"Arrogant, disrespectful, aloof and careless"

South African Corporations in Africa

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Shoprite in Uganda: part of a South African chain.

Rhodes redux?

"I am sure that Cecil John Rhodes would have given his approval to this effort to make the South African economy of the early Twenty-first Century appropriate and fit for its time," said Nelson Mandela in August 2003, during a talk to business and social elites at Rhodes House in Cape Town.[1] Is this chilling historical comparison apt? We do have much to learn about today's conditions if we revisit late Nineteenth Century Africa, in part because no other buccaneer did as much damage to the possibilities for peace and equitable development as Cecil Rhodes. First a diamond merchant, then a financier and politician (governor of the Cape Colony during the 1880s to 1990s), Rhodes received permission from Queen Victoria to plunder what are now called Gauteng Province (greater Johannesburg) after gold was discovered in 1886, and then Zimbabwe, Zambia and Malawi; his ambition was to paint the map British imperial red, stretching along the route from the Cape to Cairo.

Rhodes's two main vehicles were the British army, which invented the concentration camp and in the process killed an estimated 14 000 black people and 25 000 Afrikaner women and children during the 1899-1902 Anglo-Boer South African War, and the British South Africa Company (BSAC), a for-profit firm which in 1890 began systematically imposing settler colonialism across the region. The BSAC's Charter followed the notorious Rudd Concession which Rhodes obtained deceitfully from the Ndebele king Lobengula.[2]

Beyond the never-ending search for gold, two crucial dynamics underway in Britain (and much of Europe) under-girded Rhodes's conquests: chronic "over-accumulation" of capital and social unrest. The ready availability of foreign financing for Southern African investments was due to the lengthy European economic depression, chronic excess financial liquidity, and the global hegemony enjoyed by City of London financiers.[3]

From the standpoint of British imperialism, the main benefit of Rhodes's role in the region was to ameliorate the contradictions of global capitalism by channelling financial surpluses into new investments (such as the telegraph, railroad and surveying that tamed and commodified the land known as Rhodesia), extracting resources (especially gold, even if in tiny amounts compared to the Rand), and assuring political allegiance to South African corporate power, which was in harmonious unity with the evolving British-run states of the region.

Can Mandela claim he is faithfully following in these footsteps? Today, for Victoria, substitute the White House. Instead of the old-fashioned power plays of the Rudd Concession and similar BSAC tricks of dispossession, read New Partnership for Africa's Development (NEPAD), and its many corporate backers. Likewise, the SA National Defence Force stands ready to follow British army conquests, what with its invasion of Lesotho in September 1998, justified by Pretoria's desire to protect a controversial, corrupt mega-dam from alleged sabotage threat. As Rhodes had his media cheerleaders from Cape Town to London, so too do many Western publications regularly promote Mandela and Mbeki as Africa's saviours, and so too does the SA Broadcasting Corporation screen pro-Pretoria propaganda to the continent's luxury hotels and other satellite broadcast receivers.

Mandela's less honourable foreign policy intentions were also difficult to disguise. Although South Africa can claim one intervention worthy of its human rights rhetoric – leadership of the 1997 movement to ban landmines (and hence a major mine-clearing role for South African businesses which helped lay the mines in the first place) – the first-ever democratic regime in Pretoria recognised the Myanmar military junta as a legitimate government in 1994; gave the country's highest official award to Indonesian dictator Suharto three months before his 1998 demise (in the process extracting $25 million in donations for the ANC); and sold arms to countries which practiced mass violence, such as Algeria, Colombia, Peru and Turkey.

Should concerned citizens of Africa worry about Pretoria in the way that Mandela suggests?

Deputy sheriff for the USA

One reason to fear a new Rhodes rising is Pretoria's friendly relationship to Washington, the regime most responsible for the last few decades of increased state terrorism and imperial looting. The two countries' military relations were fully "normalised" by July 2004, in the words of SA deputy minister Aziz Pahad, after a somewhat difficult period associated with Washington's support for apartheid. (The CIA had a role in Nelson Mandela's capture, for example.) In the mid-1990s, the current intelligence minister Ronnie Kasrils was the victim of a US government scam – a trap based on his forged signature – aimed at ousting some pro-ANC spies within the Pentagon. This followed a period of serious problems for the SA arms firm and others like it (Armscor and Fuchs), which were also allowed full access to the US market in July 2004 after paying fines for apartheid-era sanctions-busting.[4]

Normalisation involves military co-operation as well as technological partnerships. The now-deceased South African newspaper *This Day* commented, in the wake of two successful joint US/ SA military maneuvres in 2003 – 04: "Operations such as Medflag and Flintlock clearly have applications other than humanitarian aid, and as the US interventions in Somalia and Liberia have shown, humanitarian aid often requires forceful protection."[5] In partnership with General Dynamics Land Systems, Pretoria's notorious Denel corporation – guilty of bribery in India, and a huge drain on the SA taxpayer – immediately began marketing 105mm artillery alongside a turret and light armoured vehicle hull, in support of innovative Stryker Brigade Combat Teams. Those teams are "a 3 500-personnel formation that puts infantry, armour and artillery in different versions of the same 8x8 light armoured vehicle."[6]

Given Pretoria's 1998 decision to invest $6 billion in mainly offensive weaponry such as fighter jets and submarines, there are growing fears that peace-keeping is a cover for a more expansive geopolitical agenda, and that Mbeki is tacitly permitting a far stronger US role in Africa – from the oil-rich Gulf of Guinea and Horn of Africa, to training bases in the South and North – than is necessary.[7] According to John Daniel and Jessica Lutchman of the SA government's Human Sciences Research Council, Pretoria's oil deals with dictatorships in Sudan and Equatorial Guinea mean that "the ANC government has abandoned any regard to those ethical and human rights principles which it once proclaimed would form the basis of its foreign policy."[8]

Mbeki himself downplayed Sudan's Darfur crisis, even when sending peace-keeping troops, because, as he said after a meeting with Bush in mid-2005, "If you denounce Sudan as genocidal, what next? Don't you have to arrest the president? The solution doesn't lie in making radical solutions – not for us in Africa."[9] Pretoria's national oil company, PetroSA, had five months earlier signed a deal to share its technicians with Sudan's Sudapet, so as to conduct explorations in Block 14, where it enjoyed exclusive oil concession rights.[10]

As for Pretoria's senior roles in the mediation of conflicts in Burundi and the Democratic Republic of the Congo (DRC) during 2003, at first blush they appeared positive. However, closer to the ground, the agreements more closely resemble the style of elite deals which lock in place "low-intensity democracy" and neoliberal economic regimes. Moreover, because some of the belligerent forces were explicitly left out, the subsequent weeks and months after declarations of peace witnessed periodic massacres of civilians in both countries and a near-*coup* in the DRC.

By mid-2004, the highly-regarded intellectual and leader of the Rassemblement Congolais la Democratic, Ernest Wamba dia Wamba, was publicly critical of Pretoria's interference:

> "When a [transition process] takes off on a wrong footing, unless a real readjustment takes place on the way, the end cannot be good... Some feel like South Africa has actively put us in the situation we are in. They had a lot of leverage to make sure that certain structural problems were anticipated and solutions proposed. They seem to have fallen in the Western logic of thinking that mediocrity is a lesser evil for Congolese, if it stops the war. They also have a lot of leverage to get a clear ongoing commitment to resolve the contradictory fears of both the DRC and Rwanda; they do not seem to use it. This is why some feel that South Africa is too close to Rwanda.[11]

"Philosophically spot on" NEPAD

However, one factor that disguises Pretoria's sub-imperial geopolitical agenda to at least some extent is the good governance language of the NEPAD. The origins of NEPAD are revealing. Mbeki had embarked upon a late 1990s "African Renaissance" branding exercise, which he endowed with poignant poetics but not much else. The contentless form was somewhat remedied in a powerpoint skeleton unveiled during 2000 during Mbeki's meetings with Clinton in May, the Okinawa G-8 meeting in July, the UN Millennium Summit in September, and a subsequent European Union gathering in Portugal.

The skeleton was fleshed out in November 2000 with the assistance of several economists and was immediately ratified during a special South African visit by World Bank president James Wolfensohn "at an undisclosed location," due to fears of the disruptive protests which had soured a Johannesburg trip by the International Monetary Fund (IMF) managing director Horst Koehler a few months earlier. By this stage, Mbeki managed to sign on as partners two additional rulers from the crucial North and West of the continent: Algeria's Abdelaziz Bouteflika and Nigeria's Olusegun Obasanjo. Both suffered regular mass protests and various civil, military, religious and ethnic disturbances at home.

By early 2001, in Davos, Mbeki made clear whose interests NEPAD would serve: "It is significant that in a sense the first formal briefing on the progress in developing this programme is taking place at the World Economic Forum meeting. The success of its implementation would require the buy-in from members of this exciting and vibrant forum!"[12] International capital would benefit from large infrastructure construction opportunities on the public-private partnership model, privatised state services, ongoing structural adjustment, intensified rule of international property law and various of NEPAD's sectoral plans, all coordinated from a South African office staffed with neoliberals and open to economic and geopolitical gatekeeping.

Once Mbeki's plan was merged with an infrastructure-project initiative offered by the neoliberal Senegalese president, Abdoulaye Wade, it won endorsement at the last meeting of the Organisation of African Unity, in June 2001. (In 2002, the OAU transformed into the African Union, and NEPAD serves as official development plan.) Then, as 300 000 protesters gathered outside the July 2001 Genoa G-8 summit, Mbeki and other African leaders provided the G-8 a modicum of cover.

In the wake of the World Conference Against Racism, the actual NEPAD document was publicly launched in Abuja, Nigeria, by African Heads of state on October 23, 2001. In February 2002, global elites celebrated NEPAD in sites ranging from the World Economic Forum meeting in New York City to the summit of self-described "progressive" national leaders (but including Blair) who gathered in Stockholm to forge a global Third Way. Elite eyes were turning to the world's "scar" (Blair's description of Africa), hoping that NEPAD would serve as a large enough band-aid. NEPAD was soon described as "philosophically spot-on" by the US State Department's main Africa official, Walter Kansteiner.[13]

Moreover, just prior to the Evian G-8 Summit in June 2003, former IMF managing director Michel Camdessus, subsequently France's personal G-8 representative to Africa, explained NEPAD's attraction in the following way: "The African Heads of state came to us with the conception that globalisation was not a curse for them, as some had said, but rather the opposite, from which something positive could be derived… You can't believe how much of a difference this [home-grown pro-globalisation attitude] makes."[14]

However, one reason for global elite doubt about Mbeki's commitment to NEPAD's rhetoric was his repeated defence of Robert Mugabe, Africa's most vocal violator of liberal-capitalist norms.[15] Both Mbeki and Obasanjo termed Zimbabwe's March 2002 presidential election "legitimate," and Mbeki repeatedly opposed punishment of the Mugabe regime by the Commonwealth and UN Human Rights Commission (although finally in 2003, Commonwealth host Obasanjo agreed Zimbabwe should be suspended, at which point Mugabe simply quit the organisation). The NEPAD Secretariat's Dave Malcomson, responsible for international liaison and coordination, once admitted to a reporter, "Wherever we go, Zimbabwe is thrown at us as the reason why NEPAD is a joke."[16] (As noted below, however, it was no joke that Zimbabwe's corpse would make attractive pickings for South Africa).

Given this background, many Africans – especially grassroots activists and their progressive intellectual allies – have expressed deep scepticism over NEPAD's main strategies.[16] A succinct critique emerged from a conference of the Council for Development and Social Science Research in Africa (Codesria) and Third World Network-Africa in April 2002. According to the meeting's resolution:

"The most fundamental flaws of NEPAD, which reproduce the central elements of the World Bank's *Can Africa Claim the Twenty-first Century?* and the UN Economic Commission on Africa's *Compact for African Recovery*, include:

(a) the neoliberal economic policy framework at the heart of the plan, and which repeats the structural adjustment policy packages of the preceding two decades and overlooks the disastrous effects of those policies;

(b) the fact that in spite of its proclaimed recognition of the central role of the African people to the plan, the African people have not played any part in the conception, design and formulation of the NEPAD;

(c) notwithstanding its stated concerns for social and gender equity, it adopts the social and economic measures that have contributed to the marginalisation of women;

(d) that in spite of claims of African origins, its main targets are foreign donors, particularly in the G-8;

(e) its vision of democracy is defined by the needs of creating a functional market;

(f) it under-emphasises the external conditions fundamental to Africa's developmental crisis, and thereby does not promote any meaningful measure to manage and restrict the effects of this environment on Africa development efforts. On the contrary, the engagement that it seeks with institutions and processes like the World Bank, the IMF, the WTO, the United States Africa Growth and Opportunity Act, the Cotonou Agreement, will further lock Africa's economies disadvantageously into this environment;

(g) the means for mobilisation of resources will further the disintegration of African economies that we have witnessed at the hands of structural adjustment and WTO rules.[18]

Given NEPAD's purely destructive role in Zimbabwe, Mbeki apparently did not even take good governance seriously beyond platitudes designed for G-8 governments. Those governments need NEPAD, as Camdessus' comment indicates, partly because it reinforces their capacity to manipulate African countries through the aid mechanism; NEPAD helps sell their own taxpayers on the myth that Africa is "reforming."

Big business also needs NEPAD, as a means of serving both specific interests (privatisation and infrastructure subsidies) and setting a more general business-friendly tone. A 2002 World Economic Forum meeting in Durban provided NEPAD with endorsements from 187 major companies, including Anglo American, BHP Billiton, Amalgamated Banks of South Africa (ABSA) Bank and Microsoft.

A good many of these repatriate profits from African countries to Johannesburg, before sending them to London, New York or Melbourne (especially for firms like Anglo, DeBeers, SA Breweries, Old Mutual, Didata, Liberty Life, Mondi, BHP Billiton and others which were inexplicably given permission by Mbeki to relocate their primary share listing and financial Headquarters during the late 1990s). An explicit case of this emerged in 2005, when Barclays purchased the ABSA. As Steve Booysen, ABSA's chief executive explained, "On the downside, dividend outflows repatriated to Barclays in London at about R1 billion a year would have a negative impact on the current account. However, these might be offset by potentially bigger inflows accruing to ABSA through expanded African operations."[19]

Johannesburg business

Indeed, the most important factor behind Mbeki's sub-imperial project may well be the expanded and super-exploitative role of Johannesburg business.[20] The prospect that these corporations are seen as "new imperialists" was of "great concern" even to Pretoria's then Public Enterprises Minister Jeff Radebe in early 2004: "There are strong perceptions that many South African companies working elsewhere in Africa come across as arrogant, disrespectful, aloof and careless in their attitude towards local business communities, work seekers and even governments."[21]

The "perceptions" are grounded in reality. For example, in 2002, the UN Security Council accused a dozen South African companies of illegally "looting" the DRC during late 1990s turmoil which left an estimated three million citizens dead, a problem that went unpunished by Pretoria.[22] Other SA companies had collaborated with the corrupt dictator Mobutu Sese Seko in looting what was then Zaire.

But such roles did not stop officials from Pretoria, Kinshasa and the IMF from arranging, in mid-2002, what the South African cabinet described as "a bridge loan to the DRC of Special Drawing Rights (SDR) US$75 million (about R760 million). This will help clear the DRC's overdue obligations with the IMF and allow that country to draw resources under the IMF Poverty Reduction and Growth Facility."[23] What this represented was a shocking display of financial power, with the earlier generation of IMF loans to Mobutu now codified by South Africa, which under apartheid maintained a strong alliance with the then Zaire. Moreover, IMF staff would be allowed back into Kinshasa with their own new loans, and with neoliberal conditionalities (disguised by "poverty reduction" rhetoric) again applied to the old victims of Mobuto's fierce rule.

In the same statement, the South African Cabinet recorded its payment to the World Bank of R83 million for replenishment of its African loan fund, to "benefit our private sector, which would be eligible to bid for contracts financed from these resources." Within 18 months, Mbeki forged a $10 billion deal with Kabila for trade and investment, and gained access to $4 billion worth of World Bank tenders for South African companies.

The relationship between Pretoria, Johannesburg capital, Kinshasa and the IMF was merely an extreme case of a typical situation, in which state power is required to lubricate otherwise difficult markets. South African capital was already advancing rapidly into the region during the late 1990s, supported by special exchange control exemptions offered by the SA Reserve Bank. There are many such cases of Pretoria's support for Johannesburg firms.

By 2001, a researcher of the SA Institute of International Affairs warned that the then Trade Minister, Alec Erwin's self-serving trade strategy "might signify to the Africa group of countries that South Africa, a prominent leader of the continent, does not have their best interests at heart."[24] In 2003, a colleague issued a technical report on trade which conceded that African governments viewed Erwin "with some degree of suspicion" because of his promotion of the WTO, which in Seattle and Cancun put Erwin in direct opposition to the bulk of the lowest-income countries, whose beleaguered trade ministers were responsible for derailing both Summits.[25]

In August 2003, the *Sunday Times* remarked on Southern African Development Community delegates' sentiments at a Dar es Salaam regional summit: "Pretoria was "too defensive and protective" in trade negotiations [and] is being accused of offering too much support for domestic production 'such as duty rebates on exports' which is killing off other economies in the region."[26] More generally, the same paper reported from the AU meeting in Maputo the previous month, that Mbeki is viewed by other African leaders as too powerful, and they privately accuse him of wanting to impose his will on others. In the corridors they call him the George Bush of Africa, leading the most powerful nation in the neighbourhood and using his financial and military muscle to further his own agenda.[27]

Indeed, the pumping up of Pretoria's post-apartheid military muscle has been rather revealing. Thanks especially to former international banker Terry Crawford-Brown of Economists Allied for Arms Reduction, much more is known about the invidious ways that French, German and British governments (as well as even Swedish trade unions) corrupted African National Congress leaders through a multibillion dollar arms deal.[28]

Is South Africa an accomplished subimperial power, or merely aspirant? Are too many of the continent's opportunities already taken, and are the risks of further investment too great? The most important sectors through which Johannesburg capital penetrates its regional hinterland are retail trade, mining, agricultural technology and the NEPAD private infrastructure investment strategy.[29] The terrain is terribly uneven, with NEPAD in particular failing to attract privatisation resources, notwithstanding a surge in multinational corporate mining activity associated with what may be a temporary minerals commodity boom.

Perhaps the most visible emblem of subimperialism is the deindustrialisation of many African countries caused by South African retailers sourcing their goods (often second-rate or past sell-by date) from Johannesburg instead of local producers. As noted above, South African mining firms became an embarrassment in part because of the DRC looting allegations, and in part because of the role the De Beers diamond conglomerate and its Botswana government and World Bank allies played in the displacement of the Basarwa/ San bushmen in 2003 – 04.

It may well be, however, that the longer-term implications of South African sub-imperialism can best be observed in the agricultural sector. While the governments of Zimbabwe, Zambia and Angola all attempted to resist genetically modified organisms in food crops, in part because that would shut down their European export potentials, South Africa became the gateway to infecting African agriculture. "Despite comprehensive objections raised by the African Centre for Biosafety and Biowatch South Africa," according to the *Mail & Guardian* in July 2004, Pretoria "approved a US-funded project that will soon see genetically engineered potatoes sprouting in six secret locations in African soil. Similar potatoes were first grown in the US but were withdrawn from the market due to consumer resistance."

Biowatch South Africa requested a delay in the decision until a High Court ruling on the secret proliferation of genetically engineered organisms, but was unsuccessful.[30] The WTO's 2006 ruling against Europe on GMOs will complicate matters further, and boost the confidence of the small but effective pro-GMO lobby supported by Monsanto in South Africa, Kenya and a few other beachheads.

In addition, biopiracy by South Africans and allied multinationals became evident by the mid-2000s. As Miriam Mayet of the African Centre for Biosafety remarked, "It's unbelievable how much has been taken without public accounting, and probably without any permission from the communities involved." Her agency documented 34 major cases, including the commercialisation by Pretoria's Council for Scientific and Industrial Research of a hunger suppressant from the Hoodia cactus which indigenous San people discovered. The Council and its British joint venture corporate partner signed an exclusive contract that – only after public protest – gave a tiny royalty payment to the San.[31]

In addition to private capitalists, there are also new South African state capitalists like Eskom which are eyeing the region. The signal for state enterprises to lubricate African privatisation came not only from NEPAD, but also the United Nations. Rand Water CEO Simo Lushaba cited both NEPAD and the Millennium Development Goals as motivating the Johannesburg water catchment manager's "involvement throughout our African continent to assist where we can." This statement came, however, in the course of rejecting a mid-2005 request from the Freedom of Expression Institute for a public debate with the Coalition Against Water Privatisation on Rand Water's bid for a major Ghana management contract.[32]

SA Corporates and Parastatals in Africa

Sector	Corporates	Located
Aviation services	Airports Company of SA	9 countries
Airlines	South African Airways	3 joint ventures
Banking/financial services	Stanbic ABSA Stanlib Alexander Forbes	18 countries 4 countries 9 countries 11 countries
Construction	Murray and Roberts Group 5	offices in 3 countries & 13 contracts 12 country contracts
Energy	Sasol Petrol SA	3 country contracts 3 country contracts
Manufacturing	Nampak Sappi	10 countries 3 countries
Media/broadcasting	Multichoice TV Africa	21 countries 33 countries
Mining	De Beers Anglogold Goldfields	3 countries 3 countries 3 countries
Retail trade	Shoprite Massmart SAB Miller	89 stores in 14 countries over 300 outlets in SACU states 35 sorghum breweries in 5 countries
Research and development	Industrial Development Corporation CSIR	financing projects in 20 countries conducting research projects in 17 countries
Telecommunications	MTN/M-Cell Vodacom Eskom Enterprises	cellular fixed-line contracts in 6 countries
Transport	Transnet (9 divisions including Spoornet, Comazar) Unitrans	8 country contracts 7 country contracts
Tourism and leisure services	Protea Hotels Southern Sun Imperial Car Rental	9 countries 6 countries 110 locations in 8 countries
Utilities		
Power	Eskom Enterprises	3 management contracts, 1 joint venture & 28 country contracts
Water	Umgeni Water Rand Water	3 country contracts 4 country contracts

Source: Daniel, Naidoo and Naidu, *"The South Africans have Arrived."*

As Johannesburg Water's own commercialisation showed, the rich get relatively cheap water while poor people are disconnected because they can't afford the bills. Rand Water never intervened to change this state of affairs in the South African retail systems it supplied, even when it ran several directly. This is the model of South African capital in Africa, unfortunately.

The case of Zimbabwe

As shown by the odd case of Zimbabwe, even when capital runs into problems, Pretotia's interventions ensure that no lasting damage is done. In 1998, the World Bank's International Finance Corporation (IFC) described its largest investment in Africa as a model "for future privatisations of financial institutions": a US$27.8 million stake in Zimbabwe's state-owned Commercial Bank of Zimbabwe. IFC's financing consisted of a loan for its own account of US$20 million and an equity investment of US$7.8 million, representing 15 percent of CBZ's share capital. According to an IFC statement, "This transaction sealed the privatisation of CBZ in partnership with Amalgamated Bank of South Africa (ABSA), the largest financial services group in South Africa, which would become CBZ's technical partner."[33] The statement was even more revealing: "CBZ/ ABSA would assist [in the] processing cross-border transactions and in establishing links with other institutions in the region, thus facilitating regional financial integration – a key IFC strategic objective." Before the Mugabe regime ran out of money to repay World Bank loans in 1999, the IFC invested over US$100 million in about 30 projects in Zimbabwe.

Also in 1998, Pretoria signed a Bilateral Trade Agreement offering security to South African capital under the guise of facilitating free-trade between the two countries. The treaty, read with other neoliberal instruments, would not only allow for the protection of regional capital, but its entrenchment through regularising extractive exploitation in one country and the consumption in another. Although in 2006, Mugabe mooted state ownership of 51 percent of all mining operations, it is anticipated that Pretoria will provide South African mining houses such as Mzi Khumalo's with protection from expropriation.

South African firms have periodically aligned with Pretoria's expansionist agenda providing financial relief to Harare through various loans directly to the State or through State corporations. One example was the corruption-riddled National Oil Company of Zimbabwe, which borrowed in excess of US$75 million via CBZ/ ABSA in 2000, when Harare was imploding with a socio-political crisis.[34]

Given Harare's bankruptcy, many debts to South African companies and other creditors such as Eskom have been translated into equity in natural resources concessions. In 2003, for example, ABSA sold to the SA firm Implats a 29.3 percent stake which it had mysteriously acquired in Zimbabwe's largest platinum mining giant, Zimplats. Then it arranged a R972 million take-over of Zimplats by Implats in January 2006.

Pretoria also negotiated with Harare in 2005 to update protections of trade and investment, and provisionally won a drop in the corporate tax on the mining sector of 15 percent. ABSA was expected to benefit, according to the bank's Africa division Head, Danie Botha: "It's not a liability. If things change we have the infrastructure and we will capitalise on it."[35] ABSA and other Johannesburg banks have financed the procurement of fuel, debt repayments, and other critical expenditures classified as "state interests" by the Reserve Bank governor and President Robert Mugabe's personal banker Gideon Gono.[36]

To be sure, contradictions arise due to Zimbabwe's financial crisis. Retail groups Shoprite, Pick 'n Pay and Massmart (Makro) all took advantage of the 1990s Economic Structural Adjustment Programme (ESAP): they opened shops in what was then a forex-rich Zimbabwe, and imported mass-produced consumer goods from their own South African supplier networks, to replace goods which were previously made locally in Harare or Bulawayo.[37] But Zimbabwe's deindustrialisation meant that when forex began to dry up in 2000, it became more difficult to source those same goods; no local alternatives were available. Moreover, when in October 2001, price controls on basic foodstuffs were imposed by Mugabe, the retailers began complaining.

When foreign exchange controls were tightened due to the economic crisis, the South Africans were initially unable to repatriate their earnings. Tellingly, however, Massmart's deputy chief executive (Dan Barrett) bragged to *Business Day* about profit rates that still prevailed under conditions of scarcity and inflation:

> "In spite of the difficult trading conditions, Barrett said that there was no 'financial risk on (the group's) investment.' Massmart did not bring back the profit made by its Makro stores to SA. He said that Zimbabwe's shortage of foreign currency was the main reason for this. Ironically, the stores were quite profitable when measured in Zimbabwean dollars. High inflation meant the stores merchandise were gaining value 'by sitting on the shelf,'" Barrett said.[38]

Pretoria also favoured working hand-in-hand with the IMF to continue milking Zimbabwe.[39] Mugabe's 2005 fight with the International Monetary Fund illustrates how Pretoria served as Washington's proxy, seeking repayment on vast arrears, as well as a full menu of neoliberal policy changes that will favour mainly South African capital. To make those changes would undercut Mugabe's patronage system, though, and might also generate popular unrest. So Mbeki's political objective was quite clearly an elite transition to keep Mugabe's Zimbabwe African National Union/ Patriotic Front (ZANU-PF) party in power after his retirement, maintain the splintered Movement for Democratic Change as a token opposition, and impose severe cuts in the social wage on the citizenry while opening the door for bargain sales of Zimbabwean assets to South African bargain basement shoppers.

Recall that at one stage Mugabe was indeed implementing austerity with a vengeance, so much so that in 1995, the World Bank gave his government the highest possible rating in its scorecard of neoliberal orthodoxy: "highly satisfactory."[40] Within a decade, dirigisme had replaced liberalisation and Mugabe's penchant for violence included, in the words of South African Communist Party General Secretary, Blade Nzimande, "the wanton destruction of homes and community facilities" for more than a million of the urban poor, and "anti-democratic legislation, including legislation directed against the right to assembly and against media freedom."[41]

Of Mbeki's proposed August 2005 loan of $500 million, a reported $160 million was earmarked to repay the IMF, with the rest ostensibly for importing (from South Africa) agricultural inputs and petroleum. According to Mbeki spokesperson Joel Netshitenzhe, the loan could "benefit Zimbabwean people as a whole, within the context of their programme of economic recovery and political normalisation."[42] Much of the debate in South Africa concerns whether Pretoria is putting sufficient – or indeed any – pressure on Harare to reform, as Netshitenzhe refused to clarify speculation that both political and economic liberalisation would be conditions for the proposed loan.

Mugabe spokesperson George Charamba revealed the process behind the proposed credit: "We never asked for any money from South Africa. It was the World Bank that approached Mbeki and said please help Zimbabwe. They then offered to help us."[43] A Pretoria-based Bank economist, Lollete Kritzinger-van Niekerk, confirmed that her institution "is not ready to thaw relations with the ostracised Harare."[44] Other reports – in the usually unreliable but consistently pro-government *Herald* – were that second-ranking IMF official Anne Kreuger and a US diplomat also needed a backchannel.[45]

Notwithstanding some mildly adverse impacts on investor confidence and refugees, whether Zimbabwe's ongoing economic crash is entirely negative to South Africa remains disputed. As Dale Mckinley has argued, a weakened Zimbabwe has merits for both Johannesburg capital and Pretoria politicians.[46] Harare-based business economist Tony Hawkins considered the 'upside' of Zimbabwe's problems from Mbeki's perspective:

> "South Africa has gained market share in exports, tourism and services. SA's share of investment in Zimbabwe has also risen as there has been an element of bargain-basement buying by some mining and industrial groups. SA is also taking significant skills from the country, especially scarce black skills in health, education, banking, engineering and IT. 'It would be too much to say that SA has benefited in net terms, but there is a good deal of evidence to suggest that it is securing some gains from the crisis'."[47]

But Mugabe didn't entirely play the desperate debtor's role. Showing an impressive resilience and desire to hold on to maximum power at all cost, he visited China in August 2005 (gaining unspecified resources) and snubbed Mbeki on the UN Security Council issue. Then he pulled a card from his sleeve no one thought he had: in September 2005 he came up with $135 million from having scrounged all foreign currency available, and gave the IMF a substantial down-payment, enough to earn a six-month reprieve on the expulsion threat (after the September payments, outstanding IMF debt was $160 million).

Mugabe paid tens of millions more by March 2006, and vowed to repay the full amount. (No one outside Pretoria really believes the IMF would expel Zimbabwe, given that China and many African regimes would oppose this in the IMF board, where 15 percent of the vote would be enough to veto such a move.)

By all accounts, this was an irrational and costly gesture. Even high-profile business spokespersons who are ordinarily most aggrieved by Mugabe's dirigisme were opposed to the payment, in part because rumours suggest the Reserve Bank raided Harare capital's foreign exchange accounts. Conservative economic commentator John Robertson complained, "This is just diverting foreign currency from exporters to the IMF at an enormous cost. We are starving local producers of hard currency and this is exacerbating the problem."[48]

The extent of Mbeki's own commitment to getting the IMF back into Zimbabwe was revealed a few weeks later. Addressing a forum of African editors, he explained,

> "We had indeed said that we were ready to assist, and the reason we wanted to assist was because we understood the implications of Zimbabwe's expulsion from

> the IMF. What it would mean, among other things, is that everybody who is owed something by Zimbabwe would demand immediately to be paid. You would even get to a situation where they would seize anything that was being exported out of Zimbabwe because of that debt.[49]

In reality, the IMF has never acquired, much less used such power, but the hyperbole is telling. Private creditors presently dealing with Zimbabwe have various forms of security, because the government's likelihood of non-payment was demonstrated for six years prior to the 2005 incident. In other words, a great deal of false information – putting Pretoria's loan offer in the best possible light without any revelation of secret loan conditions – was issued as a way of veiling the more durable power relations. It is this feature – disguising pro-business activity with rhetoric about regional peace and stability – that ultimately reveals SA-Zimbabwe relationships as emblematic.

Conclusion: sub-imperial resistance?

Zimbabwe illustrates the factors combining structural adjustment and venal State elite control which contribute to periodic political disintegration in key African sites. If NEPAD runs aground on shameful governments, and if war breaks out again and again, and if Johannesburg capital and Pretoria politicians are forever running into African scandals, what compels South Africa to maintain rhetorics and delegations devoted to peace-building interventions across the continent? Even *Business Day* newspaper – generally favourable to Pretoria's African initiatives – can't help but connect the dots:

> "Why then, if there is little chance of success, does SA get involved? One reason might be what one could euphemistically call SA's economic diplomacy. Congo and Côte d'Ivoire are rich in mineral resources and peace there would open up new markets for South African companies. In Congo, for instance, the likes of telecoms company Vodacom took the risk of investing during that country's most troubled period. So far, the dividends have been significant… It is no wonder then that Pretoria has invested so much time and resources in peace efforts in Congo. The same applies to Côte d'Ivoire. If peace and stability is restored in Congo and Côte d'Ivoire, there can be no doubt the economic and financial benefits for SA would be considerable."[50]

A big if. After all, Mbeki's interventions in both sites were notably unsuccessful. Conflict in the eastern DRC dragged on, reflecting Pretoria's failure to properly stitch up an agreement with all parties years earlier. South African companies prospered amidst the DRC chaos, although in June 2005, AngloGold Ashanti was caught by Human Rights Watch giving "meaningful financial and logistical support which in turn resulted in political benefits" to brutal warlords in the Nationalist and Integrationist Front.[51]

Shortly afterwards, the three-year old Côte d'Ivoire conflict erupted in diplomatic crisis. According to *Business Day*, "SA told the UN Security Council on August 31 [2005] that its mediation efforts had removed the obstacles to implementing the latest peace accord ending the civil war in Côte d'Ivoire. It was now up to the government and rebel leaders to carry out their part of the deal." Like Mbeki's repeated wishful thinking in Zimbabwe, the harsh reality emerged within days, when a "highly tense meeting" of the African Union's Peace and Security Council found that Mbeki's mediation role had only "reinforced the divide" between president Laurent Gbagbo and rebel forces, thanks to Pretoria's "biased" (pro-Gbagbo) report and his delegation's endorsement of Gbagbo's anti-democratic actions in prior weeks.[52] Mbeki was replaced and the peace process moved to a new stage with interim leaders chosen by Obasanjo.

Would that, indeed, be the model for peace and development activists everywhere? Rebuff Mbeki and Pretoria, in part to repel South African corporations? Would a formal boycott strategy help? Ghanaian water advocates have already answered in the affirmative. In mid-2005, Alhassan Adam of Ghana's National Coalition Against the Privatization of Water visited activists in Johannesburg, Durban and Cape Town. He taught them how his network had prevented water privatisation since 2001, losing only later in 2005 after the World Bank replaced its ineffectual country resident representative. As noted Rand Water and its Dutch partner Vitens won the initial two-year contract, and the deal allowed the new operation's top 13 managers to pocket a vast, tax-free salary package topping 10 million euros, while 1 200 water workers were laid off. By December 2005, Adam and the other activists complained of worsening cronyism, foreign exchange dependency, excessive price increases that generated disconnections and public health hazards (cholera, guinea-worm), and undercharging of the rich, and demanded:

> "All essential services must be free at the point of provision and use. There are sources of taxation that the big men refuse to look at. Many of the water supply problems in urban areas arise from the unplanned way in which individuals, especially rich and powerful ones, simply divert or tap into water mains with impunity."[53]

Since there was no chance whatsoever of Rand Water agreeing to those demands, the logic of the Ghanaian activist position is to throw them out. The same argument applies to the World Bank and IMF, as Jubilee Africa has repeatedly insisted, and to super-exploitative multinational corporations, as Nigerian Delta activists argue in relation to Shell. But the South African-specific problem needs further work, as indicated by the Basarwa-San attempt to rid its native lands in the Kalahari of the lethal combination of De Beers and the World Bank.

In Zimbabwe, especially, we believe there is a particular need to establish formal citizens' campaigns to disengage from economic activities that fuel repression. Zimbabweans still consume products and services from corporations whose funds are financing the regime. Sanctions against targeted individuals who undermine democracy in Zimbabwe have been made by the United States and European Union governments since 2000, and it is long overdue for South Africa to adopt these measures. Given Mbeki's nurturing of Mugabe, this won't happen, and in any case, the Bush/ Blair regimes are merely toying with Zimbabwe for public relations purposes. Any interventions they would make would be strongly opposed, given their track records of colonialism and imperialism, which continue into contemporary Iraq.

Instead, citizens of Africa should consider targeting local, regional and international corporations which aid the survival of the Harare government. By continuing to operate in Zimbabwe, these corporations are providing the government and its supporters the economic means for the survival of the regime.

A boycott strategy has been employed in a number of countries as a non-violent strategy for pressuring incumbent governments and corporations to respond to demands for democracy and ethical conduct. South Africa's democracy movement resorted to this strategy, which led to the apartheid government's financial crisis in mid-2005. A similar strategy is being employed in countries like Burma, where the incumbent regime is increasingly feeling the pinch of economic recession driven by consumer boycotts.

In Zimbabwe, local protests for basic political and economic rights are met with brutal attacks from the state's repressive apparatus. The possibility for expanding street protests and job stay-aways, which used to be crucial resistance strategies of the pro-democracy movement, are now dim. The population is battered and largely politically resigned. In all these respects, Zimbabwe is simply a more advanced case of the ruling party degeneracy and economic crisis that faces many African citizenries. Given that the slave-era, colonial-era, neocolonial-era and imperialist responsibilities for looting Africa have recently been transferred from London, Paris, Brussels and Washington to Pretoria, it will be up to the citizens of Zimbabwe to campaign more vigorously against one key source of exploitation, and to the progressive movements of South Africa to take up their responsibility: ending Pretoria's sub-imperial project through social activism.

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