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Institutional Capacity and Regional Development Gap in the Southern African Development Community: An Institutional Economics Approach

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ABSTRACT

This paper analyses the Southern African regionalism through the New Institutional Economics Approach. Study of historical data and the institutional evolution of the subSaharan African countries from the pre-colonial period shows that the African weak and patrimonial states persisted because of a path dependence that has been reinforced by various external and internal factors such as slave trade, colonialism, ethnic fragmentation among others. The institutionalist framework enables us to expose the link between poor economic performance and institutional weakness in Africa and in the Southern African Development Community (SADC) in particular. It also highlights the limits of the neoclassical static approach explaining the trade and economic performance in developing countries' context. Therefore, a close observation of the Southeast Asian regionalism experience suggest that a transformative regionalism focusing on dynamic comparative advantage and structural transformation is possible and relevant for Southern regional blocs such as the SADC. This paper explains why regional cooperation toward the creation of a regional market for manufactured goods and the inclusion of wide range of non-state stakeholders in the SADC's regional process is crucial in breaking the longstanding path of weak institutional capacity, economic shock vulnerability and poor economic performance.

KEYWORDS New Institutional Economics; Path Dependence; Transformative Regionalism