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DEPENDENCY THEORY IN SOUTHERN AFRICA: SOME ASPECTS OF MIGRANT
LABOUR

BY

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Introduction

This paper is not an exhaustive discussion of dependency theory as applied to Southern Africa. It is intended to be mainly illustrative of certain theoretical principles and their application in concrete situations, and to complement the more purely theoretical companion paper by Mr. du Pisanie. My own reading and interests have led me to concentrate on certain aspects of dependency theory, notably the rural areas and agricultural development (in Lesotho and Bophuthatswana). The terms "rural area" and "periphery" will therefore tend to be used synonymously. I have, wherever possible, attempted to avoid jargon whether of Marxist, anthropological or economic varieties without descending to journalese.

A major theme of the paper will be a comparison of the dependency positions of the SA homeland areas (HL's) and the other Southern African states, mainly the BLS countries (taken together I will use the Southern African periphery (SAP)). I do this because:

(i) a number of writers have argued that the SA HL's fit the model of dependent economy better than that of a backward region of a developed country. (Murray, 1981; Cleary, nd.; Maasdorp 1974) Certainly, dependency theorists would see no difference in their contribution to the SA core-area (the PWV-complex). In this paper I work from the assumption that the problems and development options of HL's and BLS countries overlap substantially and can be very fruitfully compared within the dependency theory paradigm. International boundaries are, in fact, dispensable to dependency theory in a number of cases and are certainly of the same order of importance as influx control measures.

(ii) dependency theory explicitly rejects as artificial divisions into political, economic, social etc disciplines. The problems of an area transcend disciplines.

(iii) dependency theory is sometimes, like Marxist theory, accused of "mechanico-formalistic theorising" which does not fit the facts. (Palma, 1981) A more detailed case-study will hopefully avoid this accusation. For this reason, I shall concentrate on the implications of migrant labour (ML) within the Southern African framework.

Dimensions of Dependence

The significance of dependence can be seen from a number of different perspectives. The word itself hides a number of different usages in the literature.

(i) Dependence can be seen as the economic disadvantages which a region suffers as a result of its less profitable investment potential. The economies of agglomeration determine that bigger cities are better places to invest than smaller towns or rural areas (RA's). By their proximity to such larger units, peripheral regions become by the spontaneous functioning of the market, integrated into service of the richer unit. As a result, they lose a substantial measure of control over their own economic decisions. The power relationship between them becomes asymmetric.

Thus Maasdorp (1974) argues that industrial development prospects in the SAP suffer from a whole range of disadvantages. Outstanding among these are:

(a) agglomeration economies "such as ready access to legal, financing, advertising and other commercial services, good maintenance facilities, etc. as well as those "physical income" elements which influence locational decisions" make it more profitable to invest in the core.

(b) access to transport and transport costs. Many parts of many SAP areas have poor access to rail transport, rail lines passing by in the SA or "white" corridors. Even where they do have access, greater distances from the core mean higher transport costs making SAP goods uncompetitive.

(c) cash-flow leakages. Earnings by both migrants and commuters tend to be spent and saved in the core area institutions. Not only are opportunities for spending (supermarkets) and saving (banks, insurance companies) in the SAP relatively scarce, but those which do exist are often branches of core-institutions. Financial institutions, for example, "mobilise savings in the periphery but do little to provide the funds needed for its development .." (P.19) In addition, "communications (transport and information media such as the press and radio) are centred on the core and are relatively poor between the different HL fragments. Thus consumers in the HL's may be better informed about SA products than about any product which may be produced

domestically..."(p.20)(see the diagram on p.)

(d) competition between different SAP areas. Just as the core is more attractive for many types of investment than the SAP areas, so some SAP areas are more attractive than others. (p.25) Thus, for example, the Sun City and Mmabatho Sun complexes in Bophuthatswana are smothering the Gaberones Holiday Inn. The same will probably happen to the Maseru casino complex once the planned Thaba Nchu hotel gets under way. (RDM 26.06.82)

(e) size. A limited geographical area and population often mean limited amounts and ranges of resources, a small domestic market, a subsequent reliance on export trade and a vulnerability to world-market price fluctuations. It also often implies limited economies of scale and exposure to domination by large multinational companies.

The implication of these disadvantages is that those SAP areas closest to the existing core-area (Bophuthatswana, Ciskei, Kwa-zulu) will find it easiest to develop industrially and will benefit disproportionately while more distant internal "growth points" (Umtata, Gaberones, Maseru, Lebowa, Venda, Qwaqwa etc) will decline and remain labour dormitories. (Maasdorp, 1974:23, see also the 1980 (2) 4 issue of Development Studies Southern Africa on the problems of HL development over the last two decades). It also means that industrial (and financial) enterprises in the SAP areas will be branches or subsidiaries of those in the core-area and will tend to be governed with their interests in mind. While many SAP areas require government or local shareholding in these enterprises, the crucial element in control is not ownership but competitive expertise. (Colclough, 1980)

(ii) The asymmetric power relationships which develop out of the above disadvantages allow the potential for interventions in the market of both an economic and political nature. In this sense dependence means the subjection of the periphery to policies purposefully designed to circumvent the market (extra-economic action) with the aim of nullifying resistance, competition or other dysfunction in the service by the periphery" of the core. Used crudely this kind of dependency theory becomes conspiracy theory.

The best-known example of such extra-economic action is the state-action during the late nineteenth and early twentieth century to break the independence of the Black subsistence

and commercial farmers in order to ensure a sufficient labour supply for the white mining and agricultural sectors. This will be discussed in more detail further on. Less well known are core-initiated interventions to suppress industrial development in the SAP areas. Kowet (1978:111-142) mentions cases of a fertilizer plant in Swaziland, a motor-car and an electricity and water project in Lesotho, and a soap factory in Botswana - all closed or suppressed in embryo by action from SA. Agricultural imports from the BLS countries were, despite the free trade clause in the Southern African Customs Union agreements, similarly subjected to restrictive tariffs, quotas and "health" clauses. The collapse of agriculture in the SAP and the absence of industrial development (except of a capital-intensive nature) have been major factors in the inability of the SAP areas to provide employment for their populations and their concomitant dependence on labour-export. The effects which this labour-export has, in its turn, on the development of the SAP will be considered in more detail further on.

(iii) In a third sense, dependence refers to the disastrous consequences to the periphery in the event of overt retaliation by the core or of some crisis in the core (like a trade boycott). In this sense, different features of dependence become prominent. The most important of these is the Southern African rail network which substantially affects not only the BLS countries and all HL areas but also Zimbabwe, Namibia, Zambia and Zaire. Whether initiated by SA or not, the continued destruction of the Angolan and Mocambique railway lines by UNITA and the MRM are crucial in this regard. This aspect combined with SAP dependence on SA fuel and energy, food, skilled personnel, employment opportunities, finance, imports and exports gives SA awesome retaliatory power. (Green, 1980:7-9)

A fundamental difference exists between the kinds of dependence discussed in para. (i) and those in para's (ii) and (iii). The existence of a difference in investment potential between core and periphery influences investment decisions continuously and automatically. In most cases, it does not require action to put them into play - which it does in cases (ii) and (iii). The latter types are potential areas of action. The fact of their existence does not mean that they are actually used. This has important implications for research methodology in deducing the degree of control actually exercised by the core over the periphery.

To say, for example, (of HL dependence on SA for financial support) that "(t)he implications for political control in this situation are too obvious to require spelling out", misses crucial aspects of the dependency relationship. (Cleary, nd.:8) (my own emphasis) It says nothing about when or how the available instruments of power will be brought into play by the core nor when or how these moves will be opposed, avoided or softened by the periphery. To begin to understand these dynamics entails a detailed examination of the interests of, and combinations between, dominant pressure groups at both core and periphery as well as the negotiating skills of individuals in leadership positions. To quote Seers

"The motivation, will-power, judgement and intelligence of actual or potential leaders evidently differ significantly. The importance of these personal characteristics follows from the very multiplicity of constraints which have been described." (Seers, 1981:144)

A position of dependence does not imply that the periphery is totally powerless, nor that the actors from the core-area are omnipotent, 100% efficient, static, unequivocal or unopposed in their decisions. "But there is no necessity for "power" to be translated into "domination" ". (Yudelman, 1980) Dependency theory should not allow the desire for theoretical elegance or emotional satisfaction to negate the ambiguity and uncertainty inherent in matching theory and reality. This means detailed historical studies of the power-constellation and ideology of the core. At periphery level, the style of leadership appears, if anything, to be even more crucial and will entail juggling, not only internal interests but also the alliances and clashes between different elements of the periphery, for, as we have seen, they compete among one another for scarce investment resources.

(iv) There is a fourth kind of dependence which relates to the developmental potential of the SAP economy. While a SAP area may not be totally powerless or without considerable benefit in its participation in the Southern African complex, the kind of economic pattern which has been imposed on it by the core makes any development which it may undertake necessarily core-oriented. It is necessarily complementary to core-needs. Thus Kowet (1978:111) quotes a "pro-government journal" on the possibility of a Southern African commonwealth as follows:

"Member countries of the Common Market would complement one another. For example, the RSA could manufacture machinery, chemicals and electrical appliances - while the Transkei could produce jute, Swaziland sugar, Botswana beef and Lesotho water."

While we have already distinguished (a) the loss of power and independent decision-making by the periphery (the available power-structures which may or may not be utilised), and (b) the activation of these structures to the benefit of the core, we are here looking at the effects of such exercise of power on the peripheral area. The essence of the dependency relationship lies in the analysis of the former two aspects. Here lie the significant independent variables. This implies that the effects of the dependency relationship, although often negative, are not necessarily so in a quantitative sense i.e. income, SOL. It may in fact, at some stages, be to the benefit of the core to raise wages, SOL etc. - as has happened in many spheres of the core economy over the last decade. It would, however, very rarely be in their interest to lose control of the power-levers (a significant factor in quality of life as opposed to SOL).

"..The contemporary rationale of oscillating migration from the point of view of the SA state and of the various fractions of capital is much less any direct economic subsidy of capital that it may provide and much more the sophisticated machinery of influx control and labour bureaux, which allows tight political control of the labour force, effective export from white areas of the reserve army of labour, and political domination of the labour reserves by proxy, through Bantustan administrations .." (Murray, 1981:169) (my own emphasis)

SAP areas therefore, suffer not only from a quantitative developmental backlog but also from an anti-developmental structural distortion of their growth pattern. In analysing this distortion, we need to distinguish the conscious policy aims of the core with regard to the SAP from the unintended consequences of these policies. Thus, for example, conscious core policy aims over a period of time were to ensure an adequate supply of labour to mining and agriculture, to prevent Blacks from entrenching themselves permanently in the towns (the famous 1922 Stallard principle), to suppress competing industrial activity (particularly in the BLS countries) and to bolster the traditional authority institutions in the HL's. Whether intentional or not, (and much of it now seems antithetical to core-interests) these primary initiatives produced a whole series of secondary consequences: a complete collapse of SAP agricultural activities, massive rural-urban migration, a severe shortage of

skilled manpower, an entrenched traditional elite often with anti-developmental interests (see below), rural disaffection serious enough to become a threat to core security etc. While the SAP areas are, therefore, severely dependent on the core in an economic sense, there are secondary consequences often of a political and social nature which have developed a significantly independent momentum. (Some of these are results of the migrant labour (ML) system which we shall examine in more detail further on.)

Migrant Labour

While in many Third World countries dependency theory concentrates on multi-national companies, balance of trade, technological dependence etc. in Southern Africa these are overshadowed by the extent and emotional trauma of ML. This is the most visible and brutal symptom of the dependency relationship. It remains, however, only an intervening variable in a longer causal chain which starts in the power constellations at the core and ends in agricultural, educational psychological and cultural spheres in the periphery. It must be seen, therefore, as a symptom of inequality of life-chances between core and periphery. Analytical models which explain the incidence and persistence of ML by means of push and pull factors (Wilson, 1972) or an individual's perception of rural-urban income differentials (Todaro, 1981) beg a number of questions on how these differentials/push and pull factors arose in the first place.

To understand the broader framework within which ML arises and operates, it is necessary to consider the varying interpretations of the relationship between core and periphery in Southern Africa or as Knight & Lenta (1980) formulated the title of their article: "Has capitalism underdeveloped the labour reserves of SA?" The older answer to this question, the so-called dual economy thesis (DET) or orthodox approach, is a variation of modernisation theory and takes its origin from the structural-functionalist tradition of anthropology and sociology. In this interpretation core and periphery are two relatively independent spheres of activity (hence the name DET) which interact by the diffusion of modern, individualistic, achievement-oriented, rational values and culture from the "modern" sector into an area "bound by the shackles of tradition", irrationality, fatalism, superstition, mutual distrust in interpersonal relationships etc. (Hutton & Cohen, 1975) Underdevelopment is, therefore, an original state gradually eroded

by the expanding, beneficial influence of capitalism.

Dependency theory, related to revisionist or radical or neo-marxist theory, has risen in its SA context as a critique of DET. This is not the place to review an immense and rich area of debate in the South African social sciences. I shall limit my discussion to the questions surrounding rural development.

The most basic critique of DET concerns its interpretation of the reasons for the lack of development in the rural areas (RA). DET, as we have seen, attributes this to the stifling effect of tradition. Dependency theory, by contrast, emphasizes the situational constraints on rural peasants. The obstacles are structural rather than cultural. Capitalism has purposefully imposed constraints on rural development.

Seminal in this regard is the work of Colin Bundy (1972) In essence, Bundy argues that, far from being bound by the shackles of tradition, SA peasant farmers reacted in a positive and rational way to the incentives offered by the discovery of diamonds and gold in the late nineteenth and early twentieth century, particularly in the Ciskei, North-Eastern Cape and Western Transkei.

"They won prizes at agricultural shows in competition with White farmers, and a statistician noted in 1870 that 'taking everything into consideration, the native district of Peddie surpasses the European district of Albany in its productive powers'. (quoted Bundy, 1972)

Orthodox theorists would argue that these were the exception. (Knight & Lenta, 1980) This agricultural success was, however, smothered by a number of factors: the rinderpest epidemic of 1896-7, the Boer war, drought, economic depression, cheap imported grains, but especially by the need for labour in the white agricultural and mining sectors of the core-economy. These two capitalist interests combined in bringing about a number of government measures (the most devastating being the 1913 Land Act) to "free" the rural population from independent economic activity for wage-labour. Through the limitation of their access to the means of production, particularly land, the rural population became increasingly dependent on wage-labour to survive. This is why dependency theorists see the rural population as an industrial proletariat residing in the rural areas. (Spiegel, 1981; Murray, 1981)

While it was in the interest of capitalists to ensure a regular supply of labour, some dependency theorists (Wolpe, 1972) have argued that it was not in their interest to destroy the rural economy completely. A certain income from the rural areas would supplement urban wages in various ways and, therefore, allow employers to pay a lower wage. Thus where rural production (R_p) was less than the PDL, the urban wage (W) and rural production tended to add up to the PDL ($R_p + W = PDL$) while a rise in rural production brought about a drop in the urban wage ($\uparrow R_p \rightarrow \downarrow W$): an inverse relationship.

Orthodox (DET) theorists, however, see a different relationship between rural production and urban wages. With rural production at or above the PDL, members of the rural population could afford to wait until urban wages became sufficiently attractive. They postulated, therefore, a direct relationship between rural production and urban wages. ($\uparrow R_p \rightarrow \uparrow W$) Rising rural production necessitated a rising urban wage and vice versa. This gave rise among certain employers to the idea of the so-called "backward-sloping labour supply curve" whereby, contrary to conventional economic theory, higher wages (higher demand) allowed workers to return after a shorter time to the rural areas, and lowered the labour-supply. (Knight & Lenta, 1980)

While one or both of these scenarios may have existed at certain periods, research by Murray (1981) and Spiegel (1981) show for Lestho migrants that at present wage-rates, the contribution by rural production is minimal and furthermore, has absolutely no effect on urban wages. In fact, the reverse is the case. Migrants are dependent on wages to enable them to farm at all. They cannot otherwise afford fertilisers, seed, tractor-hire or labour. In consequence, those with higher wages tend to be more productive agriculturally. ($\uparrow W \rightarrow \uparrow R_p$)

The direct consequence of this is that ML remittances tend to create and intensify class differentiation in rural areas. If the contribution from agriculture is (a) relatively insignificant and (b) in any case, dependent on access to ML wages, this means that there is a fundamental distinction between those who have access to ML (directly or indirectly) and those who do not, and also that those who do have such access are able to invest it in further (agricultural) activities. It might be argued that the

existence of the extended family grouping tends to facilitate the distribution of income among a large number of individuals and that this would promote equality of income. Murray (1981) shows, however, that this is not the case. Distribution of ML income is, barring certain interhousehold transactions like the payment of bohali (bridewealth), sharecropping arrangements, the loan of ploughing oxen (mafisa), quite restricted. Those households with access to one or more migrant earners wages, tend to keep it and use it in further productive ventures. ML income is increasingly a condition for access to further productive resources like land, cattle and male children (who in their turn become migrant earners). Those without a migrant wage-earner are increasingly being forced into marginal economic activities like beer-brewing, selling home-grown vegetables and prostitution.

Two further implications for dependence flow from these facts. Spiegel (1981) shows that the SA mining industry is presently following policies of (a) "localization" i.e. the replacement of "foreign" Blacks by South African Blacks, and (b) "stabilization" i.e. reducing the turnover of workers and employing fewer workers for longer periods. This has meant, particularly since 1963, a substantial cut-back in recruitment from countries like Malawi, Mocambique and Zimbabwe and, paradoxically, a temporary rise in recruitment from Lestho. (Spiegel shows that TEBA mine-recruits from Lesotho rose from 52 612 in 1966 to 98 953 in 1976 - virtually doubled - but fell back to 75 253 in 1979) More important, "stabilization" means a higher concentration of income among those migrants with "clean" records and Valid Re-engagement Guarantee Certificates (VRGC's). In effect, this means that more and more younger men are unable to gain access to ML wages at all - leading to increasing conflict with those who do have such access and a rise in bribery and other attempts to circumvent the system.

The second implication flowing from the rising dependence on ML wages relates to the persistence of "traditional culture" in rural areas. As we have seen, the DET postulates a sphere of unchanged traditional culture gradually transformed by contact with the modern sphere. (Ironically, traces of such dualism appear among dependency theorists, too, in discussions of "the articulation of capitalist and pre-capitalist modes of production" (Spiegel, 1981)) However, it is clear that, dependence on ML wages being universal among the rural population, the context within which "traditional

culture" functions, has changed significantly. While there clearly are institutions and customs, like the payment of bridewealth, which have recognizably "traditional" origins, their meaning and purpose has been substantially altered. Thus, in discussing bohali transactions between the rising number of female household heads, Murray (1981:147) says:

".. it is often more realistic in contemporary practice to represent marital transactions as the result of bargaining conducted by senior women over the earning capacity of men than as the result of bargaining conducted by senior men over the productivity and reproductive capacities of women" (as was the case in "traditional" times)(my own parenthesis)

There are a number of other negative effects for the average rural household often attributed to the system of ML. These need to be examined in a little more detail. Thus, it is argued, that since migrants are typically younger, more educated and male, the ML system is depriving the periphery of its most skilled, dynamic and physically capable manpower. (Lipton, 1980) This has particular importance for the agricultural sector since the absence of males effectively disrupts and delays the decision-making processes in family units. While this selection of the rural population for migration may be true for certain areas, (Nattrass,) it needs to be substantially qualified for Lesotho. For a start, migrants are mostly less educated (usually less than st. 7) (ILO, 1979) and bearing the stabilization trends mentioned above in mind, older. Secondly, many migrants make weekend visits home or communicate quite regularly by letter. The disruption of decision-making processes is not as great as often thought. (ILO, 1979:61) Thirdly, it needs to be proved that agriculture in the SAP areas suffers from a shortage of agricultural labour even at peak harvest times. (ILO, 1979:89-93) Fourthly, improved farming resulting from a migrant staying at home would, other things being equal, probably add an average of only R30 per annum to family income. The family benefits financially far more by his participation in ML.

"Here we would only observe that stoppage of migration will do nothing by itself to rejuvenate a depleted soil, reduce overcrowding in a limited land area, and distribute livestock more equally among rural households - factors which almost certainly have more to do with the perilous state of Lesotho agriculture than the absence of half the male labour force throughout the year." (ILO, 1979:63)

If we assume that depletion of the soil is itself a consequence

of overcrowding, then overcrowding becomes a cardinal factor in the success or decline of SAP agriculture. Overcrowding in the SAP can be attributed to (i) natural increase and (ii) the effects of influx control and resettlement, with the latter being by far the most prominent. Thus, for the HL areas, average population density rose from 60 persons per sq. mile in 1955 to 110 in 1969. It was during this decade that agricultural production in the HL areas plummeted after remaining fairly constant from 1918 to 1954. (Simkins, 1981) From 1970 - 1980 about 1,1 million people were added to HL populations through different kinds of resettlement alone. (Simkins, 1981a)

The influx control system, in serving the needs of the core-area, further obstructs the development of agriculture by undermining the security, both in a social sense i.e. pension, medical aid, unemployment insurance, and in terms of freehold immovable property and the right to remain permanently in town. This makes a would-be town-dweller reluctant to relinquish his rights to land in the periphery and his place in rural society (thus stimulating an artificial and unproductive preservation of "traditional" custom). He becomes both part-time farmer with a nominal and uneconomic agricultural plot and part-time town-dweller. As a result significant percentages of arable land lie unused (Lenta, 1981) Potentially successful farmers are, in their turn, despite the possibilities of sharecropping, rent etc. inherent in customary land tenure, unable to gain access to viable areas of land and are also forced into migrancy, part-time agricultural activity and/or marginal economic activities. Hence the paradox of many SAP areas of high population densities together with areas of idle agricultural land. (Lenta, 1981)

The implications of this are that the income possible from agricultural activity is, as we have seen, minimal compared to that possible from urban employment through ML. The peripheral RA's are a place to live but not to work. This does not mean that agriculture, as such, is unpopular. On the contrary, many would prefer to farm if it paid. (ILO, 1979) That it can pay and retain the rural population in competition with urban incomes given the right injections of capital, expertise etc. has been proved by numbers of successful agricultural projects in the SAP. It does reveal, however, the enormous inequality of investment in Black and White agriculture in SA. (Lipton, 1977)

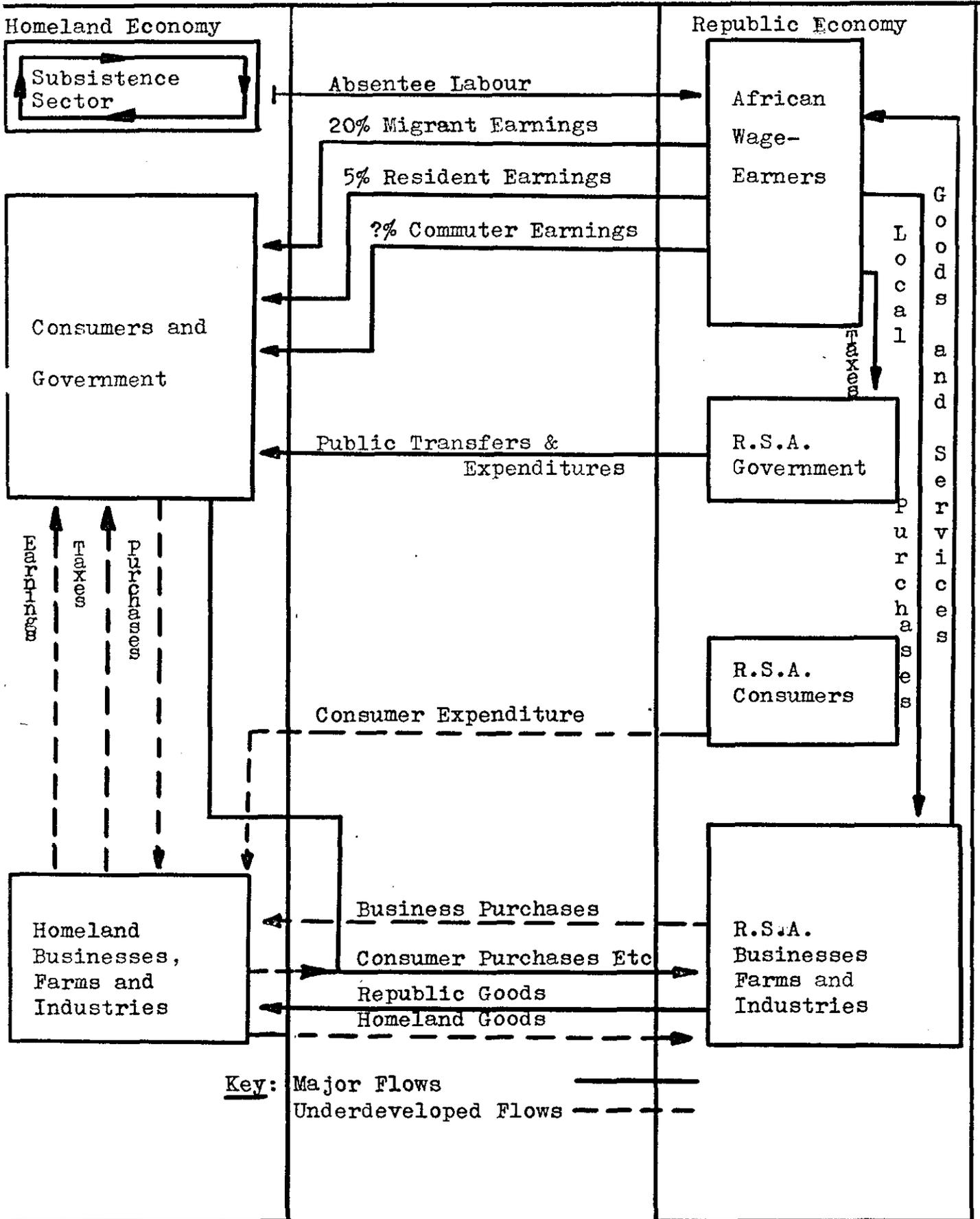
Given these situational constraints, over a period of time the position of poverty acquires a certain independent momentum. Prolonged poverty gives rise to certain psychological sets which have profound implications for the chances of development. "...the situation generates tensions which are manifested in apathy, hypochondria and the fear and/or fact of violence .. On the verbal level, a stranger to the Sesotho language and to Basutho village life is struck by the number of times certain words recur in the course of conversation. He gets an aural impression that villagers spend their days visiting, feeling ill, resting or looking for work." (Wallman, 1971)

At the same time, unfavourable comparisons between town and RA produce preferment for urban goods. "Anything or anyone conforming to urban SA standards is described as "semate" (corruption of "smart"). A considerable part of the most meagre income is spent on this value". (Wallman, 1971) This is one of the reasons for the very high rate of leakage of income from the SAP to the core. (See the diagram drawn up by Butler et al. (1976) to illustrate this)

Finally, the implications on a national level of the fact that a large proportion of the area's income originates outside its own borders. This is often expressed as the relationship of GDP (income generated within its borders) to GNI (total income accruing to the area). 1976 figures for Transkei, Bophuthatswana and Kwazulu were 42%, 37% and 25%. Percentage of national income from external sources in Lesotho, Botswana and Swaziland for 1976 were respectively 80%, 50% and 33%. (Lipton, 1980)

Although figures of this kind are often used as a measure of dependency, their detailed implications are not usually spelt out. Like any country dependent on a limited number of export products, this renders SAP areas subject to uncontrollable fluctuations in export earnings. Price-rises and -drops, rising and falling unemployment, are all beyond a region's control particularly where labour is concentrated in one or a few industries - as most foreign migrants are concentrated in mining. A more diversified spread would cushion fluctuations. A region is, of course, not helpless in this regard. A regional association of source countries would be able to play the trade union role of negotiating better and more predictable labour conditions. (ILO, 1979)

Flows of Labour, Capital and Goods



The Flows of Labour, Capital and Goods between the Homelands and the Republic (from Butler, J: "The Black Homelands of South Africa" (1977) pp.138 - 40.)

"The chief outflow or export from the African economic regions is labour: commuters, migrants and permanently absent workers. These persons spend a large part of their earnings for goods in white and Asian stores and for services ("local purchases"). A portion is diverted to taxes, the estimated value of which is supposed to be converted automatically through the developmental agencies of the Republican government into expenditures inside the homelands.

Commuters, migrants and residents with some ties to a homeland take home or remit a fraction of their earnings, and these amounts constitute the most important component of homeland income. To these public sector transfers to the homeland governments and citizens (e.g. pensions) must be added. Consumers and businesses in the Republic may make purchases from homeland producers ("consumer expenditures" and "business purchases"), but they are small. These six items comprise the money inflows of the homeland from the Republic...

As the remainder of the pathways make clear, these monetary movements have almost no secondary multiplicative or cumulative effects because they "leak" away immediately to non-African businesses and industries as "consumption expenditures". Only about 2% of this income is saved. As the dashed lines show, some consumption and public funds may go to African farms and shops, but the proportion is very low. Similarly, homeland businesses and industries may generate some monetary income that remains in the homeland as factor incomes or payments to local farms or firms, but there will be substantial leakages from their payrolls back to the Republic. Virtually all their capital expenditure will be made outside the homeland...

The flow of goods out of the homeland is paltry compared to the reverse flow of goods from the Republic, leaving the regional economies with sizeable trade deficits that can only be covered by absentee labour earnings and fiscal supplements from the Republic. The circulation of funds does not stimulate local enterprise and employment."

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