
Trevor Bell, Industrial Decentralization in South Africa.
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304 pp.

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All over Africa, as well as in the developed countries of the West, governments are today utilizing a variety of techniques to intervene in their national economies to spur decentralized industrial development. Drawing on the kitbag of tools available to orthodox positivistic economics, Trevor Bell seeks in this book to provide a model for analyzing the economic consequences of the South African Government's intervention designed to decentralize industry in the border areas adjacent to the so-called Bantustans ("homelands") set aside for the African population. Bell simply takes as given the Government's stated objective of reducing the African population in the major urban industrial centers

in the white areas, in accord with the basic doctrine of apartheid (segregation of the races). The important task of the economist, he tells us, is to "elucidate" the ends set by the state and the costs of alternative policies to achieve them.

Bell describes the pervasive "dualistic" economy of South Africa with vivid statistics: the Bantustans, allotted as "homelands for some 80 percent of the national population, encompass only 12.4 percent of the national land area. They account for less than 3 percent of the national product. Per capita income there is only R33 (\$49), probably the lowest in Africa, and is declining. The national figure of R410 (\$610), in contrast, is rising. Bell cites numerous official Government reports which argue that the poverty of the Bantustans is due to high population density (two and a half times the national average), overstocking of livestock, land erosion and low agricultural productivity. To alleviate this poverty -- "for long ... seen as lying at the heart of political, social and economic ills affecting white and black alike" (p. 3) -- Bell agrees that industrialization in the Bantustans or the neighboring border areas is essential.

Today, less than half the African population actually lives in the Bantustans. The great majority of the adult male population of necessity migrates to work in the factories, mines and farms owned by the white minority in so-called white areas. The "lucky" ones live with their wives and families in sprawling shanty-town slums, located about 20 miles from the heart of the industrial centers to which they trek daily. Others live in barracks, isolated for months. Their families, back in the barren "homelands", can barely eke out a living, their meager agricultural output inadequately supplemented by the little cash their menfolk can spare out of their sub-standard wages.

The government wishes to send as many more families as possible back to the "homelands" to "relieve" the white areas of their presence. But this aim can only be achieved by providing more industry in Bantustan border areas to "increase their carrying capacity." Although the Government-appointed Tomlinson Commission recommended that new industries be established in the Bantustans themselves, the Government decided instead to encourage them to locate in the adjacent border areas directly under white control.

Bell's deliberate failure to explore the implications of the Government's decisions in terms of the needs of the Africans, who comprise four-fifths of the nation's population, is in the best tradition of Western positivist

economics. Politicians alone are expected to set societal goals. The economist's task is purely technical: to examine the costs and benefits of alternative ways of achieving the goals that have been set.

Bell sets for himself the limited task of examining the economic advantages of attempting to attract industries to the border areas adjacent to the Bantustans. He reviews the literature of decentralization in western countries like England and Italy, and concludes that his most useful contribution is to analyze the costs in terms of the inefficiency which is likely to result from Government intervention to change the existing pattern of industry which he assumes has been brought about by the interplay of market forces. As he bluntly declares, the "main focus of attention of the remainder of this study" is "the rate at which an additional 'unit' of racial separation can be obtained in exchange for foregone economic efficiency and growth" (p. 124).

He proceeds to construct an "index" to show the relative excess private costs incurred by diverting specific manufacturing industries to the homelands. The elements of the index include the relative labor-intensity of particular industries (assuming lower wage rates in the border areas); transport costs; the availability of raw materials; and markets for their output.

The very useful data Bell has compiled on labor costs reveals that wage rates in the Bantu and border areas are, in some instances, less than half those in the urban industrial centers. He justifies these lower wages, however, and indeed insists that they constitute the primary "market" incentive to attract private industries.¹

Bell devotes two chapters to evaluating the effectiveness of the Government's efforts to get industries to move to the border areas. From 1960 to 1966, the Government primarily sought to use inducements relating to the provision of low-cost social overhead capital: tax concessions, financial assistance, labor concessions (including maintenance of lower wages), transportation facilities, and tariff adjustments. When it had become evident that these techniques were inadequate, the Government passed the Physical Planning and Utilizations of Resources Act (No. 88 of 1967) which enabled the Minister of Planning to prohibit the establishment or extension of any factory in any region proclaimed a "controlled area." The purpose of the Act was clearly to reduce the rate of inflow of Africans into the country's larger cities. Firms were permitted to build more capital intensive projects using skilled white workers if they could show that they would not increase the numbers of Africans employed

Bell shows clearly that neither the inducements nor the 1967 licensing provisions increased the industrialization of the border areas sufficiently to meet the Government's own objective of creating about 21,000 new jobs annually in the border areas. The annual increase in border area jobs, over and above the number that might have been anticipated by projecting the pre-1960 increase, was only 2,200. Furthermore, this marginal increase was obtained at an estimated cost to the taxpayer of about R1,500 (\$2,235) a job.

In his final chapter, Bell adds up the results of his analysis to conclude that the country has to make a "choice . . . between economic growth and industrial decentralization" (p. 261). The costs of decentralization are so great, he suggests, that the government may have to sacrifice at least short term economic growth to achieve it. Given the danger of "political upheaval in the event of industrial decentralization not being achieved," however, he concludes, "If growth and industrial decentralization both contributed towards 'the survival of the nation' then, since they conflict with one another, the problem is to select that blend of economic growth and industrial decentralization which, of all the attainable blends, is best suited to the task" (pp. 210-11).

Given his methodology and underlying assumptions, one would have to agree that Bell's compromise is the only one that makes sense. Viewed in light of the objective reality of the South African political economy, however, one can only shake one's head in bemusement at the Alice-in-Wonderland quality of his whole analysis. Bell has simply adopted the methodology and assumptions widely prevalent in orthodox western economic theories. Because these are employed uncritically far too frequently, even in independent African states, it is worthwhile attempting to sort out the reality from the myth, to understand what it is that Bell is actually doing.

Bell's underlying assumption is that the existing "dualistic" pattern of development is the result of the unhindered interplay of competitive market forces supposedly typical of any capitalist society. It is for this reason that he feels justified in constructing an index of private costs of decentralizing industry assuming that these will not diverge significantly from social costs. It never seems to have occurred to him that he is assuming what is to be proven. Increasingly in recent years, however, political economists in Africa have emphasized that the assumption that competition has led to the best allocation of resources anywhere on the continent is a myth. On the contrary, analysis of the historical pattern of development throughout

Africa exposes the way a handful of giant, typically foreign-owned conglomerations have developed narrow sectors, initially export-oriented at the expense of persistent underdevelopment of the remainder of the national economy and the exploitation of the masses of the African population.

In South Africa, this historical pattern has been pushed to its logical extreme. Seven giant mining finance houses, linked with multi-national firms directly and through extensive banking ties, have emerged to dominate the national political economy. These giants have accumulated vast amounts of funds for investment through the sale of gold and other mineral wealth, produced by hundreds of thousands of Africans paid wages less than a twentieth of what the typical U.S. miner earns. In recent decades, the Afrikaner Government has utilized every device available under capitalism, including joint parastatal projects and all kinds of tax "holidays" to assist, and if necessary, coerce these vast oligopolies to invest in the nation's rapidly expanding manufacturing sector. At the same time, every effort has been made to attract foreign capital. United States investment there has doubled in the last decade. Four out of five U.S. dollars invested in African manufacturing has been poured into the burgeoning industrial sector of South Africa.

The impoverishment of the Africans, four-fifths of the national population, has been achieved by the systematic shaping of laws and institutions to force them to provide the cheap labor necessary for the rapid growth of white owned farms, mines and now factories. Apartheid and the effort to overcrowd the African majority onto barely more than a tenth of the national land area, reserving the nation's agricultural, mineral and industrial wealth for the whites, is not the product of unhindered competitive forces, but the logical sequence of centuries of state intervention to preserve white minority wealth and power.

Not only does Bell's underlying set of assumptions fail to correspond with South African political economic reality. His methodology, his adoption of the positivist economist's stance, so widely touted in American as well as South African academia, enables him to play out his charade of scholarly objective analysis without even perceiving its unreal quality. He feels justified in taking the Government's goals and their institutional apparatus as given. His only responsibility, as an economist, is to "elucidate" them, and evaluate the costs of alternative methods of achieving them. To paraphrase Alvin Gouldner,² Bell has, in truth, permitted himself to assume the stance of a "moral cretin"

-- the inevitable result when a social scientist considers his role to be merely that of a technician.

It is important that lawyers, concerned as they have become with the implications of social science for their own efforts, realize the consequences of Bell's type of positivistic economics. There are other schools of economics. It is surely no wonder that political economists in universities elsewhere on the African continent question the validity of a methodological perspective which permits a serious academic to become little more than an apologist for a racist minority regime! Increasingly, they are beginning to focus on the causes of poverty and oppression suffered by the masses of the population. They seek to analyze the way the historically-shaped institutions and practices have contributed to the problems of poverty and oppression suffered by the majority of the African peoples.

The issue of industrial decentralization in a liberated South Africa could not conceivably be restricted to evaluating the private costs to individual firms of state intervention. Looked at from the point of view of increasing productive employment opportunities and levels of living of the African people, decentralization could only be conceived as one aspect of a whole set of policies designed to restructure the inherited, distorted pattern of industrial growth that has, over the years, imposed such heavy social costs on the majority of the people. First and foremost, it would be necessary to ensure that the state machinery represented and responded to majority concerns by instituting one-person-one-vote rule. Then, the state would have to proceed to pass new legislation dismantling the entire institutional structure of the apartheid system which today seeks to crowd Africans onto tiny eroded patches of land, while the white minority profits from continued ownership of the major productive assets of the nation. Thirdly, the state would need to formulate plans in the context of a long-term industrial strategy, including a balanced integrated economy capable of providing productive employment opportunities and high levels of living for the entire population, without regard to color. To implement these plans, it would be essential to ensure that the state, representing the majority of the people, exercised sufficient direct control over what have become known in independent regions of the continent as the "commanding heights:" basic industries, banks and export-import and internal trading institutions.

In the context of this approach in a liberated South Africa, the criteria for allocation of new industries could no longer be confined to anything like Bell's index of private costs to individual industries.

Rather, the planners would focus on the attainment, over time, of a balanced pattern of development of the overall political economy with a view to expanding productive employment and purchasing power for all sectors of the population.

Viewed in light of the rapidly changing reality of Southern Africa, Bell's attempt at scholarly analysis of the costs of a government policy, designed to hold back the wheels of history, seems doomed to a cobwebbed obscurity.

NOTES

1. As director of a project currently exploring why wages of women in the United States are only 58% those of men, I cannot resist noting that the wages of women in South Africa, black or white, tend to be less than half of those of their male counterparts. The wages of African women are less than a fifth of those of white women.
2. The Coming Crisis of Western Sociology 13. New York: Avon, 1970.