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South Africa's Economic Statecraft in Southern Africa: Non-existent or Nascent? An Examination of Relations with Zimbabwe and Swaziland

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ABSTRACT

This paper considers the extent to which South Africa utilises its economic statecraft to further a progressive regional agenda. The country's reaction to crises in Zimbabwe and Swaziland over the past 20 years is a strong indicator of how it tries to marry the competing values inherent in its policy statements. While South Africa's foreign policy clearly states a commitment to advancing the principles of good governance and democracy, this has not always been reflected in its implementation. This is because of an unwillingness or unease in harnessing its economic power to provide incentives for political reforms in these countries. While in praxis its response to calls advocating change in Zimbabwe and Swaziland has been based on a principled argument of 'non-interference', at the same time there is little evidence to suggest that South Africa chooses to approach regional challenges in a co-ordinated political and economic manner. This paper concludes that to be more effective in promoting the spread of a progressive regional democracy, governance and human rights agenda, South Africa needs to incorporate a stronger element of economic statecraft in its foreign policy implementation.

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ABBREVIATIONS AND ACRONYMS

ANC	African National Congress
AU	African Union
BIPPA	Bilateral Investment Promotion and Protection Agreement
BLSA	Business Leadership South Africa
BNC	Bilateral National Commission
COSATU	Congress of South African Trade Unions
DIRCO	Department of International Relations and Co-operation
EU	European Union
FDI	foreign direct investment
GDP	gross domestic product
GNU	government of national unity
GPA	global political agreement
HIV	human immunodeficiency virus
IMF	International Monetary Fund
JBCC	Joint Bilateral Commission for Co-operation
MDC	Movement for Democratic Change
MDC-T	Movement for Democratic Change under the leadership of Morgan Tsvangirai
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADPA	South African Development Partnership Agency
ZANU–PF	Zimbabwe African National Union–Patriotic Front
ZAPU	Zimbabwe African People's Union

INTRODUCTION

Upon receiving the Nobel Peace Prize in 1993 alongside former President FW de Klerk, former President Nelson Mandela declared:[1]

> [W]e devote what remains of our lives to the use of our country's unique and painful experience to demonstrate, in practice, that the normal condition for human existence is democracy, justice, peace, non-racism, non-sexism, prosperity for everybody, a healthy environment and equality and solidarity among the peoples.

The 'new' South Africa that has emerged since the country's first democratic elections, held the year after this acceptance speech, has fallen somewhat short of these expectations for the 'rainbow nation'. As South Africa has matured, the idealism spurring Mandela's universalist claims of 'democracy, justice [and] peace'[2] for all has been challenged, leading to a reframing of the country's foreign policy against realpolitik concerns. Nowhere has this been more apparent than in the case of Zimbabwe, South Africa's key neighbour to the north.

This occasional paper is concerned with the success of South Africa's engagement with Zimbabwe and Swaziland in support of a normative and progressive agenda by means of economic incentives and other tools favouring the promotion of democracy and its accoutrements of human rights, transparency and accountability; in other words, this paper is concerned with understanding South Africa's approach to economic statecraft in its immediate region. This in itself is no easy task, given that the term 'economic statecraft' is largely absent from South African policy discourse. What predominates, however, is the government-favoured terminology, 'economic diplomacy'. The conceptual distinction between these two terms is subtle, where the latter is a more benign form of economic engagement – one that better suits a less aggressive post-apartheid South Africa that is wary of being perceived as a hegemon.

The paper starts with an outline of South Africa's key foreign policy and economic diplomacy principles and vehicles. It discusses the conceptual distinctions between 'economic statecraft' and 'economic diplomacy', and provides explanations for why South Africa favours 'diplomacy' over 'statecraft' in dealing with the region. The paper then moces on to the political situation in Zimbabwe and Swaziland, while outlining how South Africa has opted to engage bilaterally and multilaterally in encouraging the promotion of human rights, democracy and good governance in these countries.

It concludes that in Zimbabwe and Swaziland, South Africa has displayed a distinct reluctance to use its economic power to push for democratic reform. While this is partly a consequence of close personal ties between political elites, it is also a result of the primacy the government places on the principles of non-interference and respect for sovereignty. This highlights an inherent or conceptual difficulty in pursuing a human rights-based foreign policy.[3] The strained relationship between the state and business is another contributing factor to why economic statecraft has played a very small role in the country's responses to Swaziland and Zimbabwe.

THE ROLE OF HISTORY IN SOUTH AFRICA'S FOREIGN POLICY

The Southern African region provides a useful case study to interrogate South Africa's foreign policy because the proximity of the countries in the region to South Africa tests the veracity of its objectives and values in the face of realpolitik concerns of security and territorial integrity. For instance, the ongoing crisis in Zimbabwe has resulted in millions of largely economic migrants relocating to South Africa, spurring a xenophobic backlash against a backdrop of huge domestic unemployment and socio-economic stress in the country. South Africa's vulnerability to instability is in many ways intrinsically linked to the fate of its neighbours. The South African government's acute awareness of this has led to the prioritisation of immediate state security objectives over the longer-term promotion of a human rights and democracy agenda in its dealings with Zimbabwe and Swaziland.

Understanding contemporary South African foreign policy and economic diplomacy in Southern Africa hinges on an understanding of the country's recent history. This includes an understanding of the African National Congress (ANC) government's relationship with countries in the region and the role that it played in supporting South Africa's liberation. Before South Africa achieved democracy in 1994, the minority apartheid government played a destructive role in the Southern African region – fuelling wars and actively destabilising the region as elements of a multi-pronged strategy to quell domestic resistance to its legitimacy, and to counter regional and international pressure over its policies. Apartheid exceptionalism, spurred by beliefs of racial superiority and ideological differences, actively isolated the government from political engagement with newly liberated African governments in the region.

This, combined with the strength of the South African economy, incited the prevailing circumspection about the country within the region that has endured into the 'new' dispensation. This is despite the fact that the ANC was able to forge strong links with political parties during the region's national liberation struggles.[4]

South Africa's Minister of International Relations and Co-operation, Maite Nkoana-Mashabane, explained this paradox of trust and mistrust as the consequence of divided priorities among the South African ruling elite, saying:[5]

> The new South Africa is 19 years old, but we're always confronted with this history of the 101-year-old political movement [ANC]. The 101-year-old grandfather wants to go around making peace everywhere. The 19-year-old has got to look at every aspect of a relationship, needs to be impatient, and say: 'Hey, we need to make our people get the peace dividends.'

Nevertheless, regional politics remain defined by political affiliation and solidarity; for instance, former President Thabo Mbeki and President Robert Mugabe maintained a close relationship,[6] as has President Jacob Zuma with Swaziland.[7] The politics of Southern African countries (particularly in the Southern African Development Community, or SADC) are bound by the principle of solidarity emanating from their respective liberation struggles. It is not only political elites that maintain strong inter-personal relationships; this approach also filters down to grass-roots level – as evidenced in the public expression of support for Mugabe's anti-colonial rhetoric.[8]

However, in as much as political leaders in Southern Africa are united by common political rhetoric, they are driven by national self-interest and the pursuit of socio-economic goals such as poverty alleviation, equitable development, and wealth and employment creation. South African commercial dominance in the region and its self-interested behaviour in regional trade negotiations frequently emerge as a point of contention and difference. South Africa is accused of 'hegemonic' behaviour vis-à-vis its neighbours.[9] While there may be some truth to these perceptions, the reality is more nuanced than that. For example, South Africa's transfers of customs revenue to Southern African Customs Union (SACU) members reportedly comprise up to 4.5% of gross domestic product (GDP) – a considerable cost to the country.[10]

SOUTH AFRICA'S FOREIGN POLICY

South Africa's post-apartheid foreign policy has been further elaborated in a White Paper.[11] The White Paper builds on various ANC foreign policy documents and, most notably, Mandela's 1993 article, 'South Africa's Future Foreign Policy',[12] which stressed that '[h]uman rights will be the light that guides [South Africa's] foreign affairs' and, more importantly, that South Africa would be 'at the forefront of global efforts to promote and foster democratic systems of government'.[13]

The 2011 White Paper emphasises the fact that the country's foreign policy is built on the values of ubuntu – 'the idea that we affirm our humanity when we affirm the humanity of others'.[14] This emphasis, once again, squarely positions values of human rights, democracy, reconciliation and the eradication of poverty and underdevelopment at the forefront of its foreign policy. It also positions these values, derived from the Mandela pronouncement, in a *human security* context as a cornerstone of its foreign policy. Human security is the paradigm through which human development and socio-economic challenges are prioritised over traditional state security.

Another intrinsic characteristic of South African foreign policy is the linking of the country's future with the prosperity and development of the African continent, with Southern Africa being prioritised. This view is often articulated in the notion that 'South Africa cannot prosper in a sea of poverty'.[15] This commitment towards Africa is framed as the 'African Agenda' and is motivated by both political and economic imperatives that elevate political stability as a desirable goal.

South Africa's emphasis on a human security approach is informed by its own experience in negotiating a peaceful transition. It is the primary motivation for advocating of a human security approach in the resolution of disputes throughout the world. The government has articulated this view of a peaceful, inclusive and negotiated resolution of disputes in a number of its responses to political conflict and crises globally – often attracting criticism that it is wary of military involvement;[16] for instance, South Africa has stressed the importance of such an approach towards Zimbabwe, Madagascar, Syria and Palestine. It has also framed its engagements drawing upon the principle of non-interference in the affairs of sovereign states – but not 'non-indifference' as articulated in the African Union (AU) Constitutive Act[17] – as a key pillar in the implementation of its foreign policy.

South Africa is regarded as a 'middle power'. Traditional middle powers exert a moral influence in the international system[18] and have a moderate level of impact in the international arena. They often favour multilateralism because international organisation lends itself more easily to a stable and systematic environment. Their preference for stability and predictability often trumps the desire to 'impose an ideologically preconceived vision of an ideal world order'.[19] Typical middle powers are 'consistently able to generate successful foreign policy initiatives at regional, multilateral or bilateral levels so that these incisively contribute to shaping outcomes in international politics'.[20]

Building on its position as a middle power, South Africa's commitment to multilateralism is another key feature of its foreign policy. This not only reflects the importance of consensus-driven politics in international affairs, but is also reflective of a global shift towards greater reliance on multilateral institutions in the immediate post-Cold War era.[21] A large part of South Africa's global engagement is centred on advancing the African Agenda in international forums; in other words, South Africa aims to be perceived as a global authority on issues pertaining to Africa. To achieve this, it needs first to be perceived as an effective leader – both from within the continent and by the international community generally. However, given that African leaders often find themselves in direct opposition to Western governments, it is not always easy for South Africa to bridge both camps.

An often-cited example of this difficulty is Mandela's public censure of Nigerian President Sani Abacha over the execution of human rights activist Ken Saro-Wiwa in 1995. Although South Africa was lauded by the West for its firm commitment to human rights, it faced a considerable backlash from within the continent for not 'toeing the line'. This watershed incident signalled a change in South Africa's foreign policy postulations on the continent. It marked the moment when the South African government realised that for it to secure legitimacy on the continent as the 'voice' of Africa, it would have to adjust the tone and texture of its engagements on sensitive issues pertaining to Africa, without compromising the imperative to respond to these kinds of incidents. These 'adjustments' have led to transformations at a continental level and have influenced South Africa's national foreign policy. The pivotal role that the country played in relation to the reform of the Constitutive Act of the AU and in the introduction of the African Peer Review Mechanism can be viewed as efforts by the country to instil a culture of governance and transparency from a continental perspective.

Closer to home, these adjustments have given birth to the term 'quiet diplomacy',[22] which describes the way the South African government deals with difficult human rights abuses and democratic deficits in neighbouring countries.

ECONOMIC STATECRAFT: MARRYING FOREIGN POLICY WITH ECONOMIC DIPLOMACY

In international relations the term 'economic statecraft' is used to describe a country's use of economic tools and relationships to achieve foreign policy objectives. This involves a spectrum of tools, ranging from the use of sanctions to economic incentives to influence political decisions in other countries.[23] According to US Secretary of State, Hillary Clinton, economic statecraft is driven by two objectives: (i) to improve a country's standing abroad, and (ii) to improve its domestic economy by championing its industries in global engagements.[24] Given that economic statecraft is driven by governments to achieve strategic goals, this paper will focus on the role of the South African government rather than on business' perceptions and expectations of this concept.

In South Africa the term 'economic diplomacy' is used to encompass the country's economic ambitions in the context of international relations. The country's international economic strategy is widely mentioned in government and ruling party policy manifestos. South Africa's economic diplomacy is comprehensively laid out in the 'South African Trade Policy and Strategy Framework', reflected in the 2011 South African Foreign Policy White Paper, ANC discussion documents and even raised in the National Development Plan that was presented to Parliament in August 2012.[25] The White Paper broadly states that the country's economic agenda is to provide 'guidance to the business sector on economic developments and markets, to pursue market access for South African products, attracting investments and tourism, removing barriers to trade and supporting the development of larger markets in Africa'.[26] These goals are pursued in support of South Africa's own domestic socio-economic objectives. In an interview with a national weekly newspaper Nkoana-Mashabane noted that the principal aim of South Africa's economic diplomacy was to ensure that South Africans would begin to receive some of the 'peace dividends'[27] from its regional peace-building efforts. The ANC 2012 discussion document on South Africa's foreign policy also touches on its economic diplomacy.[28] Like the foreign policy White Paper, the discussion document ties South Africa's economic diplomacy strategy to that of the Southern African region and the continent.

While it is inferred that the terms 'statecraft' and 'diplomacy' are linked, there is nevertheless a conceptual distinction that needs delineation within the South African context. According to Dr Mzukisi Qobo, economic diplomacy is concerned with[29]

> the aggregation of domestic wealth through, among other means, the attraction of investment or cross-border expansion of domestic economic activity, the facilitation of technology transfers, the negotiation of better deals around norms or standard setting in multilateral economic settings, and the extraction of better outcomes while making fewer concessions in international economic negotiations.

This is consistent with the aforementioned 'peace dividends' identified by the Minister of International Relations and Cooperation.

Nevertheless, none of the official documents previously referred to provides an indication that economic diplomacy would be used by the ANC or the government as a tool to provide incentives or to censure the political outcomes of other countries. This suggests a disinclination to use economic statecraft. The concomitant commitments to non-interference and 'respect for sovereignty' that are consistently found in the country's foreign policy manifestos intonate a deliberate attempt by the South African government to separate its economic and political objectives.

Scholars on South Africa, however, diverge on the issue of whether the country employs economic statecraft. Their views principally fall into two camps: (i) those who believe that economic statecraft is non-existent in South Africa's strategy, and (ii) those who believe that its use is covert and self-serving of South African business interests.

Intrinsically linked to the latter school of thought is the work of Dale McKinley,[30] who states that South African interventions in Zimbabwe are clandestine and that the country's 'commercial diplomacy' is being used to maintain a degree of disorder, particularly in Zimbabwe, so that South African investors can 'dominate' the Zimbabwean economy. According to McKinley, there are 'very real economic motivations' that influenced South

Africa's engagement in Zimbabwe. According to McKinley, South African businesses economically and politically tied to the ANC and government sought to gain from a continuation of the crisis in Zimbabwe, where they are able to close deals at below-market margins.

In his analysis, economic statecraft is seemingly absent because intervening to promote stability in Zimbabwe would not be in the interest of South African businesses. These interests, according to McKinley, are driven by the complementary class interests of South Africa's emergent black bourgeoisie. Accordingly, South Africa would not sacrifice its goals of accelerating the growth of a black capitalist class at the altar of democracy, good governance and human rights promotion.

Although this analysis appears somewhat extremist, it does have a particular following in Zimbabwe, as some South African businesses appear to be thriving in the wake of the dying domestic industry, especially in the services sector.[31] This sentiment is encouraged by the current economic conditions in Zimbabwe that stifle indigenous businesses. The credit crisis experienced in the country's banking sector limits the growth of businesses and this has the knock-on effect of fuelling suspicions about South African business operations in Zimbabwe.

More broadly, McKinsey's argument remains flawed for a number of reasons. First, his assumptions ignore the underdeveloped nature of South Africa's commercial diplomacy. Not only does the country not have well-developed commercial diplomacy, but scholars such as Soko and Balchin[32] argue that it also lacks specialised personnel to execute such a sophisticated clandestine project. Second, the argument is based on a false assumption about the existence of a symbiotic relationship between the interests of the South African government and the corporate sector. It also fails to recognise the fault lines within the corporate sector between white and black elites. Tensions between government and big business in South Africa are widely known.[33] Third, Soko and Balchin posit that South African business expansion into Zimbabwe did not occur as a consequence of the encouragement of the government. In fact, it is more the result of individual companies' initiatives – mirroring their behaviour in other parts of the continent.[34]

A more compelling and realistic perspective is offered by Qobo,[35] who claims that South Africa has a nascent economic diplomacy machinery in operation because anything more sophisticated would lead to resistance from the continent. Qobo contextualises South Africa's position squarely within a historical framework – referring to the scepticism with which it is received on the continent because of its economic size and the behaviour of predecessor regimes. According to Qobo and scholars such as Zondi,[36] South Africa could side-step this kind of resistance if it shifted its focus towards the use of soft power to influence a human rights-based foreign policy agenda on the continent. To this end, Zondi outlines the scope: South Africa has to make greater use of its location, track record, diversity, cosmopolitanism and business networks to form the foundation upon which to build on its soft power.[37]

Indeed, while an overt political agenda on the part of South Africa may be nascent or absent, it may be possible for the country to employ a more innocuous statecraft agenda through its public sector institutions. Tim Hughes identifies the Industrial Development Corporation, the Development Bank of Southern Africa, parastatals (eg, Transnet and Eskom) and the proposed South African Development Partnership Agency (SADPA) as some of the essential tools at South Africa's disposal.[38] These institutions represent a natural confluence of South Africa's economic and developmental interests and, according to Dr Mungai Lenniye, World Bank Country Manager in Zimbabwe, offer a platform for the government to provide economic incentives for development in keeping with Western norms of economic statecraft and compliant with the way in which China has also been conducting its statecraft.[39]

ZIMBABWE: BALANCING REALPOLITIK WITH IDEOLOGY

The crisis in Zimbabwe has posed one of the greatest foreign policy challenges to the post-apartheid government since 1994. Zimbabwe's escalating tensions have had a direct impact on South Africa, which borders Zimbabwe to the north, because of its proximity and because the two countries have enjoyed strong ties. South Africa's importance to Zimbabwe was enhanced when SADC mandated it in 2007 to facilitate a resolution to the conflict in Zimbabwe. Although South Africa had been facilitating backdoor discussions since 2001, the appointment by the regional body had the effect of placing the efficacy of South Africa's foreign policy squarely in the spotlight.

When the economy of what was once referred to as 'Africa's breadbasket'[40] began visibly faltering in 1997, it led to widespread protests expressing dissatisfaction with the performance of the ZANU–PF (Zimbabwe African National Union–Patriotic Front) government. This dissatisfaction found a voice in the formation of the Movement for Democratic Change led by former labour union leader Morgan Tsvangirai (MDC-T). For the first time since the early 1980s, Mugabe faced a serious challenge to his authority.

In 1982 ZANU, headed by Mugabe, responded to the political opposition posed by ZAPU (Zimbabwe African People's Union) led by Joshua Nkomo, by launching the Gukurahundi Massacre in Matabeleland that led to the genocide of 20 000 civilians. An accord was finally signed between the two groups in 1987, leading to the amalgamation of ZAPU into ZANU and the formation of ZANU–PF.

Ten years after the signing of the Unity Accord that ended the Gukurahundi, ZANU–PF found its authority once again questioned, this time by the MDC. The response that the MDC's emergence solicited did not deviate much from past threats to ZANU–PF, and the government embarked on increasing repressive and violent measures to quash opposition voices in the country.

It was not until the state-sanctioned Fast Track Land Reform of 2001, however, that the crisis in Zimbabwe began to escalate. The land invasions that were instigated by powerful war veterans, Mugabe's capitulation to their demands for compensation and the lawlessness that ensued precipitated an economic and political meltdown, the likes of which have not been seen anywhere in the contemporary world. With the economy in turmoil, hyperinflation spiralled out of control (eventually reaching a record high of 123 million per cent before the Zimbabwean dollar was abandoned in 2008);[41] retailers ran out of stock, industries were forced to shut down and civil servants were not paid, forcing millions of unemployed Zimbabweans to flee across the border to seek respite in neighbouring Mozambique, Botswana, Namibia and South Africa.

Democratic South Africa has been in the invidious position of relating to its northern neighbour in crisis for the entirety of its short lifespan. This has severely affected Pretoria's ability to develop 'normalised' relations with Harare. In 1997 the two countries established a Bi-lateral National Commission (BNC) – South Africa's highest forum for regulating bilateral affairs. However, apart from a regular meeting of the security arm of this commission, its economic and political dimensions have been stunted.[42] This in itself illustrates the central role that concerns for security have played in influencing South Africa's relationship with Zimbabwe.

South Africa's prioritisation of immediate security concerns also forms the basis of much of the criticism levelled at Zuma for his swift endorsement of the 31 July 2013 elections in Zimbabwe. South Africa is suspected of fearing reprisals, either in the form of a return to violence akin to the 2008 elections or a mass exodus of Zimbabweans as reasons for its endorsement. SADC fell short of declaring the harmonised elections held in Zimbabwe as 'fair' when it pronounced that the elections took place in 'an atmosphere of peace and political tolerance'[43] amid widespread allegations of election rigging.

Over the years, South Africa has faced criticism from all quarters for either being too intrusive (typically the assertion of Zimbabwean players) or not being intrusive enough in its SADC-mandated mediation of the crisis in Zimbabwe. It has faced steep criticism from the West, notably the UK, the Commonwealth and the EU[44] whose stance on Zimbabwe centred myopically on the removal of Mugabe and his acolytes from power.[45] Domestically, Mbeki came under a barrage of media-fuelled criticism for declaring that there was 'no crisis'[46] in Zimbabwe following the 2008 elections. South Africa's SADC-mandated mediation role in Zimbabwe has been the subject of much discussion in academia and in popular discourse, as the term 'quiet diplomacy'[47] has become synonymous with discussions about South African foreign policy.

South African intervention in Zimbabwe has simultaneously sought to provide a buffer between Zimbabwe and the West, while maintaining the integrity of SADC to mediate the conflict – all the while cognisant of the spill-over effects that an escalation of the crisis would have on Zimbabwe's neighbours. These considerations have made it imperative for the country to temper the ideological underpinnings of its foreign policy with realpolitik concerns for the safety and security of South Africa and the immediate region. These concerns revolve around political instability in South Africa brought about by an influx of Zimbabwean migrants[48] and the protection of South African investments in Zimbabwe in the wake of an aggressive indigenisation policy propounded by ZANU–PF. Cognisance of Zimbabwe's strategic importance to South Africa in terms of achieving its goals of regional integration, its role as a major destination for manufactured goods and its importance in the North–South Corridor are also reasons that undergird the way South Africa has chosen to poise itself.

South Africa's approach has also been influenced by the degree of legitimacy that Mugabe enjoys in the Southern African region as an elder statesman and his perceived commitment to the emancipation of Africa from neo-colonial interference. The resonance that Mugabe's anti-colonial/neo-imperialist rhetoric enjoys throughout Southern Africa and its ability to stoke fears of a resurgence of colonial rule cannot be underestimated. His ability to defer blame for Zimbabwean woes to the interference of the West has been unparalleled. For instance, he has repeatedly attributed the stagnation of the Zimbabwean economy to the imposition of sanctions on the country, when, in fact, the sanctions have by and large been targeted at specific individuals in his cabinet and had a negligible impact on the broader economy.[49] Perhaps Mugabe's greatest success in manipulating this powerful anti-imperialist rhetoric has been in his ability to cast doubt on the MDC-T's autonomy and legitimacy. In casting aspersions on the West's open support for Tsvangirai, Mugabe was able to administer considerable damage to the image of the opposition.

The circumspection surrounding Western or 'outside' interference in the political affairs of African countries is particularly strong in South Africa's immediate neighbourhood, where most countries have recently fought protracted liberation wars against former colonial masters. Thus, Mugabe, in pursuing a vitriolic foreign policy agenda against the West, and the UK in particular, was able to drum up support from within the region too. This was most emphatically expressed in his 2002 speech in Johannesburg when he concluded: 'So Blair, keep your England and let me keep my Zimbabwe.'[50] Mugabe's continued support in South Africa was most recently displayed at Mandela's memorial service on 10 December 2013, when his entrance was followed by a resounding welcome from the crowd.

Support for this stance, coupled with a style of regional politics endemic to Southern Africa which reveres elder statesmen, has provided a solid support base for Mugabe's brinkmanship. Analysts have gone as far as accusing SADC of shunning the MDC when it entered into the power-sharing agreement following the 2008 elections.[51] In 2010, when the SADC Tribunal, the region's dispute resolution mechanism for resolving intra-state conflicts, ruled in favour of a group of disenfranchised white Zimbabwean farmers who had lost their land in the fast-track land reform of the early 2000s, SADC responded by placing a moratorium on the mandate of the tribunal. This move has been censured as the region's tacit support for ZANU–PF and the subsuming of human rights. In July 2013 Mugabe ostensibly held the regional body to ransom again when he issued a veiled threat to withdraw from SADC if it interfered in the electoral process. This has led to speculation that SADC and South Africa's precipitous endorsement of the July 2013 elections stemmed from a fear of losing Zimbabwe from the regional body.[52] However, SADC did come under scrutiny for being overly gracious when it elected Zimbabwe as SADC Deputy Chair to Malawi at the August 2013 SADC Summit. This election essentially means that Zimbabwe will chair SADC from August 2014 onwards. Similarly, at a continental level Africa's endorsement of Mugabe was also expressed in January 2014 when he was elected as the first Deputy Chair of the AU Executive Council.[53]

South Africa is frequently criticised for prioritising special relations with the Zimbabwean political elite over ensuring the application of its human rights agenda in its foreign policy, yet, the bilateral relationship between the two countries is not as intensive as it appears. One senior South African government official summarised the relationship as 'cordial but difficult'.[54] Historically, the ANC had strong links with ZAPU, headed by Nkomo. It was only in the 1980s when Mbeki was deployed to begin engaging with the post-independence government in Zimbabwe that the ANC began to foster closer ties with ZANU–PF. Mugabe is also said to have been 'jealous' of the attention that Mandela received once he became president of South Africa; and South Africa and Zimbabwe came to loggerheads over the formation of the SADC Organ on Politics, Defence and Security – where Mandela's favoured human security paradigm contrasted with Mugabe's preference for hard security.[55]

Regional politics is not the only area in which the two countries have squared off. Considerable animosity exists around South African business engagement in Zimbabwe. The collapse of industries in Zimbabwe in recent times has meant that the country relies heavily on South African consumables and finished products. This is a source of major concern for Zimbabwean businesspeople who increasingly find themselves unable to compete[56] in an environment in which cash-strapped banks are not able to extend loans. This is further exacerbated by claims that South Africa pursues a ruthless mercantilist agenda in Zimbabwe. Apart from the retail sector, where South Africans dominate, South African companies have significant investments in mining, manufacturing and agro-processing.

Between 2003 and 2012 South African foreign direct investment (FDI) in Zimbabwe amounted to $619 million (contrasting with FDI from Zimbabwe to South Africa totalling $54 million).[57] Despite the fact that the South African government hosted a business delegation in Bulawayo in mid-October 2013, aimed at further encouraging South African investment, there remain numerous economic concerns about the bilateral agenda. It raises the question whether South Africa, and business more broadly, is willing to engage Zimbabwe economically. In 2010 South Africa and Zimbabwe signed a bilateral investment treaty, known as the 'Bilateral Investment Promotion and Protection Agreement' (BIPPA) to protect investors in the two countries and, most importantly, it is said to protect South African businesses from the Zimbabwean government's feared indigenisation policy. Indiscriminate business practices proliferate in Zimbabwe, however, and BIPPA is no guarantee of protection. In January 2013 Zimplats, a platinum mining company that is 87% owned by South African firm Impala Platinum, announced that it had agreed to a 'localisation' stake sale that saw it selling off 51% of its shares – the largest stake of which (31%) was sold to the state-owned National Indigenisation and Economic Empowerment Fund.[58] In September 2013 it was reported that Zimplats was facing further troubles amid reports that 50% of its consignment area set aside for mining was reallocated to a Russian company. The South African government's response to questions about why it was not protecting company interests indicated that it preferred to keep a wide berth in dealing with Zimbabwean officials on behalf of companies.[59]

Another area where South Africa has been unwilling to link economic and political concerns in Zimbabwe relates to the Marange diamonds. Zimbabwe holds 25% of the world's diamond reserves. In 2009 a Human Rights Watch report[60] brought international scrutiny to the Marange diamond mining region for human rights violations being perpetrated by the Zimbabwean security forces. This led to international pressure on the Kimberley Process to declare them 'blood diamonds'. However, the international body remained hamstrung because the existing definition of 'conflict diamonds' is too narrow to apply to the Zimbabwean case, as it refers to non-state actors. The South African government was unable to exert influence over the Kimberley Process. Instead, South Africa cautioned that the calls for sanctions against Zimbabwe within the Kimberley Process ought not to be used as a 'Trojan horse' to push for regime change, indicating, once more, South Africa's reticence to advance a human rights agenda over political stability.[61]

However, there is broader concern around economic transparency and corporate governance in Zimbabwe. After the 2008 elections resulted in a political stalemate in Zimbabwe, Mbeki was able to broker a power-sharing agreement between the opposition and ZANU–PF. In the government of national unity (GNU) that was created, the MDC held a number of cabinet portfolios, including the Ministry of Finance under Tendai Biti. This was supposed to ensure fiscal transparency and encourage international investments, and was successful to some degree. However, much of the revenue generated from diamond sales did not end up in the Treasury coffers, deepening the 'shadow economy' that already existed prior to the GNU.[62] This parallel economy was aimed at excluding the MDC from one of ZANU–PF's major rent-seeking activities. A vast portion of economic activity was excluded from official government revenue[63] – effectively hamstringing the GNU's ability to effect a real developmental agenda in Zimbabwe and allowing ZANU–PF to continue its patronage-based rule.

At the time, the land reform issue was tumultuous but is now considered a fait accompli. Some areas of agriculture, including the tobacco industry, are beginning to report positive returns.[64] Despite repeated calls for a land audit, and the fact that it was also a condition of the global political agreement (GPA), it has not yet been undertaken. As a result, vast tracts of land remain under-utilised, and land allocation has been inefficient and non-transparent, with a handful of members of the political elite owning several farms. The issue of title deeds also remains a sticking point to development. Under the current system, land is allocated by a centralised authority and can be arbitrarily revoked. Not only does this discourage farmers from investing too much in their land (for fear of the allocation being revoked and reassigned), but it also prevents them from accessing loans from financial institutions to further develop their assets.

Although the economy began to recover in the immediate years following the GPA, Zimbabwe's financial woes continued. In April 2013 Zimbabwe announced that it would need $132 million to hold its next national election. Biti announced that South Africa had agreed to lend the government $100 million for these purposes but this was swiftly denied by the South African government. Zuma's International Relations Adviser, Lindiwe Zulu, went on record stating that the two governments were working out an agreement to extend a line of credit – a decision taken by South Africa's cabinet in 2009 – but that the agreement was still being finalised and that it was never the intention of the government to provide this money to Zimbabwe for the elections.[65] Although the fate of this loan is as yet unclear, South Africa's response ahead of the elections is interesting because it appears to have tried to create a sense of distance between it and Zimbabwe in responding to the issue of the credit extension in the media. This may be partly explained by the furore around Swaziland's loan (the circumstances of which are explained later) and the sensitivity of government to domestic sentiments about its perceived support for Zimbabwe.

ZANU–PF's electoral victory in 2013 has transformed the crisis in Zimbabwe from a political to an economic one. As one Zimbabwean businessperson astutely predicted in 2002: 'The economy will jettison Mugabe. He's going to find that if you don't manage the economy, it will manage you.'[66] Careful fiscal management and prudent political decisions lie at the heart of the solution to a return to prosperity for Zimbabwe.

The Zimbabwe Agenda for Sustainable Socio-Economic Transformation is Zimbabwe's economic recovery plan launched by the government in October 2013 and enjoys the endorsement of the African Development Bank, the World Bank and the International Monetary Fund (IMF)[67] but remains bedevilled by a lack of international investment – a crucial factor for its success. In 2013 Zimbabwe announced that it would need $27 billion in investments in order to roll it out.[68] However, the country's failure to service its $6 billion external debt has left it unable to access further IMF funding. In March 2014 the country's central bank announced that it was experiencing a 'severe and persistent liquidity crunch',[69] which prompted it to seek assistance from the African Export Import Bank.[70] At the time of publication no support was forthcoming.

For its part, South African engagement in Zimbabwe has appeared to have de-escalated dramatically since the July 2013 elections. This may be an indication of an attempt to normalise relations between the two countries after the high-intensity engagement following the mediation efforts over the past few years. However, there are indications that the country and the region are suffering from 'Zimbabwe-fatigue'[71] – which may influence the tone and temperature of engagements. It is as yet unclear how the South African position towards Zimbabwe has changed, if at all, since Mugabe was re-elected in 2013 – and time will tell how South African economic statecraft will manifest with regard to Zimbabwe. What is manifest, however, is that in the recent past, South Africa has kept its economic engagements separate from the political and has preferred to make foreign policy interventions based on security concerns.

SWAZILAND: ECONOMIC STATECRAFT OR EXPEDIENCE?

While South African economic statecraft was largely absent from its engagements in Zimbabwe, the same may not be said for Swaziland. The kingdom is much smaller in size, with a more limited scope to impact on South African state security, paving the way for South Africa to attempt an economic incentive scheme to encourage political reform. The attempt has, however, been somewhat half-hearted and lacklustre with little impact to date.

In September 2013, just before the country's parliamentary elections, King Mswati III declared that it had been revealed to him in a dream that his kingdom was a 'monarchical democracy' in which the king ruled over his constituents through 'democratically' elected parliamentarians.[72] Swaziland has been an absolute monarchy since 1973 when King Sobhuza II suspended the constitution. Political repression, rampant inequality, a crippling human immunodeficiency virus (HIV) crisis and unemployment are just some of the issues challenging this small mountain kingdom. Yet, despite the prevalence of such socio-economic challenges and political abuses taking place on South Africa's doorstep, calls from the ANC government for political and economic reform have been tepid, at best.

Swaziland's government possesses many of the accoutrements of a modern constitutional monarchy – a constitution, and a government with legislative, executive and judicial branches. Although the system that has been created has been ostensibly subjected to public review and is said to reflect the will of the people,[73] over the years it has become exclusionary, severely curtailing civil and political activity in the country, and violently suppressing opposition to the regime.

In this system, called '*tinkundla*', the Swazi monarch has the power to choose all office-bearers. Political and civil liberties are constrained, and even though elections are held regularly, political parties are banned from participating. This not only infringes on people's rights to associate freely, but also prevents a political challenge against the monarchy. While group activity is banned, individuals are, however, permitted to run for parliament and are elected by popular vote. However, the system is skewed in favour of the monarchy. To qualify to stand for election, candidates must first pass a local round of nominations overseen by local chiefs – all of whom are royal appointees. Furthermore, of the 76 seats in parliament, 10 are hand-selected by the king, when he appoints his cabinet and prime minister.[74] SADC fell short of declaring the September 2013 elections free and fair, preferring rather to pronounce that it was 'orderly and peaceful', indicating its reticence to enforce democracy in the region. More tellingly, South Africa remained silent on the issue.

The centralisation of power in the person of the king and the heavy influence of traditional authority in government has led to inefficiencies,[75] opaque governance and gross mismanagement of public funds. The king is frequently accused of living in opulence at the expense of the taxpayer. His personal fortune is estimated at between $100 and $200 million, and it is believed that he controls 60% of the economy.[76] Corruption is also rampant and the king has the power to access funds from ministerial budgets at will. In 2011 the Swazi Minister of Finance, Majozi Sithole, said that $128 million was lost annually through government corruption

Because political parties are banned in Swaziland, calls for political reform are often spear-headed by trade union groups with strong affiliations to the Congress of South African Trade Unions (COSATU) and the ANC Youth League. These partners are powerful civil society lobbyists for change in Swaziland. Surprisingly, these same partners are not as vociferous in their calls for change in Zimbabwe. This is largely because of the strong relations with ZANU–PF and respect for Mugabe.

While there is strong consensus among various groups about the need for political reform, there is no agreement among them about how this reform should unfold. As Swaziland is a very traditional society, the contentious point remains how strong a role the monarchy ought to have in a potentially reformed Swazi government. This has also served to limit the emergence of any widespread support among ordinary Swazis for radical reforms. However, to focus on the disunity is to divert attention away from the overall issue of reform, Bongani Masuku from COSATU has argued.[77] South Africa and the world ought to be focusing their concerns on ensuring that a platform for open dialogue exists – something which has not yet happened.

Swaziland's GDP comprises roughly 1% of South Africa's, so advocating for reform in Swaziland is something arguably well within the scope of South Africa.[78] However, a number of political factors play a role in why South Africa has not strongly advocated change. While government bureaucrats cite the principle of 'non-intervention' in the affairs of its neighbours as a justification for its actions,[79] the personal relationship that Zuma has with the Swazi royal family (he is even said to be engaged to Princess Sebentile Dlamini, King Mswati's younger sister[80]) is often considered the real reason behind South Africa's apparent lack of political will to push for change, regardless of calls by its alliance partner, COSATU, for intervention to encourage democracy and labour rights. Despite growing concern driven by the Commonwealth Secretariat,[81] Swaziland's plight has not been placed on the agenda of the AU or SADC. This has been interpreted as a sign that the situation in Swaziland is not regarded as being as urgent as others. This is compounded by the fact that Swaziland is not as strategically important to the region as either Zimbabwe or its neighbour Mozambique.

Swaziland has a population of 1.2 million people, a GDP of $4.1 billion[82] and is one of the smallest economies in Southern Africa. In 2012 the country's per capita GDP was $5 900,[83] thereby affirming its classification as a lower middle-income country. Meanwhile, unemployment and poverty plague ordinary Swazi citizens. Official unemployment figures sit at 40%, and 75% of Swazis attempt to earn an income through subsistence farming. This level of underdevelopment is further reflected in the fact that 66% of the population are not able to meet their basic food needs and 43% live in chronic poverty.[84] The country also has the world's highest rate of HIV infection, with over 31% of Swazis being HIV positive. In the 2013/14 fiscal year, the government budgeted $28 million for health care for 1.2 million people; only a little more than $23 per person.[85] According to the World Health Organization, life expectancy in Swaziland is 48 years, well below global averages.

The country is also not resource-rich, and a small and uncompetitive business sector that is largely owned by the royal family does not encourage foreign investment. South African businesses have a strong presence in Swaziland, particularly in the sugar industry which dominates Swaziland's agricultural sector. These factors contribute to the country's limited leverage regionally and internationally. Compounding this further is the fact that despite some political unrest, the situation in Swaziland has not escalated into wide-spread violence – making it easy for the plight of the people to remain exempt from international scrutiny.

South Africa's engagement has by and large been influenced by personal relationships with the Swazi ruling elite, and bolstered by its policy of non-interference. Escalating political tensions in Swaziland have also escaped regional scrutiny in SADC, because the regional body's attention has been on the crises in the Democratic Republic of Congo, Zimbabwe and Madagascar. Comparatively, again, problems in Swaziland do not pose as significant a threat as in other countries in the region. Yet, an acceleration of the country's decline will still directly affect South Africa through a potential surge of economic refugees, especially into neighbouring provinces.

In 2008 when SACU receipts fell, the Swazi government was propelled into an economic crisis that quickly led to an escalation of tensions in the country. Amid intensified calls – and protesting – for reform, the government resorted to quashing demonstrations with brutal force. At the heart of the pro-democracy protests was the fact that[86]

> financial meltdown is not simply due to the current lack of financial resources, but largely a direct result of the total breakdown in good governance, rule of law, public accountability and responsible leadership spanning many years, coupled with the absence of effective participation of the people in the affairs of their country.

Instead of capitulating to popular demands, however, Swaziland turned to South Africa to request a bailout loan of ZAR 2.4 billion.[87]

The South African government, through National Treasury, agreed to make a loan available to Swaziland. The loan, which was framed as an 'advance' on Swaziland's projected future SACU revenue, also contained conditionalities calling for a number of financial, governance and political reforms (which included lifting the ban on political party participation) in order to receive the loan.[88] The conditions, which were in line with those sought by the African Development Bank and the IMF, were never accepted by the Swazi government and in August 2013 the South African Minister of Finance, Pravin Gordhan, announced that it was officially 'off the table'.[89] South Africa's insistence on maintaining the loan conditions, while laudable, eventually fell short of being effective because this was not followed up by political pressure. In the end, the loan issue was a missed opportunity for South Africa. Rather than leveraging the economic relationship to advocate for reform in Swaziland, South Africa relied on Swaziland's ruling elite to take the most expedient decision it could – its refusal to accept the conditionalities attached to the loan – and with it, maintenance of the status quo.

However, the loan issue is not South Africa's only opportunity to effect political change in Swaziland. In 2014 the SACU revenue-sharing formula, upon which Swaziland is so dependent, will come up for review. This is in line with South Africa's desire to reform the formula and play a more instrumental role in providing development assistance to the region.[90] According to Masuku and other analysts,[91] revising the formula is also one of the simplest ways for South Africa to exert pressure on Swaziland. SACU receipts account for up to two-thirds of Swazi government revenues, which it receives in cash transfers and utilises for core budgetary purposes, making the country dependent on them – and, by extension, South Africa.[92]

A reformulation of SACU revenues would spell trouble for the status quo in Swaziland, and indeed the other member states (ie, Botswana, Lesotho and Namibia). The potential for political reform in Swaziland specifically would not only be enormous, but has the potential to be catastrophic, if not managed correctly.[93] Swaziland remains highly dependent on SACU revenues and any reformulation of the revenue-sharing formula will place significant pressure on the country's already emaciated fiscus. This, compounded by the possibility of the US revoking Swaziland's Africa Growth and Opportunity Act privileges, threatens to place serious pressure on the government of Swaziland. South Africa's recognition of the grievous impact of these decisions perhaps explains why negotiations on the issue that were expected to be resolved in December 2013 have been postponed into 2014.

CONCLUSION

South Africa does not seem to display an obvious economic statecraft agenda in dealing with the Southern African region for the purposes of advancing political reform. The decision to separate politics from economic influence was a political one that provided space for South Africa to incrementally develop a modality of engagement in the region that marries the country's concerns about maintaining peace and security with its economic might. This approach, however, has compromised its ability to act as a regional paragon for human security.

The apparent reticence to exert overt pressure is officially justified as an adherence to the principle of non-interference in the affairs of sovereign states; but is also influenced by a fear of regional censure for unilateral and hegemonic behaviour, perhaps exacerbated by a memory of the divisive role that South Africa had played in the past. South Africa is acutely aware of the perceived threat it poses to its neighbours and therefore deliberately chooses to be more benign in order to solicit consistent support from the region for its broader foreign policy objectives. The country's leadership learnt early on that it would need to toe a tacit 'African' line in dealing with sensitive foreign policy issues, which led to the doctrine of 'quiet diplomacy'.

Sometimes not interfering protects entrenched personal relations between political elites, translating into an elite bargain. Regrettably, 'quiet diplomacy', which prioritises a 'saving face' approach towards political elites in the region, is also accompanied by a lack of overt criticism of gross abuses in these countries. This raises the question about the suitability of 'quiet diplomacy' for South Africa in pursuing a progressive reform agenda in the region. South Africa's capitulation in the face of Mugabe's brinkmanship made it clear just how high a priority the country places on the immediate political stability in the region. This stop-gap approach contained the crisis in 2013, but failed to address the core issues. This means that the emerging economic crisis in Zimbabwe in 2014 is likely, once again, to undermine the stability of the region.

It would also appear that the chasm between business in South Africa and the government has not been bridged. The endemic lack of trust and co-operation between these two groups makes it difficult for any co-ordinated approach towards a developed economic statecraft. This has resulted in a two-pronged strategy on the part of business who operate in Africa largely without the direction of government and have had to become self-reliant as the South African government has failed to protect their interests in other countries. The case of Zimbabwe, where possible reprisals were threatened against South African corporations, bears testament to this. If South Africa is to be more effective in advancing a human security foreign policy in the region, it will need the support of its industries to provide positive incentives. It stands to reason then that it urgently needs to address this fracture.

The proposed SACU revisions offer one way in which South Africa can be more assertive with Swaziland, as increases in development co-operation lend themselves more easily to setting political conditionalities. However, the proposal has massive implications for the rest of the region, as it threatens the fiscal viability of Namibia and Lesotho too, as they are also heavily reliant on SACU revenues. South Africa's own expansion into development co-operation opens another avenue for it to engage more actively in political reform in the region. In this space the role and mandate of the proposed SADPA becomes important. While Pretoria appears to have largely washed its hands of Zimbabwe after the 2013 election, the impending economic crisis facing the country also poses opportunities for an invigorated South African engagement – particularly if it is led by public sector financial institutions that provide the scope to tie economic activity with developmental objectives.

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