work, Taylor (2014) states that SADC has the capacity and necessary frameworks that would enable it to effectively intervene in regional conflicts and achieve peaceful change. However, Taylor confirms that the region lacks political commitment and will, leading to weak policy decisions. Davies (1996) claims that the whole lot of difficulties facing SADC in fact reflects a lack of commitment and political will to address essential conceptual, strategic and practical issues by the region. Peters (2011) speaks in the same direction, evoking a mismatch between the political fundamentals of integration and the region's economic ambitions which has led to a reduced commitment to integrate, in particular when Member States' national sovereignty are at stake. Sako (2006) explains that African countries are not prepared to surrender and pool part of their national sovereignty to any regional integration process. It has also been claimed that commitment to achieve regional integration has been much stronger from the founding members of SADC and from South Africa rather than from the new members (Tjønneland, Isaksen and le Pere, 2005).

CONCLUSION

Both MERCOSUR and SADC have been ambitious regarding their economic integration agenda. However, as their regional integration projects evolved, this agenda suffered and proved to be overly demanding for their members including their regional powers, that is Brazil and South Africa. At different points in time, both Brazil and South Africa have played a very important role in deepening integration in their respective regions. However, as a member of international community, they have a lot of balancing to do for both their domestic economy and their diplomatic affinities. Besides their regional blocs, both Brazil and South Africa belong to a number of international organizations including the G-20, WTO and BRICS, among others.

With regards to the Rambo theory, while Brazil appears to a Rambo in MERCOSUR, this may not be the case for South Africa in SADC. The Rambo theory might fail in explaining SADC's stagnation. This paper tends to indicate that South African has rather been pushing the region forward and that SADC's failure is rather centrally linked to a lack of political will in the region. Conscious of the absence of this political will and its underlying causes, the region has been using a realistic approach to integration in the past few years. The progress made in the region has been achieved without the region being a Customs Union nor a Monetary Union. It could be that SADC has realized that it was overambitious and revisited its integration agenda at some point in time to give the region a new impetus, something that MERCOSUR could not do.

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