D. Hobart Houghton, The South African Economy. Captown: Oxford University Press, 1976.

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This is the fourth revised edition of Houghton's book, which was first published in 1964. In it, he aims to bring up to date his economic analysis of the keystone to one of the world's trouble spots: South Africa.

Houghton provides extensive data to support his thesis that South Africa's rapid industrial growth in recent decades has constituted a classic illustration of Rostow's stages of growth theory. Today, Houghton argues -- in the "liberal" vein increasingly being adopted by U.S. corporate interests, which have multiplied their investments there -- South African growth is threatened by the intransigence of the white regime which refuses to open the "door of opportunity" to the blacks who make up 80 percent of the population.

Houghton concludes that

> The South African dilemma is that most whites believe that the future progress of the country depends upon the maintenance of white hegemony. Yet in attempting to maintain this white hegemony they find themselves forced to adopt measures which conflict with the very requirements of economic growth.

He maintains, however, that there is hope in Vorster's "enlightened" approach of outreach to the neighboring countries, the coming into fruition of the bantustan policy with the "independence" of the Transkei, and "greater employment opportunities" for blacks.

He argues that four imperatives must be recognized if the "economic progress and political stability" of South Africa are to be maintained:

1. Maintenance of government in the hands of "those sections of the population who are fully committed to modern industrial economy," including whites and some "urban Africans," but excluding those "still oriented towards the tribal way of life and those migrant workers who are only partially committed to the modern economy."

2. Organization of society to ensure "equitable distribution of the national income in terms of effort and ability, unhampered by differential restrictive devices," irrespective of race.

3. Political independence of the homelands while maintaining their "economic interdependence" with South Africa.

4. Increasing the rate of economic growth, including the growth of black areas, as long as "there is no fragmentation of the general economy."

But Houghton's conclusions are built on the foundation of a carefully elaborated mythology that conceals his failure to penetrate to the root causes of the poverty and oppression, which he admits to be the "great flaw" in the South African paradigm. He claims that South Africa's economic growth was fostered by untrammeled competition "as a result of the decisions of thousands of individuals each seeking to make personal gains," together with "a little bit of luck" in the form of diamond and gold mines. He deplores the poverty of the reserves, that overcrowded, impoverished 13 percent of the land on which the white regime seeks, through legislative fiat and naked police power, to force the African majority to live. He depicts the misery of migratory labor which African men must undergo to obtain jobs in white-owned factories, farms and mines. He decries the wage differentials between whites and blacks which, he complains, leave blacks with no incentive to produce efficiently, while permitting whites to gain high salaries regardless of performance. But he insists that the root of the problem lies in "deep-seated...cultural differences and fundamental attitudes to the exploitation of the natural environment" of the Africans which have prevented them from adapting to the requirements of a modern industrial economy.

Surely this is an extreme case of blaming the poor for their poverty! Houghton simply ignores the way the whites have exercised their control of the machinery of state to shape themselves into a dominant economic class which has arrogated to itself the complete control of the mines, farms, and factories, leaving the mass of black Africans no choice but to work at wages below the poverty line. The state apparatus was used at every turn to assist seven oligopolistic mining finance houses, intermingled with British and American capital, together with white Afrikaner farmers, to consolidate their grip on the national political economy. After World War II, the Afrikaner-controlled state intervened directly in the economy through extensive parastatal activity in cooperation with the mining finance houses and foreign capital to build up the manufacturing sector which made South Africa the most industrialized nation on the continent.

Over the years, increasingly stringent laws forced Africans off the land and denied them access to the modern technology, markets, and credit demanded by any type of modern enterprise. Increasingly restrictive apartheid legislation has preserved the skilled jobs in the burgeoning manufacturing sector for whites only. Even the educational system -- for which blacks must pay, but which is free for whites -- is designed to enable Africans to acquire only minimal skills. The fact is that Africans have been left with no alternative but to provide the vast quantities of labor at bare subsistence wages that have rendered the white-owned mines, farms, and factories so profitable.

When Africans are not so employed, they are required by law to return to the so-called homelands -- where many never before lived -- which have been systematically carved out of the least accessible, least arable land, devoid of viable agriculture and industry. In reality these are nothing more than labor reserves characterized by unemployment, disease bred of malnutrition, and down-right starvation. The only "escape" is to migrate in search of paid jobs in the so-called "modern" economy owned by the whites. To grant "political independence" to these bantustans as Houghton suggests, while maintaining their "economic interdependence" with South Africa, is merely to decorate abject poverty with a flag!

The other fundamental feature of South African economic growth obscured by Houghton's myopic presentation is the extent to which the South African manufacturing sector, in particular, is dependent for technology, capital and management on multinational firms based in the United States and Western Europe. In the prosperous 1960s, <u>after</u> the massacre of African protesting the pass system at Sharpeville, about 400 U.S. firms, led by the largest multinationals in automobile, electrical appliances, chemicals, oil refining, and nuclear technology, multiplied their investments in South Africa to almost $2 billion. About 80 percent of U.S. investment in manufacturing industry in the entire African continent is concentrated in South Africa.

Houghton simply fails to examine the way foreign manufacturing firms, together with the South African mining finance houses and the racist regime, have extended their economic domination to penetrate and underdevelop the Southern African region. This is the economic underpinning of Vorster's outreach, in which Houghton sees a ray of hope: South African-based transnational corporations invest in the production and export of crude ores and agricultural produce in neighboring countries in order to obtain raw materials for their factories in South Africa and overseas. In return, they sell manufactured goods in those countries, imported through their South African agencies, some of them assembled and/or processed in their South African factories. These thwart the development of local industries and productive employment opportunities throughout the region, leaving tens of thousands of Africans from those countries little option but to migrate as contract labor to work on South African mines and farms at wages even lower than those piad in South African factories.

Houghton's own data shows that the South African economy has been deeply affected by the economic crisis that, in recent years, has gripped the Western World. South Africa's annual balance of payments deficits have increased to finance the rising costs of imports, including oil and the vast amounts of military equipment necessary to suppress the African majority. Unemployment is mouting. Today, about two million Africans, about one out of four adult males, is unemployed. But Houghton does not show that the South African Government has had to borrow more and more funds overseas to finance its economic and military expenditures. Its overseas debt has skyrocketed to $5.5 billion, about a third of it in loans managed by U.S. banks.

The transnational firms, while rescuing the South African regime, are sensitive to the mounting world criticism of apartheid. Houghton's proposals may well be welcome, for they are designed to create the appearance of change without disturbing the structure of exploitation which has proven so profitable to the white minority and the transnational corporate investors. A few "urban Africans" are to be permitted to become tokens of a proclaimed elimination of apartheid -- while the vast majority of Africans must continue to provide low castewage labor. The bantustans are to be granted flags and national anthems -- but unemployment and hunger will still drive able-bodied men and women to work for wages below the poverty line. "Outreach" is to cement ties with bureaucratic African elites in neighboring countries so that South African mining finance houses and transnational firms with regional headquarters in South Africa may continue the profitable business of extracting their natural resources and selling them manufactured goods.

In short, Houghton's proposals would appear to incorporate equality of opportunity in the legal structure to defuse the increasingly vigorous protests that today are spreading throughout the world against apartheid -- but the reality of the economic power structure shaped during a century of white minority rule would remain to perpetuate the impoverishment and exploitation of the great majority of the African people.