

# Comparative Analysis of the Role of National Leaders in the Selection and Implementation of the Economic Development Strategy of Two African Countries\*

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## **Abstract**

The wisdom of its leaders is the important factor in a country's economic development. If a leader knows how to lead a country to prosperity, he is to have great wisdom. The article presents the attempt to compare the leaders of South Africa and Botswana to illustrate that the wisdom of leaders can play a significant role in a country's economic development.

**Keywords:** economic growth and development, South Africa, Botswana, leader, president, GDP per capita.

# Сравнительный анализ роли национальных лидеров в выборе и реализации стратегий экономического развития двух африканских стран\*\*\*

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## **Аннотация**

В процессе экономического развития страны важным фактором является мудрость ее руководителей. Если лидер знает, как привести страну к процветанию, он должен обладать большой мудростью. Далее в статье приводится сравнение лидеров Южной Африки и Ботсваны с целью показать, какую роль в экономическом прогрессе играет способность лидеров действовать разумно и проницательно.

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*Ключевые слова:* экономический рост и развитие, Южная Африка, Ботсвана, лидер, президент, ВВП на душу населения.

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## 1. INTRODUCTION

The development of a country will be affected by various factors, such as geographical location, natural resources, history, culture, and so on. However, it is undeniable that the development of a country is always inseparable from the important factor of human beings. People's subjective initiative is an important force to promote national economic development. In a country, the leader will undoubtedly have an important influence on the development of the country, and even determine the development direction of the country. Nelson Mandela, the founding father of South Africa, and Khama, the founding father of Botswana, both had a significant impact on the development of their respective countries. In this article, by comparing the two presidents Mandela and Khama, we can have a more intuitive understanding of the role of national leaders in the selection and implementation of the economic development strategy of two African countries.

## 2. INNATE ADVANTAGES OF SOUTH AFRICA

South Africa used to be the richest "gold country" in Africa, known as "the country sitting on gold mines". South Africa is one of the top five mineral resources countries in the world, with more than 70 kinds of minerals and very rich reserves. Among them, the reserves of gold, diamond, alum, zirconium and other minerals rank among the top four in the world. In addition to rich mineral resources, South Africa also has a very rare geographical advantage. The whole country is surrounded by the Indian Ocean and the Atlantic Ocean. The famous Cape of Good Hope is located here. South Africa has a total length of 34,000 kilometers of road network, 18,000 of which are electrified railway, transportation industry far more than other African countries. South Africa also has a well-developed Marine transportation industry, with the coastal city of Durban being the largest and busiest cargo port in Africa. Thanks to trade, South Africa was once home to more millionaires than any other African country. Even South Africa once had world-class medical care. The world's first heart transplant was performed in South Africa [1]. South Africa, once the most developed country in Africa, is one of the five BRICS countries.

## 3. HISTORY OF SOUTH AFRICA

South Africa, like the rest of Africa, was historically a "chosen land" and naturally attracted white settlers. In the 17th century, the Dutch came to South Africa and occupied it for two hundred years. Over the course of several generations, these whites gradually formed a new ethnic group, the Boers. South Africa became a British colony in the early 20th century when the British defeated the Dutch. In order to maintain their rule, British colonists also immigrated to South Africa from their own country and other European countries. Over time, whites have moved in ever greater numbers, now making up about 4.4 million of South Africa's 56 million people. After the white colonists came to South Africa, they not only plundered a large number of mineral resources, but also adopted a strict management system for the local black people, which was the relationship between slave owners and slaves. In 1948, the National Party of South Africa led by the Boers came to power and promulgated the apartheid system, which further restricted the rights of blacks,

which further consolidated the dominant position of the Boers in South Africa. The white government intensified a series of segregation policies. In particular, *the Bantustan Act* of 1960, which forced 10 million blacks to be confined to 12% of South Africa's territory, was strictly controlled.

When South Africa withdrew from the Commonwealth in 1961 and established the Republic of South Africa, the Boers naturally became the true spokesmen and masters of South Africa. In the following decade, South Africa quickly became the most economically developed country in Africa thanks to its rich mineral resources [2]. By 1980, when China's per capita GDP was only about \$200, South Africa's per capita GDP had exceeded \$3,000.

However, don't forget that all the glory that South Africa once had belonged to foreign colonists after all. As for the original residents, they did not even have the qualification to enter the city. The vast majority of black people are still living in slums, struggling to survive.

#### 4. MANDELA'S MERITS AND WRONGS

Objectively speaking, Mandela is a great black leader, but also the "father of the nation" who led the black South Africans to restore their free identity and lit the fire of South Africa's democracy.

In 1962, as deputy president of the African National Congress for his active participation in and leadership of the black movement, Mandela was arrested and imprisoned, where he spent 27 years. It was not until February 1990 that the Afrikaner government, forced by changing circumstances at home and abroad, released Mandela. Eventually, Mandela negotiated with the white regime to end the apartheid system in 1991, and was elected as South Africa's first black president in 1993 through a non-racial and one-person one-vote national election. At this point, the 350-year colonial rule of white people in South Africa finally came to an end, and black people finally stepped onto the political stage of South Africa for the first time.

When the African National Congress (ANC) under Nelson Mandela came to power, it not only abolished the apartheid system that had lasted for years, but also immediately introduced a "black first" policy, requiring blacks to be hired for all important jobs.

After Mandela was elected president, many poor African people have been smuggled here. Once, a reporter asked Mandela, "What are you going to do about these illegal immigrants in South Africa?" "All men are born to seek freedom, and free nations do not fail to welcome people who seek freedom," Mandela said boldly. As a result, people in many African countries no longer want to smuggle to Europe and the United States, but to smuggle to South Africa, where the language and living habits are more similar. The influx of a large number of immigrants and refugees not only took away the few jobs of the black compatriots in South Africa, but also created a lot of social problems, such as theft, robbery, drug trafficking, arms smuggling and other crimes began to spread in South Africa.

Mandela, who had been advocated as a "freedom fighter" by Western countries for a long time, lacked vigilance and guard against western countries, and almost surrendered trade and financial sovereignty to Western capital. Shortly after coming to power, Mandela declared South Africa a free trading nation without implementing any transitional or compensation agreements. As a result, manufacturing powers such as Europe, the United States and Japan immediately sent a large number of products to Africa, which destroyed South Africa's own manufacturing industry.

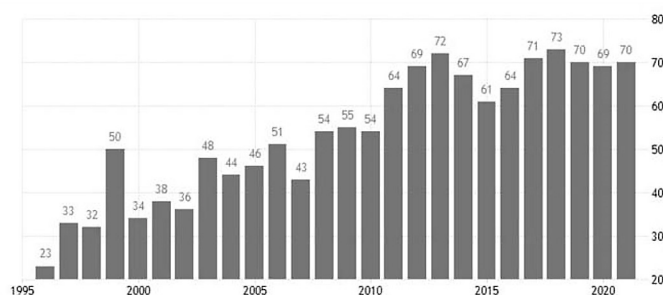
While promoting free trade, Mandela also embarked on a deindustrialization campaign, egged on by extreme environmentalism. That means, South Africa has abolished all concessions and even raised taxes on its formerly strong manufacturing sector. Without the

manufacturing industry, the common people would be thrown out of their jobs, with the blue sky and the sea breeze.

Trade barriers have been torn down and manufacturing has suffered, leaving South Africa's economy in tatters. Manufacturing of any scale had to move overseas, and the fortunes of countless South African entrepreneurs were wiped out overnight. It is even more unfortunate that President Mandela also liberalized the financial sector at the same time, allowing foreign capital to take control of domestic financial companies. Since then, South Africa is no longer the "gold country" that everyone admired, but the "crime paradise" of Africa (pic. 1).

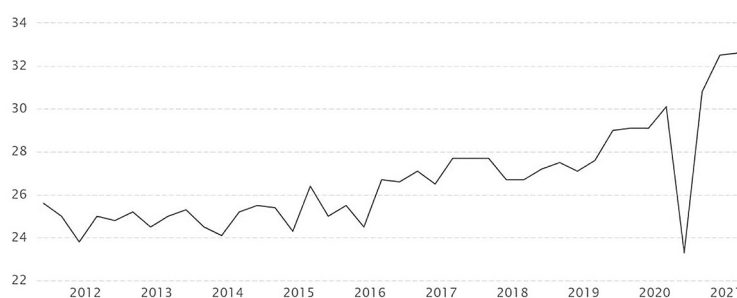
From 1994 to 1999, the Reconstruction and Development Plan (1994), Growth, Employment and Redistribution (1996), the South African Constitution (1998), the Employment Equality Act (1998), the Skills Development Act (1999) and other laws and regulations introduced by the Mandela government marked the implementation of the policy of "Black economic empowerment" (BEE) [3]. According to statistics, only 14 % of black South Africans say they have benefited from BEE. When it comes to jobs, wages and education, BEE's failures are even more pronounced [4]. The white elite fled, leaving more than 200,000 people in a short time. Most of them are wealthy and educated middle class. The departure of these people inevitably brings irreparable losses to South Africa's economy and culture. According to statistics, more than a million white people left South Africa in the two decades since 1994, and the white population's share fell from 21 % to less than 10 %.

Moreover, because most blacks were not well educated, the skills and knowledge of these people were simply not adequate for the job, leading to a serious regression in the level of governance at the government level. Coupled with the lack of legal constraints, the government internal corruption breeding, management appeared serious chaos. In addition, the black government requires enterprises to increase wages for blacks, which make enterprises have to hire a large number of immigrants to reduce costs. As a result, South Africa's unemployment rate has risen sharply (pic. 2).



Picture 1. Country corruption ranking — South Africa.

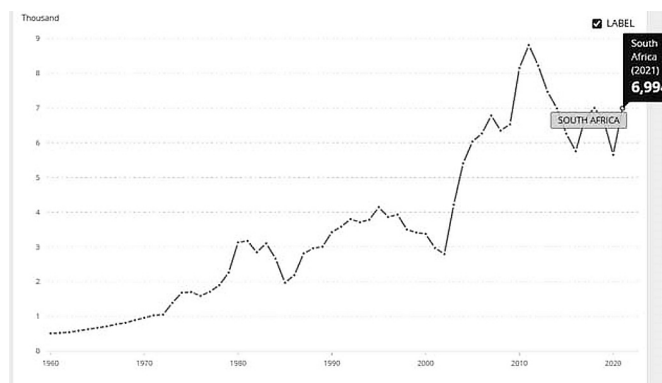
Source: tradingeconomics.com.



Picture 2. Unemployment rate of South Africa for nearly a decade, %.

Source: ceicdata.com.

In terms of economy, objectively speaking, before Mandela came to power, South Africa's economic situation was already not optimistic, but it was still among the developed countries. In 1994, when President Mandela came to power, South Africa's GDP per capita was \$3,753. In 2021, South Africa's GDP per capita was \$6,994 (pic. 3). If inflation and other factors are taken into account, then in reality South Africa's economic situation is not significantly improved. South Africa's GDP per capita fell from 62nd in the world in 1990 to 107th in 2019.



Picture 3. South Africa's GDP per capita, US dollars.

Source: data.worldbank.org.

Of course, President Mandela is not the only one to blame for South Africa's economic decline. On the economic front, some of his policies were indeed problematic. If President Mandela and his successors had great economic wisdom, South Africa would have a chance to make great strides. In any case, of course, President Mandela was a world leader and a respected pioneer in the movement to dismantle apartheid [5].

## 5. A GENERAL OVERVIEW OF BOTSWANA

In Southern Africa, Botswana is a typically landlocked country with 70 % of its territory in the Kalahari Desert. Compared with neighboring countries like South Africa and Namibia, which have long coastlines, Botswana does not have the innate advantage of economic development. Botswana, with an area of about 580,000 square kilometers and a population of about 2.25 million, is economically dependent on the export of diamonds and nickel ore. Botswana's current diamond reserves are about 40 million carats, about 15 % of the world's total and the third largest in the world. Though not the most abundant, it is the quality that counts. Botswana has the world's largest diamond mines, worth more than \$200 billion, and exports more than \$2 billion a year.

## 6. HISTORY OF BOTSWANA

The main ethnic group in Botswana is the Tswana people, a branch of the Bantu people, who migrated to Botswana at the end of the 11th century and developed the iron civilization, which is a relatively developed civilization in Africa. The Tswana are a mix of farming and nomadic tribes that often fight with each other. In the 17th century, the Boers occupied Botswana, and for the next 200 years, the indigenous people were constantly oppressed by the Boers. In 1860, an alliance of Botswana's tribes fought and won a war against the Boers, forming the border between Botswana and South Africa. Later, Botswana became a British colony under British coercion and inducement. Fortunately, the British did not find much

value in Botswana and therefore did not intervene much. In 1966, The Republic of Botswana was established and Seretse Khama became its first president.

## 7. THE ACHIEVEMENTS OF KHAMA

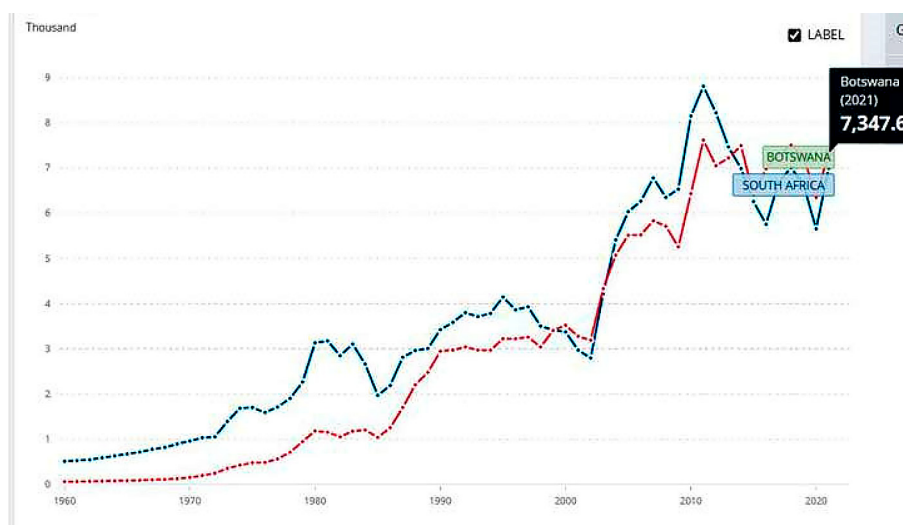
In 1961, Seretse Khama began to organize the independence movement and formed the Botswana Democratic Party. After five years of struggle, Botswana finally became independent in 1966. But when it became independent, Botswana was impoverished by years of colonial plunder, with a GDP of just \$3m, or \$100 per capita. At the beginning of independence, there were only four factories, two roads and eight schools in the whole of Botswana. Half of the country's population works in South Africa, the other half herding cattle and farming. Seventy percent of the country is desert and there is not even a capital city. Despite such poor conditions, President Khama did not give up. He knew that the most urgent task was to develop the economy. Only when the economy was good could a country have vitality. So, in 1968, President Khama formulated the national economic development plan, based on agriculture, with manufacturing and mining as the mainstay [4]. In addition, President Khama has built up a number of national industries, targeting the African market. In 1970, the government set up the Botswana Development Corporation, which specializes in large exports and allows ordinary citizens to buy in. When a huge diamond deposit was discovered in Botswana in 1971, the president transferred property rights from the tribes to the government without a second thought, in order to avoid inter-tribal conflict over the deposits. In the hearts of Botswanans, no matter what nationality or tribe they belong to, they are part of the country. Khama negotiated first with the tribes and then with De Beers, the British diamond giant, to exploit Botswana's diamond mines, and slowly gained control of its resources by increasing its stake to 50 % by the 1980s.

In addition, President Khama also attaches great importance to the development of agriculture and animal husbandry. In 1975, Botswana took the express train of the European Community and signed the *Lom Agreement*. Botswana beef was exported to Europe in a large scale, which was praised by the people of all European countries. Not only that, Botswana has received more than \$19 million in investment from European banks.

In terms of foreign investment, in 1976, Khama cooperated with the United Nations Development Program to build the Gaborone Industrial Park, which attracted a lot of foreign investment to Botswana. By 1980, Botswana's GDP per capita had exceeded \$3,000. Today, Botswana's GDP per capita has reached \$7,347 (pic. 4). Botswana's GDP per capita has risen from 113th in the world in 1970 to 73rd in 2019. Without doubt, this is an African miracle [6].

Thanks to President Khama's sound economic policies, the vast majority of Botswana's population was mobilized. Cattle farming was very successful, the construction industry flourished, and the country soon developed a pillar industry and commercial center after independence. Coupled with diamond revenues, Botswana's economic growth rate in the 1970s exceeded double digits. By the end of the 1970s, Botswana's economy was growing positively and the state was in surplus. With a surplus, the government began to build hardware such as modern housing, electricity and telecommunications systems, as well as making massive long-term investments in infrastructure, health care and education [7].

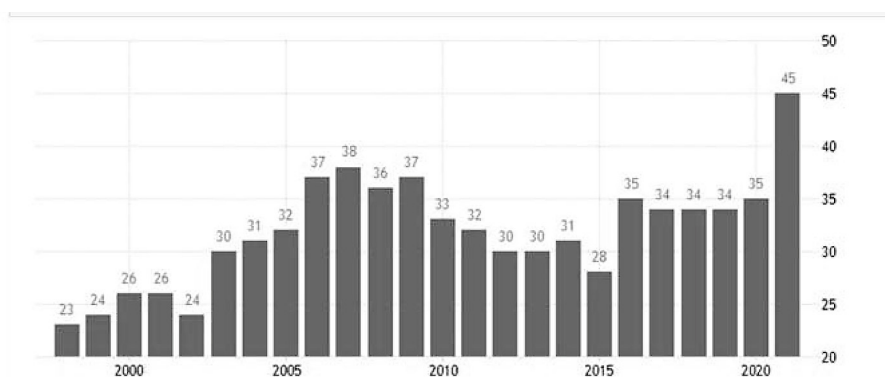
Moreover, the government, having led the nascent country right, has wisely begun deregulation. In the 1980s and 1990s, Botswana's centrally-planned economy declined and private enterprise flourished, making it one of the easiest places in Africa to do business. Botswana tops a list of the most attractive places to invest in Africa, according to African Economics [6].



Picture 4. The comparison of GDP per capita between Botswana and South Africa, blue line — South Africa, red line — Botswana.

Source: data.worldbank.org.

Botswana under the governance of Karma, became a desire of Africa, basically no government corruption. Even the President have to bring his own lunch box and go to work in his own car. Because of it, other officials can only follow the president's example. So the Botswana government becomes the one of the few honest ranking list of the government in Africa. In 2004, Botswana was ranked by Transparency International as the least corrupt country in Africa, higher than many European and Asian countries (pic. 5).



Picture 5. Country corruption ranking — Botswana.

Source: tradingeconomics.com.

Under the Khama government, Botswana has attracted a lot of foreign investment, the government has little external debt, and the economy has continued to grow and inflation has remained low.

In addition, on the political front, Botswana has remained stable for a long time, thanks to President Khama's "development first" philosophy, which has been used to quell all conflicts. Anything that is good for the development of the country can be done through negotiation. Therefore, Botswana's political situation has been very stable since its independence [8]. There has never been any unrest in either the change of government or the parliamentary election. The opposition parties are only supervision by public opinion and would not cause the country to split. As for the most common chieftain problem in Africa, Khama established the House of Chiefs, similar to the House of Lords in the British Parliament, to allow tribal

chiefs to participate in the governance of the country, which successfully solved the tribal problem and improved the political system in Botswana.

When it comes to the appointment and dismissal of officials, President Khama does not look at the origin, color, ethnicity or even nationality. For example, he has hired more than 2,000 British people as economic development officials in order to rapidly develop the country's economy [8]. From 1966 to 1996, Botswana maintained a GDP growth rate of 9 % for 30 consecutive years. Since the beginning of the 21st century, the average annual economic growth rate has reached more than 5 %. Botswana has a literacy rate of 85 % in 2008, and also modern hospitals, transport and media systems. Botswana is the highest human development index in Africa, and gets an “A” credit rating [9]. Currently, Botswana remains in the top ten in the African Human Development Index (pic. 6).

RANK	COUNTRY	CONTINENT	HDI
1	Mauritius	Africa	0.804
2	Seychelles	Africa	0.801
3	Saint Helena, Ascension and Tristan da Cunha	Africa	0.797
4	Algeria	Africa	0.759
5	Mayotte	Africa	0.750
6	Tunisia	Africa	0.739
7	Botswana	Africa	0.728
8	Libya	Africa	0.708
9	South Africa	Africa	0.705
10	Gabon	Africa	0.702

Picture 6. Human Development Index ranking in Africa — Botswana.

Source: populationdata.net.

Of course, there are some problems in Botswana today, such as HIV infection rates. Botswana has one of the highest HIV infection rates in the world at 25 percent. However, this is not an issue of national development, but an issue left over from history. Because a lot of Botswana's laborers were working in South Africa, and in white South Africa, there was a black AIDS epidemic, many people were infected with AIDS. And when they returned to Botswana, there was a massive epidemic. As African countries work together, Botswana will see a gradual improvement in HIV infection rates in the future.

There is no doubt that the people of Botswana are lucky to have had a good president like Khama who created an economic miracle for a poor and weak country.

## 8. CONCLUSIONS

There is no doubt that there are many factors that affect a country's economy, and the factor of its leader is only one of them. However, the policies pursued by one leader will shape the country for many years to come. Through the comparative analysis of the role of national leaders, it can be concluded that both Nelson Mandela and Seretse Khama played essential roles in the economic development of their countries. A good leader with superb wisdom will be able to influence the development process of a country to a great extent, and even the development of the world economy.

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