

The Crossed Line: The South African Telecommunications Industry in Transition

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Reviewed by: P Eric Louw

Within the contemporary world economy, production and circulation of information is becoming central, but in Africa, only South Africa is in any way currently poised for meaningful integration into the resultant Information Age (an Age based on digital telecommunications, fibre optics, computers, etc). At present South Africa has the 22nd largest telecommunications network in the world and is its 15th largest telecommunications market. However, as David Kaplan explains, this network and industry is beset by problems.

Kaplan unravels a fascinating story. The existing telecommunications network and industry provides a case study of the way in which the workings of the apartheid state machinery were simultaneously both a valuable stimulus and a handicap to the development of this valuable economic sector. Before 1958 South Africa imported all its telecommunications requirements from Britain. The National Party's nationalism, as well as the military considerations of the resultant white-nationalist state, provided an impetus for channeling resources into the development of a locally based telecommunications industry. State influence on the growth and direction development took in this sector was exercised through the South African Post Office, which was by far the largest consumer of this technology in South Africa.

Up until the late 1970s State intervention was mostly a progressive force in the telecommunications sector. For example, it resulted in South Africa becoming the first state in the southern hemisphere to operate a fibre optics system; and currently South Africa, with 85% of its telecommunications system digitized, is still ahead of the European Economic Community average (with only France ahead of South Africa in this regard). South African State intervention resulted in the development of local manufacturing capacities for PABXs (Private Automatic Branch Exchanges) in the 1960s and for an IC (Integrated Circuits, or 'silicon chips') foundry in 1978.

However, the problem, as Kaplan pints out, is that the South African market is not a large one relative to the capital costs required for setting up such manufacturing capacity. Therefore, in order to entice profit-driven investment into this sector, the State offered 10-year Manufacture and Supply Agreements to the manufacturers of telecommunications equipment. In terms of such contractual agreements, the Post Office provided guaranteed orders over a number of years. This was to enable the recovery of capital costs through long production runs (of ten years). Perhaps it is significant to note that the list of those benefitting financially from these contracts reads like a 'who's who' of the South African white establishment in both its mining capitalist and (Cape-based) Afrikaner-nationalist forms — ie. Anglo American, Barlow Rand, General Mining and Sanlam.

These contractual agreements, as Kaplan demonstrates, currently create enormous problems for the South African telecommunications sector. Problems have arisen because long production runs associated with slow product-innovation may be appropriate within Fordist industrial capitalism, but are highly inappropriate for post-Fordist information-based capitalism. The post-Fordist Information Age world is one of short-product runs associated with rapid innovation (Research & Development). The South African bureaucrats who agreed to the 10-year contracts were operating within a logic appropriate to a former (ie. Fordist) economic mode of production.

Freezing production-lines by contractually guaranteeing a market for obsolete products (ie. killing the impetus for research, development and change) quickly renders manufacturing capacity out of date. As Kaplan notes, this has already happened to South Africa's silicon chip foundry. In the fast-moving post-Fordist world of the 1990s South Africa is in danger of being trapped in a time warp. The Soviet catastrophe can serve to provide South Africans with a salutary lesson in the consequences of allowing this to happen.

If a post-apartheid South Africa is to realise its potential within the Information Age, the existing (albeit flawed) telecommunication network and industry must be used as a foundation upon which to catapult us into the future as a serious actor in the post-Fordist world. Failure to do this will result in South Africa being left out of the expanding international flow of information which lies at the centre of the new information-based relations of production. This would effectively condemn South Africans to the status of just another backward Third World nation. A forward-looking telecommunications policy is needed in South Africa. David Kaplan's book will be an invaluable contribution in the formulation of such a policy.

The formulation of a telecommunications policy for the 'new' South Africa will require a knowledge of: (1) the structure of South Africa's existing telecommunications sector; (2) how/why the existing structure was developed; (3) the restructuring of the world capitalism into a post-Fordist

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information-based economy and the implications of this for South Africa; and (4) the various policy options based upon the above. David Kaplan's book is timeless as it will be greatly helpful with regard to the first and second categories, and, to a considerable extent, with the fourth category.

For anyone concerned with restructuring South Africa's telecommunications and media sectors (since the two are increasingly intermeshing) in the coming decade, Kaplan's book should be obligatory reading.

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