FEF Conference:

U.S. Model for Southern Africa's Development

Over 100 people representing 10 foreign governments, five departments of the U.S. Executive Branch and the House Foreign Relations Committee, ten corporations, nine colleges and universities, and the national and international press gathered here today at the Madison Hotel to hear and discuss a program for the industrial development of Southern Africa.

Fusion Energy Foundation Executive Director Dr. Morris Levitt struck a theme in his welcoming remarks which was to be sharply debated during the day-long series of sessions, sponsored by the foundation. Levitt cited the recent comment by U.S. Ambassador to the United Nations Andrew Young that the United States is still held in high regard in the developing sector — the so-called Third World — due to its unparalleled advanced industrial development. "This is the model for the development of southern Africa," Dr. Levitt asserted.

Eric Lerner, Director of Physics for the FEF, then presented the outlines of a massive development program for the southern Africa region. He immediately contrasted this program, proposed by the Foundation and available at the conference as a Campaigner special Report, to the attempts of the World Bank to have "regional development" without raising labor productivity.

Politics and Economics

"The political and economic solutions must go together," Lerner declared. "There will be no solution to the colonial heritage of apartheid without development — only redistribution of the existing poverty, and war. On the other hand, there can be no solution to the requirements of economic development unless the skilled labor force is developed. That means an abrupt end to apartheid.

"Contrary to what everyone thinks, southern Africa's greatest resources are not the vast mineral wealth of the region," Lerner elaborated. "Its basic resources are the pockets of skilled labor, which must be used as centers to upgrade the entire population."

Using maps and tables, Lerner gave a concise presentation of the FEF program for developing major industrial centers as foci for breeder development. He noted that the program depends upon rapid global economic expansion at annual growth rates of nearly 20 percent and the transition from fossil and fission power into a world fusion power economy by the year 2000. The energy to fuel the four centers and other secondary foci would come from the southern African wealth of coal, hydroelectric power, and uranium. "Nuplexes" using the full capacity of nuclear power — generation to power a variety of industries were proposed.

In a complementary presentation, Douglas DeGroot, specialist on Africa for the Executive Intelligence Review, posed the question of the political feasibility of implementing such a program in South Africa. "The humanist forces to collaborate on industrial development in the region do exist," DeGroot assured the audience. "But there has been a conscious effort through history to keep them from working together."

He instanced the proindustrial tradition of the Kruger Republic of the 19th century and described three centuries of British counterinsurgency against this tendency. DeGroot proposed a Southern Africa Development Association" to bring together the still extant proindustrial layers in South Africa with the political elites of Black Africa such as, especially, the non-racially oriented and politically stable leadership of Angola.

In response to a question from an African diplomat, DeGroot emphasized that both the "internal settlement" in Rhodesia (by which Premier Ian Smith has excluded the constituency-based Patriotic Front), and the ugly heritage of apartheid in South Africa, would have to be quickly swept away in order for the treaty arrangements establishing such an association to take place among the front-line states and South Africa.

What About the Soviets?

Another crucial aspect of the region's political physiognomy was then discussed by panel member Dr. Peter Vanneman, chairman of the political science department of the University of Arkansas at Fayetteville. Vanneman stated that certain factions within the Soviet leadership would be amenable to a development plan in the region. Because of their own economic problems, Vanneman added, the Soviets are eager to gain access to southern Africa's mineral wealth.

"The Soviet leadership has been deeply divided over Africa policy, especially since Angola," Vanneman noted. He pointed out the exceptional restraint used by the USSR in Ethiopia, where Soviet military aid was not sent until months after the Somali invasion. But "if we don't strengthen the hand of the moderates in the Kremlin," Vanneman concluded, "there will be a holocaust." The Soviets are in Africa to stay, he said. "Whether they play a constructive or destructive role" depends mainly on whether or not the United States is pursuing a development policy.

The first panel's deliberations were brought to a close by David Carr of the National Foreign Trade Council, where he is director of the Africa, Mideast and Pacific Asia Division. Dr. Carr, who stressed that he was speaking personally and not for the council, outlined three major stimuli which have historically proven to foster economic development. These are expanded exports; high rates of savings and investment; and structural transformation of the economy (e.g., diversification).

Addressing the question of how to fuse these three aspect of Lerner's earlier presentation. He recalled "the model of an antidevelopment policy" in the behavior of the Sultan of Oman, who insisted that a major pipeline being built in his country by an oil company should employ the tribesmen of that area each time the pipeline construction crossed tribal boundaries. Since no worker was employed for more than a few miles, this guaranteed that none "acquired permanent skills — and with them dangerous political ideas!"

Carr went on to score south Africa's pursuit of a similar policy in importing labor from neighboring black African states. Workers come alone and only for a few months. Carr stressed the "key role of developing permanent skills, which can then be transferred to other industries." In an interview following his talk, Dr. Carr said that the minimum stay for a worker with his family in the industrial center should be five years.

The U.S. and Soviet Models

The first afternoon session, titled "The Third World Into the 21st Century," led off with a challenge to the concept of rapid and massive development in Southern Africa which had been the theme of the morning panel. Dr. Stan Krause, a member of the Department of Agriculture currently on assignment with the Africa Bureau of the U.S. Agency for International Development, described the severe problems posed by the agricultural sector which engages over 50 percent of the economically active population in the 10 countries of southern Africa. The majority of these people are subsistence farmers with abysmal levels of living, Krause noted, while due to the flight of Europeans even the small number of large commercialized farms is diminishing.

Pointing with pride to the potential of American contributions in training programs and applied agricultural research ("We wrote the book on that."), Krause nonetheless countered the FEF proposal of concentrated high-technology development pockets with a strategy of "slow incremental growth," "limited packages of new technology rather than a quantum leap."

The AID expert cited the history of 54 countries which had received development aid over the past three decases but did not sustain rapid per capita growth, and concluded, "Crash programs cannot succeed."

The next presentation, by FEF Director of Research Uwe Parpart, met the challenge Krause had raised. "Instead of looking at the failures of the past 30 years," Parpart proposed, "I find it remarkable that no one discussing development has pointed to the two outstanding models of success — the United States and the Soviet Union."

"No successful effort can proceed on short-term expectations," the FEF scientist affirmed. "The results of small increments in a given mode of production proceed inevitably from the very assumptions on which they are based." Instead, the American experience was the outcome of a debate in the 18th century between a commitment to developing labor power through high technology growth, and the contrary premise of labor intensive exploitation of raw materials. "We are talking about two colonial policies," Parpart said. The British colonial policy and the humanist one by which an American continent would carry forward the best efforts of Europe.

"The American model is very simple," he continued. "The most educated strata — a thin elite — absorbed the most highly developed industry," while European-born peasant labor, the backward part of the population, was brought in "in successive waves."

"Slow growth is not an alternative to this model," he warned. "It will mean devolution and chaos." In this connection he attacked the World Bank's notion of "appropriate" technologies, which instead of raising skill levels with the best technologies, gears a low technological input to existing low skills.

Parpart also pointed to the Soviet Union's remarkable progress to an industrial superpower as the other model for the Third World. In the 1920s, he said, the Soviet Union's population was just as afflicted with backwardness and tribal organization as much of southern Africa. Today, mankind should be thinking not only about developing the Third World, but about the "colonizing" of the solar system.

Dr. William van Rensburg reported to the conference on the extensive mineral wealth of southern Africa and its importance to the world's industrial economies. Van Rensburg, who is chairman of the University of Texas Geoscience Department, noted that contrary to popular illusions that South African minerals are not an easy "bonanza". Most of the vast deposits are in remote areas and are of low-grade ores which require the most advanced mining technology for their exploitation.

In introducing the last speaker of this panel, Dr. Levitt noted that precisely this need to access low-grade ores in the future demanded the unlimited energy resources promised by fusion power. Dr. William Ellis, chief of the advanced fusion systems branch of the confinement systems division of the Department of Energy, held the conference attendees in rapt attention as he delivered an illustrated talk on the present state of fusion research. Ellis showed four charts indicating that scientific breakeven for a successful fusion reaction were extremely close in four of the key criteria. Yet, as another chart showed, federal funding for the fusion program has not even grown "linearly" but leveled off over the past three years to the point that commercial fusion may not be realized.

In his summary, Dr. Ellis zeroed in on the question of obtaining political support for fusion power. National policy has shifted in the direction of short-term solutions and "appropriate" technologies, he reported. In the meantime, fusion lacks a powerful motivation — a "patron saint" in the population. Neither industry, the utilities, labor nor even the scientific c taken up the banner of fusion development. "We have established the scientific data base," Ellis maintained. "We are well on the way in the next few years to achieving breakeven." As a potential means of providing the world with cheap unlimited power for the future, fusion must be given a chance.

"Financing Development"

The fourth panel, "Financing Development," featured four speakers. David Shapiro of the Maryland House of

Delegates, who recently sponsored a memorial bill in that legislature calling for the rechartering of the United States Export-Import Bank with an increased funding base, greeted the meeting with a call for economic growth, revitalization of the port of Baltimore, and nuclear energy development as the keys to reversing the gloomy cycle of recession and inflation which has afflicted his state since 1970. He was followed by Warren Hamerman of the U.S. Labor Party Executive, author of a report to Congress proposing Eximbank expansion, Carlos Romera Barrera of the Mexican Foreign Ministry, and Hahmy Maklouf of the Arab League.

Hamerman noted that in many discusssions during the day, conference participants had raised the question of feasibility of the proposals. "Is there an alternative to the current economic and financial system?" he asked, and replied, "Yes, there is a means to make the financing of Third World development commensurate with real economic needs."

The basic conception is of long-term low-interest credits — an idea which has variously been voiced by Eximbank head John Moore, Nelson Rockefeller, and was developed in 1977 to an advanced stage by the late Jurgen Ponto of Dresdner Bank. Ponto had foreseen linking up the vastly underutilized productive capacity of the advanced capitalist countries with the tremendous development needs of southern Africa, Hamerman reported. Trade flows between OECD countries, the Soviet bloc and the developing sector were illustrated in a chart.

The USLP leader attacked the "vicious fallacy" of risk embodied in a frequent comment by bankers and others that even should such an ambitious development program prove politically feasible, who would take the risk? "We cannot afford the risk of not going ahead with such programs, because without them the world is headed toward strategic confrontation," he said. He also cited the policies of Alexander Hamilton which successfully established the roots of American industrial development as the key to the debt issue. Only long-term credits of 20 or more years can achieve real infrastructure, he stated. The best example of the effects of the opposite policy, pursued by the IMF and World Bank, is the decay of New York City after years of short-term high-interest financing!

Carlos Romero Barrera delivered his speech in Spanish and it was simultaneously translated. "I understand (the term) development to mean not only the simple growth and expansion of a country's productive apparatus," he said. "But rather it must be a growth and expansion which results in an increase in national and per capita income, as well as a rise in the level of employment of both human and natural resources of a given country."

Using these criteria, Romero reviewed the sources of external financing for development under the headings of aid, direct foreign investment, and credit through private, public and intergovernmental institutions. He scored the use of aid for servicing of debt or building up the military, but indicated it could be an instrument of real development when "it is regionally invested in the expression and differentiation of the productive apparatus — with resulting effects on the levels of employment and income." Similarly, direct foreign investment makes an effective contribution when it compliments rather than replaces a country's own development efforts and when "the national economic profit is greater than that obtained by the investor." Foreign financing, Romero continued, alluding particularly to the IMF, "has in many instances been only a means to repay earlier debts or as an instrument of trade police of the creditor nations."

"In pracitcal implementation of these ideas," Romero concluded, the Mexican government is using its oil wealth to carry out industrialization in the capital goods sector and also to develop "new sources of energy such as nuclear energy." He also cited the April 27 initiative of the Mexican government proposing that the IMF should create a $75 billion technology transfer fund "in order to implement development and not solely to cover repayment of their foreign debt."

In the final presentation, Hahmy Maklouf laid out the Arab League's role both as a group of developing countries and as donors of aid in the past five years to other countries for development. In 1973-77, he said, the Arab oil producing states provided $19 billion in soft loans and grants to less developed countries among the institutions which channel these funds including the Arab Bank for Economic Development in Africa and the special Fund for African Assistance. Maklouf stressed that the development loans were at interest rates of only 3 percent and had a 15- to 20-year period of repayment. Also strikingly in line with the programs laid out earlier by Hamerman, Maklouf said that the Arab states saw the responsibility for funding development as a global one to be shared among the Arabs, advanced capitalist sector, and the Eastern European bloc.

Conference participants included representatives of the governments of France, the USSR, Malawi, Lesotho, the Republic of South Africa, South Korea, Mexico, Argentina, Gabon and Beoin. From the United States government were representatives of the Departments of State, Agriculture, Energy, and the Agency for International Development, and the bureau of mines in the Interior Department.

— *Nora Hamerman*