

**SECOND CARNEGIE INQUIRY INTO POVERTY  
AND DEVELOPMENT IN SOUTHERN AFRICA**

**Business, Poverty and Education**

**by**

**M A S Corke**

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M A S Corke, St Barnabas College, Johannesburg

### Introduction

The problem of providing a just and appropriate school system for all South Africans is made almost insurmountable by the practices of apartheid. These practices over-ride the other social and economic considerations which confront South Africa as a developing country, and they create situations which defy proper resolution. Apartheid severely limits the residential rights and security of all black people, it has retarded the orderly growth of towns and cities, it limits black entrepreneurial and employment opportunities, it has severely disturbed rural settlement patterns, it has created phoney political structures, and it has entrenched unjust practices in the country's laws and social institutions.

These practices also have a profound effect upon the quality of life and the education of all South Africans. They determine the type of school which the individual attends, the quality of the environment in which he lives, the likelihood of his being part of a stable family, his prospects for being resident in an urban area, the economic status and expectation of his parents, and his appreciation of his own worth as a human being.

Out of apartheid has arisen the doctrine of total strategy, which is nurtured by government, the military, and elements of the business community.

Apartheid legislation has spawned four or more school systems, each for people of different racial or ethnic groups, which systems continue to enshrine the Verwoerdian doctrine which maintained that black education should stand with both feet in the "reserves" and that there was no place for black people in white society, nor in the white dominated economy, above the level of certain forms of labour.

In-so-far as there are direct links between business, poverty and education, they occur within this socio-political framework. Workers, managers, professional people and shareholders are all victims of apartheid. Unfortunately, many are willing victims.

### Education and apartheid

Apartheid education drives wedges between African, "coloured", Indian and white people. It plays its part in maintaining a high wage differential between typical white and black families, and it consigns black children to palpably inferior schools and tribal "universities".

While 40 per cent of the African population has had no formal education the comparable figure for the white population is 4,1 per cent. Only 22 per cent of the African population have some secondary education, yet 68 per cent of the white population have achieved this level. In the African community less than 0,1 per cent are university graduates, but 6 per cent of the white community hold university degrees. Of

the present school population, 16 per cent of the Africans are in secondary classes against 36 per cent of the whites. The racially distinct examinations for school-leaving certification in 1983 produced a pass rate of 50,04 per cent among African candidates, but a pass rate of 93,6 per cent among the white candidates of the Transvaal Education Department. In the same year only 11,08 per cent of the African candidates obtained a university entrance pass, against 50,05 per cent of the TED candidates. (1) The comparisons between black and white educational opportunities and achievements can be endless. Even in a time when a new deal is supposed to be in operation for black education, current per-capita expenditure on children in white schools is R1 385 per annum, against expenditure of R871 for Indian children, R593 for "coloured" children and R192 for African children (2) — a ratio which has shown little change since 1976.

These disparities are rooted in our history. Racial ideologies have enjoyed the support of the majority of white people from the time that industrialisation began in South Africa. The desire of white settlers to get rich caused the economic development of black people to be arrested and their educational opportunities circumscribed. The hope for material advantage continues to motivate the thoughts and actions of the white community, and this hope underlies the arguments and conclusions of the HSRC report on education (3) and the 1983 white paper which derives from this report. (4)

The HSRC investigation arose from dissatisfaction with conditions in black schools, the wide-spread disturbances in black communities in 1976 and 1980, and also as a result of the urging of the private sector, which through SYNCOM, argued that education should be "linked to the realities of future society and the demands of economic progress" (5) and decried the demands for massive expenditure on black education as economically unrealistic and not in the interests of the black community. Instead, SYNCOM argued for a highly differentiated system of education in which technical and vocational education would play at least as important a part as formal education, especially for black people who were the target group to be trained for places in the economy, which had been created by changed circumstances and where there were shortages. Similarly, the Urban Foundation was concerned "that the education of the whole country should be redesigned to contribute effectively to future development". (6)

In the event the HSRC report recommended free and compulsory education for the first six years, after which pupils would be engaged in compulsory learning (not "education") for a further three years and could, in theory, be streamed into technical education from the age of twelve. While the force of the HSRC's argument about the need for economic growth and for skilled people to assist in this growth must be recognised, its authors and their supporters in the private sector seemed to be offering black pupils little more than rudimentary industrial or commercial training, as distinct from the broadly-based and humane education which ought to be the right of all young people.

There is truth in the Department of Education and Training's argument that its own system is retarded on account of the different historical backgrounds of black people, and disparities in growth rates, enrolment figures, manpower positions and the ages of teachers and pupils. (7) But this disclaimer must be seen against the real intention of the white community in respect of black education. The old Verwoerdian arguments have merely become more sophisticated.

### Poverty and education

Poverty, disease and ignorance are endemic in South Africa. This is so only in part on account of the inequalities in per-capita expenditure and the quality of education within segregated school systems. The level of education attained by an individual is, in fact, a complex function of economic conditions, political and social expectations, health, social climate, employment opportunities, self image, and the availability of educational resources. There is, therefore, no purely educational intervention which can be supported on a broad front by private enterprise which would make a substantial contribution to raising the overall educational level of children from the poorest strata of society.

It is therefore necessary to consider factors outside the formal education systems which affect the lives of parents and pupils; for there is a danger in placing too much confidence in the provision of more schools (government or private) or better teachers to improve the overall educational attainment of the next generation. Political, social, economic and health factors all combine to shape the response of the individual to his educational experiences, and complaints about inadequate schooling are as much a challenge to the existing political system as they are to the schools themselves.

The shaping of one viable South African education system must be part of a political process which satisfies the aspirations of the broad mass of the people. At present the majority of South Africans are severely tested in their efforts to improve the quality of their lives and their children, not only by economic realities, but also by the forces of discrimination which deprive them of freehold rights in the cities, restrict their residential mobility, inhibit their ability to engage in trade or sell their labour in the best market, and which separate families and perpetuate endemic overcrowding, poor health and stress in virtually all the black areas.

With regard to the physical conditions under which young people live, and therefore attempt to read and study, the case of Soweto alone provides an example of the enormity of the task which confronts black urban dwellers. Soweto is officially recognised as having 110 000 houses to accommodate 820 000 people. But the population of Soweto is at least 1,25m and possibly 1,6m people, so that between 500 000 and 800 000 people are forced to live as lodgers in the houses of others or in illegal shacks in the grounds of existing houses. Such conditions provoke an enduring sense of insecurity in the lives of adults and children. It is conditions such as these which blunt the motivation of countless young people, which drive them out of doors, and which inhibit the

process of reading, meditation, and discussion, which should constitute an indispensable part of the life of boys and girls who are striving to improve their education.

Other inhibitors to the educational progress of young people are to be found in the prevailing incidence of malnutrition and other manifestations of ill health in the black communities. Infant mortality rates in the African and "coloured" communities are five to six times as great as those in the white community, and these racial discrepancies are maintained at between 100 and 180 per cent between the ages of 5 and 24 — the period during which people might be expected to be actively engaged in the process of formal education.

Major causes of the high mortality rate in infants and young children are gastro-enteritis and pneumonia, with malnutrition an important contributory cause. These conditions are expressions of poverty and the poor educational backgrounds of parents, and they also have implications for the lives of those who survive episodes of such illness.

A 1976 article in the British Medical Journal states:

most clinical observers have concluded that there is a significant long-term impairment of intellectual potential after an episode of protein-energy malnutrition. (8)

A later work by Hansen has indicated that deficits in intellectual maturity have been found when acute episodes of kwashiorkor have occurred after the age of 16 months. These

could have been caused by interference in the affective factors in the children's cognitive processes. (9)

Hansen goes on to point out that the children of urban slums in developing countries

are subjected to a continual stress of which malnutrition is only of the more dramatic side effects ... The pressures on child life that cause malnutrition in some children will continue inexorably to produce, in many more of the rest, aberrations in physical growth, in progress at school and in general social adjustment. Against this are pitted the child's resilience and his ability to profit by realistic help. (10)

Other inhibitors to the personal and social development of young South Africans include the incidence of violence and crime in black residential areas, the lack of cultural stimulus in urban ghettos, the sense of despair and lack of faith in the future which confronts parents and their children. All these are problems which must be tackled concurrently with any efforts to reform South African education.

These problems are undoubtedly worse than they need to have been. Declining opportunities for agricultural employment in "white" rural areas, and the policy of forcing Africans from such areas to be resettled in the "homelands" has had a profound effect on the stability of the entire African population. The barrier of laws and regulations which prevents African people moving to the cities has left the major metropolitan areas under-urbanised by an estimated 7,4m people, has exacerbated poverty in the "homelands" — where 78 per cent of the population are now confined to 13 per cent of the land — and has left urban infrastructures under-developed and unable to meet the basic needs of people who will ultimately have to move to the cities on account of population increases and the lack of employment opportunities or even bare subsistence in the rural areas.

### Business and education

The 1982 HSRC report on education, the subsequent submission to government by De Lange's interdepartmental working party, and the 1983 white paper on education all highlight a role for the private sector in promoting both formal and non-formal education. Additional emphasis on the importance which government attaches to private sector participation in education is provided by the 1982 amendment to Section 18A of the Income Tax Act, which allows for tax relief for donations to secondary schools applied to cover capital expenditure or operation costs.

Enthusiasm on the part of government for the participation of private enterprise in education is relatively new. After 1948 private educational initiatives, and private schools in particular, were regarded with grave suspicion, and in 1953 the work of the missions in African education was brought virtually to a stop through the passage of the Bantu Education Act. The change of heart is in the spirit of developing skilled manpower within segregated institutions and with the emphasis on technical and commercial training for black people, but it nevertheless provides business with an opportunity to begin to promote at least some educational enterprises outside the framework of apartheid.

The argument for private sector involvement in the voluntary expenditure of resources "to do something not required by the law and without immediate economic benefit" (11) and hence also in private education, has been succinctly put by two successive chairmen of the Anglo American Corporation.

Speaking in 1974 at an investment conference, H F Oppenheimer pointed out that over a forty-year period there had been major changes in "the conscious objects for which business is conducted". (12)

Nowadays, in launching a new business enterprise, it must surely be clear that the object is not only to pay dividends but also to provide employment and pay adequate and increasing salaries and wages to open up opportunities for those who work in it. Salaries and wages can no longer be regarded merely as part of the "costs". (13)

Similarly, the term "growth" evoked in Oppenheimer the idea that

we mean the making of a practical contribution to the expansion of the whole economy with the object of securing higher standards and wider opportunities for shareholders and employers alike, and, at the same time for the whole community in which we live and work. (14)

Thus the object of running a business is not solely to make money, the paying of salaries and wages has become an objective in itself, and

nowadays it is generally but not universally accepted that public companies are justified in making contributions from their funds for all sorts of purposes, particularly educational purposes outside their direct sphere of operations. (15)

Fairly general support for this view arises from the acceptance by shareholders in major companies that directors should re-invest a substantial part of earnings on their behalf, to diversify and maintain a stable dividend pattern and a growth in the value of shares. This implies a responsibility for the quality of the environment in which a business seeks to expand.

Gavin Relly takes the argument further:

If we believe in a private enterprise system we must believe that private initiative has a part to play in the welfare, education and culture of society as well as in business. Without corporate support this role cannot be performed and society's progress will suffer as a result. So, too, will society's awareness of, and regard for, the potential of private enterprise and individual initiative to the obvious detriment of the whole private sector. We come full circle. (16)

For Relly all businesses have in common "the successful, that is the long-term, creation of wealth", (17) with the limit to the extent of the corporate exercise of social responsibility being the point at which a corporation is impaired in fulfilling its economic purpose.

In fulfilment of this philosophy the Chairman's Fund of Anglo American Corporation and De Beers has involved itself in major projects, concentrated largely in the field of black education. The Fund has supported literacy projects, the provision of school buildings and teaching aids in rural and urban areas, the extension of technical and commercial education, the upgrading of teachers, and the promotion of private schools, "which increasingly are non-racial and offer a different approach to education from that enforced in schools run by the state". (18)

A more recent account of business involvement in training and development has been published by the American Chamber of Commerce in South African (AMCHAM). (19) The document blames one-sided



media publicity for accentuating "a strong belief among various sectors of American and South African society that American business presence in South Africa supports and even perpetuates the government policy of apartheid". (20) The document freely concedes that the basis of the presence of American companies anywhere in the world is economic and that pressure from home seeks to limit or remove their presence from South Africa. AMCHAM thus seeks to "minimise discriminatory or restrictive government practices, whether US or local, which could impede the international flow of goods, people, services and capital". (21) It gives special prominence to projects dedicated to the development of skilled black workers, the upgrading of black education, the Adopt-a-school effort in which seventy-six companies have adopted 150 schools to provide facilities and support for teachers and the development of a commercial school in Soweto to serve as a model for confronting the problems of black high school education in a "multi-national" setting through aiming at standards "for school-leavers to be competitive across all dimensions of race in the job-market". (22)

While the AMCHAM document states that Americans have "certain values, hopes and beliefs" (20) which are not left behind when they establish their enterprise in host countries, there is a marked reticence to spell out these beliefs or to relate them specifically to South African society. The impression gained is that AMCHAM has a preference for projects which yield short to medium term results and which avoid confrontation with the fundamental racial myths which underpin the structures of apartheid.

Another powerful private sector organisation which has involved itself in education is the Urban Foundation. The Foundation sees itself as an important element in the reform process, and it rightly perceives that fundamental structural changes in the social, economic and political arenas are pre-requisites to improving the quality of life of urban communities. The Foundation believes that

properly planned and effective participation in a process of reform in South Africa holds more promise than the shortlived impact of immediate relief of distress. (23)

To this end it has involved itself in pressing the interests of urban black people in the development of new constitutional arrangements at national and local levels, in influencing legislation relating to industrial practices, and in seeking strategies to accommodate the continuing process of urbanisation in South Africa. The Foundation believes that "in education lies the most worrying of all environmental influences". (24)

In this regard the creation of a single ministry either in reality or as intention is of the highest symbolic significance. This is the real basis of legitimacy of the entire system in the eyes of the users. (25)

In support of this view the Foundation has established its Education Trust, intended as a major funding source for education projects. By May 1983 some R3m had been donated to the Trust and the bulk of this money committed to teacher upgrading and technical training projects. Significantly, these projects all contribute to institutions which fall under direct or indirect government or "homeland" control, and none succeeds in promoting the ideals of racial integration as a viable possibility for a new kind of institutional practice. In this respect the Foundation must be viewed as an organisation somewhat too conservative to be effective in addressing the underlying poverty of black education.

### Business and apartheid

Discussion on the involvement of companies with foreign shareholders in activities related to social responsibility inevitably provokes debate about investment by foreign companies in South Africa and about the role of business in sustaining the structures of apartheid.

The disinvestment lobby calls attention to the innate wickedness of the South African political, social and economic system and argues that any participation in the system serves to sustain apartheid. Yet it is difficult to present a practical argument showing how wide-scale disinvestment could be achieved or how such disinvestment could bring about something better than increased unemployment, wide-spread unrest and a hardening of white resistance to any kind of change.

Increased unemployment and white intransigence is less likely to bring down the apartheid system than to further intensify the suffering of the poor and to postpone indefinitely progress towards greater urbanisation and an improvement in the quality of life of black rural and urban dwellers.

The argument for continued, and even increased, investment in South Africa runs along the lines that South Africa's economic self-sufficiency is such that the country will not be brought to its knees by disinvestment, that the vast majority of black people wish to earn a living within a growing economy, that economic growth is essential to sustain the urbanisation which must occur if the over-populated rural areas are not to succumb to wholesale starvation, and that the presence of multi-nationals has played a part in promoting some positive changes in the labour order and the extension of trade union rights to black people. The argument by analogy is also used: "economic growth did not strengthen the system of institutionalized racism in the US: it effectively destroyed it". (26)

To argue against disinvestment is not necessarily to condone the rigours or even the pin-pricks of apartheid. The imagery of slavery and the holocaust which is often used by the disinvestment lobby must give pause to even the most cynical white businessman. So, too, must he take into account the manner in which business is increasingly finding itself drawn into the processes of promoting apartheid's strategies. William J Foltz, chairman of the Council on African Studies at Yale, describes the process thus:

Increasingly, South Africa is becoming what many Marxist writers have wrongly claimed it has been all along —

a system of rule by big business in alliance with the military and state sector technocrats. This development has produced new cleavages in the white population and will increasingly shift the ideological basis for repressive rule from crass racism to a rationale based on technocratic efficiency. This will permit many of the daily humiliations of petty apartheid to fall by the way side but will not seriously undermine the willingness of whites to defend their privileges. (27)

A later substantial study by Kenneth W Grundy, an authority on the role of the military in African affairs, enlarges on Foltz's argument. Grundy describes the changing locus of state power in South Africa and argues the connection between the military and government, through the development of "area defence", the militarisation of white society, and the participation of the military in government on the one hand and connections between the military and private sector firms on the other. While important people in business protest that these connections do not exist or that they are not connected with the emergence of a "security state", Grundy is insistent that "the concept of private-state co-operation for state security is well advanced by Armscor and is regarded by some planners as a model to be applied elsewhere". (28)

These are problems which do not enjoy a great deal of open debate in South Africa. Indeed there is a tendency on the part of business people to suppress such discussion, on the grounds that it constitutes meddling in politics and that the government ought to be trusted to create a just social climate, in which business can concentrate on its traditional tasks of producing profits, contributing to economic growth and providing employment, and its more recently adopted task of enhancing the social and physical environment.

But common sense dictates that business should participate in the political debate, for it is only through political decisions that it will be possible to overcome the fundamental structural problems of apartheid, which inhibit development, spoil the environment, and disrupt our relations with the outside world.

#### Some conclusions

A substantial contribution which business and professional people might make in bringing about the massive changes in education, which justice and equity demand, might be to promote, as attainable, a perception of society in which a form of democratisation acceptable to all is capable of being achieved, and in which desegregation in government, business, social institutions and residential areas is regarded as a reasonable possibility. With such strategic targets, discussions about peaceful, evolutionary progress become sensible and not nearly a pretext for sustaining apartheid.

Only within the framework of such a strategy is there any prospect of bringing a broad and humane education to children of all races.

Such a view of the future is also necessary if entrepreneurial activity is to be stimulated and the wealth generated, which is needed to bring about development and confront the country's endemic poverty.

Further, if children are to be prepared for the work of creating a harmonious and united country, they need to be educated not in the largely closed communities which constitute all government and most private schools, but in places where race is discarded as a measure of the individual's worth and where young people of diverse backgrounds can learn to appreciate one another and spend their formative years working together in the enlargement of their understanding and the sharpening of their ability to think critically and constructively. For this reason it is also important that business resist the temptation of thinking about education with the same technicism as the authors of the HSRC report and within the framework of racially segregated schools. Rather business should attempt, in its support of educational projects, to strike a realistic balance between the immediate demands of the work place and the broader social and cultural needs of those who will eventually constitute the work force.

The 1983 white paper on education discourages such thinking in respect of the government school systems, but is generally kinder in this regard to private schools. An immediate business contribution to progress and development should, therefore, encompass support for schools and community institutions which are able to transcend the boundaries of race and economic class and which encourage a view of life which aims beyond acquiring the mere means for survival, or the intellectual equipment necessary for the relentless pursuit of wealth.

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