

Will South Africa choose regional development or IMF austerity?

by Lydia Cherry and Linda de Hoyos

Republic of South Africa President F.W. de Klerk took the occasion of the first visit of a South African head of state to Kenya in early June to issue a proposal that South Africa, Egypt, Nigeria, and Kenya join to become the four centers of interlocking trading regions that De Klerk said could then compete against a united Europe. Only countries such as Kenya and South Africa, both of which are members of the British Commonwealth, have the power, energy, and initiative to rescue the African continent, De Klerk said, in discussions with Kenyan President Arap Moi.

De Klerk's proposal was elaborated by South African Foreign Minister Pik Botha, in an interview on Johannesburg television on June 10. "Our African friends," said Botha, "are looking for . . . momentum to develop this idea of regional development. . . . What President De Klerk has done, he has actually helped our African brothers by identifying these countries through the use of example, that is, which four regions should get off the ground in terms of planning, programming, and sitting down and drawing up a thorough reconstruction plan. If we do not do this, and this is the warning we sounded, the West and the industrialized countries will set Africa aside and move past us."

The necessity for such action is urgent, as Botha pointed out: "What is of importance, is the effect of AIDS on Africa."

Botha projects that among South Africa, Egypt, Nigeria, and Kenya, "regional decisions will have to be made and out of these regional developments a joint plan will have to be put before Europe, and the U.S. and Japan." The opportunity for such an approach, Botha made clear, arises because of the South African government's progress in breaking down apartheid. "Africa realizes now that apartheid is gone," he said, "that this country, South Africa, this government can assist them and can form part of the protest that Africa will have to deliver, to gain acceptance from Europe and the industrialized countries in order to survive. It is all about the survival of Africa."

There is no question that the De Klerk proposal addresses an urgent vital need: the reversal of Africa's devastation through regional development plans, focusing on basic infrastructure—water, energy, transport, and communications.

Without that development, the AIDS scourge, along with the devastation caused by constant wars and famine, threatens the depopulation of the continent, and the destruction of the Republic of South Africa itself.

In an earlier interview, President Botha had put forward the concept that South Africa is the "locomotive" for Africa's overall development. "The 40 states south of the Sahara produce a Gross Domestic Product of \$130 billion. We in South Africa produce a GDP of \$120 billion. We are the locomotive. Not that we want to overwhelm, but we can save southern Africa. We can transform southern Africa into an area of stability and progress, and we are going to do that."

Energy the focus

So far, the major focus of the De Klerk proposal appears to be energy development. Dr. Ian McRae, chief executive of Eksom, South Africa's national electricity authority, is actively propagating the idea of a power grid linking all of the countries of the region and extending as far as the Zaire River.

In May, an African Institute of Energy was founded in Johannesburg to draw up plans for the exploitation of southern Africa's hydropower and other resources. According to the institute's president, Steve van Rensburg, the energy sources that will make the biggest contribution for the short term are coal and oil, with hydropower growing the fastest for electricity use. Nuclear plant construction is not envisioned until coal supplies have run out, "sometime at the end of the next century"—although nuplexes—agro-industrial complexes with a nuclear power plant at their center—would be the cheapest and most efficient means of creating agro-complexes throughout the area.

In the area of hydropower, plans already exist for projects on the Zambezi River, which can provide hydropower to Mozambique, Zimbabwe, and Zambia. The Zaire River, the African Institute of Energy points out, has the greatest hydropotential in southern Africa, with a future capacity of providing more hydropower than currently exists in the United States as whole. In total, the river, developed fully, has the potential for up to 150,000 megawatts. Aside from building the required dams on

the river, infrastructure must be created to release this enormous energy potential to the rest of southern Africa.

Free enterprise won't work

However, even these limited plans—let alone the full development of infrastructure required for Africa—will not be realized unless South Africa is prepared to break with the looting policies of Thatcherite “free enterprise” and the International Monetary Fund (IMF). The countries of southern Africa are suffering under the double burden of onerous and unpayable debt, and plummeting commodity prices.

South Africa itself faces the same problems. Since 1980, South Africa's economy has stagnated, largely due to a massive outflow of capital. As a result of the fall in world gold prices, more and more gold mines are producing at a loss, and 83,000 jobs in the mines have been lost over the last two years. “More than half of all companies in the manufacturing sector plan to cut their labor forces in the next 12 months and the employment outlook is bleak,” the South African Chamber of Commerce warned in May. The real unemployment rate is now estimated at 20%.

In the last two years, the South African government has adopted a tight-money policy forced through by the Reserve Bank. The policy has come under severe attack, with the *Johannesburg Business Day* arguing that the Reserve Bank strategy “has not worked,” but has led to “growing insolvencies, as small firms cave in to unbearable interest rates and underutilization of capacity, as official austerity measures bite. We urgently need less restrictive monetary policies to encourage competition, lowering of interest rates that will lead to capital investment, job creation, and the competition needed if inflation is to be cut permanently.”

However, Minister of Finance Barend du Plessis declared on June 26 that there would be no fiscal relief, since aid from the IMF and World Bank would be dependent upon a “sound monetary policy.” “We have been able to maintain our relationship with the IMF at a very constructive and productive level,” according to Du Plessis, and now that the United States has lifted sanctions against South Africa, it is expected that the way is to be cleared for South African access to IMF loan facilities, which have heretofore been blocked by the United States.

In short, South Africa is fast falling into the same IMF trap as its far poorer neighbors.

There is no indication that South Africa is prepared to aid the other countries of the region. “We have to start talking straight,” declared President Botha in a May interview. “There is no apartheid in the rest of Africa. Now why is Africa dying? . . . They will soon find it hard to satisfy the requirements of the International Monetary Fund.” Botha also echoed the malthusian complaint in his June 6 interview with the British Broadcasting Corp.: “The population growth in most African countries is too high.”

Behind the South African acquiescence to the IMF stands

London, in particular the personage of former Prime Minister Margaret Thatcher, who visited South Africa in May as a personal guest of President De Klerk, and was awarded the Order of Good Hope in the Grand Class, the highest national award to a foreigner. In her speeches, Thatcher hailed the free enterprise policies adopted by Kenya, Botswana, and Malawi, which she said had led to their alleged success. Economic principles for the new South Africa, she opined, must include a free enterprise system; avoidance of more nationalizations; privatization of as many industries and businesses as possible; resistance to bureaucrats' demands for controls and subsidies; and resistance to all calls to redistribute wealth as a means of eradicating poverty, according to the Johannesburg news agency SAPA.

Presumably Thatcher would welcome the current investment drive from South Africa into Mozambique. The *Johannesburg Sunday Times* reported that South African businessmen plan to invest 150 million rands to buy beachfront properties under a 99-year lease. Run by a company called Mozambique Leisure, the first phase of the project is to buy and refurbish more than 400 deserted houses between the coastal towns of Mangusi and Ponto Do Ouri. Built into the project's budget are funds to train and equip the Mozambique Army to keep the area free of insurgents. Entrepreneur David Guthrie, who conceived of the idea is quoted: “We also drafted a Casinos Act, which is modeled on the Swazi one. The plan includes building a hotel-casino with 500 beds.”

A ‘locomotive’ for what?

Such schemes raise a question as to whether South Africa will function as the locomotive of Africa's development, or whether it will function, now that apartheid has been dismantled, as a looting mechanism against the southern African countries under London's imprimatur. If it is the latter case, then South Africa itself will be collapsed into the state of a Third World country.

The future of southern Africa depends on the further industrial development of 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. Prior to 1975, when South Africa ended its dirigist development policies, the surplus from this wealth was reinvested into the creation of the biggest industrial economy of the African continent.

The role of South Africa's industry and scientific agriculture in uplifting the surrounding nations, must now become part of the project to build a Paris-Berlin-Vienna triangle of high-technology development in Europe, as statesman Lyndon LaRouche has specified. From this European center, spokes will then radiate outward into the nations of the Third World. For example, as was earlier proposed, German nuclear technology can provide the necessary input for rapid development of southern Africa.