CHAPTER 3

Population-potency relations

3.1 THE AIM OF THIS CHAPTER

So far we have dealt with the dispersion of economic potential over geographical space. This gave us a crude indication of the distribution of economic potential between different groups of the population occupying that space. But the two variables do not overlap completely. Obviously there are also very poor people in geographical centres and very rich people in geographical peripheries. Our new model seeks to retain the insight of the geographical model, viz. that potency tends to gravitate towards certain centres of power. It applies this insight, however, not to spatial distance but to relative rank in terms of command over economic potency among different groups of the population. We shall first develop the general model and then apply it to the South African situation.
3.2 THE POPULATION-POTENCY MODEL EXPLAINED

3.2.1 Potency distribution in the population

If we plot economic potential (e.g. income) against population according to rank in terms of command over economic potential we shall normally obtain a potency distribution curve as depicted in figure 1.

![Stylised potency distribution curve](image)

Figure 1

Stylised potency distribution curve
One of the indicators of economic potential is income. Income distribution is normally depicted by means of the Lorentz curve and measured with the Gini-coefficient. While this is a useful instrument the cumulative presentation of the two variables conceals rather than reveals the concentration of economic potential in certain minority groups to the untrained eye. For this reason we do not use the cumulative principle in our model.

The curve reveals that:
(a) the greater part of the population has very little potential to its credit while a small elite is in command of considerable economic potential.
(b) Between the extremes the curve does not follow a linear but a geometrical or exponential pattern: as we move from right to left the increments in economic potential rapidly increase in size.
(c) Point B, where the average line cuts the distribution curve, is situated considerably to the left of point C which divides the population into two equal sections. This means that in purely structural terms greater equity in the distribution of potential would be in the interest of a large majority (B-D) and against the interests of a minority (A-B) of the population. We may hypothesise that the former will tend towards socialist, the latter towards liberal attitudes on these grounds (see chapter 9, section 9.2).

To utilise the explanatory capacity of the centre-periphery model gleaned from our geographical observations we now shift the potency peak to the middle of our graphical presentation with positive values on both sides of the Y-axis. Each side represents half of the total population (figure 2).
This new version of the centre-periphery model thus substitutes geographical distance from a geographical centre of economic potential with distance from the peak of economic power in terms of rank. Rank is, of course, a function of population numbers: the greater the population the lower the rank of those who command the least potential.

3.2.2 The time factor added

The relation between potency and population numbers in terms of rank is not static, however, but develops in time. Subject to a number of variables this development shows two basic tendencies:

(a) In the centre population numbers tend to remain static or even decline, while in the periphery they increase exponentially. This can be depicted as follows (figure 3):
Figure 3
Differential population growth in centre and periphery

(b) In the centre economic potential grows exponentially while in the periphery the economy remains relatively stagnant and may even decline. This can be depicted as follows (figure 4):
The basic problem can, therefore, be summarised as follows: In the centre population numbers remain relatively static while economic potential grows exponentially; in the periphery economic potential remains relatively stagnant while population numbers grow exponentially. If we wanted to combine the three variables into a three-dimensional model it would look more or less like this (figure 5):
3.2.3 Irregularities

The graphical presentation used so far has been characterised by smooth, exponential curves in all three dimensions. In the real world we find a number of characteristic irregularities:

(a) The increase of the population over time in the periphery is, perhaps, the most regular of the three. It is, however, at least subject to variations due to wars, diseases, famines, etc. Many demographers assume, in addition, a certain cycle in which a period of rapid growth is followed by a period of stabilisation.
The theory is based on observations in the behaviour of the populations of those countries which today belong to the industrialised world. There is no guarantee that the growth process of the population of the Third World will follow a similar pattern.

That population growth subsided in industrialised countries is most probably due to a rising standard of living or, to use the terminology of our model, to the fact that such countries developed into the global economic centre. This way does not seem to be open to the entire Third World, if not because it cannot in its turn build up empires – the source of riches according to the radical school – then certainly because of the limits to industrial growth – which is the source of riches according to the liberal school. Finally, the option of large scale emigration which helped to cushion the European population explosion is not open to Third World Countries.

(b) The increase of potency over time in the centre is subject to the business cycle in which periods of boom and recession follow each other in irregular short-term cycles and long-term waves (Kontratieff-waves). If they have no subsistence agriculture to fall back on, peripheral populations are hurt most by periods of contraction because their income may be depressed below subsistence level (figure 6).

(c) The curve depicting the relation between population numbers and potency is irregular due to social barriers which impede vertical mobility such as discrimination on the basis of race, religion, caste, citizenship, etc. A social barrier leads to a "damming up" of the potency level on the side of the more privileged and a corresponding fall of the potency level on the side of the underprivileged relative to the position which would have prevailed if there had been no such barrier (figure 7). This artificial discrepancy seems to be the rationale of social barriers in the first place.
(d) Finally we have to repeat in the context of our new model what we said earlier in connection with the geographical model, viz. that there is a hierarchical system of dependencies between successive levels of subcentres and their respective peripheries (figure 3 in chapter 2, section 2.2). Although the dominant centres compete with each other they are highly integrated in a system of interlocking elites. From this complex the system is organised radially into the remotest parts of the periphery with little direct interaction between subcentres on the same level. All lines of communication pass through the next higher centre.
3.3 THE POPULATION-POTENCY MODEL APPLIED TO SOUTH AFRICA

3.3.1 The three-dimensional model applied

Various indicators can be used to determine the distribution of economic potency in the population:

(a) Command over factors of production.
Mental factors: initiative (percentage entrepreneurs); technological sophistication (level of education and training, distribution of occupations and professions); organisation and management (percentage managers, etc.). Material
factors: raw materials (access to land, mines, etc.); labour (percentage economically active, distribution of skills); capital (capital ownership, credit facilities, access to control of state capital). Infrastructure: transport facilities, communications, energy, water, etc.

(b) Influence on distribution.
Access to markets, monopolies, oligopolies, monopsonies, access to state controls of distribution patterns (lobbies), etc.

(c) Consumption: purchasing power, availability of goods, etc.

For our present purposes it is sufficient to take account of one basic indicator, viz. income. Figure 8 gives an indication of the distribution of income in South Africa in 1980 among all race groups.

NOTES
1. Figure 8 depicts income earners only. When the total population is taken into account the picture becomes less favourable for the lower income groups because the latter tend to have more dependents per income earner. The following table suggests that while there is only one dependent per income earner in the White group, there are two in the Black group (South Africa 1982a: 271f):

<table>
<thead>
<tr>
<th>GROUP TOTALS</th>
<th>NO INCOME</th>
<th>PERCENTAGE WITHOUT INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHITES</td>
<td>4 528 100</td>
<td>2 248 980</td>
</tr>
<tr>
<td>ASIANS</td>
<td>821 320</td>
<td>540 120</td>
</tr>
<tr>
<td>COLOURED</td>
<td>2 612 780</td>
<td>1 627 240</td>
</tr>
<tr>
<td>BLACKS</td>
<td>16 923 760</td>
<td>11 608 380</td>
</tr>
</tbody>
</table>

2. The figures also exclude the de facto population of the TBVC areas (Transkei, Bophuthatswana, Venda, Ciskei) which belongs primarily to the lowest income group and has the highest number of dependents. If it were to be added, the picture would become even less favourable for the Black group.
Figure 8
Income distribution
in South Africa
1980 all race groups
(calculated from
South Africa 1982a:275f.)
3. Figure 12 shows that income distribution within racial groups is as unequal as between racial groups.

According to McGrath (1983:328) inequalities within racial groups account for 57% of total inequality and inequality within the White group cause over one half of this within-the-group component, because of the high share of income by Whites.

The Gini-coefficient for Whites was 0,36, for Asians 0,45, for Coloureds 0,51 and for metropolitan Blacks between 0,29 and 0,33 in 1975. The latter has been rising from 0,25 - 0,30 in 1961 to 0,30 - 0,35 in 1980 (McGrath 1983: 318, 339).

According to Fényes (1984: 3) 20% of the White farmers produce 80% of the output.

4. It also seems as if income distribution becomes more skew over time.

Nel reports for the Johannesburg area that between 1975 and 1980 the lower Black income group became poorer and the higher group richer: in 1975 13% belonged to the R0 - R2 000 income group, in 1980 20,7%; while it had fallen dramatically from 42% in 1962 to 13% in 1975 (1983: 21-22).

The same trend was found among Indians in Durban: The unskilled group lost over 25% of their income, the semi-skilled group less than 7%, the skilled and professional group gained more than 10%. The gap between earnings in skilled and unskilled occupations widened from 31,03% in 1975 to 63,18% in 1980. The gap between semi-skilled and skilled rose from 32,02% to 56,50% and between skilled and professional groups from 36,18% to 45,11% between 1975 and 1980 (Loubser 1982b: 11-14). There is also some evidence that the income gap widened between urban and rural Black population groups (McGrath 1983:398).

Simkins (1984: 12-14) finds that in the 'Black States' (i) below the 5th percentile, households were destitute throughout the period 1960-1980, (ii) from the 5th to the 15th percentile households have suffered a deterioration in absolute terms since 1960 due to increasing landlessness and unemployment, (iii) from the 15th to the 30th percentile, households have experienced an improvement in absolute terms but their position has deteriorated relative to the median household, (iv) above the 30th percentile, households have experienced just over a doubling of their per
capita incomes; most of this improvement took place after 1970. The poorest probably belonged mostly to those moved from the White rural areas, the richest to those living in Black urban areas which have been included in the 'Black States'.

Devereux finds that the much quoted Black wage-gains between 1970 and 1975 the fortunate at the expense of those who were excluded in the process, i.e. the unemployed in the Black areas (1983: 62).

All these findings point in the same direction: The discrepancies become polarised. Potency gravitates towards the privileged; the underprivileged mark time or lose out. We shall come to some of the reasons for this phenomenon in chapter 5.

Figures 8 and 12 do not include the income elite, thus the bearers of the most significant concentration of economic potential, simply because we would need a few more pages to add on if the present scale was maintained.

NOTES
1. There are various possible ways of depicting the income elite:

   (a) One could arbitrarily assume that persons earning above R20 000 or R40 000 (which is the upper limit of the tax-tables) or R100 000 (which is the upper limit of the census) per annum belong to this elite. The sample survey of the 1980 census suggests that the following number of earners fell into these brackets in that year (calculated from South Africa 1982a: 271, 276f.)
<table>
<thead>
<tr>
<th></th>
<th>TOTAL</th>
<th>WHITES</th>
<th>ASIANS</th>
<th>COLOURED</th>
<th>BLACKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 20 000+</td>
<td>121 440</td>
<td>117 500</td>
<td>1 720</td>
<td>640</td>
<td>1 580</td>
</tr>
<tr>
<td>% OF OWN GROUP</td>
<td>1,37</td>
<td>5,16</td>
<td>0,6</td>
<td>0,06</td>
<td>0,02</td>
</tr>
<tr>
<td>R 40 000+</td>
<td>21 940</td>
<td>21 000</td>
<td>240</td>
<td>360</td>
<td>340</td>
</tr>
<tr>
<td>% OF OWN GROUP</td>
<td>0,25</td>
<td>0,46</td>
<td>0,03</td>
<td>0,014</td>
<td>0,002</td>
</tr>
<tr>
<td>R 100 000+</td>
<td>3 180</td>
<td>3 000</td>
<td>20</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td>% OF OWN GROUP</td>
<td>0,036</td>
<td>0,13</td>
<td>0,007</td>
<td>0,004</td>
<td>0,002</td>
</tr>
</tbody>
</table>

Note that the figures in this income range are not very trustworthy, being projections from sample surveys, because of the small number involved.

(b) Another way is to assume arbitrarily that the top 5% of income earners belong to the income elite. This would give the following numbers of persons and their approximate income bracket in each group for 1980:

<table>
<thead>
<tr>
<th></th>
<th>TOTAL</th>
<th>WHITES</th>
<th>ASIANS</th>
<th>COLOURED</th>
<th>BLACKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER</td>
<td>443 062</td>
<td>113 956</td>
<td>14 060</td>
<td>49 277</td>
<td>265 769</td>
</tr>
<tr>
<td>INCOME ABOVE</td>
<td>R 20 000</td>
<td>R 8 000</td>
<td>R 6 500</td>
<td>R 2 700</td>
<td></td>
</tr>
</tbody>
</table>

2. The concentration of wealth is even higher than the concentration of income. The White share of wealth was 'at least' 94% of the total over against 68% of income in 1975 according to McGrath (1983: 391). The top 5% of wealth owners accounted for 88% of personally owned wealth (Britain 54%, West Germany 34%, USA 44%) (McGrath 1983: 392). The top 20% of Whites owned 82% of white wealth (wealth above R16 312), of Asians 99,4% (over R 375) and of Coloureds 99,9% (over R 78). Those owning more than R5 000 were 38% of the White, 9% of the Asian and 4% of the Coloured popula-
tion groups. (McGrath 1983:382-385). Blacks have been overwhelmingly owned tribally. That is why the Black share is difficult to account for. But it is clear that it is only of marginal significance (McGrath 1983: 385f):

3. Another way of depicting the potency elite is by showing the percentages of people (a) in managerial, executive and administrative and (b) professional and technical positions: (South Africa 1982a: 1-8 and Nattrass 1979: 10)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial etc.</td>
<td></td>
<td></td>
<td>Professional etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whites</td>
<td>96,9%</td>
<td>91,7%</td>
<td>Whites</td>
<td>65,2%</td>
<td>59,7%</td>
</tr>
<tr>
<td>Asians</td>
<td>2,0%</td>
<td>3,1%</td>
<td>Asians</td>
<td>3,0%</td>
<td>3,6%</td>
</tr>
<tr>
<td>Coloureds</td>
<td>0,5%</td>
<td>2,2%</td>
<td>Coloureds</td>
<td>7,3%</td>
<td>8,2%</td>
</tr>
<tr>
<td>Blacks</td>
<td>0,6%</td>
<td>2,9%</td>
<td>Blacks</td>
<td>24,5%</td>
<td>28,5%</td>
</tr>
</tbody>
</table>

The figures show that while Whites are in an absolutely dominating position, the share of other race groups is steadily increasing. Potency concentration in the crucial categories of scientific and technological sophistication is particularly high: Whites provided 83,7% of all medical doctors, 91% of dentists, 96,7% of architects, 93,5% of physical scientists, 96,3% of civil engineers, 97% of electrical engineers, 95,3% of economists, 92% of lawyers in 1980 (South Africa 1982a: 1-8).

For the relation between time and population numbers a simple population growth curve is sufficient (see figure 9). (It would seem, however, that projections for Whites are over-optimistic. White population growth is probably stagnant at present.)
Figure 9
Growth of the South African Population
(including TBVC-areas).
Sources: South Africa 1982b: table 1.7;
1977 p. 164 (Sadie-projections which include
the assumption of 30,000 White immigrants p.a.)
Note that the Black population with its large proportion of peripheral groups grows much faster than the White population which belongs overwhelmingly to the centre. In 1980 88.4% of the White population was urbanised over against 38.3% of the Black population. (South Africa 1982b: 1.13). Persons under 20 years of age constituted 36.5% of the White population group and 50.9% of the Black population group (ibid. table 1.18). Without immigration the growth of the White population would be much less, possibly even negative in the coming 20 years. The average rate of increase of different population groups since the previous census (percent per year) is given as follows (ibid. table 1.6): Whites 1.86, Asians 2.68, Coloureds 2.48, Blacks 3.27.

For the relation between time and potency, we can utilise the growth of gross domestic product per capita in real terms. Because of the extreme discrepancy in the relative share of centre and periphery population groups in the gross domestic product - one estimate states that the poorest 20% of the population earn 2% and the richest 20% 75% of the income (Gordon 1981: 85) - this is a slightly inflated but close enough reflection of potency growth in the centre.

3.3.2 Irregularities in the basic model

In the absence of sudden crisis situations with a high loss of life (epidemics, wars, serious famines, etc.) over the last three quarters of a century, there are no significant irregularities in the population growth curve as figure 9 shows.

The potency growth curve follows the well-known pattern of the business cycle with its ups and downs. It can be expected, therefore, that figure 10 should depict a sawtooth pattern if analysed more closely. For our purposes at present it is sufficient to have a look at South African industrial share prices which will be a close enough reflection of the business cycle (see figure 11).
Figure 11
South African industrial share prices 1950-1980
(Source: Chart issued by the Johannesburg Stock Exchange)

The curve depicting the relation between population numbers and potency is particularly irregular in the South African case due to a plethora of legal barriers to vertical mobility organised on racial, ethnic and geographical lines. Since population groups are physically segregated and socially boxed into categories for
better or for worse we have to depict them as units on the centre-periphery diagram. We can expect this to have a sawtooth pattern (See figure 12).

We have to distinguish at least the following barriers to vertical mobility:

(a) The first institutionalised and legalised socio-economic barrier exists between the White population group as a whole and all the other race groups. The White population group is, for all intents and purposes, a "free society" within its own ranks with not much more than the normal social barriers found for instance in the USA. Discrimination by the English and Jews against the Afrikaner is largely a thing of the past and the smaller minorities (Portuguese, Greeks, etc.) are not very significant in numbers.

(b) Next in line are Asians and Coloureds (people of mixed race). There is a slight but not very significant barrier from Asians to Coloureds, largely brought about by historical, geographical, social and cultural distance and group areas legislation.

(c) Then there is a definite jump towards the Black population which is firmly established in White controlled urban areas, particularly those who possess Section 10 rights. A minority of them managed to attain relatively high standards of living. On the outer fringe we find the marginalised urban group: people with casual employment and insecure housing who are constantly in danger of being found and "endorsed out".
Figure 12

Income categories in South Africa according to social groups 1980

(calculated from South Africa 1982a: 271ff and 387)
(d) Then we have permanent Black labourers on White farms.

(e) They are followed by tribal subsistence peasants in Black areas who are largely dependent on migrant labour in White areas (farms, mines, industry, commerce, services). The economic position of migrant labourers in White areas is precarious but they have at least a rudimentary base in their "homeland" to fall back on in times of emergency.

(f) Finally, we have the rural marginalised population e.g. of the resettlement camps. They are totally dependent on migrant labour - or charity. Obviously boundaries between the last two categories are fluent.

Some of these barriers - e.g. in job opportunities between established urban Blacks, Coloureds, Asians and even Whites - seem to be eroding. This is due to economic pressures, particularly the extreme shortages of skilled labour, and general acculturation. Other barriers are reaffirmed (e.g. the group areas principle in residential dispersion). Several are being made more rigid (e.g. influx control from Black to White areas. Randall 1983: 282, Cooper 1984: 262).

In the case of race groups other than White, there are also a number of economically significant barriers to horizontal mobility - particularly in the geographical sense: the Western Cape is e.g. considered to be "a Coloured preferential area" (figure 13), Indians are not allowed in the OFS (Horrell 1978:5), Black migrant labourers are classified according to work categories (farm labourer, domestic servant, etc.). Their regions of origin are also linked in varying degrees to certain urban or rural labour-demand areas (e.g. Kwa Ndebele to Bronkhorstspruit, etc.). The movement of Black farm workers is restricted by
Figure 13
The Eiselein-line denoting Coloured preferential area.

Source: Smit & Boysen 1981:32
legislation between employment sectors and also between areas of jurisdiction of different Administration Boards. Movement can only take place through labour bureaux (Fényes 1984: 12).

The radial nature of hierarchical dependency patterns is obvious on a variety of counts:

(a) There is little interaction between Asians, Coloureds and urban Blacks.

(b) There is little interaction between urban Blacks and rural migrants housed in urban hostels.

(c) There is little interaction between groups settled in Black areas along ethnic lines. Traditional conviviality between different ethnic groups in the same area of settlement has in many instances broken up into hostility in the wake of ethnic homeland allocations (e.g. between Venda and Tsonga, Tswana and Ndebele, etc.).

3.4 GALTUNG'S DEPENDENCY MODEL (MODIFIED)

The relation between a dominant and a dependent centre and their respective peripheries is complex but its main facets can be described by means of a simple model (adapted from Galtung 1971: 81ff).

We assume that there is a centre region such as Great Britain and a peripheral region such as Kenya. In the former we distinguish a centre in the centre region (cC), say the multinational corporations based in London, and a periphery in the centre region (pC), say the work force of those corporations in Britain. In the latter we distinguish a centre in the periphery
region (cP), say the local offshoots of the multinational corporations based in Nairobi, and a periphery in the periphery region (pP), viz. the subsistence peasants in Kenya.

Two variables determine the relationships between these four entities, the direction of dependency and the harmony or disharmony of interest between them:

(a) Between cC and cP there obtains harmony of interest and dependency. As an offshoot of cC, cP shares in the prosperity of cC and is not likely to pursue a policy contrary to the interests of cC.

(b) Between cC and pC there obtains dependency and disharmony of interests, but pC has built up sufficient collective power over against cC by means of the franchise and trade union action to extort a considerable share of the prosperity controlled by cC.

(c) Between cP and pP there obtains dependency and disharmony of interest as well but in contrast to pC, pP has no possibility to exert collective group power in the form of either trade unionism or effective democratic action. pP does not share in the prosperity of cP.

(d) There is no relation between cC and pP except over cP and this relation is marked by dependency and disharmony of interest. If a direct relation existed this would not alter the position.

(e) There exists no relation between pC and pP except over cC and cP. Because of the linkages in the system at least some of the pressure of pC and cC for a greater share can be passed on by the latter over cP to pP. If a direct relationship between pC and pP existed it would not alter the situation since it would be marked by dependency and disharmony of interest. The more pC has come to terms
with cC on the basis of sharing profits, the less solidarity of pC with pP can be expected once real interests are at stake.

This model shows that in a system of dependencies the weakest partner is at the mercy of the stronger partners and the overall loser in the game.

Galtung's model can be made more precise in at least two respects:

(a) In both the centre and periphery regions there are a dependent but relatively powerful and therefore privileged group - the organised and established workforce. This group forms the bulk of pC and a small minority of pP.
The latter is sometimes called a "worker aristocracy". The rest of the periphery consists of relatively independent but impoverished subsistence peasants, tradesmen, etc. In pC they form a tiny minority; in pP the bulk of the rural population belongs to this category.

(b) There is some evidence suggesting that in the vicinity of a centre system a section of the population is forced out of its means of livelihood by some mechanism or other without being integrated into the system at all. We call this process marginalisation. In the central region this group may be negligible, in the peripheral region it can be very substantial (e.g. the slums surrounding Nairobi and every larger African city). The relationship of all other groups to the marginalised is characterised by dependency and disharmony of interests - in as far as it exists at all. The enlarged model then looks like this:

![Dependency Model](image)

Figure 15
Galtung's dependency model enlarged
Some theorists argue that the whole of pP should be considered to be marginalised. This view is based on the claim of the radical school that the poverty of pP is the direct and exclusive result of exploitation and deformation of its economy by cC, without allowance for possible inherent economic weaknesses in pP. The opposite stance of the liberal school denies any responsibility of cC for the poverty in pP and attributes the latter solely to inherent economic weaknesses. There is an element of truth in both stances, the exact position depending on the specific case as well as on definition and degree. We shall come back to that in chapter 5. Be this as it may, I find it useful to distinguish between the relatively self-sufficient subsistence-agricultural population and the slum-dweller on the fringes of the city with no such base in agriculture. Due to influx control much of the latter group is located in the rural areas in South Africa.

3.5 GALTUNG’S (MODIFIED) DEPENDENCY MODEL APPLIED TO SOUTH AFRICA

If we try to apply our refined version of Galtung's model to South Africa we have to be sensitive to two possible interpretations - the grand Apartheid thesis and the unitary state thesis. Let us treat them one by one:

3.5.1 South Africa as a "commonwealth" or "constellation of states"

Before the National Party came to power in 1948 there were a number of scattered "native reserves" which served both as labour reserves for the White controlled economy and as an abode for those Blacks who were not integrated in the latter - whether on a permanent or a temporary basis. The policy of "separate development" upgraded these areas as "homelands" of separate ethnic groups with the goal of leading them to total independence - a sort of internal decolonisation.
The vision of the architects of the grand Apartheid plan was that these homelands would be developed economically to such an extent that the influx to the White controlled area would be reversed and that ultimately there would be no permanent Black population in White controlled South Africa left. Traditional (tribal) leaders who had suffered from a deterioration of their authority and relevance compared to the new elite of acculturated Blacks, particularly in the cities, could easily be won for the experiment. The promise of renewed status, power and economic privileges as well as various degrees of coercion made them willing to become the spine of a new hierarchy which progressed through different stages of local self-rule to formal independence - a status which to date four of the ethnic "National States" have attained.

To the extent that this plan was successful it is a prototype of Galtung's modified international model (compare figure 16 with figure 15).

A number of impoverished and impotent peripheral "Third World" states is linked to a powerful central "First World" state by means of a loose radial association or "Commonwealth" (See figure 3 in chapter 2). The ethnic governments form a series of centres in the periphery which are totally dependent on, and in harmony of interests with the centre in the centre, in this case mainly the South African government.

Under these circumstances no policy which would endanger the interests of the latter can be expected - which is, of course, at least part of the rationale of the whole system (cf. Nattrass 1983: 214-216 for dependency of Black States).
In these "National States" a substantial group of dependent but privileged people emerged in the form of civil servants, teachers, government sponsored businessmen (through the different development corporations), etc. This group is dependent on, and in harmony with the interests of the centre in the periphery. This group too is not likely to undermine a structure which is to its own benefit.

The vast majority of the population belongs to either the subsistence peasantry or to the marginalised group which has neither land rights nor jobs within the "National State" concerned, or to one of the many transitions between the two. These people are in disharmony with the interests of the two privileged groups, but totally powerless and dependent on the latter, particularly through a tight network of bureaucratic controls - and poverty. Because of its impotence in all respects, insurrection among this group is unlikely and, should it occur, too remote to be of any danger to the White centre system.

Blacks in White areas are "temporary sojourners" or "guest workers" in the White state without institutional rights. Obviously these rather homeless groups are a source of unrest and conflict and have to be rigorously controlled. The Coloured and Asian population groups are equally uncatered for. This, more or less, was the situation in the late seventies before the 'new deal' began to take shape (for the latter see Gordon 1980: Iff and De Villiers 1981).
3.5.2 **South Africa as a "unitary state"**

The alternative application of the (modified) model of Galtung presupposes that South Africa is a unitary state (figure 17). There is a centre of decision-takers which includes (a) central Government, (b) big business management and (c) a group of professionals and self-employed people, including White farmers.
There are indications that these groups become increasingly integrated in spite of a certain level of disharmony of interests and traditional hostility among them. The government certainly attempts to involve the "private sector" in the execution of its policies (De Villiers 1981: 6ff).

Then there is a group of dependent but privileged people consisting mainly of White civil servants (including employees of parastatal organisations) and "worker aristocracies". Their relation to the centre is ambiguous. On the one hand the normal situation of dependency and disharmony of interests obtains. But democratic and trade union actions have transformed their position into one of privilege, relative power and interdependence with the centre. The Government has to please its voters - who are White - and the business community has understood the lesson of early strikes that the interests of the White professionals and skilled labourers have to be satisfied first, before any other group can be considered (Doxey 1961; Van der Horst 1971; Nattrass 1983: 71-77).

In a non-racial situation the established Black urban community (particularly those with section 10 rights) would be part of the last mentioned group. Racial policies have prevented this merger and led to the formation of a Black group which is dependent on the centre - and indirectly on the White dependent privileged group as well - yet relatively privileged if compared with the groups lower down.

The relation of this group both to the decision-making centre and the White dependent but privileged group is one of dependency and disharmony of interests. In contrast to the latter they have no democratic rights relevant to the centre of power and have also been denied trade union rights for decades. In
addition they were prevented from becoming competitive with their White counterparts through inferior education, job reservation, lack (or prevention) of formal training, less elaborate health and welfare services, crowded housing conditions, long distances from the work place, curbs on entrepreneurial initiatives, etc. In spite of all these restrictions a minority of urban Blacks has reached a considerable standard of living while there is also a substantial marginalised group as we have seen.

It is in this group of urban Blacks that not only the greatest economic potential but also the greatest discontent is concentrated. With the prize of integration constantly before their eyes in the form of the position of their White colleagues, yet beyond their reach because of a multitude of discriminatory laws and practices, the level of their sense of frustration is particularly high (Schlemmer 1983b). The combination of relatively high potential and unsatisfied aspirations makes this group a constant threat to the system and much of the policy is designed to keep this group under control. The rationale of the grand Apartheid idea was, in fact, to degrade this Black urban elite to "temporal sojourners" in White South Africa as long as their services are required there. Recently policy makers have abandoned this untenable definition of a group that could not be wished away, because it is an integral and indispensable part of the system - but the problem as such has not disappeared.

However, their potential of being integrated into the system to such an extent that they have a stake in the status quo (considerably modified) and begin to contribute to its stability is great. It seems as if the system is slowly moving into this direction - beginning with the Asians and Coloureds. That seems to be the rationale of the new constitution of 1983. The outcome of this development may well be that Whites, Asians,
Coloureds and minority of Blacks in the "common area" form an integrated and advanced industrial core, while the majority of Blacks are rigidly excluded from the system as redundant - and declared none of its immediate responsibilities through "granting" of independence. The ever tightening influx and labour control system together with a measure of liberalisation for established urban Blacks points in this direction.

We then have the subsistence peasantry and the marginalised people in the Black areas. These serve as labour reservoirs for the centre system which can be regulated according to needs through influx and labour movement control. They also serve as abodes to which Blacks who are "redundant" in terms of the requirements of the centre system (the sick, aged, unemployed, etc.), can be removed. Both groups are dependent and in disharmony with the interests of the other groups mentioned previously - including established urban Blacks.

Figure 17
South Africa as a "unitary state"
3.5.3 South Africa: the real position

Which of the two applications of Galtung's model reflect the true situation in South Africa? Both do, but each one only in part. South Africa is essentially a unitary state but policies of the Nationalist Government have created realities over the last 30 years which can no longer be ignored. To get a complete picture we have to merge the two applications into one (figure 18):
3.6 THE LOCATION OF IDENTIFIABLE GROUPS WITHIN THE SYSTEM

We close this chapter with a crude attempt to locate identifiable social groupings in the power system. Note that the sketch in figure 19 is highly stylised and is not meant to give any numerically correct ratios of potency between the categories concerned. The groupings are also not meant to be exhaustive.

NOTES

1. The decision-making elite in this overall power structure is of particular importance for our theme. We have already discussed the aspects of income and wealth under section 3.3.1. Now we have to consider control. This elite consists of government and big business. Government directly controls only 3.2% of share capital quoted on the Johannesburg stock exchange through the Industrial Development Corporation and, Iscor and the South African Reserve Bank another 5.2%. (Lombard 1984: 3). To this we have to add parastatal corporations (Iscor, Sasol, Nufcor, Armscor, etc.) and infrastructural investments in electricity supply (Escom), water supply, transport (Sats) and other services. Of total capital stock 45% has been in the hands of public authorities, 13% in the hands of public corporations and 42% in the hands of private enterprise in 1979 (Natrass 1983: 83). A significant portion of state owned property such as game and nature reserves, is economically not significant (Lombard 1984: 5). The power of public authorities extends, however, far beyond what these figures seem to indicate because of their legislative and administrative control of the economy as a whole.
Figure 19
Hypothetical location of identifiable social groupings in the economic potency system.

(Asians and Coloureds have been included in the respective "Black" categories for the sake of simplicity)
In the private sector control over share capital quoted on the stock exchange has increasingly become concentrated in a few hands. Anglo American Corporation (worth R30 152 million) is by far the greatest 'empire'. It controls 27.1% of total assets quoted. It is followed by Sanlam (worth R17 872 m), SA Mutual (R10 872 m), Barclays (R10 397 m), Stanbic (R9 471 m), Barlows (R5 823 m) and others (Lombard 1984: 1-2). Considering only quoted industrial companies not taken account of in the balance sheets of other such companies, the share of the top 5 holding companies (Anglo American, Barlows, Federale Mynbou, Amic and SA Breweries) increased from 22% in 1975 to 35% in 1982 - mainly through take-overs and mergers. The top 15 holding companies controlled more than half of the total in 1980. Most of these companies concentrate on specific areas so that they encounter little competition (Lombard 1984: 4). Control of capital by overseas owners decreased from 17.2% in 1962 to 15.6% in 1982. To this we have to add indirect (uncontrolled) capital amounting to 14.3% in 1962 and 20.3% in 1982 (Lombard 1984: 6). Lombard et al. reckon that due to overseas competition these concentrations have not significantly led to price inflation (1984: 7-12) but they did have a significant influence on capital intensity of production thus leading to a reduction in the rate of employment. While the top 20% of firms produced almost 92% of gross yield, they only employed 81% of the work force in manufacturing in 1979 (Lombard 1984: 11-14).

We also need to take account of the growing power of trade unions. Before 1981 they were mostly White controlled, after 1981 Black trade unions began to play a significant role (Lombard 1984: 15-16). Finally we need to mention that 85% of agricultural land (Fényes 1984: 2) is in the hands of about 80 000 White farmers.
3.7 SUMMARY

In this chapter we discussed the distribution of economic potential between different sections of the South African population.

We first developed a general model in which the growth of the potential of the centre population is related to the growth of the population in the periphery. We also discussed irregularities in the ideal pattern caused, for instance, by the business cycle and social barriers (3.2).

This model was then applied to South Africa. We used income distribution as an indicator of economic potency distribution. Graphs gave an impression of massive income discrepancies, a high growth rate of the peripheral population and a substantial growth of the centre economy (3.3.1). We then depicted irregularities in the potency growth curve due to the business cycle and in the income distribution curve due to racial and spatial barriers typical of the South African socio-political situation (3.3.2).

Then we adapted a model devised by Galtung concerning the relation between a dominant and a dependent centre and their respective peripheries (3.4) and applied its insights to the South African scene. The two basic ways of looking at the South African situation - commonwealth or unitary state - were combined into a complex model (3.5).

We closed our analyses with a crude indication of the location of identifiable groups within the system and added a few particulars on the concentration of power in the centre elites (3.6).
A picture of massive potency discrepancies emerged from our analyses. South Africa is said to have one of the highest levels of inequality in the world. As McGrath puts it: "The economy-wide distribution ... showed a Gini-coefficient of 0,68 which is higher than any Gini-coefficient appearing in cross-country comparisons" (1983: 249). The structure of the system is such that it seems unlikely that the situation will improve significantly until drastic changes in policy are implemented. At present the most likely scenario seems to be the further development of a highly industrialised First World enclave - including Whites, Coloureds, Asians and a minority of Blacks - dominating a devastatingly impotent, impoverished and scattered Third World environment.