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Subject: Seminar in South Africa

I am most thankful for having had the opportunity to be a participant in the University of Richmond faculty seminar in South Africa during June of 2000. The journey was my first foreign experience outside of Europe and North America. I look forward to sharing my experiences with other university community members, both formally and informally. Later this week, Bob Schmidt and I will report on our journey to about half of the Department of Economics.

I shall reflect below on some the ways in which this educational and cultural experience will affect my teaching and research at the University of Richmond.

When I participate in such a journey, there is one dimension of learning that can be categorized as consisting of two potential outcomes: paradigm-shifting reorganization of one's Weltanschauung or the enrichment of one's previously developed approach to understanding the world. I began our journey conscious of my theoretical approach to behavior. That is the economic approach to human behavior, in which one's environment, to the extent to which it affects costs and benefits, determines the average or expected behavior of persons. Although I am not yet finished contemplating the events of our seminar (I have tried to be open to Ian Player's notion that Africa is not a rational continent), I have tended to organize the particulars of our experience in South Africa into a coherent whole using the economic approach. At its most extreme interpretation, there is a world filled with a huge variety of social and cultural practices due to the different economic environments faced by these communities. The details of each society are the raw data used in understanding the laws of motion determining the evolution of these cultures and in determining the implications of different policies on future developments.

The most direct effect of the seminar in South Africa in my academic life will be found in my teaching. I spend two thirds of my teaching time giving instruction in Principles of Microeconomics and Principles of Macroeconomics. I also teach a Law and Economics course, for which I have new material. Students always request more concrete examples of the theories we teach, and on our journey I was often seeking applications or examples from South Africa to make my lectures more distinctive and memorable. I shall offer a few examples of how I shall incorporate knowledge gained during the seminar in South Africa. I shall follow this section with other distinctive examples that may not be appropriate for my courses but which can be shared with colleagues to illustrate the often unintended or counterintuitive consequences of public policies. Finally, I shall discuss more generally the other ways in which my participation in the seminar will affect my future activities.

After returning from Hluhluwe, we attended a reception at Roberta Paola's home. Staff at the American Consulate in Durban and persons associated with the Bonner Scholars' Program visit to South Africa were present. The Bonner Scholars' group was about to move to a northern KwaZulu-Natal location, and I was discussing our group's visit with Ian Player (and our unfortunate lack of discussion of the CITES treaty governing the ivory trade) with the next host of the Bonnar Scholars' group. She told a remarkable story of a former American military officer who had recently been in charge of managing Tembe Elephant Park on the Mozambique border. I shall use this example when discussion environmental problems in my Principles of Microeconomics course.

The former American military officer was so successful at maintaining the elephant population and discouraging drug smuggling in and around his park that he was transferred to the Mkuzi Reserve, where the poaching was depleting the animal stock. Since the budget for the reserve was so low, the game park staff allegedly had vehicles but could not afford to purchase gasoline to run them. With park rangers on horse back, poachers could drive around uncontested in four-wheel drive vehicles.

The first act of the new superintendent was to close the north and south gates into the park. The unionized park staff protested to the state government in Pietermaritzburg that his decision exceeded his authority. The state government ruled in favor of the union. In order to raise funds to combat the poaching, fundraising in Durban procured 5000 rands, 500 of which were paid to an informant whose information led to the recovery of ivory tusks, one rhino horn, and an AK47. The value of the rhino horn alone was 50,000 rand, but under present law and treaties it cannot be sold.

Economists have suggested that recovered or culled ivory be legally sold, not only to raise funds, but also to lower the market price for ivory and thus lower the benefits from poaching. This story is only an anecdote, but it is useful in highlighting the implications of sales prohibition policies whose intentions are entirely pure. It is possible that even if confiscated and culled ivory and rhino horns were sold, the revenue might go to the state government, not the game parks, thereby not ameliorating the types of problems Mkuzi faced. But consideration of some legal sales at least has the potential of aligning local incentives with social goals. This topic is no stranger to economists. Recently, a path-breaking research article on understanding incentives to poach elephants and rhinos (even dehorned rhinos) was published in the world's top economics journal. In a more moderate context, I recall Ian Player's support for moving the lodging from inside game parks to the local communities on the edges of game parks in order to support those communities.

Robert Schmidt and I mused how to the extent that Viagra is available and marketed in Asia, the demand for rhino horns may drop (both are sought for increased sexual vigor), thereby reducing the poaching of African rhinos. I shall use this vivid example in my microeconomics analysis of the causes of shifts in demand curves.

At the Paola gathering, I also had a long conversation with the political officer at the U.S. Consulate in Durban. We discussed Buthelezi and AIDS. On account of high pregnancy rates and the spread of AIDS, some traditional parties are advocating monthly, weekly, or even daily virginity checks of young women. It was in this discussion when I learned for the first time that at least in Zulu culture, the bride price is eleven cows. This immediately caused me to inquire if polygyny was practiced. To which she answered, "Yes, the Deputy President has two wives." Recall the Zulu dances we observed west of Durban. The groom asked the sangoma to throw the bones and make a judgement about his future. She predicted four children, all girls, which made him very happy (44 cows). Girls who are virgins or who come from especially good families can fetch even more cows. This causes some families to advertise their daughters as virgins in hopes of the best bride prices, tragically making some daughters the target of rapists (there is a belief that having sex with a virgin will cure a male of AIDS). I shall discuss this example of polygyny in both my Law and Economics courses in the future, as well as next year's Quest course "The Truth about Courtship, Sex, and Marriage."

Colin McCarthy at the University of Stellenbosch reminded Bob Schmidt and me how South Africa made some economic decisions in the 1970s and 1980s on the basis of its international political isolation. For example, it developed its own defense industry and supported otherwise inefficient oil refineries. The modernization of such oil refineries presents an interesting case study for an economic concept known as sunk cost. The basic idea is that once money has been spent and cannot be recovered, the cost is no longer relevant to future decisions. I shall use one South African refinery in the Eastern Cape to illustrate the concept: how the plant will never pay off its original costs, but how under some circumstances it may make sense to continue modernizing it (only if the future revenues exceed the future costs). This is another example for Principles of Microeconomics.

Our visit in South Africa coincided with the approaching elections in Zimbabwe and the deterioration of the rule of law. Supposed veterans (often in their teens) of the Zimbabwe liberation struggle were encouraged to occupy farms owned by whites. This attempt to rally political support for Mugabe's party, even as the judicial system ruled the occupations illegal, is a good contemporary example for a discussion of the implications of strong and weak property rights. I shall use these developments in my Principles of Macroeconomics course as an example to illustrate the economic perspective on the importance of strong property rights in encouraging investment. Colin McCarthy provided some further interesting anecdotes about Mugabe.

Our time in South Africa presented many other situations that lead to interesting dilemmas or recast familiar situations in a new light. I have shared and will continue to share these examples with my colleagues.

- Does an equitable future for higher education in South Africa require some compensation to historically black universities? Or is the greatest equity achieved by building on past institutional strengths and ensuring equal opportunity/access for all persons?
- How are we to interpret what I have heard described as the world's greatest penguin rescue project to save the animals around Robbin Island when people are living in shanties only miles away?
- Was our van not inspected carefully as we drove through a roadblock in Soweto on account of a sort of racial profiling being practiced by the African police?
- Our hosts at the University of Pretoria suggested that the African student population was responsible for the large number of votes the Freedom Front Party (more conservative than the National Party) had received. Their theory was that the Africans were so concerned about their education that they did not want the university's education policy to change.

- During our meeting with Jeff Gow, he cited research indicating that men will use additional resources on themselves, in some cases pursuing AIDS cures. In contrast, women will share increased resources with their family and children. This has clear implications for efficiently targeting transfers, although application of such observations likely would be unconstitutional in some countries, including the United States.
- I am still perplexed why Africans have a difficulty discussing AIDS when the societies do not appear to view sexual activity outside of marriage any more severely than Western societies.

There were also memorable personal examples of the injustices caused by apartheid: Vinay Rajah (U. of Pretoria) who could not date her future husband in public on account of the Immorality Act; and Nelson, our Indian driver in Durban, whose manner and intelligence suggested a great aptitude for an educational career, but whose opportunities were quite limited when leaving school. Although I was somewhat tired when we met with Wilhelm Verwoerd (and disappointed that I had not been able to read the book on the Truth and Reconciliation Commission), I was touched by the earnestness and language of his account of the TRC process. Of course, we must remember that our trip did not bring us into personal contact with the people who suffered most under apartheid.

Most of my research interests are associated with United States economic history or contemporary public policy, but I listened with great care to the discussion of Indian indentured servitude on the East Coast of South Africa (around Durban). Guides at the Durban Documentation Center and others told us that there was a fixed period of time Indians had to work to fulfill their obligation of transport and support. My dissertation advisor at the University of Chicago is the world's leading authority on the indentured servant market originating in England leading to the American Colonies, and I have some familiarity with the practice. He showed that the length of indentures varied according to many factors: age, gender, destination, and occupation. The basic logic is that although it may cost the same to transport most people from one location to another, the productivity of persons one transported should vary considerably. Those who are most productive are able to bargain for shorter lengths of legal indenture. Perhaps these theoretical implications have been pursued with respect to South Africa; we never spoke to any authorities on the subject. But I have the sense that the economic history of indentured servitude in South Africa is unfinished business. I shall be raising this issue in my economic history course (especially since Simon Paola may be enrolled).

The South African seminar also gave me a basic foundation of knowledge with which to follow more effectively events and discussions pertaining to a broad range of African issues. In addition to basic advances in my knowledge of African geography, since our seminar, I have followed developments in Sierra Leone, Zimbabwe, and Kenya more carefully. I have noted recent economic research on why former colonies follow different development paths.

I have been asked upon return from South Africa how I could sum up our seminar or what made the greatest impression on me. Although not an original observation, I have responded by saying that the journey reminded me of the relatively immense material advantages and opportunities Americans enjoy. When recalling the shantytowns we witnessed, one cannot fail to note the strength of the spirit that people in such difficult circumstances possess.

Although unrelated to the social issues we observed in South Africa, Anton Pauw's presentation of the unique plant and animal life in the Cape region, with references to their mutual coexistence, was fascinating. Given my positive experience in the faculty seminar abroad, I am encouraging my colleagues to consider participation in any future faculty seminars.