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South Africa in Transition

by Gerald Helleiner

There is new hope in South Africa. The political situation in the republic remains fragile and external pressure for change must continue, but there is now some prospect for movement toward democratic government in the coming years.

DECADES of apartheid have left unacceptable levels of poverty and an extreme economic and social discrimination against a majority of South Africans.

The building of a new post-apartheid, democratic South Africa is a project in which the entire world takes an interest. It is a crucial experiment, not only to stability within the country itself, but also to prospects for economic development in the entire southern African region. To reach this goal, economic policies must be directed toward removing the enormous inequalities that have emerged from apartheid.

Apartheid has been a major obstacle to long-term economic growth in South Africa. In preserving the welfare and security of whites, successive governments have restricted black access to land, education, training, and credit. They have established economically unviable black homelands, created large and costly bureaucracies, and invested large sums of money in non-economic projects, such as combating external pressure for reform.

The detrimental effects of apartheid on the economy are most evident from the extreme poverty and inequality that today characterizes South African society. According to the Gini coefficient, an economic measurement of income distribution, South Africa has the most unequal income distribution of any country in the world. It will therefore be an urgent economic priority for any incoming government to implement policies aimed at restructuring the apartheid economy along with the repressive political system.

Within the membership of the African National Congress (ANC) and other political groups, the trade union movement, the universities, and many within government and business, there is now broad agreement on the need for undertaking careful economic analysis and implementing studied policies to achieve equity for the black population

Building a Post-Apartheid Future: IDRC and South Africa

THE victory of the 'yes' vote in March's all-white referendum has placed South Africa on the uncertain path toward democracy. After decades of apartheid and repression, South Africans appear ready for reconciliation and real negotiations aimed at building a post-apartheid society. While maintaining this optimism for the future, difficult questions must be addressed. How will these negotiations take place given the enormous imbalance in human and technical resources between the democratic movement and the South African government? Where will the democratic movement obtain the necessary research and information to formulate alternative policies for negotiations? How will the democratic movement prepare itself to play an important role in governing South Africa? These questions are critical in view of the negotiations now taking place on a playing field that is profoundly uneven.

IDRC's South Africa programme is engaged in supporting the efforts of the democratic movement to prepare for and engage in negotiations. Since 1988, IDRC has been funding research in South Africa in accordance with the Centre's South Africa policy. This policy directs support to those disadvantaged by apartheid and their efforts to restructure South Africa society. In this context, the IDRC South Africa program has concentrated on three critical areas: economic restructuring, urban governance, and health. The articles in this issue of IDRC Reports elaborate on some of the research initiatives in these sectors.

The importance of research and policy analysis for the future development of South Africa has prompted IDRC to expand its South Africa program to include areas such as education, land use/land reforms, restructuring of the research system, and regional integration. To guide the program's implementation, the IDRC Board of Governors recommended that a new IDRC office be established in South Africa. The office is now located in Johannesburg.

During this critical period in South Africa's history, it is of paramount importance that the international community play a positive role in facilitating the transition process. The Centre believes that IDRC is playing such a role. It will continue to do so until the transition process is over, at which time it plans to reassess its involvement in South Africa.

Marc Van Ameringen, Programme Manager, IDRC, South Africa Office.



potential tax reforms and the feasible restructuring of central and local government expenditures. Innovative means of meeting pressing needs for housing, public health, and education must be introduced along with improvements in the functioning of the financial system and appropriate employment and income policies. Only of slightly less immediate priority are independent analyses of trade and industrialization policies, balance of payments management, agricultural and rural development schemes, the appropriate role of the state, and future relations with other countries in southern Africa.

There must be mechanisms for mobilizing independent local research and analytical capacity in these areas for those who are likely to form a government in a future democratic South Africa. Such efforts will require external support, not so much to undertake this analysis with foreign expertise (the World Bank will

in any case, be 'parachuting in' lots of economic policy advice), but to free local personnel and institutions to do it themselves. The capacity of opposition groups must rapidly be built in order to undertake indigenous analysis and to assess the value of external advice.

To meet immediate and long-term demands, there is an obvious need for greatly strengthened training and capacity building for those in the black community — both formal training and development of experience in actual work situations. The record of South African business and government in this area has been grossly deficient. Much more can also be done in this sphere by friends of the democratic movement outside South Africa.

The formulation of workable and credible economic policies can ease the transition in South Africa from an inefficient, repressive society to a post-apartheid, democratic country. The international community can, and should, work quickly toward the support of indigenous efforts in this crucial sphere of change in South Africa.

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Growth through Redistribution

South Africa is in economic crisis. Unemployment is high, productivity is low, and per capita income is declining. The economic strategies of the apartheid government have proved unworkable and unresponsive to the needs of most South Africans.



Arms raised in unison: Does this symbolise South Africa's post-apartheid future?

as quickly as possible. This can be done, it is hoped, while preserving economic stability and, if possible, increasing overall growth. There is also agreement that policies seeking to increase overall economic growth, in the hope that this will 'raise all boats', are not sufficient.

It is extremely difficult for a 'government-in-waiting' to prepare for power in circumstances where most of its supporters still possess no formal political rights and continue to live in a climate of violence and mistrust. There remains an enormous imbalance in the access to information and capacities between those in the present South African government (and white businesses)

and those of the prospective democratic government. The weak economic performance of the South African economy in recent years — low investment, low growth, rising unemployment, and high rates of price inflation — has not helped either.

DEVELOP POLICIES

Despite difficulties and uncertainties, it is now critically important that economic policies be soundly and carefully formulated within the democratic government, particularly by the ANC, and that they be credible within both the business community and the wider community, in South Africa and abroad. Solid economic policy is a sine qua non

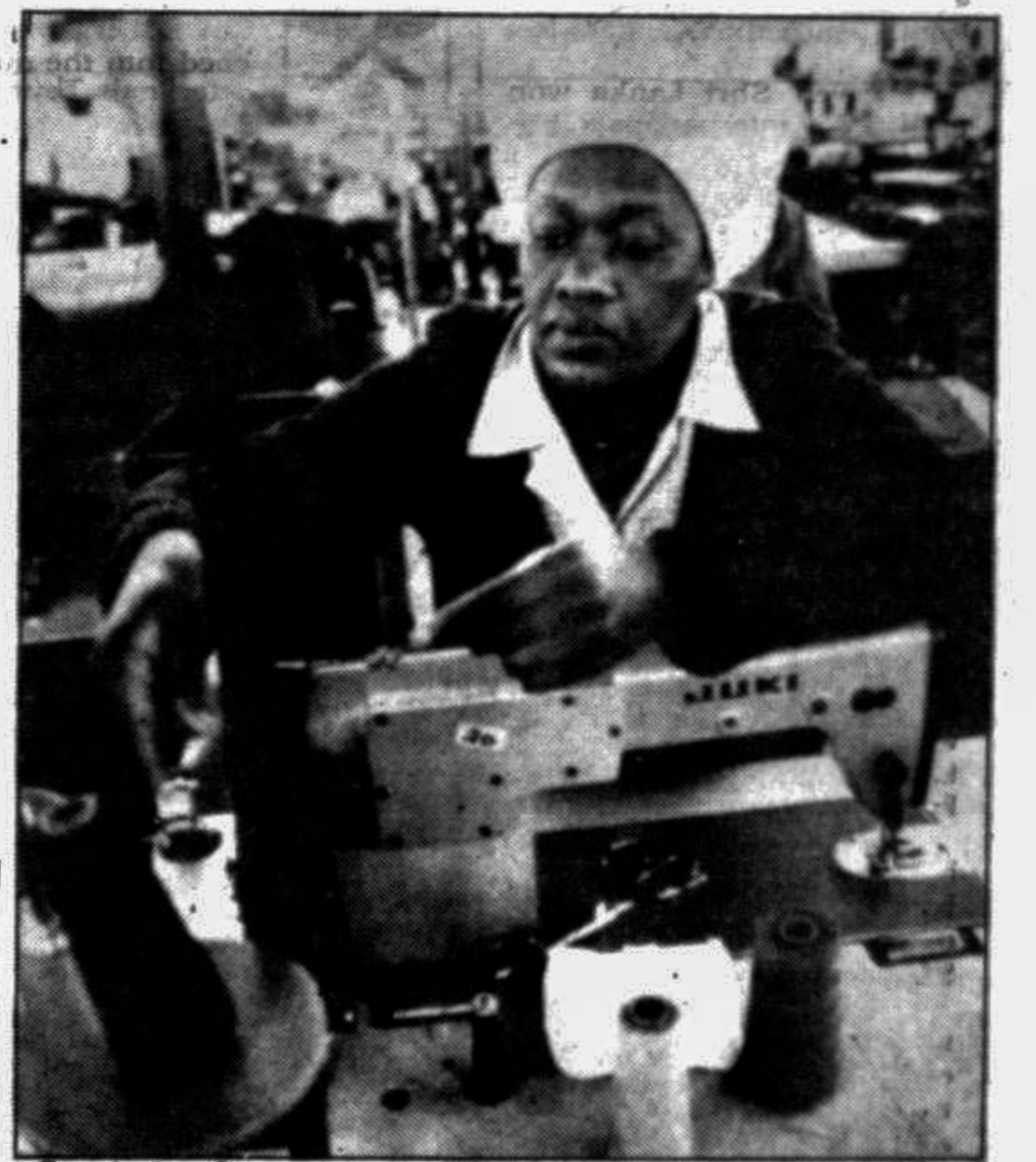
of effective government. Next to constitutional negotiations, the primary attention in the transition to democratic government must be given to economic analysis, policy-formulation, and capacity-building to this end. There is much to be done.

Many of the necessary skills and experience for this effort can readily be found in today's South Africa, but very few are currently available to prospective policymakers in a democratic government. Highest priority should be assigned to the construction of institutional mechanisms (supportive networks, task forces, committees) to permit the ANC (and others) to use the available talent so they can prepare

for effective policy-making.

Some policy areas require immediate attention: the assignment of responsibility for economic policy to a 'shadow' cabinet in the ANC and other opposition political groupings; the strengthening of the monitoring and analytical capacity of the ANC and other non-establishment groups preparing for a democratic future; the creation of a flexible system for undertaking timely and policy-relevant macroeconomic research for 'governments-in-waiting'; and the preparation of an agreed upon and credible macroeconomic framework for the use of the ANC and other policymakers.

There is also an urgent need for detailed studies in



Strategies for a post-apartheid economy must include the revitalization of the South African manufacturing sector, which is no longer export competitive.

CHRISTOPHER Columbus, the 'so-called' discoverer of the New World, in a mock trial on Wednesday, 16th September, 1992, was found guilty of misdeeds during his rule as the Governor of Hispaniola. The trial was sponsored by the University of Minnesota Law School's Human Rights Center and the jurors sentenced him 'to fifty years of community service for each count.'

Why after five hundred years, while the whole world is so fervently celebrating the Quincentennial Anniversary of Columbus' landing in the Americas, did the jurors find the discoverer guilty of misdeeds like murder, torture, slavery, forced labour, kidnapping, violence, robbery and deception? It must be a great shock to Columbus lovers, as also to Italian Americans.

In 1965, Columbus lovers in America got another shock when, Yale University confirmed after eight years of research that it was not Columbus but Norseman Leif Erikson (Ericson) and his Vikings who discovered America almost five hundred years before Columbus' landing. The supporters of Columbus were outraged at that news and the New York Columbus Day Parade expressed their emotion by saying: 'Columbus St! Ericson Not!'

No doubt Columbus' undaunted spirit, tenacity and seamanship as well as his discovery of America have certainly earned him a great place in history, but according to Kenneth C Davis, a recent American historian and the author of 'Don't Know Much About History', American textbooks overlook the fact that 'Columbus' arrival also marked the beginning of one of the cruelest episodes in human history.'

Columbus' achievements and activities were narrated by



Columbus Found Guilty

by Hasina Matin

four major chroniclers who personally came in contact with him. One of them was Bartolome De Las Casas. The charges brought forward by the Minnesota University Human Rights Center were mainly based on the journal of Columbus, recorded by Las Casas, and his own book History of the Indies. Of the four contemporary historians Las Casas was the foremost, in some respect the only exponent of the crimes and cruelties committed by the conquistadores of the New World including Columbus.

On October 12, at 2 am (1492) a lookout of Columbus, named Rodrigo, saw moonlight shining on some cliffs or sand. [It was probably modern Watling Island in the Bahamas of the Caribbean Sea]. It had been decided earlier that the man who would see land first would get a yearly pension of ten thousand maravedis (gold coin used by the Moors in Spain) for life. If Rodrigo was

the first man to see land then he was entitled to that pension.

But Columbus claimed that he had seen the island the previous afternoon. Columbus

got the pension money. If Columbus had seen the land the previous afternoon how could he conceal such a great news when his crew men were almost in a mood to revolt and

were threatening to go back to Spain! It was not possible for Rodrigo to challenge his mighty admiral; he had to keep quiet.

The natives of the Bahamas, the Arawaks, rushed to see and greet the strange ships they had never seen before. The Arawaks gave Columbus and his men food, water and gifts like parrots, cotton balls and spears made of cane. About those innocent and hospitable Arawaks Columbus wrote in his log book that those well-built, good-bodied, healthy and handsome people would make fine servants. They could be subjugated and made to do whatever the admiral and his men wanted them to. And very soon afterwards Columbus, in actuality, did that. From Columbus' writing it is found that they were captured and taken to him and were forced to disclose information about the resources to be found in the island. The most important treasure for Columbus and his

men was gold.

Historians say that among other things three 'G's' worked as incentives behind the geographical discoveries which took place at the end of the fifteenth century and at the beginning of the sixteenth century. The three 'G's' were 'gospel', 'glory' and 'gold'. The historians should have included another 'G', i.e., 'greed'. For Columbus and his men, the most important was 'gold'.

Because gold could then make a nation prosperous, powerful and prestigious in the eyes of the world. The Bahama Island was not that rich in gold. The Arawaks used to collect small quantities of gold from the gravels of the stream and made gold trinkets which were worn by Arawak women. Those gold trinkets sealed the fate of the Bahama Islanders. Some of them were taken to the ships as prisoners and forced to guide Columbus and his men to the origins of gold.

From the Bahamas, Columbus sailed to Cuba and Hispaniola (modern Haiti and Dominican Republic). There a local Indian chief presented Columbus with a gold mask; moreover, gold grains were also found in the rivers there. That gift and the gold grains in the rivers acted as a death blow for the Indians there.

Columbus returned from his first voyage not with gold but with native Americans as captives. The cold winter weather and the changed atmosphere killed many of the almost naked captives on the way back to Spain. Columbus' report in the royal court before King Ferdinand and Queen Isabella was exaggerated and fabricated. He stated that most of the big and wide rivers of Asia (i.e. Cuba) and China (i.e. Hispaniola) contained gold grains in abundance and that there were mines of gold and

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THE country clearly needs new prescriptions for economic growth that take into account the demands of an evolving post-apartheid state.

Just as apartheid has politically disenfranchised the majority of South Africans, it has also left millions of people economically marginalized. The transition of South Africa to a democratic, multi-racial state cannot therefore be accomplished by political reform alone — it must be accompanied by a fundamental restructuring of the economy.

One research project funded by IDRC is preparing for this reconstruction. A group of economists belonging to the Economic Trends Research Group is seeking to develop an industrial strategy for the South African manufacturing sector in a post-apartheid economy.

The Economics Trends Research Group is a network of economists affiliated with the Congress of South African Trade Unions (COSATU). The network, which is coordinated from the University of Cape Town, was established six years ago with the mandate to research and analyze alternative economic policies. The group's industrial strategy project is an important initiative in policy formulation for a new South Africa.

Shrinking economy

Economists with the project must grapple with problems that have caused the

South African economy to shrink over the last twenty years. The past decade has seen real per capita incomes, a key measurement of economic growth, fall between 10 and 15%. The country, having failed to adapt to the changing global market of the late 1970s and early 80s, is no longer export competitive. Between 1955 and 1985, South Africa's share of global manufacturing exports fell from 2.62 to 0.84%.

As the manufacturing sector declined, the economy came to depend on the export of primary commodities, which are subject to substantial price fluctuations. This is more typical of a developing country than an industrialized one and, indeed, South Africa has been outstripped by the performance of other middle-income nations.

Job creation is also a problem. Unemployment figures range between 3.3 and 4.3 million people in a total population of 40 million. The vast majority of these are black South Africans.

Blacks are further disadvantaged by an economy that is highly skewed in favour of the white minority. Industry and high-income housing receive electricity while squatter camps lie in darkness. Factories produce luxury goods and cars rather than items that can be bought by low wage earners.

Well-maintained super highways link major cities

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