South Africa can be a powerhouse for developing the whole region

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There is one overriding criterion for analyzing South Africa, its internal dilemma, and its relations with its neighbors: Can this economic powerhouse become the cornerstone for saving Africa? Africa is dying. The future of southern Africa depends on the further industrial development of something the world unfortunately knows little about, the Pretoria/Witwatersrand/Vereeniging region (PWV). Being the location of the major gold reefs, large coal reserves, and the minerals of the bushveld igneous complex, the area had a head start in the generating of wealth. But this is only secondary to the fact that the surplus from this wealth was reinvested into the creation of the biggest industrial economy on the African continent. It was the political battles of republican-oriented elements which ensured that the profits from the raw materials were rechanneled within the country for the creation of infrastructure, industrial jobs, and new wealth production.

From Zaire to Mozambique, the fate of black African nations depends on the unleashing of further wealth production in the industrial regions of South Africa, their natural ally in building and financing the essential infrastructure projects denied them by the International Monetary Fund (IMF) and World Bank. South Africa itself needs a new sense of nationhood, uniting all groups in the great task of bringing prosperity to sub-Saharan Africa.

Figure 1 shows how the South African economy dwarfs that of neighboring nations. The energy production figure is one of the most revealing. Throughout the postwar period, South Africa's Electricity Supply Commission (ESCOM) pursued a policy of rapidly expanding energy production as one of the key infrastructural prerequisites for the creation of an urbanized industrial work force. Electricity supplies are increasing at the rate of 6% per year. Throughout black Africa, though, the word from the IMF and World Bank, is that Africa should not engage in large capital projects. Per capita and per hectare energy consumption figures are disastrously below levels required for modern agricultural and industry sectors, thus condemning most of the population to "appropriate technology" subsistence agriculture.

The steel production figure reflects the commitment, since 1928, to pull South Africa's economy out of the grip of being a colonial dependency on the British Empire. In a manner similar to the Hamiltonian economic policy of the young United States, leading strata implemented their right to develop domestic manufactures. The 1928 founding of the state steel company, ISCOR, was the first phase. Tariffs and protectionism were used for a systematic policy of import substitution.

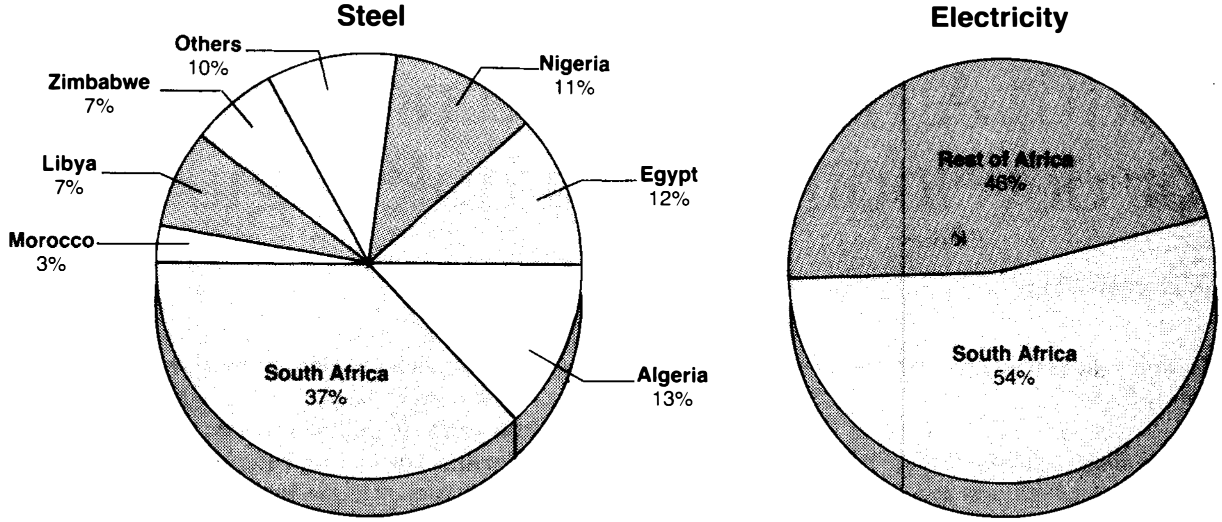
The tractor figure is a useful measure of energy and capital intensity in agriculture, of the move away from subsistence agriculture. In the land mass between the Sahara Desert and the borders of South Africa there were only 113,000 tractors as of 1982.

Agriculture: no to Malthus

Contrary to the modern-day followers of Parson Thomas Malthus, Africa needs modern agriculture, simultaneous with infrastructure and urban industry. South Africa is proof positive that modern agriculture is possible on the African continent. Its low and unreliable rainfall means that only 12% of the country is suitable for dry land crop production (suitable soil with a slope under 15%, and sufficient, reliable rain that the soil can store and release for the crop). It would seem to be a most unlikely candidate to be self-sufficent in food production—but today, it almost is. Seventy thousand farming units employing 1 million rural inhabitants virtually feed the country of over 30 million.

South Africa tackles the problem of feeding its rapidly growing population by using modern technology and irrigation. South Africa is a world leader in the use of surface water resources for irrigation—78% in 1972, compared to 46% in the United States. On lands irrigated with state water, 70% is surface distributed, 29% by sprinkler, and 1% by drip. Since the very beginning of European settlement in the Cape in the 1650s, the question of capturing water for agricultural and other uses has been a central concern. Of the 52,000 million cubic meters (m^3) of water flowing in South Africa's rivers, potentially only 31,000 million m^3 per annum can be

FIGURE 1
South African economy dominates the continent



captured with dams for urban, irrigation, and hydrolectric use. Groundwater (through drilling of wells) can yield another 1,100 million m^3 per annum. In 1980, South Africa's well-developed and expanding water capture and dam system was already capturing and distributing 40%—over 13,000 million m^3—of this potential for all purposes, of which 9,600 million cubic meters per annum was for irrigation. In order to remain self-sufficent in food production, by the year 2020 South Africa intends to double the volume of water available for irrigation. If extremely dry South Africa can feed its population, then almost anybody can—with technology and skills.

Industry and apartheid

Compared to its neighbors, South Africa is characterized by a high percentage of labor employed in industry—29% in 1980, compared to 15% in Zimbabwe and 16% in Angola. By 1980, manufacturing and construction combined provided more employment than either mining or agriculture. It is this creation of an urbanized, increasingly skilled, industrial work force, backed up by an expanding infrastructure, that makes South Africa the hope of the entire region.

The single most important factor creating the conditions for the end of apartheid has been the postwar infrastructure and industrial boom. It has been the increasing demand for more and increasingly skilled labor in the industrial centers of the PWV region, Durban, and the Eastern Cape, that brought blacks out of the rural, subsistence agriculture existence, typical for most of Africa. Almost 80% of Africa's population is non-urban, whereas for South Africa, the figure is 50%, with 39% of blacks urbanized. With the end of the apartheid system's Pass Laws, South Africa began to plan major investments into urban infrastructure, housing, and education, for the expected increase in black urbanization. For this reason, most industry and trade associations in South Africa realized early on that apartheid was becoming an economic irrationality, slowing down economic growth. The architects of this industrial growth became the political lobby for many of the reforms that are being implemented.

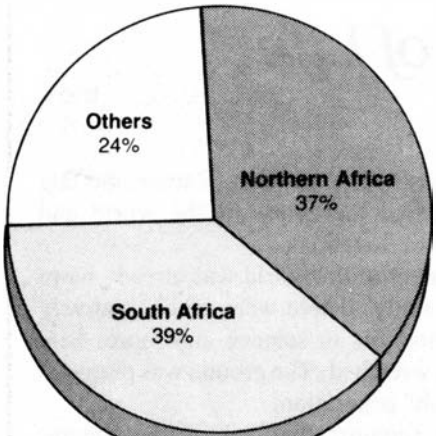
The composition of South Africa's labor force is without precedent in Africa. The growth from 1945-65 and 1965-75 represents the postwar takeoff. In 1948, with the coming to power of the National Party, new import controls were implemented to create import substitution industries. Thus, at the same time that the National Party began perfecting the bureaucratic apparatus of apartheid, they also created the demand for black labor that created the leverage for ending apartheid.

Imports as a percentage of total production declined from 62.5% in 1945 to 40.3% in 1955 and 33.8% in 1965. Domestic industries for the production of consumer goods accounted for much of the industrial growth, but the expansion of heavy industry and machinery was also taking place in parallel. Employment in production of metal products grew from 54,100 in 1951 to 135,500 in 1982—a 250% increase.

The growing importance of industry is also reflected by the fact that since the beginning of the 1980s, it has consumed more electricity than mining.

The year 1975 represented for South Africa and southern Africa a breaking point in the postwar industrialization of the region. Three factors converged to slow down the rate of growth: 1) The early 1970s shift globally to the idea of a "post-industrial society," with the proliferation of the zero growth movement, malthusian institutions like the Club of Rome, and the brutal imposition of such policies on the Third World via institutions such as the IMF and World Bank. The result of this shift we see most viciously in Africa today, with starvation, the AIDS plague, and the locust infestation. 2)

Agricultural tractors



The conscious decision by western policymakers of the stripe of Henry Kissinger to permit the Soviets and Cubans to implant themselves in the region, in Angola, as a permanent counterweight to South Africa's economic and military power. 3) The effect of apartheid on suppressing the rate of development of black skilled labor.

In 1975, some 1,308,000 people were employed in manufacturing and 484,000 in construction. By 1984, 1.4 million were employed in manufacturing and 415,000 in construction, showing a complete stagnation.

Probably the most serious, long-term damage of apartheid has been its impact on education and black labor skills. In the original apartheid planning, blacks were to live in homelands under a largely subsistence economic mode, with limited numbers of them being permitted under an "influx control" and a pass system to function within the "white" economy, when neccessary. Dormitory systems for mining are a product of this, as well the semi-dormitory status that prevailed in many townships.

In the words of apartheid architect former Prime Minister Verwoerd, blacks should be educated for their "place" in society.

Forty percent of the black population aged 20 years and older in 1980 had no formal schooling. Skilled labor demand in the 1950s and 1960s was originally met by immigration from Europe and by raising the skill levels of whites. In the 1960s, one-half of the skilled labor requirement was met by immigration from abroad, sustaining 9% per annum rates of growth in industrial production.

While one could acknowledge that per capita education expenditures for blacks in South Africa are above most African figures, they were way short of what was required to build an increasingly skilled labor force. Between 1965 and 1983, for example there was no substantial shift in the skill levels of employed blacks.

By the mid- to late 1970s, the South African economy had built up a physical infrastructure capable of sustaining a significant lunge forward in industrial capacity. Even if regional cooperation had been in place, the underinvestment in the "market basket" of consumption for blacks had created a mammoth skill deficit. As J.A. Lombard of the Development Bank of Southern Africa stated in 1981, "Because the South African production function will, to a far greater extent than ever before, have to rely on the supply of skills from the domestic black population, and because this means a costly and time-consuming process of industrial culturalization and urbanization of the available economically active population, the rate of increase of final output during the 1980s cannot for the time being reach the high levels of the 1960s." Because of the early recognition of this crisis, the architects of South Africa's industrialization began the process of reforms designed to make available to blacks the necessary access to modern industrial culture and its concomitant political rights.

Even with key aspects of the world economy in the hands of malthusian institutions, South Africa's dirigist commitment to bringing industrial culture to Africa could have made progress in the region, much the same way Japan has been able to be the motor for industrialization in the Asian Pacific Rim. By the beginning of the 1970s, plans were already being implemented for extending infrastructure north into the continent. Exploiting the fact that colonial Portugal had to seriously confront the question of developing its colonies, if it wanted to maintain any influence at all, South Africa negotiated the construction of the Ruacana Falls hydroelectric project in southern Angola and participated in the Cahora Bassa project in Mozambique. Built in part by South Africa companies, the projects were conceived as permitting the colonies (and later, countries) to develop their water resources by exploiting the economies of scale inherent in the electricity demand of South Africa. Dependable electrical power and water use supplies would be available in those countries for economic development. Both projects exist now, but largely underutilized.

In 1974-75, in the context of seeking a negotiated settlement to the Rhodesia crisis, South African Prime Minister Vorster and his representatives were discussing détente and co-prosperity schemes with Kenneth Kaunda of Zambia. But by the mid-1980s, Kaunda was calling for economic sanctions against South Africa. The difference was the Soviet-Cuban takeover in Angola, a permanent destabilizing factor in the region.

The postwar development of the southern Africa region, centered on South Africa's increasing industrialization and urbanization, created a very favorable and necessary interdependency among the nations of the region. It is the basis upon which a community of principle could be constructed for the region as a whole.