



# The Free Market Foundation of Southern Africa

an organisation to promote economic freedom  
'progress through freedom'

## Die Vryemarkstigting van Suidelike Afrika

'n organisasie om ekonomiese vryheid te bevorder  
'voortgang deur vryheid'

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## GROUNDSWELL POSITION PAPER 26 -- 1992

### The case for numerous regions in the new South Africa

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(Part of Groundswell's submission to CODESA.)

*But it is not by the consolidation, or concentration, of powers, but by their distribution that good government is effected.*

Thomas Jefferson (1743-1826)

Many constitutional proposals for South Africa recommend that power be devolved to a small number of units. The two most influential parties, the NP and ANC, propose nine or ten regions respectively.

But there are numerous important reasons to suggest that South Africa be divided into more numerous regions (certainly more than twenty) for the purposes of second-tier government.

Firstly, numerous local governments accommodate diversity better than few, and hence there is less cause for conflict.

#### Accommodating diversity and reducing conflict

In *Ethnic Conflict in the World Today* Martin Heisler observes, "Ethnic differences are the single most important source of large-scale conflict within states, and they are frequently

instrumental in wars between countries as well".

Only Switzerland, where ethnicity plays an important role and shows no signs of diminishing, provides a shining exception to this rule. Ronald Inglehart, comparing survey data of the early 1970s, lists all three of the main Swiss language groups (Italians, French and Germans) at the top of a ten nation ranking in terms of political satisfaction.

The Swiss achieved this primarily by devolving power to numerous small regions, called cantons. Although as small as the Transkei, Switzerland has 26 tiny regions (cantons and half cantons) all of which enjoy numerous powers.

During the course of their history the Swiss developed a tradition of settling conflict by allowing the cantons greater autonomy, or by allowing new cantons to be formed. For example, the canton Appenzell divided into two half cantons to allow for the resolution of religious differences between Protestants and Catholics. Similar measures were used to defuse conflict between city and rural areas; usually it was sufficient to grant more regional powers, but in the case of Basel the canton was divided into the two half cantons of Basel Stadt and Basel Land.

As recently as 1978 the Jura problem, which revolved mainly around language and religious differences, was worked out by a series of local referenda which resulted in the

new full canton of Jura (previously comprising communities in Berne) being created in January 1979.

When issues are mediated at the regional or local level, with full involvement of the people in referenda and initiatives, they prove much more tractable than at the national level. This was also the case in the USA prior to World War I when most decisions were still made by the state legislatures. Jeanne Kirkpatrick observed in an interview with *Policy Review*, "...one of the secrets of stability in our constitutional order was that many of the deepest moral controversies were removed from national politics and left to be settled in communities of shared values."

Devolution to numerous regions encourages the preservation of cultural traditions by allowing regional differences to be expressed. For example, in South Africa the predominantly Zulu population of northern Natal could choose to retain a hereditary monarchy and accommodate traditional chiefs.

#### Economic and political equality

In *Majorities and Minorities: A comparative Survey of Ethnic Violence* (1977), Christopher Hewitt observes that violent multi-ethnic societies are characterised by considerable economic and political inequality. When there is economic parity and minorities are well represented politically, or have territorial autonomy in a federal



system, violence is low.

Switzerland has greater political participation and territorial autonomy than any other country in the industrialised world. Political equality between groups has been achieved by local independence, proportional representation in central government, and the system of referenda and initiatives. All of these factors prevent one group from imposing its will on others, and contribute to the balance of power which helps to reduce conflict.

#### **The demonstration effect**

Secondly, and perhaps more importantly, when power is devolved to many units of government it is easier to compare the relative effectiveness, as well as the consequences, of different policies. In South Africa, as in Switzerland and the USA this would allow people to move away from regions with abusive or incompetent governments to areas with more attractive policies. If those living on regional boundaries were given the option to join the region they preferred, bad governments would find their boundaries closing in on them.

Thus regional governments, like shopkeepers, would be forced to compete with each other for citizens. Good policies would drive out bad, and the ultimate result would be better government for all.

The demonstration effect occurs in all countries where regional and local governments have real powers, but it proves most effective where the re-

gions are relatively small and numerous. In Switzerland the 26 regions all enjoy numerous powers, and the political and economic demonstration effect has proved most effective in bringing about good government.

#### **Fewer bureaucrats**

It is often assumed that numerous second- and third-tier governments will result in a proliferation of bureaucrats. The opposite, however, is true.

In South Africa official functions are duplicated as civil servants in the massive super-structure of the central state make most legislative and administrative decisions and instruct regional and local officials to carry them out. In Switzerland, not only are most decisions made locally, but both federal and local decisions are implemented locally. Moreover, the ever-vigilant voters ensure that their tax money is not wasted. As a consequence Switzerland has the smallest civil service in Europe.

In the fifteen years from 1973 to 1988 the total number of government employees in this country (including those in state corporations etc) rose by 61% compared to an increase of 17% in the formal, private, nonagricultural sector. By comparison, the number of people employed in the Swiss public sector, including the two state corporations, has decreased.

#### **More democracy**

Perhaps the most important reason for devolving power to numerous regions is that it

ensures that many more people live under the laws of their choice than in a centralised system.

Imagine, for example, two democracies in which all the citizens vote in referenda on whether or not cinemas should be open on Sundays. In the first country, Centralia, decisions are made centrally and imposed uniformly nation-wide. In the second country, Devolutia, there is a strongly regional system.

There are four polling stations in Centralia, and four regions in Devolutia. There are one hundred voters in each area. In Area One 80 people vote no and 20 yes, in Area Two 81 people vote no and 19 yes, in Area Three 80 people vote yes and 20 vote no, and in Area Four 80 people vote yes and 20 vote no.

Thus, of four hundred votes cast, 199 are in favour of Sunday cinemas and 201 against. In Centralia Sunday cinemas are forbidden throughout the country, which means 201 people get what they want, but the rest lose out.

In Devolutia Areas 3 and 4 allow Sunday cinemas, whereas Areas 1 and 2 do not. Thus 321 people get what they voted for (and the 39 people in Areas 1 and 2 who want to see movies on Sundays but have none in their own cantons can go to cinemas in Areas 3 and 4!).

Moreover, in Centralia the will of the minority prevails in Areas 1 and 2, whereas in Devolutia the majority view prevails in all four areas.

The more numerous the



regions to which decision-making is devolved, the more democratic the system and the greater the chance of most people living by their own values.

### Viability

The need for viability or "economic functionality" is often advanced as an argument in favour of large regions. It is argued that a region will not be viable unless it is big or rich. But this is simply not so. Many sovereign countries, recognised internationally, are tiny in size or population, and many others have negligible per capita incomes or natural resources. Of the 188 countries listed in the 1980 *Book of Rankings*, six have an area of less than 10 square miles and over 30 of less than 1 000 square miles. There are ten countries with fewer than 30 000 citizens and approximately 20 with populations of less than 100 000. Monaco and Liechtenstein each have only 25 000 people.

Of 145 countries for which figures are available, fully 30 show an estimated per capita gross national product of less than \$200. Over half the countries have per capita GNPs estimated under \$1 000. Thus even the most depressed districts of this country are well above the national average in many countries which are considered viable.

What, in fact, makes a country, state or region viable? If viability means the ability of an area to survive and prosper without depending on "foreign resources" of some kind, then no country, not even the USA,

is viable. If it means the ability to survive and prosper, with foreign trade and investment, then absolutely every unit, no matter how small, is potentially viable -- right down to the individual who, given large enough economic freedom, can sell his labour, goods or services and be largely self-sufficient. Equally, two or three individuals are viable, as are 300, 3 000, 30 000 or 30 million. It is not towns, countries or regions which are viable, but the people inhabiting them -- provided they are free to produce and exchange.

### Fresh ideas for regional boundaries

One of the reasons advanced for the nine/ten regions proposed by the NP and ANC is that they must be socially functional. Yet various disparate areas, such as the Ciskei and Transkei, are lumped together despite their historic enmities. But there is no reason to believe these hatreds will disappear with the introduction of new borders. Indeed, if the Soviet experience is anything to go by differences between people are likely to increase in importance if they are ignored.

It seems that no one from the major political parties has travelled around the country asking people what boundaries they would like to see forming their region. The nine or ten development regions make no allowance for the (social) importance of a sense of belonging or allegiance which South Africans feel towards certain areas. Few people identify with them, or have any idea where

their boundaries are or into which development region they fall.

There are two existing sets of boundaries which would form a sounder basis for future regions:

1) The traditional regions (approximately 25) with which everyone has identified for decades and which have deep historic roots. Everyone knows to which part of the country they "belong": the Border, Western Province, Transkei, Boland, Northern Transvaal, Witwatersrand, Lowveld, Griqualand East, Natal Midlands, Northern Natal etc. These have long and entirely non-political origins. They have emerged spontaneously because they make practical sense economically, geographically, administratively and socially. Many organisations, such as the regional branches of political parties, sports bodies, agricultural unions, business organisations, schools, government departments and so on are organised into these regions.

2) The 38 Regional Services Council regions which are combinations of magisterial districts which make sense administratively.

It would be best if regional boundaries were decided democratically, by series of referenda in which feasible alternatives are put to the vote. Natal would probably fall naturally into three regions, Northern Natal, the Natal Midlands and Southern Natal, if the people living there were consulted as to their prefer-



ences. The people of Bophuthatswana would be unlikely to accept incorporation into the northern Transvaal if given a chance to express their views in a referendum.

Numerous regions are also essential to reduce minority fears in South Africa. Non-blacks tend to forget the numerous ideological, linguistic and socioeconomic disparities amongst Africans and to see them as a monolithic, threatening mass. The prospect of ten large regions, each with a huge majority of blacks, does little to cut this fear down to size, whereas smaller areas seem less frightening because the whites (and other minority groups) have already established a relationship with the black people living in their close vicinity.

### Conclusion

The extreme diversity of South Africa's population, the large size of its territory and the high degree of conflict experienced here are factors which would be best catered for through the introduction of many rather than few regions in our future constitution. □