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and its Aftermath
in Southern Africa**

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Introduction

If one defines the Southern African region more narrowly to comprise the countries that have historically been part of the hub of the South African economy, namely South Africa itself, Botswana, Lesotho, Swaziland, Namibia, Zimbabwe, Zambia, Mozambique and Malawi, it is clear that these countries are closely inter-linked in a number of ways. Historically, they have been linked through trade, business relationships, financial markets, infrastructure networks and labour markets to one degree or another. These linkages in turn have implied a high degree of mutual political interest in the affairs of each other's countries. This network of economic and political relationships has been defined and driven by South Africa as the de facto economic and political powerhouse of the region. Prior to 1994 the economic and political environment in South Africa was uniquely defined by racial discrimination which as formalised in the ideology of apartheid.

Given the economic and political dominance of South Africa in the region it should be expected that this legacy of racial discrimination would have percolated to the neighbouring countries to one degree or another and may currently be manifested in a number of issues that preoccupy the countries of the region at the national and regional levels. This paper is in part an attempt to sketch out how inter-linked the legacy of racial discrimination has been at both the national and regional levels in Southern Africa. While overt racial discrimination in the economy may have been outlawed or disappeared by virtue of the advent of majority rule in all of the countries, it will be argued that a number of economic issues arising from the colonial past were primarily linked to South Africa's apartheid order and the racially defined colonial past in neighbouring countries, continue to affect the region. More importantly the paper seeks to show that the attempt to implement neo-liberal (Bretton Woods inspired and propagated stabilisation and structural adjustment programmes) economic policies in many ways results in reinforcing and reproducing the after-effects of this legacy of racial discrimination.

At the national level a number of such issues can be identified such as those pertaining to the elusiveness of inclusive growth and development and persistence of poverty and inequity in all of the countries; the inability to grapple with the agenda for economic empowerment in terms of asset redistribution (the land question for instance) and promotion of indigenous entrepreneurship in agriculture and industry for instance; the search of employment equity and affirmative action in some of the countries such as South Africa, Namibia, and Zimbabwe; the unequal access to economic and social infrastructure services; the inequitable spatial arrangements that continue to severely throttle economic participation of the majority; the persistence of skills shortages; and the nature of internal migration. There are other issues at the regional level: those of unequal development and unequal incidence of the gains from regional economic interaction among the countries and in particular between South Africa and the rest of

the countries in the region; the problem of skills shortages and the brain drain; the problem of cross-border labour migration among low skilled workers; the issue of cross-border informal trade; and the overall problem of how to manage migration between countries.

While it is true that many of the forgoing problems can be found in the other countries and regions of Africa, it is contended here that they have a unique manifestation in the context of Southern Africa primarily because they have been historically mediated by past problems of racial discrimination. It is further contended that neo-liberal economic policies tend to reinforce or postpone the resolution of many of the above problems. This paper therefore proceeds as follows. The next section discusses in a general way the nature of the considerations that underpinned labour market discrimination in the region. This is followed by a section that sketches those main features of the aftermath of this discrimination at the national and regional levels. The final major section discusses the implications and consequences of neo-liberal economic policy stances for the resolution of these legacies. The conclusion draws some of the political implications of the discussion at the national and regional levels in Southern Africa.

Labour market discrimination and its consequences

All of the countries of the region were at one point colonised. The nature of this colonisation was at the outset racialistic both with respect to the economic relationships that emerged and with respect to the political arrangements that obtained. Both the economic and political relationships entailed the subjugation and marginalisation of the majority of the populace comprising Africans and other non-white peoples. The history of racial domination and the nature of its consequences in South Africa and its neighbouring countries are well known and will not be the focus of discussion in this paper. Rather the interest in this paper is to explain some of the persistent consequences of this legacy that continue to pose intractable problems in the current period.

The initial major consequence of colonial penetration was the evolution of enclave economic structures, which were predicated on maximising the interests of the colonial powers. As is well known, the primary economic function of the colonies was that of producing primary commodities for the so-called 'mother' countries. In Zimbabwe and South Africa, settler interests emerged and entrenched themselves such that they modified the nature of imperial or mother country dominance to a degree by asserting their own interest vis-à-vis the colonial powers and local population without fundamentally redefining the overall economic structures. Essentially, colonialism entailed the advent of capitalism in societies which had hitherto been non-capitalist. In the case of Southern Africa this resulted in specific relationships between each of the countries and Britain (and Portugal in the case of Mozambique) and between South Africa, which had the largest settler population and which subsequently developed at a greater pace than the other countries, and its neighbours.

In Southern Africa capitalism emerged as a racial capitalism, which was superimposed over pre-capitalist social relations, entailing unequal relations of domination and subjugation.

Relations of domination and subjugation in the context of the market imply unequal power positions in which initial positions are unequal and in which the ability to exploit and manipulate market forces is unequal. In addition, the dominant group is able to resort to non-economic means to ensure that the market operates to its benefit. Most crucially a situation of domination and subjugation results in structurally embedded conditions of dominance and subordination especially with respect to access to, control over, and the distribution of economic assets; relations of dominance –dependency between the dominant and subordinate groups respectively; and unequal flows of benefits from participation in the economic system that is

emerging. A racially based capitalism therefore can be said to manifest racially conditioned domination and dependency effects in the context of the market. Under such circumstances, the ontological status of the social facts that are assumed by neo-liberal economist are inherently biased. This bias and inequality will be manifested in differential material conditions of livelihood perpetually reinforced and reproduced by unequal access to, control over and deployment of physical, financial and human resources and the returns to them.

In these circumstances market power, which is racially based, as reflected in rational behaviour of the economic actors, will result in a reproduction of unequal economic conditions among the various groups involved. Further, the group with greater economic power will resort to non-economic means to ensure that its interests in the economic sphere are maximised at the expense of the interest of the subordinate group. The major structural manifestations of discrimination in Southern Africa are discussed below.

Enclave economic formal economies: Colonial domination implied an exclusive capitalism based on race right from the beginning. As a consequence the majority of the African population were reduced to marginal participants in the new economic system. Initially, it was based on incorporation of Africans as cheap labour with limited rights of residence in formal enclaves, which were primarily geared towards production of primary products for export. Formal market based economies developed to include production of secondary products and tertiary services which primarily serviced colonial and settler needs and to a degree the unavoidable needs of the small class of Africans that were increasingly being drawn into market relations as cheap labour or as suppliers of cash crops. The result was that the majority of the Africans were seen as a residual category that eked out a living in the communal and tradition-bound rural economy; they could be relied upon or compelled by various overt or covert means to provide cheap labour to the emerging formal economy. In addition the communal sector was seen as the repository for spent labour from the formal economy. In the event, economies evolved in which the formal economy was driven by the capital of foreign and settler capital and skills, both of which came from those classified as white, and by cheap African labour. In addition an informal economy evolved as an intermediary between the formal and communal sectors which also began to absorb some of the African labour that could not be absorbed into the formal economy and that was compelled to leave the communal sector.

The resulting economic structures were not so much dualistic as much of early development literature was prone to characterise them, but as tri-modal: they consisted of a relatively dynamic formal economy driven by its economic relations with the metropole, the erstwhile coloniser, and inter-linked in an unequal relationship with the communal and informal sectors internally. The relationship between the three sectors is characterised by various market discontinuities, gaps, failures with respect to the distribution of economic assets such as land, capital and human capital; the flow of and returns to labour, and goods and services; the provision of economic infrastructure and social services, and the nature of institutional support and the regulatory environment. Now all of the countries in Southern Africa inherited tri-modal economic structures dictated by colonial imperatives along the lines described above. The resulting structures were exclusionary and marginalising of the majority on the basis of race and today underpin various problems associated with the inability of these countries for effect and inclusive development paths.

The racial basis of the merging capitalist relations was further entrenched by conscious attempts to manipulate the market to ensure unequal outcomes through what may be termed primary discrimination and secondary discrimination, both of which were significant in each of the countries to one degree or another.

Primary discrimination:

In Southern Africa, Africans were incorporated into capitalism as cheap labour in commercial agriculture primarily, and also manufacturing and service sectors as well. Initially this appeared as a 'rational' response to the presence of potential labour whose standard of living, and therefore whose social reproduction cost was low and seen to warrant low wages close to subsistence. It did not take long before it was realised that not enough labour would be forthcoming voluntarily solely on the basis of market incentives so that resort was made to extra-market stimulants and control to ensure the requisite amounts of labour on the farms, in the mines and urban areas. Such measures are also well known and range from the infamous 'hut taxes' to dispossessing Africans of their land, banning income generating endeavours among Africans, and the sheer forced recruitment and deployment of African labour through agencies such as the Employment Bureau of Africa (TEBA). During the colonial period both rural and urban areas were converted into controlled environments which were continuously manipulated to ensure adequate flows of cheap labour and the expulsion of what was seen to be redundant labour in urban areas. Access to education and training and entrepreneurship was systematically controlled to ensure that a critical mass of Africans did not emerge to challenge colonial and settler interests in the economy and the polity.

What we have labelled as primary discrimination consisted of discriminatory measures aimed at ensuring that Africans were available as cheap labour in the formal economy, while simultaneously also ensuring that they continued to be subordinated in economic and political status. In essence, primary discrimination ensured that African remained marginal to the merging economic system trapped in the communal and informal sectors as a residual category of the system. This primary discrimination was underpinned by various policies, such as access to and the nature of the education given to Africans, the denial of basic infrastructure and social services to Africans, spatial segregation in rural and urban areas, and unequal access to productive assets as land and capital. The full impact of such policies was that labour flows to and from the formal economy. Africans were barely able to amass enough resources over time to challenge the dominance of colonial and settler interests.

As a consequence, the labour market manifested a discriminatory allocation of labour in which Africans were the subordinate group that received low returns for their economic efforts. First in all the sectors, Africans were the dominant group in unskilled and low skilled occupations while whites were in the higher skilled and material occupations. This allocation became self-justifying since it was self-reproducing given the structural control factors in place. Second, given the influx of cheap labour and the ability to have it controlled at the will of the users of such labour various forms of cheap labour utilisation emerged which included the extensive use of African labour for primarily paternalistic consumptive and productive purposes such as house work, messengers, guards tenancy arrangements and so on. Third, when such cheap labour was not forthcoming from within the confines of a particular territory in which formal sector demands were more buoyant such as South Africa, Zimbabwe and Zambia, the control measures were extended to include cross border recruitment thereby precipitating the phenomenon of cross border labour migration to and from neighbouring territories that were less endowed with primary commodities of value to the 'mother countries'.

The phenomenon of primary discrimination was further complemented by the emergence of a second type of discrimination which may be referred to as secondary discrimination. As the Southern African countries evolved and in particular as settler interests were entrenched in countries such as South Africa and Zimbabwe, class differentiation among the dominant white class began also to emerge. Essentially, in countries in which there was a sizeable settler class, a

white working class began to emerge as well as a class of locally based narrowly nationalistic entrepreneurs. The former were interested in ensuring that their interests were protected as the formal economy grew since it was becoming obvious that the demand for skilled labour would increase to such an extent that there would be little choice other than recruitment of African labour in higher occupations as well. Since African labour was relatively more plentiful or could be manipulated to be such, and given that it was also seen to have a lower reservation wage because of its lower standard of living, African labour was seen as a potential threat to white labour. Secondary discrimination emerged as a conscious attempt by white labour to protect its monopoly over skilled labour to the exclusion of African labour. As consequence, in countries with large settler or white populations such as Zimbabwe, Mozambique, South Africa and Zambia, during the early years, segregation in occupations was formally entrenched to ensure that the primary labour consisting of skilled, technical and managerial jobs was reserved for whites while Africans were relegated to low level secondary occupations. This segregation was formally protected through the exclusionary policies that defined access to education and training as well.

At the dawn of political transition to independence or majority rule the newly independent Southern African countries inherited labour markets that were either characterised by the cheap labour syndrome of primary discrimination such as Malawi, Zambia, Lesotho, Swaziland and Mozambique or that were characterised by a combination of primary and secondary discrimination such as South Africa and Zimbabwe. In the former countries the economic environment was such that the majority of the Africans were under-employed in residual sectors in the communal and informal sectors while a small percentage was employed as cheap labour in various endeavours in the domestic formal economy primarily in agriculture and mining or as migrant labour in South African mines. In the latter countries (South Africa and Zimbabwe), Africans were distributed over depleted and overpopulated communal areas, and as cheap labour in mining, agriculture, domestic service, industry as well as in the service sectors. In these latter sectors the control mechanisms ensured that the informal sector was relatively underdeveloped during the colonial period, hence a small proportion of the labour force was involved in this sector at the dawn of majority or democratic rule.

The consequences of primary and secondary discrimination in the labour market actually underpinned various outcomes in the economies of the various countries, which continue to pose insurmountable problems of development. At the outset it may be noted that the racially based exclusionary and marginalised nature of the incorporation of Africans into the modern day capitalist economy essentially limited the development of virtuous cycles of interaction which could rebound to the benefit of the Africans themselves, through what might be understood to be a process of development. In the event the structural legacy was such that it reinforced and reproduced enclave-based growth, which only marginally benefited the majority of the Africans, but which primarily continued to marginalise and impoverish them.

A more nuanced analysis of the interface of secondary and primary discriminatory practices would yield a complex situation in which dominant groups that had interests in either form of discrimination attempted to influence the political and economic environment to their advantage. The major interest in this respect comprised foreign representatives of multinational corporations, local white entrepreneurs, and the white working class. The foregoing interest could also be further disaggregated according to whether they participated in tradable or non-tradable goods. In addition the situation of the Africans should not be seen to have evolved in a homogenous manner either. In the course of time this group was becoming differentiated as well with some Africans able to penetrate the higher occupational rungs of the labour market and others becoming entrepreneurs in their own right in rural and urban economies. More

importantly was the failure of the colonial regime to prevent the development of an influential urban African population. Essentially then the stark consequences of primary and secondary discrimination became gradually eroded and muted as the countries evolved, and in countries in which the colonial power had diminished interest such as Malawi the intensity of the racial legacy diminished faster, while in those in which both colonial and settler interest were important the fundamental issues at stake continued to hold paramount. More generally, the smaller the settler class the more muted was the legacy of racial discrimination. The point to stress is that in all of the countries the legacy of the initial impact of primary and secondary discrimination as outlined above has continued to have important implications for economic policy at a number of levels.

Essentially the implantation and growth of a racial capitalism bequeathed a number of structural distortions which continue to compromise the economic prospects of the majority of Africans in spite of the formal absence of discrimination.

The Implications of Discrimination

In the majority of cases, colonialism tends to have an ethnocentric or racial rationalisation so that the capitalism that emerges on the basis of such colonialism, especially where the colonised constituted a majority, tends to be enclave, serving the interest of the dominant minority and excluding or marginalising the colonised majority. The first major distortion of such economies is their proneness to growth without development if the economy is left to market forces without the intervention of a majority controlled state to change the structural legacy. By growth we mean increases in gross domestic product and indeed per capita income which does not necessarily imply the upliftment and involvement of the majority and poorest segments of a given country. And by development we imply a process whereby increases in gross domestic product precipitate income growth hand in hand with the upliftment and participation of the majority of the populace and indeed the poorest groups in a given country on sustainable basis. Within this overall context of economies prone to growth without development, a number of secondary problems also manifest themselves which can be traced back to the legacies of primary and secondary discrimination during the earlier period of minority rule. We now turn to a discussion of the consequences of primary and secondary discrimination.

Enclave growth

Because of the manner in which racial capitalism developed in the countries of the region, the modern capitalist economy has generally been seen as the 'other's' economy in which Africans are temporary or marginal participants. In none of the countries can Africans truly say they feel, as capitalists or as the state in power, to be in control of their economies. A fundamental reason for this is the enclave nature of the formal economies. This enclavity is manifested in a number of structural distortions, which militate against inclusive growth implying

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