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Guy Mhone

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UNRISD, Palais des Nations
1211 Geneva 10, Switzerland

Tel: (41 22) 9173020
Fax: (41 22) 9170650
E-mail: info@unrisd.org
Web: http://www.unrisd.org

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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 entreprenuership 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 form 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 expanse 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 entreprenuershp 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 polices, 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 assts as land and capital. The full impact of such polices 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 form 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 polices 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 priamry 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 economic development. The major sectors in which the majority African labour force may be distributed continue to interact in a non-virtuous manner. The formal sector in which a minority of the African labour force works is unable to grow laterally at a pace fast enough to absorb the residual labour force and net increases to the labour force. The informal sector continues to be saturated with underemployed labour and to grow laterally in a non-productive manner. And the communal sector continues to exist while being gradually unravelled as a residual sector with very low levels of productivity and unable to support the livelihoods of its populace.

The non-virtuous nature of the linkages and interactions between the formal, informal and communal sectors is a result of number of inefficiencies. First, they allocate inefficiencies which prevent the virtuous interaction of the three sectors to the mutual benefit of all of the participants in these sectors. Second there are distributive inefficiencies with respect to the unequal nature of the initial resource endowments in each of these sectors which incapacitate those that are lesser endowed. Third there are microeconomic inefficiencies which compromise the nature of the value channels with respect to entrepreneurship and human capital formation and participation. And fourth, there are dynamic inefficiencies, which prevent virtuous cycles from emerging in various major markets of the economy. These inefficiencies are not by their nature racially based. The claim being made here is that the culmination of a colonial inherited enclave economic environment which has been further influenced by a racially based capitalism has resulted in major distortions that are generally further accentuated by laissez faire operation of market forces. Each of the foregoing inefficiencies is discussed briefly in turn.

Allocative inefficiencies: The major distortion in this respect is the coexistence of high levels of under-employment in the non-formal sectors (communal and informal) with a formal sector with high levels of productivity and rational approach to resource utilisation. Within these contexts, market linkages with respect to final goods and services, financial capital inputs such as labour capital goods and intermediate goods are discontinuous and muted such that the virtuous cycles tend to be restricted to the formal sector with minimal spillover effects to the other sectors. In effect the trickle down effects and lateral expansion scale effects of the dynamic formal sector are severely constrained for a number of reasons, which will not be addressed in this essay. The employment elasticities with respect to output and investment in the formal sector tend to be low or not adequate to have an appreciable impact on the other sectors and the levels of investment are also not high enough to impact significantly on sale to absorb the surplus labour in existence.

Distributive inefficiencies: Economic participants in the formal, informal and communal sectors have unequal access to land, finance, education and training, infrastructure, key institutional and social capital, and entrepreneurial opportunities. Most of these are biased in favour of the participants in the formal economy. This bias is largely a consequence of the imperatives of the past economic order, which was predicated on the maximisation of colonial and settler interests. The essential problem here is that the distributive inefficiencies underpin the structural allocative inefficiencies and relationships hinted to above and also cumulatively biased the outcome of the market interactions in favour of those who are better endowed resource-wise. By the same token, the fact that the majority of the population was denied key resources, and those which it had, such as land, were appropriated away from them, the lack of key economic assets cumulatively acts on other disadvantages triggering a vicious cycles of low income equilibrium traps from which it is difficult to disengage through one's bootstraps. Since none of the countries in the region have been able to reverse these initial market conditions the inequalities continue to hold to this day.

Microeconomic inefficiencies: These refer partly to the manner in which resources are utilised at the firm and industry level and partly to the nature of the value channels at the firm and industry level. With respect to the first it may be noted that the discontinuous nature of the market linkages between the three sectors is such that market forces are unable to equilibrate the allocation and utilisation of resources across all the three sectors. Hence prices of factors of production and their levels of productivity differ markedly across the sectors. For instance, with respect to the labour market, capital intensive modes of production in the formal sector may coexist with the abundance of unemployed and under-employed labour in the informal and communal sectors. Also large-scale production biases may be in-built; this may be to the detriment of the emergence of small, medium and micro enterprises, enhancing the phenomenon of the missing middle in the size of production structures in many of countries of the region.

The second type of microeconomic inefficiencies is reflected in the relative development of value channels in the formal sector encompassing capacities for human resource development, financial management, marketing expertise, managerial know-how and so on. In addition the formal economy may have relatively developed value chains with the domestic economy and linking up with the external global economy. By contrast, the informal and communal sectors are characterised by underdeveloped value chains and the relative absence of value chains in relation to the activities within them, and in relation to the domestic and global formal economies. It may be noted here that the racial capitalism of the past was systematically biased against the development of such linkages among Africans in the communal and informal sectors hence the exclusionary nature of the racial capitalism that obtained then. Again it may be noted that these initial deficiencies in microeconomic endowments institutional linkages combine with the allocative and distributive inefficiencies to further reproduce the tendecny of these economies towards marginalisation, exclusionary growth when it occurs, and vicious cycles of underdevelopment as is often the case.

Dynamic inefficiencies: Economies in which the majority of the labour force is excluded, marginalised and mired in low productivity endeavours in the informal and communal sectors a number of factors inclined to depress economic growth and militate against development are likely to manifest themselves. First the fact that the majority of the labour force cannot engage in meaningful productive activities in the context of a market-dominated economy implies that this segment of the population together with that which is economically inactive acts as depressant on the economy. This part of the labour force can be seen not be contributing to effective demand, hence the continued reliance on external markets; this segment cannot be seen to be able to generate savings to be able by the same token to invest thereby failing to contribute to overall accumulation, hence reliance of foreign investment; the sector can also be seen to be a net consumer of government revenues since it cannot contribute meaningfully to revenue generation. Given such conditions not only is growth in such economies predicated on external factors, such foreign investment and export markets, but increasingly the resulting growth tends to be exclusionary in nature as well since it tends to be confined to the formal sector.

The above inefficiencies and distortions characterise the various countries in the region at the national level to one degree or another. But an additional feature has evolved within this context as well and this is the regional dominance of the South African economy, which was the bastion of racial capitalism. The tentacles of South African capitalism have penetrated all the countries of the region discussed here. South African based firms play a dominant role in the national economies of its neighbours. Indeed in this respect the South African economy supplies capital and interdependent goods while importing primary goods from its neighbours. South Africa is also a major source of financial capital. The underdevelopment of the rural economies of Lesotho, Swaziland, Mozambique and Botswana is in part due to the long tradition of migrant labour form these countries to South African mines, which was predicated on primary discrimination. Indeed Namibia, and Zimbabwe, like South Africa itself, continues to be confronted with racially based issues pertaining to affirmative action, employment equity, economic empowerment, and land reform and restitution. More generally, the region is confronted by an interesting paradox in that regional labour market which was previously integrated has since the advent of majority rule in individual countries of the region become a contentious but difficult to control phenomenon in the face of the unequal development among the countries and history of labour migration among them.

During the colonial era external interests were paramount and only coincidentally or peripherally aimed at the development of the colonized economies. Now even after more than three decades of autonomous rule these countries are still plagued by enclavity and pervasive open and hidden unemployment particularly in the non-formal sectors of their economies. The conventional wisdom in the policy arena is that this continued crisis in African economies has primarily been a result of statist, interventionist or inward looking policies pursued by various ruling elites in Africa. The unsustainability of the policies in Africa was exposed in the mid 19970s when the international economy was plunged into a recession. By the early 1980s, a policy consensus began to emerge that outward orientation and liberalization of domestic economies were the solutions to the problems confronted by African economies, hence the now ubiquitous economic reform programs now embraced by almost every African country which are propagated and supervised by the World Bank and International Monetary Fund.

This process has historically been reinforced by a number of policy developments common to many developing countries. First, regardless of their ideological persuasions, the ruling elites of African countries have been convinced that the inherited formal sector is the engine of growth and development. Second, they have also been convinced of the importance of nurturing the growth of exports as the basis for financing their importation of capital, intermediate and final goods that they cannot produce, and which are seen to be absolute essentials in sustaining the viability of the formal sector. The export bias has generally been in favor of primary exports. Third they have relied on foreign investment and aid as the major source of capital for their economies. In short, they have uncritically embraced the enclavity of their economies in the belief that the growth of the formal sector will, through trickle down effects, and through lateral expansion, eat away at the under-employment and open unemployment in the non-formal sectors. In this respect, any policy initiatives to promote productive activities in the non-formal sectors have been undertaken in the context of the enclave models implying the formal sector as the dynamic driving engine of growth.

This paradigmatic uncritical stance vis-a-vis the enclave nature of the economies is important in that the deliberate formal sector bias that almost all policies have had, while predicated on facilitating the dynamic growth of the formal sector and by assumption of the economy as a whole, have had the inadvertent effect of reinforcing the enclavity and the low labour absorption rate of these economies. Now, it is true that many a development plan of the early years of independence elaborately articulated the need for balanced growth through agrarian transformation and industrialization in a manner that would resolve the problem of enclavity. But many such grand plans for both 'market' and 'socialist' oriented states remained as mere intentions that were never implemented. Effectively, most policies were aimed at creating an enabling environment for the formal sector in its enclavity to expand.

Governments have pursued regulatory policies that gave the legal advantage to large-scale firms in the formal sector with respect to accessing finance, various government benefits such as subsidies, export markets and services, including the regulation of prices and markets. They have effectively subsidized large-scale and capital intensive firms and various explicit and implicit subsidies that cheapened the relative cost of capital such as tariff and customs policies, credit provision, foreign exchange policies, education and training policies, research and development policies, provision of utilities, transport infrastructure, storage facilities and so on. In some countries labour market outcomes either as a consequence of union action or government regulation were such that they further reinforced the tendency toward capital intensity.

The total effect of such policies was to impart a bias in the economy in favour of large scale firms, capital intensive activities, the urban sector, and more generally the formal sector. By the same token, this policy environment acted as a general bias against the evolution of small scale and rural activities, labour intensive activities and more generally, against the transformation of the non-formal sector. Thus the various forms of inefficiencies that were discussed earlier were reinforced by such policy biases thereby imparting a stag-flationary bias to the economies.

The following types of archetypical structural legacies define the specific manner in which enclavity and economic dualism have been manifested in particular countries of Southern Africa:

1. The first group consists of the Settler Economies of Zimbabwe and South Africa, and to some degree Namibia;

2. The second group consists of the economies of South Africa's Periphery comprising Lesotho and Swaziland and to some degree Namibia and Botswana as well.

3. The third group consists of what may be labeled the Resource-based Rentier Mono-cultural Economies comprising Botswana, Zambia, and Namibia;

4. And the fourth group consists of the Agrarian economies of Malawi, Tanzania and Mozambique;

The importance of each structural legacy is that it tends to uniquely define the nature of the legacy of enclavity for each group of countries, and by the same token, the nature of policies needed to resolve the economic dualism and the low labour absorption rate in these countries. The above structural legacies are compounded, but not nullified, by the super-imposition of self-proclaimed policy stances reflecting particular ideological hues ranging from different versions of 'socialism' to various forms of statist 'market orientation' as defined by the ruling elites. Interestingly these legacies are not really resolved, if not accentuated by economic reforms, which are presumably adopted to restructure the economies toward more efficient outcomes.

The Settler Dominated Economies

These economies represent the epitome of enclavity in which immigrant settlers formally institutionalized economic dualism. These economies have been characterized by a number of features such as the following. First, their enclave economies evolved on the basis of institutionalizing the exploitation and marginalization of the majority of the labour force as a source of cheap labour. This was assured by dis-entitling the majority of their land entitlements, restricting their access to human capital development through education and training, restricting their access to skilled and professional jobs and occupations except the most menial, and generally ignoring the development of the non-formal sectors which increasingly became no-viable as a consequence of increasing population in the face of shrinking land resources. Thus formal mechanisms were put in place to depress the subsistence wage while simultaneously denying the non-formal labour adequate access to formal employment. It should be noted that this appeared a necessary strategy for the exploitation of primary resources in the form of agriculture and mining. The dualism was formally institutionalized by strictly regulating the flows of labour between the formal and non-formal sectors and within the formal sector itself. In effect, these economies, prior to majority rule, actually formalized the long term development of an enclave economy.

Second, while during their early years of development these economies tended to follow the traditional path of colonized economies, that depend on primary production with minimal import substitution and a high dependency on external export markets and imports of industrial and consumer goods, they quickly embarked on an economic nationalism that began to challenge the role assigned to their countries in the imperial division of labour. They eventually systematically embarked on inward-looking or import substitution strategies aimed at diversifying their formal sectors. This they attempted with a high degree of success through a number proactive state policies ranging from control and management of the exchange rate, management of interest rates and prices, provision of fiscal subsidies, protective tariff and customs policies, targeted human development strategies for the settler community, provision of subsidized infrastructure and utilities, and all the time ensuring that the majority were relatively marginalised. The resulting enclavity was so structured as to make the formal sector self -contained with mutually complementary primary, secondary and tertiary sectors that catered to the settler segment of the population and that segment of the indigenous labour force that was engaged in formal employment generally as unskilled labour. The rest of the labour force, amounting to about fifty percent in South Africa and about seventy percent in Zimbabwe was for all practical purposes seen as redundant. This latter part of the labour force was important only in so far as it reproduced the labour force needed in the formal sector and in so far as it acted as a reservoir for spent labour from the formal sector. In South Africa and Namibia to some extent attempts were made to actually define the redundant non-formal sector localities as 'foreign countries' in the form of Bantustans and later as Homelands, thereby externalizing the economic problem. Third, the evolution of South Africa was such that it became the dominant regional centre with its neighbors effectively being relegated to being the periphery with respect to trade, cross-border financial and labour flows.

These economies have built-in constraints to their own future development, as well as to the absorption of labour, particularly the majority of the labour force that is under-employed and openly unemployed. First, the formal sectors have low elasticities of employment with respect to output and investment. For instance in South Africa the labour to capital ratio declined by about 50% between 1960 and 1993. Second, development of the manufacturing sector eventually ran into constrained demand since the majority of the labour force was dis-empowered economically and the settler demand was limited. Thus as a concomitant, these economies have also been plagued with excess capacity in the secondary sector primarily. In addition, since the mutually interactive process of primary or internal accumulation was precluded from the outset, the secondary sector could not act as the main absorber of labour. As explained earlier investing in the formal sector compared to exploiting the external market was seen as more profitable, hence the importance of the regional market for South Africa for instance. In addition, the need for investment opportunities coupled with a skewed income distribution has led to the premature over-expansion of the tertiary sector. Thus, these countries are rapidly shrinking their primary sectors as a proportion of gross domestic product while expanding their tertiary sectors while not having fully exhausted the development of the secondary sector as the basis for employment absorption. One of the major concerns of these economies even in the face of economic reform is the phenomenon of jobless growth.

The settler economies, given their higher levels of development and diversification, have the greatest potential for exploiting the benefits of outward orientation and globalization, but the they also face grave internal constraints in their ability to realise balanced and equitable growth. In Zimbabwe and South Africa if the lateral expansion of the formal sector is to be the basis of labour absorption these countries would need annual growth rates in output of at least 5% to merely absorb net increases to the labour force living present levels of unemployment and under-employment unchanged. Major interventions to make the economy more labour intensive and to empower the marginalised part of the labour force with asset and income entitlements are needed more or less along the same lines that were used to empower the setter community relying on pro-active policies initiated by the state.

Economies of the South African Periphery

These are economies that have been historically dependent on the South African economy and are part of the Southern Africa Customs Union, perhaps the most developed and oldest form of regional co-operation in Africa, and which are (except for Botswana) also part of the Common Monetary Area both of which are dominated by South Africa. The countries in this group are Botswana, Lesotho, Namibia and Swaziland (also known as the BLNS countries). Initially the dependency of these countries was in the form of employment opportunities offered by South Africa for citizens of these countries. This was undertaken through a migrant labour system that treated the imported labour as temporary migrants who were periodically transported back and forth between the mines of South Africa and the non-formal sectors of these countries. The nature of this relationship is well-known and need not be repeated here. It is necessary, however to point out the implications this and the other relationships with South Africa had on the marginalization of the labour force in the non-formal sectors of the countries of the periphery.

The dependency on the migrant labour system has been rationalized on the basis of the benefits it yielded to the individuals and the state. Individuals benefited from the incomes they earned which were higher than those in the subsistence sectors from which they were drawn in their own countries. But as many studies have shown the incomes earned were not enough to provide long term sustenance for these individuals beyond being merely able to sustain the worker and his household for the period of his working life. In later years, right up to the present, real wages have increased but not enough to make a major difference in the standards of living of the workers in their areas of origin. The main point to make here is that the migrant labour system denuded rural areas of the adult male population without, in return, enhancing the viability of these areas. Indeed, the general outcome has been that the rural areas have been severely depressed and undermined as a consequence.

The migrant labour system essentially transformed these countries into peripheries of South Africa in which the main part of the formal sector was external to the economy. From the point of view of economic dualism the migrant labour system had the effect of obviating the need for rural development within these countries since migration was more profitable under the circumstances. Even governments have had difficulties trying to promote rural development in the face of predominantly female labour and a male labour force more intent on working outside these countries. By the same token, this same process obviated the need for the development of secondary industries since the Customs Union ensured that South African goods were dominant in all these countries. Thus there is a legacy in these countries of the failure of rural transformation and industrial development, and of the possibility of initiating a virtuous interaction between these sectors.

The other aspect of the dependency on South Africa concerns the effect of membership in the Customs Union. This relationship was initially designed to widen the market for South Africa and protect South African goods, which it has done quite effectively since all the trade creation benefits have gone to South Africa and the negative trade diversion effects have been absorbed by the BLNS countries. The direct and indirect employment effects of the Union have accrued to South Africa but this country has attempted to make up for the trade diversion consequences by reallocating some of the customs union revenues to the BLNS countries where they have been seen as bonanzas by the states, particularly Lesotho and Swaziland which are less endowed in terms of natural resources. These revenues together with the remittances of mine worker migrants have had the effect again of obviating the need for some of the states to find independent means from productive activities from within their own economies. In many respects the revenues and incomes have acted as pure rents to the countries which have distorted resource allocation within these countries in favour of service activities with quick returns. Given the superiority of South

Africa in providing employment opportunities and producing the capital, intermediate and consumer goods within the context of the Customs Union, relative returns to capital are so distorted in favour of South Africa that investment in these economies is relatively unattractive. This effect is a mild form of the "Dutch Disease" to be discussed further below with respect to the Rentier economies.

Botswana and Namibia have been fortunate in that these countries are endowed with mineral resources which have proved to be a boon to their economies such that these economies have per capita incomes equivalent to that of South Africa. Nevertheless, as will be discussed below these countries, in spite of high rates of growth in gross domestic product which have been sustained over a number of years due to the lucrativeness of their main exports, have been unable to resolve the problem of the economic dualism as manifested primarily in the under-development of their rural non-formal economies. Indeed, these countries, which are market oriented and which have had high rates of growth, epitomize the problematic of enclave development and economic dualism. This is especially so given that they have relatively small populations. The nature of peripheral development is however most accentuated in Lesotho.

The Resource-based Rentier Mono-cultural Economies

These are economies that are dependent on a single major resource, which has been the driving engine of the formal economy. The enclavity and economic dualism of these economies are defined by the extreme dependency on a single sector and commodity. Many of the secondary and tertiary activities in these countries are also dependent on the viability of the major activity which for all the three countries is mining. For these economies the mining sectors evolved relying on cheap indigenous labour drawn from the non-formal sectors, but without requiring the transformation of these latter sectors. Since the growth of the mining industries was only dependent on markets external to these economies and only on cheap labour from within these countries, the demand imperative for internal transformation was again forestalled. The returns to labour were only enough to support a minimal degree of agrarian and industrial development within the formal sector without requiring the wholesale transformation of the economy. Indeed, the export bonanzas provided the means to import the capital, intermediate and consumer goods that the formal sector needed beyond wage goods.

These economies have generally been plagued by "Dutch Disease" in that periodic or sustained booms in export prices result in economic rents that distort resource allocation as follows. First the returns to the booming industry overwhelm the returns in alternative activities such as manufacturing and agriculture and thereby discourage investment in these latter sectors. Second, the incomes are so high that the purchase of imports is not a painful way of acquiring capital, intermediate and consumer goods and services thereby making it extremely difficult for such alternative industries to emerge without substantial subsidies. Third, the excess liquidity in the sectors is generally channeled into quick return service and speculative activities with few employment benefits. And fourth some of these states have resorted to taxing the export sector to over-expand the state bureaucracy or to invest in unnecessary excess capacity in infrastructure or social services.

When recessions occur the effects on these economies are often quite disastrous as the experience of Zambia has shown, given the absence of other activities that are not dependent on the primary export commodity given the low levels of diversification of these economies. Both in times of boom and recession these countries have continued to manifest high levels of enclavity for the mono-culture dependent formal sector and high degrees of depression in their respective rural sector where the majority of the labour force still resides. Recent economic reforms have not been able to reverse this legacy. If anything, they have continued to reinforce this distorted structural legacy, even if at higher levels of efficiency in the enclave formal sector.

The Agrarian Economies

The final set of countries comprises Malawi and Mozambique which are primarily poorly endowed in terms of natural resources, and which during the colonial periods were seen to be the backwaters of the British and Portuguese empires, respectively. In the past these countries have shared the fate of Lesotho in being part of the periphery of South Africa, depending on this country for employment opportunities and industrial goods without being part of the Customs Union. They also have the smallest formal sectors in the region with the majority of the labour force engaged in subsistence farming. Now Mozambique has only recently seen peace and has thus not been able to experiment on economic transformation to any degree. During the colonial period these economies had limited formal agricultural activities developed but were effectively benignly ignored developmentally. Internal employment conditions were such that they did not provide enough of an incentive for rural folk to leave their subsistence activities, hence enclavity was sustained primarily by the limited nature and non-viability of the formal sectors in these countries. For a while during the colonial period the rural labour force remained uncaptured by capitalism. Following the independence of these countries governments were intent to reverse the legacy they had inherited from the colonial past but with little success.

Following the attainment of independence, Malawi embarked on an agrarian transformation that saw the country develop a viable but limited estate and small scale agriculture based on tobacco and cotton farming. This strategy, pursued in the late 1960s and early 1970s saw a marked proleterianisation of the rural labour force through what initially was a form of primary accumulation based on cheap labour. And a marked increase in formal sector agriculture employment. The strategy was however not accompanied by a similar industrial strategy so that it soon reached its limits in terms of labour absorption. This was further reinforced by the exhaustion of fertile land for formal agriculture expansion. The abortive and one-sided transformation strategy in Malawi not only succeeded in unraveling the rural economy without creating substitute employment opportunities, but also generally resulted in a depressed economy for which the export oriented agriculture sector was not enough to resuscitate, hence there has been a tendency for the economy to be informalised given the declining formal sector employment opportunities.

Malawi has neither had the attractive infrastructure, industrial base, or the capacity to take full advantage of the opportunities offered by the economic reforms it has been pursuing over the past decade and a half. The economy still remains in dire straits unable to absorb net increases to the labour force or create productive employment opportunities for its extensive rural under-employed.

It may be noted that the deductions regarding the origin and nature of the labour absorption implications of the enclave model are primarily attributed to the colonial and settler imperatives and legacies and only secondarily a consequence of actual polices pursued by each of the countries since majority rule. The latter policies, regardless of whether they were ostensibly 'market' or 'socialist' oriented merely reinforced the legacies rather than substantively alter them. The critical factor has been the absence of a conscious strategy of agrarian and industrial transformation that would lead to the precipitation of a virtuous circle of dynamic interactions in the economy that would enhance labour absorption and internal accumulation on a self-sustaining basis. The crucial question is first whether economic reforms are adequate in precipitating this kind of a transformation solely based on market forces and the limited role of the state. And second, whether there is enough impetus internally, regionally and globally for the long term expansionary consequences of economic reform and restructuring to actually emerge and outweigh the short and medium term but sustained contractionary effects of the measures themselves.

So far the experience in Africa has been such that the positive effects have not been adequate to precipitate such a transformation nor to generate adequate employment opportunities to absorb net increases to the labour force, let alone to eat way at the pervasive non-formal under-employment in the informal and rural sectors. If anything economic reform measures appear to be restructuring the formal sectors in a way that reinforces enclavity, reasserts the regional dominance of South Africa and within it, the national and regional dominance of the imperatives of whites. The question might then be posed as to the degree to which so-called South African economic interests in the region truly reflect the interests of the majority who are Black or African, in contrast to what the reality may be, which is the fact that the dominate economic interests nationally and regionally are indeed those of whites.

The Aftermath

The contention being made in this essay is that the legacy of racial capitalism continues to haunt the Southern African region at the national and regional level and this legacy has been embedded itself as a manifestation of underdevelopment and exclusionary or jobless growth. It is instructive in this respect to note that all the countries of the region have similar economic structures with respect to the manner in which the majority of population participates in economic activities -- irrespective of whether the country has relatively high per capita incomes such as South Africa, Botswana, and Namibia; or it has high growth rates over time such as Botswana. While the size of the various sectors may differ, the relationship between the formal, informal and communal sectors in all the countries is qualitatively similar. Indeed in all of the countries the majority of Africans continue to be excluded and marginalised -- mired in poverty and activities of low productivity and low economic value. In none of countries can Africans say in non-categorical terms that they own their formal economies. Indeed, the dominance of the South African economy in the region is still seen in racial terms.

A number of issues which preoccupy current policy makers at the national and regional level can be traced to the inherited legacy of a racial capitalism whose most mature manifestation is in South Africa and to lesser degree in Namibia and Zimbabwe, but whose consequences have influenced developments in neighbouring countries as well and continue to influence the discourse on regional integration. The aim is not so much to confirm the racial nature of legacies, but to also show that neo-liberal policies will tend to reinforce the inherited legacies or indeed shift focus away from solution to resolve them. Some of the major issues at the national and regional level are indicated below.

At the National Level

Resolving enclave economic structures: The structural legacy in which in a relatively enclave formal economy co-exists with marginal relatively non-formal sectors is perhaps the most overriding of the problems inherited from the earlier period. This legacy does not only encapsulates the consequences of all the other inherited problems; its resolution is also a prerequisite for their resolution as well. This requires that structural conditions be established which will ensue that the growth process is inclusive of the majority by empowering the majority to participate meaningfully in the eoncomies of the region. It is clear so far that economic reforms that have been executed so far have not been able to effect such a change in the structural conditions of countries of the region. If anything they have tended to exacerbate the inherited tri-modal legacies in all of the countries. The point to stress here is that any attempt to restructure any of the economies in order to place them on an inclusive growth path will of necessity entail major sacrifices on the part of privileged groups such as whites. By the same token, the failure to restructure, or the pursuit of neo-liberal polices, while disadvantaging the majority , protects the interest of the advantaged groups such as whites. It is in this sense that in countries such as South Africa, Namibia and Zimbabwe with sizeable privileged white populations, economic issues cannot avoid being racially tainted.

The Land Question

The land questions an important one for all the countries of the region. For some (Malawi and Zambia for intense), it entails the need to find ways of transforming social and production relations in communal areas so as to make them more productive, equitable and dynamic, perhaps through land reform and other facilitative interventions. In other countries such as South Africa, Namibia and Zimbabwe the land issue takes on a directly racial tone. The political implications of stalemate over land reform and restitution in the latter countries is well demonstrated by the recent developments in Zimbabwe. It is important to note that the land question in these latter countries touches on various interest that are the legacy of the colonial or apartheid era. Not only are some whites (those with land) pitted against some Africans(those without land), but so are some blacks(those who have worked and lived on commercial farms for decades as semi-tenants) pitted against those seeking to reclaim land(from overpopulated communal areas). This is further complicated by the fact that among the tenants are many migrant workers from across neighboring countries, and among the privileged are black land owners who stand in a similar position to that of whites with respect to land ownership. Thus the land question in any one of the countries in which whites predominate with respect to land ownership, the land question has now evoked racial, class,and ethnic issues that need to be contended with at the national and regional levels.

Economic empowerment: The resolution of enclavity requires that broad economic empowerment be effected. There has been a tendency to see empowerment as the mere parcelling out of ownership in the enclave formal sector by redistributing what is owned by domestic and foreign whites primarily or by multinational corporations. Empowerment should be the instrument for resolving enclavity and ensuring that an inclusive growth path is embarked upon. Two major aspects of such an agenda require empowering rural communities -- small, medium and micro enterprises -- to become more productive and dynamic through increased formalisation and integration with the formal sector and global economy. There is need also to upgrade and make more competitive industrial and service sectors of the economy as well as directly linking them to the rural economy. As noted earlier, rural transformation is needed to kick start an inclusive and sustainable growth path; and the development of small, medium and micro enterprises is important to fill in the missing middle in the economy and to ensure that bottom–up growth and development anticipated trickle down effects from the formal sector. Any policy short of this is likely to retain the status quo and any attempt to effect such changes will be seen to be interfering with market forces and thus the status of privileged groups in the society, hence the implicit racial nature of the problem in some of the countries.

Affirmative action and employment equity: These issues should ideally be part of a broader economic empowerment agenda to make them developmental in their impact. When narrowly pursued in the context of enclave structures they become zero sum exercises with direct class ad racial hues in that the interest of Blacks are promoted, while some whites are by the same token disadvantaged while overall social benefits are not necessarily maximised. Thus where such polices have been put into effect such as South Africa, Namibia and Zimbabwe, the racial overtones override the developmental and equity aims of such policies. Thus while the criticism of such polices may appear supportive of the status quo (white privilege), support for them in the absence of a broader empowerment agenda appears to succumb to clientelist interests.

Internal migration: Once the lid of colonial apartheid oppression was thrown off, all the control measures that had been put into effect to ensure 'orderly' rural and urban settlement in the interest of the dominant minority (colonial and settler) were unravelled. Given the deterioration or stagnation of rural areas that had occurred during this earlier period and the worsening in rural conditions that occurred subsequently in many of the countries, it is not surprising that rural to urban migration within countries has continued to increase. It may be recalled that circulatory and migratory nature of labour in southern African countries was a key feature of labour management as called for by what we have labelled primary discrimination. Currently rural areas are becoming depleted of human resources as urban areas are being swamped by underemployed labour with the consequent mushrooming of informal settlements, urban peripheries and their attendant social maladies. The resulting phenomenon of what appears to be urban decay linked to two causes embedded in enclave nature of the economies, namely the unravelling of the rural economy, and the inability of the formal economy absorb surplus labour and their households. Thus when the structural cause of such developments are not addressed but instead focus is place on how best to make urban areas clean and livable by attempting to restrict or displace households in informal urban settlements, the racial and class nature of such pollicies is easily seen from the point of view of those affected.

High transaction costs: The combination of enclave economic structures strategically located where the interests of dominant groups lay with the legacy of racially segregated residential patterns has resulted in relatively high costs of engaging in economic and social transactions in many of countries.The resulting spatial patterns partly constrain the flow of information while also making extremely expensive to participate in the economic activities such as job search. In addition transport and communication infrastructure was historically deployed to the advantage of the majority. Such high transaction costs raise the cost of labour and communication thereby imparting a negative scale to growth and a relative unattractiveness of cheap labour.

Biased provision of social and eoncomic services: More broadly economic infrastructure and social services were designed to support the enclave economy in many countries. Not only does the relative poverty of areas with Black majorities raise transaction cost but it militates against social cohesion and economic development as well. This poverty becomes a major constraint to the ability for trickle-down effects to percolate through from the enclave formal economy to the majority in the non-formal sectors, and for this majority to 'pull-itself-by-its-bootstraps' as many neo-liberal economic policies would want to assume or expect once the macroeconomic fundamental are said to be in place.

The above are some of the issues that arise at the national level as a consequence of primary and secondary discrimination in Southern Africa. We have taken liberties to generalize, but it should be noted that the issues raised above apply to different countries with varying degrees of intensity. Nevertheless it is important to recall that one of the assertions being made in this paper is that all the countries have through out modern history been linked economically, so that some of the issues that appear to have national dimensions also have repercussions on neighboring countries as well. Thus the consequences of discrimination also have a regional dimension as well.

At the Regional Level

At the regional level its is important to recall that our claim is that not only have the countries of the region inherited center-periphery tri-modal structure internally (at the national level), but they have been related to each other in a similar fashion as well at the regional level. South Africa has tended to be the center by virtue of its relative degree of development structurally, while the lesser developed economies have tended to act as the periphery. More generally, one could classify the countries in hierarchy with the most developed or those with high precipitate incomes at the top and those with lower per capita incomes at the bottom. For some of the countries in such a colonial and settler hierarchy, the interplay of colonial and settler interest was such that the development of the infrastructure of those at the top was in part dependent on the underdevelopment of some of the countries at the bottom. In the event, during the post colonial period, it has also become apparent that as consequence of the unequal development, the incidence of the benefits of regional integration tends to be unequal, favouring the countries at the top. An additional contentious issue in this context is the fact that cross border labour migration has tended to move from countries at the bottom toward countries at the top. All of the foregoing were a consequence of developments during the colonial and apartheid eras during which they had strong racial overtones. Some of the persistent problems being confronted at the regional level are the following:

Regional integration: Given the unequal and dependent development among member countries in the region an appropriate model for regional integration has proved elusive. The gains from regional interaction continue to reinforce the predominance of South Africa, and the degree to which regional integration might address the legacy of unequal development and enclavity within individual countries has not been clarified let alone tabled. Nonetheless it is clear that much of the paralysis and foot-dragging in moving toward greater regional integration is a consequence of the mutual suspicions that arise concerning how the foregoing issues are to be addressed.

Cross-border migration: Whereas the colonial and apartheid regimes were intent on infacilitating free controlled movements of persons across the borders, the advent of democratic rule has gone hand in hand with attempts at increased restrictions on labour mobility. The current formal restrictive regulations notwithstanding, persons continue to move across borders for various reasons among which is the fact that a number of households have been divided due to long histories of migration that date back to pre-independence days. But individuals have seen fit to cross borders for new exigencies such as the need to find employment in occupations that were hitherto inaccessible during the earlier era and to engage in informal cross–border trade. In spite of the long history of migration between the various countries and in spite of the increasing numbers of migrants currently, individual countries continue to stick to fairly parochial migration policy regimes. In some of the countries xenophobia is also increasing exacerbated by perceived competition for limited employment opportunities in the enclave formal sectors of the relatively more developed countries of the region.

From the point of view of labour migration, the issues of the brain drain and of low skilled labour migration continue to be emotive. The former is primarily a consequence of the scarcity of highly educated and trained human resources in countries that had strong apartheid influences, which deliberately under-educated Africans, while the other countries which became independent earlier tended to have under-utilised or under-paid trained and educated human resources. With respect to the movement of low skilled labour, the lesser developed economies tend to have labour with lower reservation wages that is equivalent to labour in the more developed formerly apartheid type economies, hence their migration to the more developed economies is seen to be depressing wages and also taking away scarce employment opportunities for the indigenous surplus labour within these countries. It is for these and similar reasons that the current SADC Draft Protocol on the Free Movement of Persons appears to be in limbo.

Conclusion: Implications of neo-liberal policies

Advocates of neo-liberal polices contend that policy biases and failures are the primary reasons for the inability of African countries to restructure such that they can generate sustainable employment-absorbing growth. Accordingly, the standard package of stabilisation and structural adjustment programmes is recommended. It is apparent now that these policies have not been able to precipitate the requisite restructuring and have been unable to generate the expected growth rates that could begin to resolve the persistent underemployment and unemployment, let alone resolve the tri-modal structures that have persisted for so long and keep on being entrenched. Of importance for this essay is the fact that recent economic reforms have tended to reinforce the very legacies that were inherited form the past as a consequence of the interaction of colonialism and settler domination in the region. In effect, neo-liberal economic policies have become a handy substitute for effecting policy outcomes similar to those driven by racism in the past. The reason for this is that neo-liberal policies in effect rule out bold interventions by the state to undertake the type of polices that would irretrievably reverse colonial and settler legacies and by the same token reinforce the very structures that have been inherited from the past.

The policy implications of the foregoing are that first proactive measures are needed to restructure the economies of the region and place them on the path of economic development. Such restructuring will require bold measures currently ruled out by the prevailing economic paradigm of neo-liberalism. Second, effective measures to redistribute economic assets will be needed and in particular the rationalisation of land use to promote equity and efficiency objectives will be needed. And finally, dominant economic entities internally and externally will have to accept the need to contribute to reversing inherited legacies through bold redistribute measures of various types in order to empower the majority and to broaden the economic base. Such measures are particularly needed to change the initial conditions, which sustain enclavity; hence the importance of such measures linked with modernisation of agriculture and appropriate industrialisation. It is within such a context that the regional integration agenda should be set in contrast to promoting such co-operation predicated on the legacies of the past, with their attendant racial and colonial trappings.

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