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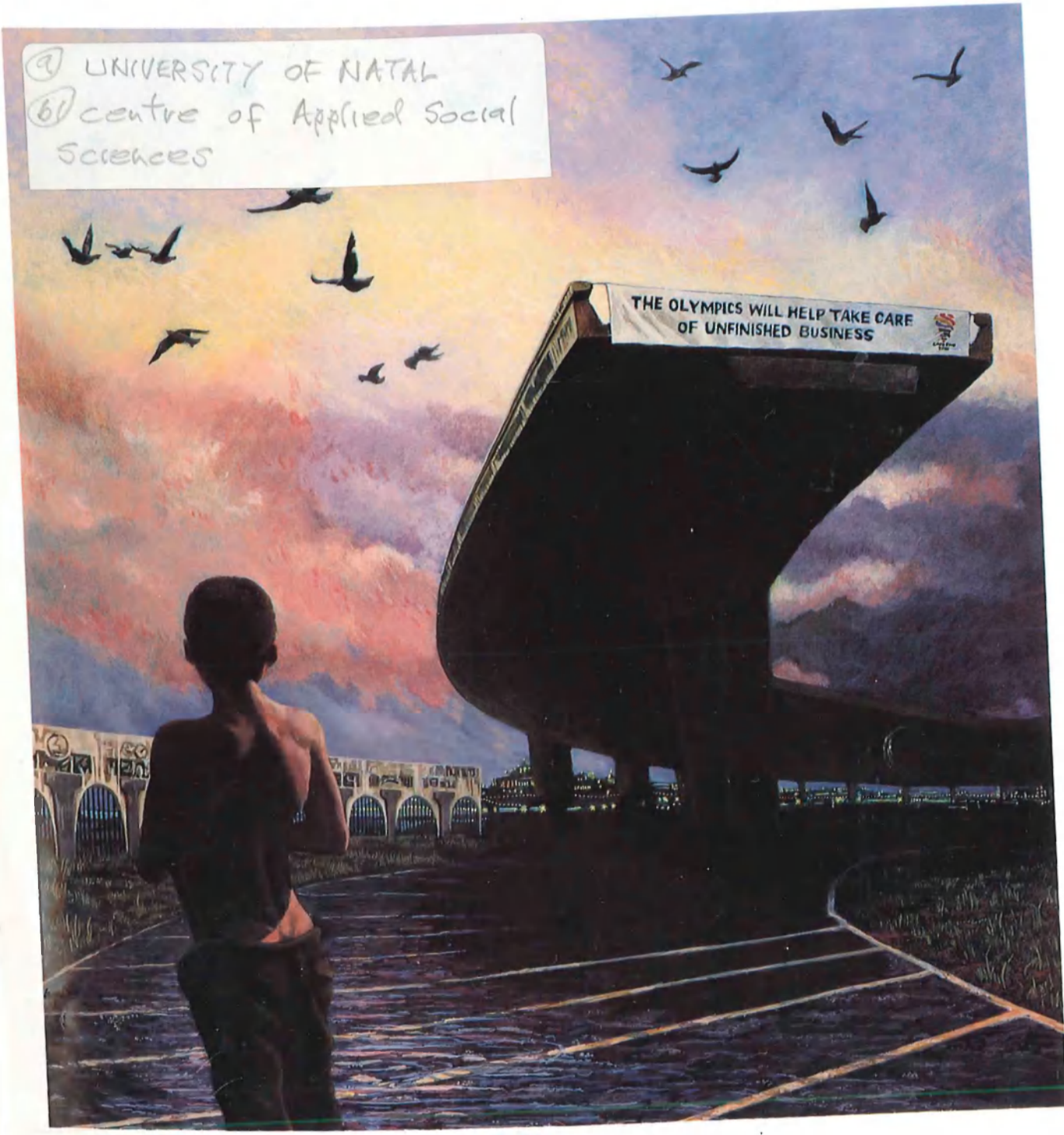
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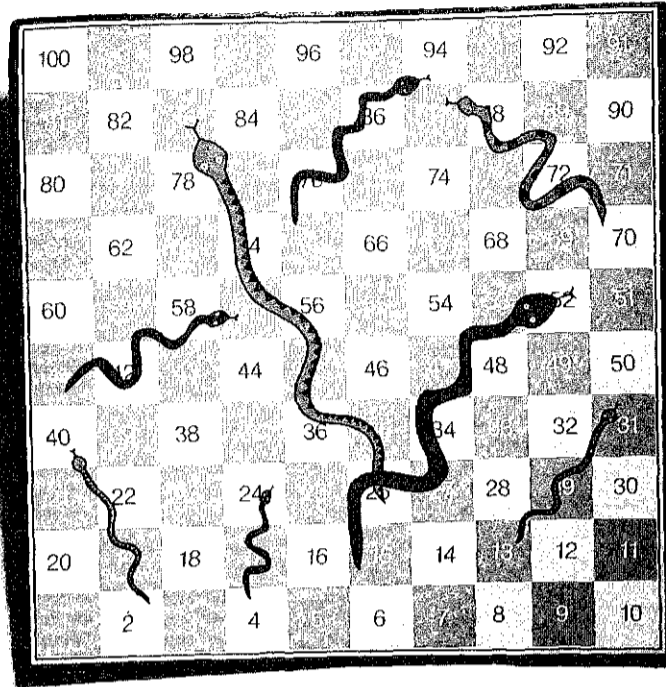
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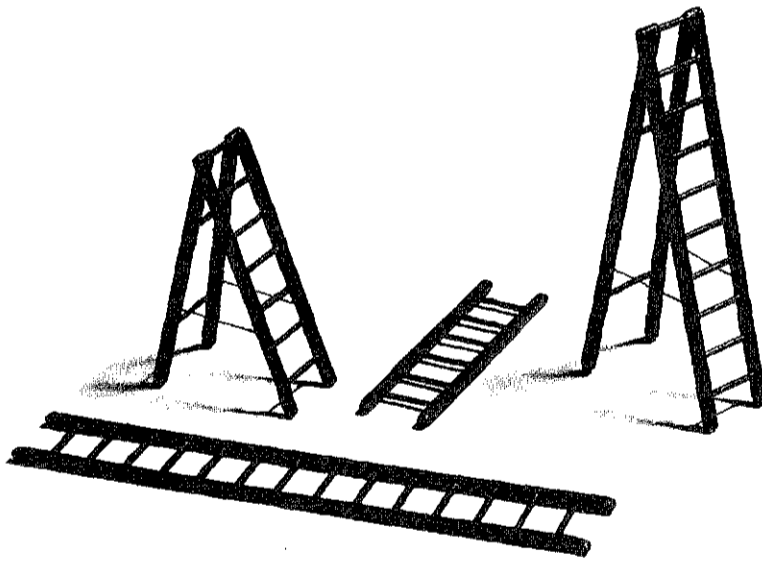
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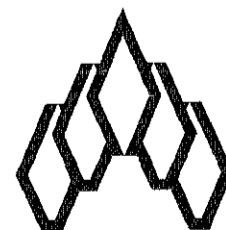
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Editorial

There is a kind of harmony between multiparty democracy and free market capitalism. Both subscribe to the notion that controlled conflict is a good thing. Competition for scarce resources, be they rands or votes, assures that only the fittest will survive. This improves the quality of life for everyone, or at least for the survivors.

Our democracy is floundering in this respect - no one is up to the competition. With 42% of Idasa's survey participants declaring themselves non-aligned, those discontented with the present government seem at a loss to articulate alternatives.

There appears to be as much ideological conflict within the ruling party itself as there is with the traditional opposition, but unfortunately voters do not enter into this dialogue. And the emerging parties are no better - Holomisa has admitted his differences with the ANC have nothing to do with policy.

One of the big areas of internal dispute is the neo-liberal GEAR plan. Perhaps we should not be surprised to see our former revolutionaries wooing big capital at this stage in world history, but it is disturbing that the government feels at liberty to undertake such a "non-negotiable" inversion. The ANC is clearly confident enough in its position that it does not feel bound by ideology or consistency, an attitude that is troubling whatever your political perspective.

It is further testament to the power of international political convergence that a liberation government has adopted market liberalisation independently, on a continent where most countries have to be herded in this direction with the carrot and stick of development loans.

The latest Development Report of the World Bank equates development with the attraction of foreign investment, but since foreign investment plays only a minor role in most economies, it is unclear why this association is made. An economy geared to attract foreign investors will only predictably benefit one party - foreign investors.

Nonetheless, it has become a popular truism that the salvation of South Africa lies in the hands of Coca Cola, Nike, and Microsoft, and the nation's leaders are behaving accordingly. Our desire to be at the centre of world competition culminated in the failed Olympic bid. With the adolescent enthusiasm of a new kid on the block, we seem willing to do almost anything to join the New World Order.

Francis Fukuyama has noted that integrating markets will result in increasing uniformity among nations, and South Africa is bearing him out. Being different from the rest of the world was such a bad thing for so many years that no one is likely to complain. If this is the direction we are to take, however, the government had better accelerate delivery. Post-collectivist cultures are not known for their patience.

Ted Leggett, Editor

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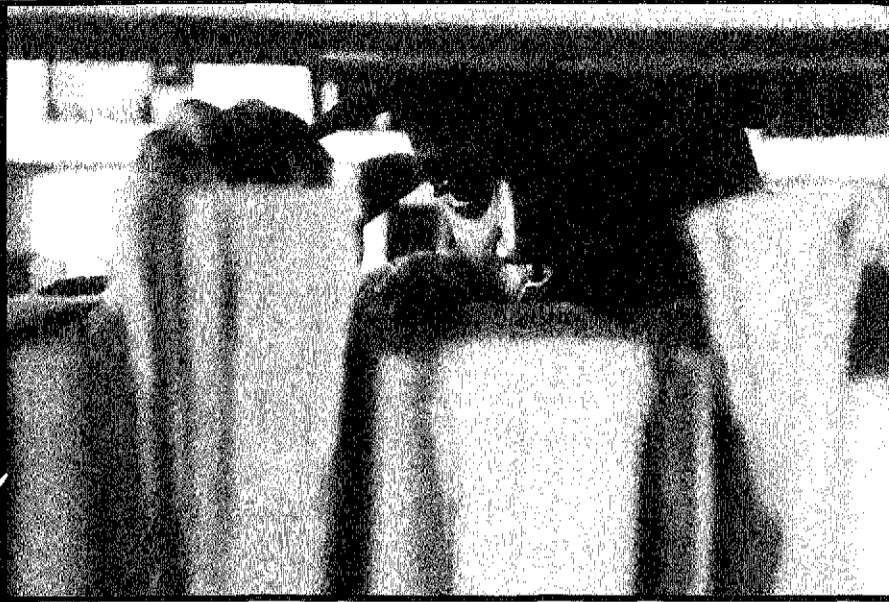
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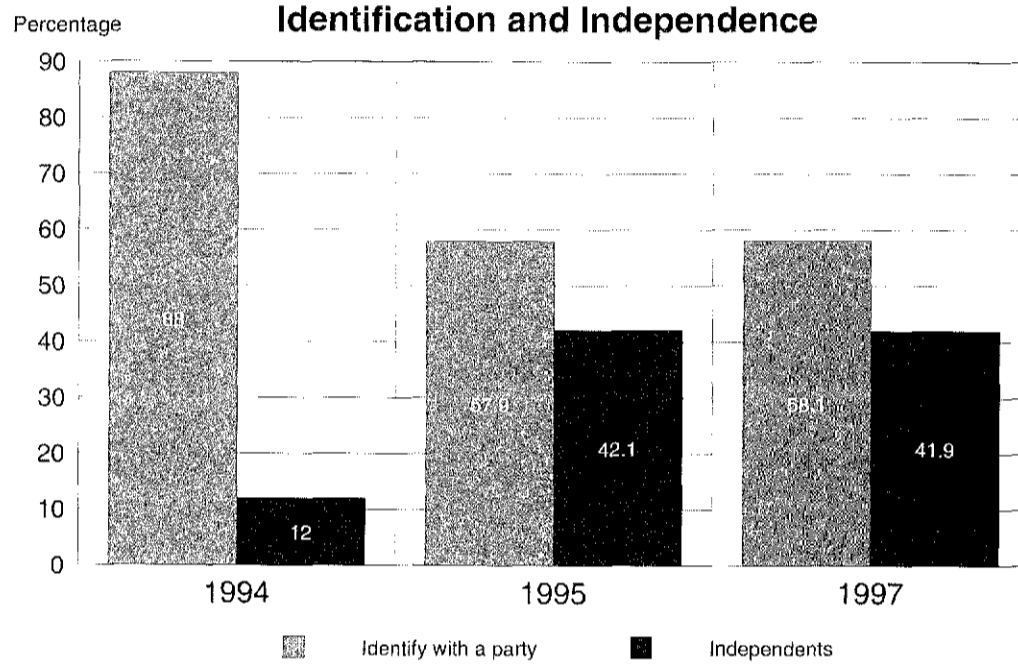
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POLITICAL

M O N I T O R

Partisan Identification - 1997 Identification and Independence



Profile of Coloured Partisan Support

	1994	1995	1997
ANC	28.3	14.9	24.5
NP	52.8	31.2	27.7
IFP	-	-	-
FF	-	-	0.4
DP	1.4	1.8	0.7
PAC	0.9	-	-
NCF	-	-	-
ACDP	1.9	0.5	0.4
Other	0.5	-	1.1
Confidential	2.4	3.2	4.2
Independents	11.8	48.4	44.2
	(n=423)	(n=378)	(n=330)

Source: IDASA Survey, October 1997

Party Games

*By Alexander Johnston
Department of Politics
University of Natal, Durban*

In the shadow of the COSATU and ANC conferences, media attention shifts away from the reorganisation of a fragmented opposition, to a governing party which continues to display characteristics of both liberation movement and constitutional political party

From the vantage point of the beginning of its fourth quarter, the year in politics appears to have developed in two phases. In the first, the focus of interest was the maneuverings within and between opposition parties. This has been accompanied by a general concern for the place and role of opposition parties in South Africa's 'One party dominant system' (Pempel, 1990).

Developing later, but linked to and overlapping with these issues, has been growing media interest in the internal dynamics of the governing party, the ANC.

It should come as no surprise that the public discourse of South African politics should have followed this sequence in 1997. The world view of the mainstream press is one which emphasises the importance of opposition and in any case, adversarial politics makes good copy.

An NP that could not accommodate Meyer is not the wave of the future

In addition, after the ritual assessments of performance which accompanied the half-way mark of South Africa's first democratic government, it was inevitable that attention should shift to the opposition. There were equally good reasons why, from mid-1997, the focus would shift away again from the opposition groupings and the relations between them.

National Party flailings

The internal convulsions in the National Party were undoubtedly newsworthy, but the failure to perform a miracle of transformation which would turn the NP into a broad-based party with the credentials to make inroads into the ANC's support base, meant that the interest would be self-limiting. An NP which could not accommodate the modernising tendency led by Roelf Meyer could not be regarded as the wave of the future.

The Truth and Reconciliation Commission ensured that the party remained trapped in the tentacles of its past and with the dominant faction under the leadership of Hennis Kriel content to limit its ambitions to the familiar hunting grounds of the white and coloured electorate in the Western Cape, the internal dynamics of the NP began to seem more and more removed from the central concerns of South African politics.

Even the election of new leader Marthinus van Schalkwyk could do little to sustain interest. The absence of Kriel from the leadership contest made it Hamlet without the Prince. In any case, the succession of a new opposition leader (unlike a change at the head of a governing party) usually causes a lull in interest while the new incumbent settles in.

United Democratic Movement

Equally newsworthy were the defections from the ANC and NP respectively, of Bantu Holomisa and Roelf Meyer. By forming the New Movement Process (Meyer) and National Consultative Forum (Holomisa) and announcing their intention of forming a new party together, the two made an intriguing, if incongruous pair.

The prospect of a union between the arch African populist and the acceptable face of white politics could not fail to prolong the saga of opposition reorganisation. Yet from the beginning, there was no serious expectation that the mould of South African politics was about to be broken.

Holomisa's departure from the ANC was involuntary and Meyer's from the NP was as close to it as makes no difference.

When the two decided to open a relationship with another expellee – Sifiso Nkabinde who was ejected from the ANC in the Natal Midlands on the alleged grounds that he had been a police agent – the impression strengthened that what we were witnessing was the formation of an outcast coalition, whose members needed the electorate much more than the electorate needed them.

Of course the violence which attended the first electoral test of the NCF, a municipal by-election (itself occasioned by the murder of an ANC councillor) in Nkabinde's fief of Richmond, was an additional public relations disaster. The ANC's triumph at the poll did not help either.

Any party which wishes to challenge the ANC has to come to terms with two basic facts of political life. The first is that, short of a full-blown left-wing alternative, there is very little ideological room to oppose the ANC's main policy planks, especially in the field of macro-economic policy.

Already the DP, the NP and the IFP occupy uncomfortably crowded ideological space and it is difficult to see how the Holomisa-Meyer axis can stake out distinctive ground on it. The DP, NP and IFP take the alternative opposition route of claiming to be better managers. This is a claim which Holomisa – who presided over the descent of Transkei into administrative chaos – will find difficult to make with any authority.

The second basic fact of political life is that any party which aims for more than ethnic minority support has to come to terms somehow with African nationalism and place itself within this vague and flexible, but electorally dominant politico-cultural tradition. Meyer's handicaps in this respect are obvious but Holomisa, as an outcast from the mainstream of this tradition, is scarcely better off.

National consultations and new processes are all very well, but a party which has to ask around to discover what it stands for does not inspire confidence in its leadership potential. In any case, the lowest common denominator which will unite those who don't like the ANC and can't be fitted into existing opposition parties, isn't an inspiring programme.

And even the relatively short wait for the announcement of the new party's policies and structures which was projected for 27 September was enough to strain the short attention span of the media.

ANC dissent?

The most serious factor in shifting attention back to the ANC, however, was the realisation that the opposition can only flourish if one or both of two things happen.

- A substantial number of voters desert the ANC.
- Substantial portions of the ANC alliance break away to form a political party of their own.

Although there is ample evidence of discontent among ANC voters, there is no sign of this being translated into a bloc of 'floating votes' which might switch allegiance to other parties.

For instance, an analysis of the South African electorate published earlier this year (Johnson, 1997) reported very large aggregates of 'very dissatisfied' and 'dissatisfied' responses by ANC African voters on numerous issues (housing, unemployment, managing the economy etc.). On five of them, the totals were over 60%. Yet the same survey recorded electoral support for the ANC which was little changed from the 62.66% of the 1994 election.

The UDM appears to be an outcast coalition

A party that has to ask around to discover what it stands for does not inspire confidence

There is very little room to oppose the ANC's main policy planks

Opposition can succeed only with massive ANC defections

Sagging opposition

If anything, it is the opposition parties which have suffered slippage in support. New leader of the NP, Marthinus van Schalkwyk has acknowledged the drop in support for his party. A leaked report of an in-house poll conducted for the IFP suggested that up to 40% of its electoral support might desert the party at the next election.

This is almost certainly exaggerated, given the substantial proportion of the KwaZulu-Natal electorate which lives in IFP-dominated rural areas and doubts about the basis of the poll. Nevertheless, clear (but invariably anonymous) signs of internal concern (and discontent) at the party's chances in 1999 are regularly expressed.

ANC reviewed

Under these circumstances it is hardly surprising that from mid-1997 the spotlight has shifted back to the ANC. Several specific developments have further encouraged this.

- Organisational and disciplinary problems internal to the ANC. These have centred on the questions of provincial leadership, sometimes in succession contests (as in Gauteng) and sometimes in factional struggles (as in the Free State).

These leadership problems are symptomatic of a growing and wide-ranging concern over the ANC's organisational capacity in the provinces. The vexed and long-running question of succession to the secretary-generalship of the party is also indicative of an embarrassing organisational vacuum.

- Disaffection on the part of COSATU and the SACP over the government's macroeconomic policy, GEAR (Growth, Employment, Redistribution). This has led to newspaper speculation in August (energetically denied by COSATU) that the trade union movement would, under certain circumstances, be prepared to launch a socialist political party.
- The early settlement of the question of succession to President Mandela as leader of the ANC has avoided the twin dangers of uncertainty and damaging rivalries. But this has inevitably meant a long interregnum period in which the heir

apparent, Thabo Mbeki can neither show his hand fully, nor remain entirely inscrutable. As a result, hints, speculation and divination about the internal dynamics and policy directions of the ANC under new management have been the order of the day.

- The inexorable calendar of politics has in itself encouraged a cyclical shift of interest back to the ANC. The completion of the September Commission on the future of COSATU (which was the occasion of speculation about a socialist party), the trade union federations' conference in mid-September and that of the ANC in December are all political landmarks in the run-up to the 1999 elections.

Liberation or politics?

What these things signal is that seven years into the transformation from apartheid to democracy and after four years as the dominant force in government, the ANC continues to occupy an ill-defined space somewhere between a liberation movement and a constitutional political party.

No analysis of the early phases of the South African transition (for instance, Carrim, 1994) failed to mention that it was imperative for the ANC to weld together its various components – exile, prisoner, civic, underground, worker, communist – into a streamlined political party, organised for elections and government.

However, there has not been a great deal of sustained and systematic analysis of how the ANC has responded to this task and it is worth pursuing the issue briefly here.

What's the difference?

The initial judgment – that the ANC remains stranded between liberation movement and constitutional political party – would be unhelpful without some definition of the differences between a liberation movement and a constitutional political party.

- In government, a constitutional political party is the temporary custodian of state power, pending the next verdict of the electorate, while a liberation movement is the destiny of the nation on the march.
- A constitutional political party aggregates and articulates the widest

There is wide-ranging concern over the ANC's organisational capacity in the provinces

The ANC stands halfway between a political party and an opposition movement

possible range of interest and ideology compatible with internal coherence, in order to compete for political power with other similar aggregates. A liberation movement mobilises the entire energies of a people in the pursuit of unambiguous national goals.

- Members of liberation movements are activists who are organised according to role and function (worker, woman, youth) and may be deployed according to the movement's needs. Members of constitutional political parties (where they are not merely passive supporters) are free agents for whom career considerations may loom large in political recruitment and levels of involvement.
- For constitutional political parties, electability is the measure of all things political. For liberation movements, either the issue does not arise (in a one party state) or an electoral majority is guaranteed by historical legitimacy or some other hegemonic factor.
- Constitutional political parties are subject not only to the discipline of the electorate, as well as the scrutiny of opposition parties and civil society, but also to the disciplines of national and global markets. Liberation movements – certainly in the golden years of Third World mass mobilisation parties before the end of the Cold War – aspire to insulate themselves from these confining and disciplining forces.

These are generalized and selective points, which any full-blown treatment would have to refine and extend. But they are suggestive of the anomalous position that the ANC still finds itself in after seven years of constant improvisation, ideological U-turns and organisational incoherence.

One point of similarity between the two types of organisation should be noted among the list of differences. Both liberation movements and constitutional political parties tend to be hierarchical and centrally controlled.

In political systems which make the claim to be democratic, these features are generally legitimised by at least a veneer of representative processes, although in practice they are largely stage-managed.

These representative processes might include the election of local and national officials and candidates, as well as the periodic holding of party congresses to ratify policy, or even, it is sometimes claimed, to *make* it.

Centralised authority tends to be wielded in different ways in liberation movements and constitutional political parties. Typically, both are prone to exert a mixture of moral authority and the disciplines of patronage and career advancement.

Liberation movements tend to emphasise moral authority, relying on the hegemonic force of appeals to national goals and unity. Constitutional political parties are heavily reliant on patronage, emphasising the leverage that leadership has over career-driven individuals.

Qualitative difference

But there is a difference which is more than one of degree.

Constitutional political parties rely a lot on the twin disciplines of electability and frank admission of the influence of external pressures (national, but increasingly global) to exert central authority in matters of policy-making and leadership choice. For their part, liberation movements do not have the first of these reserves of authority and are extremely reluctant to use the second.

Against this comparative background, the ANC's anomalies may be clarified somewhat. In the first place, two aspects of its divided personality show in its disposition towards the political system it dominates.

- Trevor Manuel's celebrated remarks, early in his tenure as Finance Minister to the effect that he demanded 'the right to govern' against the power of 'amorphous markets' echoes the authentic populist voice of a post-colonial liberation movement. These sentiments have not been much aired subsequently and some colleagues of Manuel's are not afraid to go public on the constraints and disciplines of contemporary governance.

But it is difficult to believe that Manuel's outburst was simply an

Liberation movements tend to emphasise moral authority, while political parties are reliant on patronage

Liberation movements are reluctant to admit the influence of external pressures

Manuel's demand to govern the market is a sentiment likely to be repeated

individual aberration of an inexperienced (and emotional) minister which can be brushed aside with muttered references to 'steep learning curves'. Manuel probably spoke for substantial sectors of the ANC's support and these sentiments are likely to be restated.

- There is no particular reason to doubt the ANC's acceptance of *multipartism* (although tolerance would be a better word for it than enthusiasm) but lingering liberation movement assumptions about the incompatibility of *opposition* and national unity are detectable, even at the highest levels of the movement.

It is possible to form the impression that the ANC views the task of 'opposition' parties in the following terms; to organise constituencies, which for understandable historical reasons are reluctant to identify themselves with the ANC, for broadly defined national goals and priorities which the ANC itself has principal responsibility for drawing up. This, rather than making a determined bid to offer the electorate an alternative government is how they should see themselves

Organisational hybrid

In the second place, the ANC's own organisational dynamics reflects its divided personality. In this context, it is difficult not to conclude that the ANC has made only modest progress in rationalising the multitude of sometimes competing centres of influence with which it and the alliance which bears its name are composed.

The ANC does have a central organisational core in the representative body, the National Executive Committee (NEC) and the National Working Committee (NWC) which derives its authority from the NEC. But in addition, there are several functional groups (Women, Youth) and the alliance partners COSATU and South African Communist Party (SACP) whom the NEC and NWC members have to cultivate and which in other instances can act as voting blocs and channels of informal influence.

Informal influence is also wielded by ghostly networks of exiles, prisoners, ex-UDF and other alleged groupings, whose influence is ritually denied by the ANC in public and avidly discussed in private at all levels of the movement.

Lingering assumptions about the incompatibility of opposition and national unity are detectable

Added to these are the parliamentary caucus which, apart from some pockets of activity centred on legislative and oversight committees, does not bristle with independence and initiative, and, secondly, islands of influence around individual ministers, the Deputy President and President. A chronically underresourced party secretariat faces daunting tasks of coordination and communication between all of these.

Perhaps the most intractable organisational problem lies in the way that the provincial basis of South African politics not only cuts across national and functional bases of organisation and influence but also reproduces them within the provinces themselves.

Competition for the spoils of influence and patronage takes place not only at national level, but also for the rewards of provincial government which the constitution dispenses. This creates power bases and axes of influence which the national leadership finds difficult to control.

This is hardly unique. To a greater or lesser extent, the American truism, *all politics is local politics* is true of all political systems. But in America, where it is truest, governance and party organisation – the first decentralised and the second incoherent – reflect this and parties accept it. The ANC's problem is that it wants to bring the authority of a liberation movement to governance and party organisation in a political system which is ill-suited to the achievement of this goal.

A volatile mix

In organisation and ethos, the ANC is stranded somewhere between the functional mobilisation and hegemonic moral authority of a liberation movement and the interest-aggregating, election-organising and managerial imperatives of a constitutional political party.

Like a liberation movement, it is free of the anxieties about electability which are the lot of many constitutional political parties, but which at least allow them to dominate and discipline their activist bases. What it does have in common with constitutional political parties is that it is subject to scrutiny by opposition (and civil society), while being subject to pressures which it can't control, forcing it into compromises and changes of course.

This is potentially a volatile combination. The ANC cannot discipline its followers with the threat of losing power and at the same time it is vulnerable to charges of betrayal from activists who may not grasp the difficulties of governing under conditions of national and global constraint, or who may believe that these conditions can be overcome by act of will alone.

Top down stability

However, several factors combine to save the ANC from the worst effects of this combination. The dispersed and relatively incoherent internal organisation of the ANC makes it possible for policy-making to be driven from above. The GEAR macroeconomic policy – whose introduction is regarded by its opponents as amounting to a coup – represents this kind of trend.

What is more, this kind of 'coup' can be consolidated by two things. The first is the moral authority of the liberation legacy which makes it very difficult for those who have made their political lives within it to contemplate breaking away.

The second is the fact that while an organisation as diverse and dispersed as the ANC is relatively easy to capture from above, it is very difficult to capture from below. The sheer range of interests, ideological persuasions, centres of power and personal rivalries makes counter-mobilisation against shifts in policy very difficult (even if viable alternative policies can be found).

This does not mean that centralism is rampant. The same things that make the

ANC easy for centrist policy-making to capture, make it hard to exert discipline throughout its widely-ramified structures, as the durable career of Winnie Madikizela-Mandela makes clear.

In sum then, the ANC's disposition towards the political system it dominates – towards issues of democracy and governance – as well as its own organisational dynamics reflect a divided legacy of liberation and constitutional democratic politics. It is always tempting to view such anomalies as dysfunctional, yet there is also a case for accepting them as the price of coping with a political environment which is itself anomalous and intractable.

Certainly, any determined attempt to make the movement less equivocal in ideology and more coherent in organisation would have its costs as well as benefits. Leaders may well have already reflected on the possibility that a more streamlined and rational political party might be easier to administer, but at the same time, provide more opportunities for concerted challenge to unpopular or unsuccessful policies. [FEB]

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The ANC cannot discipline its followers with the threat of losing power

Who is Bantu Holomisa?:

National Ambitions And Transkeian Particularism

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Bantu Holomisa is one of the most charismatic of the emerging opposition leaders. In the Transkei, his greatest support base lies with discontents who see him as a regional leader. A recent survey conducted in the Transkei gives some important clues as to Holomisa's chances of success on a national level.

Continued racial divisions in political party support and the very nature of South Africa's transition has led to a vacuum of political alternatives. The emergence of an embryonic political party in the ANC's political heartland, headed by former Transkeian leader Bantu Holomisa, is thus of considerable significance. This article provides a brief overview of Holomisa's political career, and the prospects for a new opposition movement garnering significant support in the former homeland of the Transkei.

The rise of General Holomisa

Like all the other independent homelands, the story of Transkeian independence was one of competing struggles between various elite factions, of endemic coups and coup attempts.

In 1986, founding President Kaiser Matanzima was pressured to stand down by Pretoria, to be replaced by his brother George. At the time, the Transkeian armed forces were dominated by former members of the former Rhodesian Selous Scouts. The latter had close linkages with South African military intelligence, and embroiled the Transkeian government in Operation Katzen.

Operation Katzen was an ambitious plan conceived by the SADF in the Eastern Cape, to "reorder" the volatile Ciskei and Border regions through, inter alia, the creation of a greater Xhosa homeland. The Operation culminated in the ex-Rhodesians launching a bungled invasion of the Ciskei in late 1986.

Sections of the Transkei elite had, for many years, resented the presence of the ex-Rhodesians (see, for example, Daily Dispatch 10/6/1981). This led to an "Action Committee" forcing the release from detention of Brigadier Bantubonke Holomisa, who had earlier been detained on the orders of the pro-Rhodesian Transkei Defence Force Commander, General Mtirara, in early 1987. Shortly thereafter, the ex-Rhodesians were expelled, and, on 6 April 1987, Holomisa was appointed the new Transkeian Defence Force (TDF) commander.

On 24 September 1987, Holomisa toppled the government of George Matanzima, citing widespread corruption. Matanzima was replaced by Stella Sigcau. However, as a result of her own alleged involvement in corrupt practices - and because she was seen as too soft on the ANC - Sigcau was herself toppled by Holomisa, after only 12 weeks in office.

Recent surveys have indicated Holomisa could be a popular presidential contender

It has been alleged that casino magnate Sol Kerzner bribed former Transkei leader George Matanzima and Sigcau in return for gambling concessions in the homeland. Subsequent judicial proceedings led to the conviction and imprisonment of Matanzima for receiving the Kerzner bribe. A warrant was issued for Kerzner's arrest, but South African authorities refused to extradite him.

Initially, the new Transkeian government had good relations with South Africa. However, these soon soured, as a result of Holomisa's ambitious plans to expand the Transkeian Defence Force, and because of Holomisa's courtship of the liberation movements in the early 1990s.

A popular leader

There is little doubt that Holomisa's vigorous expansion of the TDF, and escalating state expenditure in several other areas, proved extremely popular in the Transkei. Although this led to periodic threats by the South African government to cut off all financial assistance, these were never implemented. It seems that, in this regard, Pretoria was reluctant to bring about the total collapse of a homeland adjoining the volatile border corridor.

In the closing years of Transkeian independence, Holomisa remained extremely ambivalent as to his future intentions. In October 1990, Holomisa claimed that "I am a military man, and would go back to the army (should reincorporation take place)...perhaps with my experience of toppling governments (however), I would not be welcome in a new South Africa" (quoted in Argus 29/10/1990).

By 1992, Holomisa was hinting on "taking a holiday from politics", studying at an overseas military academy, presumably to prepare himself for a high rank in a reconstituted national defence force (Wood and Mills 1992:264). However, there is little doubt that the SADF's senior command were firmly opposed to any role for Holomisa in this regard, particularly as a result of his role in exposing SADF covert operations.

Shortly before the reintegration process, rapid promotions took place in all the homeland armies. By April 1994, there were no privates in the TDF (Cape Times,

3/9/1994). These rapid promotions further soured Holomisa's relations with the SADF's generals.

Holomisa and the ANC

Up until 1993, Holomisa was careful to maintain good relations with both the ANC and PAC. There was a significant PAC presence in the Transkei prior to reincorporation. Although there is no evidence to back up allegations that Azanian Peoples Liberation Army (APLA) cadres were trained by the Transkei Defence Force, the TDF supplied both Umkhonto we Sizwe and APLA bodyguards with weapons.

Indeed, until relatively late, Holomisa preserved a vestige of independence from both liberation movements. In 1991 he still referred to South Africa as a foreign country and that Transkei could not be taken back "into a shapeless and formless new South Africa" (Daily Dispatch 25/10/1991).

Only when South Africa's first democratic elections loomed did Holomisa finally cast in his lot with the ANC. His outspoken criticism of the National Party, and his close relations with the liberation armies, led to him gaining a premium position on the ANC's party list for the national parliamentary election.

Both Holomisa and Sigcau have close links to the powerful Transkeian chiefly establishment. Most notably, Holomisa has close family links to the powerful Matanzima clan (and is related to CONTRALESA leader Phathekile Holomisa), whilst Sigcau was the daughter of Transkei's founding (figurehead) president. These connections helped ensure that, despite their apparent mutual dislike, both received senior positions in the ANC, with Sigcau obtaining a cabinet seat, and Holomisa a deputy ministership.

Holomisa's reputation as rather a loose cannon precluded his gaining a full cabinet seat, despite his outspoken championship of the liberation movements during the closing years of Transkeian "independence". Their ongoing enmity came to a head when, in July 1996, Holomisa gave a statement to the Truth and Reconciliation Commission accusing Sigcau of receiving a R50000 slice of Matanzima's bribe.

In 1991 Holomisa still referred to South Africa as a foreign country

By April 1994, there were no privates in the TDF

Only on the eve of the elections did Holomisa join the ANC

Holomisa has claimed minorities are too powerful within the ANC

No effort was made to refute this claim. However, Holomisa was promptly expelled from the ANC for endangering party unity.

NCF + NMP = UDM

Holomisa rallied his supporters under the banner of the Mass Democratic Movement. By early 1997, Holomisa had changed the title of embryonic political organization to the National Consultative Forum, and had begun to woo both disgraced ANC NEC member Rocky Malebane-Metsing, and the latter's arch rival, former Bophuthatswanan President Lucas Mangope (Daily Dispatch 27/3/1997). A series of meetings were held in the former Transkei, and plans set in motion to open a national chain of offices (Daily Dispatch 4/3/1997).

The ousting of former Secretary-General Roelf Meyer from the National Party has provided Holomisa with his most prominent political ally to date. However, it is evident that Meyer's New Movement Process has so far confined its efforts to poaching supporters from the National Party (Financial Mail 25/7/1997).

In late September 1997, the new allies finally merged their two movements into the United Democratic Movement. The launch seemed to be particularly well attended by delegates from the Eastern Cape, most of whom appeared to be Holomisa loyalists. Meyer and Holomisa were appointed joint leaders.

The Democratic Movement

There is little doubt that Meyer could attract significant support from the essentially-conservative English speaking floating vote, that has variously aligned itself with the New Republic Party, the Progressive Federal Party (especially in the 1981 whites-only elections), the National Party (1987) and the Democratic Party (1989). However, Meyer has yet to attract a significant black following, and it will be largely up to Holomisa to deliver black support to their new political party.

On the one hand, the new movement will be seriously hamstrung by limited financial support. In total, it is believed that the ANC spent some R300-400 million rands on campaigning in the 1994 elections, and the National Party some 100 to 150 million, sums which a new political actor could not possibly hope to match.

On the other hand, the seemingly endless internal struggles within the PAC would preclude that party from effectively mobilizing dissatisfied ANC supporters, leaving Holomisa's movement as the "natural alternative" political home to the ANC by default. Holomisa has attempted to build on latent Africanist sentiment by claiming that members of minorities are too powerful within the ANC (quoted in Focus 9/1997).

Survey: third party support

There is little doubt that Holomisa retains considerable support in the Transkei region. Indeed, recent surveys have indicated that Holomisa would be a popular presidential contender (see Daily Dispatch 17/3/1997). However, the linkage between support for personalities and party political allegiances remains uncertain.

A province wide-survey was conducted on the eve of the local government elections by the author in collaboration with Professor Roger Southall of the Politics Department, Rhodes University. Unlike most commercial surveys, the rural Transkei was encompassed in a fully representative fashion. The sample size represents a product of not only the overall size of the population, but also deviation in responses (Bailey 1987:84-92). The sample size of 470 was computed after a pilot study was conducted through simple quota sampling. Statistical tests revealed that the final sample was indeed representative of the key regional strata.

The survey revealed that a large proportion of ANC supporters who said that they would never consider voting for another party were unaware of the identity of the regional premier, highlighting the limitations of personality-based politics.

There is little doubt that a sizable proportion of Holomisa's support - particularly among civil servants - stems from dissatisfaction with the terms of reincorporation. Holomisa has repeatedly claimed that the former Transkei was better run "according to certain rules and regulations", whereas the Eastern Cape government has "...no method to the way things are done at all. The result is shambles" (quoted in Focus 9/1997). Figure 1 depicts support for Transkei being made a separate province.

As can be seen, a sizable minority of respondents believed that Transkei should

Many of the surveyed ANC loyals did not know the identity of the premier

Much of his Transkeian support stems from discontent with reincorporation

be made a separate Province. Holomisa's support for the distinct needs and identity of the Transkei region could provide the basis for a significant regional support base. Holomisa claims that he "worked hard to get the chiefs to support the ANC in 1987" and has expressed the hope that they will now align themselves with his new movement (quoted in Focus 9/1997).

Conflicting support base

On the one hand, there is a danger that a narrowly-based regional appeal could preclude Holomisa from garnering support in other regions of the country. On the other hand, Holomisa's alliance with Roelf Meyer and his national level ambitions could dilute his appeal to Transkei's discontents. Although Holomisa has claimed that his performance in internal elections in the ANC demonstrated nationwide support, he has also conceded that "every politician needs to have a base and so far as its an ethnic or regional role, well that can happen" (quoted in Focus 9/1997).

Figure 2 depicts views on whether the South African situation improved in the first 18 months of the national government's term of office. As can be seen, respondents had very mixed feelings in this area, with over one third believing that the government had failed. However, this figure encompasses supporters of parties other than the ANC, and a closer examination of the views of ANC supporters is necessary.

Table 1 compares support for the Transkei becoming a separate province (all figures represent % of respondents, calculated rowwise), with views on whether the government has made sufficient progress since the elections.

As can be seen, those favouring a separate Transkei tend also to be those who are unhappy with the government's progress. This grouping could be made up both of dissatisfied Transkeians, and those in the western areas of the Province who are unhappy with the perceived burden Transkei places on the rest of the Province. Members of the former grouping would of course, represent Holomisa's core potential support base.

Table 2 compares views on whether Transkei should be made a separate

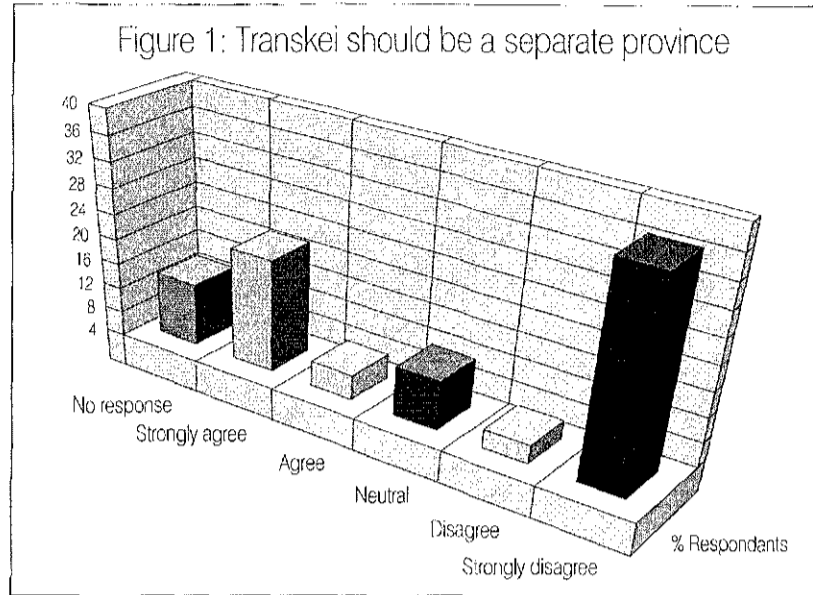


TABLE 1:

Govt. has made sufficient progress

Support separate Transkei	Govt. has made sufficient progress						Total
	N/R	Str. Agree	Agree	Neut.	Disag.	Str. Disag.	
N/R	72.6	3.2	16	6.5	9.7	46.5	13.2
Strongly Agree	1.9	6.7	14.3	6.7	9.5	61.0	22.3
Agree	2.6	7.7	20.5	5.1	30.8	33.3	8.3
Neutral	7.0	8.8	26.3	17.5	17.5	22.8	12.1
Disagree	0	27.8	22.2	8.3	25.0	16.7	7.7
Strongly Disagree	4.7	20.5	28.7	14.0	12.9	19.3	36.4
Total	12.8	13.2	20.4	10.6	14.7	28.3	100.0

TABLE 2:

Consider voting for another party to one I currently support separate

support Transkei	Consider voting for another party to one I currently support separate						Total
	N/R	Str. Agree	Agree	Neut.	Disag.	Str. Disag.	
N/R	91.9	1.6	1.6	3.2	1.6	0	13.2
Strongly Agree	4.8	13.3	9.5	9.5	1.0	61.9	22.3
Agree	2.6	7.7	2.6	23.1	17.9	46.2	8.3
Neutral	7.0	5.3	8.83	28.1	1.8	49.1	12.1
Disagree Strongly	0	22.2	22.2	2.8	11.1	41.7	7.7
Disagree	8.2	14.0	10.5	14.0	5.8	47.4	36.4
Total	17.2	11.3	9.1	13.2	5.1	44.0	100.0

region versus attitudes towards switching political allegiance. It is evident that supporters of Transkeian separatism are not particularly likely to consider voting for another party. However, sustained support for the establishment of Transkei as a distinct province could represent a powerful drawcard for the minority of voters whose political allegiances are somewhat fluid.

TABLE 3:

Consider voting for another party to the one I currently support

Political allegiance	N/R	Str.		Neut.	Disag	Str.		Total
		Agree	Disag			Disag	Agree	
Would not say	26.5	14.5	2.4	28.9	2.4	23.5	17.7	
ANC	16.1	9.1	8.4	7.7	5.2	53.5	60.9	
Other parties	12.1	15.0	17	16	6.9	33.0	21.4	
Total	17.2	11.3	9.1	13.2	5.1	44.0	100	

Table 3 compares current political allegiances with political loyalties. It is evident that ANC supporters are somewhat more loyal to their party than opposition party supporters. Indeed, only some 17.5% of overt ANC supporters said that they would be prepared to, at some stage, consider voting for another party.

Many discontented ANC supporters would never vote for another party

This would seem to suggest that Holomisa is condemned to a minority role in the province. It should be noted that many of those ANC supporters who had, in earlier questions, indicated their deep dissatisfaction with the government's performance, reiterated that they would never consider voting for another party, whatever the circumstances.

Which card to play?

It is evident that Holomisa has been able to draw on a groundswell of discontent within

the Transkei, both dissatisfied civil servants, and those on the rural periphery. It seems that few ANC supporters would be prepared to consider voting for another party, however. Although this situation may change as Holomisa's and Meyer's new movement gathers momentum, its impact will be greatly restrained by limited financial resources.

Finally, it is evident that an appeal to Transkeian particularism - and the need for a separate province - would probably represent Holomisa's most powerful drawcard in that region. However, such an appeal would serve to reinforce perceptions of Holomisa as a regional rather than a national figure. Conversely, a national role would, perforce, dilute his regional strengths and his ability to mobilize Transkei's discontents.

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The Nats of Cosatu:

Pondering the Coloured vote

By *Kuseni Dlamini*
De Beers

The conundrum of Coloured support for the NP is nowhere more glaring than among those voters who also belong to Cosatu. Since the winner of the Coloured vote will likely win both the Northern and Western Cape provinces, Cosatu will have to exert all its influence to reverse voting trends in 1999.

With less than 18 months before South Africa's second democratic elections, the fight for the so-called Coloured vote between the ANC and NP in the Northern and Western Cape provinces is set to be a contentious one. Both parties' provincial structures are flexing their muscles and trying to devise effective election strategies to win the hearts and minds of Coloured voters in the 1999 poll.

Planning for the 1999 elections dominated the recent NP provincial congress, at which the party's first Northern Cape Coloured leader, Pieter Saaiman, was elected. The elections also featured at Cosatu's recent congress at the World Trade Centre in Kempton Park, and the ANC has already held a high profile election summit in the Northern Cape.

The demographics of both provinces are such that the winner of the Coloured vote will likely win both provinces. According to the Central Statistical Service, the Western Cape population of about 3.7 million people consists of 57% Coloureds, 23% Blacks and 20% Whites. The Northern Cape population of approximately 750 000 comprises 50.4% Coloureds, 29.4% Blacks and 16.2% Whites.

Coloured identity?

The designation 'Coloured' is an historical construction, originally designed to serve

the political goals of various generations of colonial and apartheid oppressors. Throughout the eighteenth and nineteenth centuries, Coloured people remained a heterogeneous group divided, as they still are, by barriers of class, religion, colour, geography and language.

They neither saw themselves as a single and distinct group of people nor were they so defined by others. Even today, the extent to which a uniform and coherent identity prevails within the so-called Coloured community is not self-evident.

The people who are today known as 'Coloureds' are descendants of various South African ethnic groups. In the nineteenth century the term 'Coloured' was used to refer to all those who were not White.

The 1891 Cape census only had two categories: White and Coloured. It was only in 1904 that a distinction was made between the three 'clearly defined race groups in this colony: White, Bantu and Coloured'. It was then that the official separation of Coloured people as a distinct category began (Pampallis, 1991).

Coloured identity has been accepted and reinforced to varying degrees and for various reasons by sections of the Coloured community, notwithstanding the fact that it was originally imposed by the colonial and apartheid regimes.

Both parties are focusing on the Coloured vote

The relationship between education and voting is complex

The Coloured petty-bourgeoisie have played a key role in this, as it was often in the forefront of the formation of organisations which articulated 'Coloured interests'. These interests generally included distinguishing Coloured people from the larger African population.

1994 elections

In the build-up to the 1994 elections, a survey conducted by the Centre for Development Studies at the University of the Western Cape on the voting behaviour of the Coloured community reported the following:

- The overwhelming majority (74%) supported De Klerk as president in a new SA and the NP (62%) as the party they would vote for in an election.
- Only 5% supported Mandela for president and just 9% supported the ANC.
- Sections of the Coloured community were said to be hesitant in their acceptance of an African as president of South Africa.
- The Coloured community showed low levels of organisational affiliation and appeared to be politically marginalised.
- A correlation was found between education, income and the voting trends of the Coloured electorate. According to this survey, the NP's main support base comprises the less educated sections of the Coloured community, as well as the low and upper-middle income earners.

According to a February 1994 MarkData Omnibus survey, the relationship between education and political preference among Coloureds (as among any people) is more complex than it is often suggested.

For example, among Coloureds with a Std 10 education, the ANC and NP support was about equal. Coloured people with post-matric qualifications tended to support the ANC more than the NP. Those with less than Std 3 tended to favour the ANC slightly more than Coloured people with Std 3 to 5 education levels.

The survey found that most Coloureds in Kimberley, the capital city of the Northern Cape, supported the ANC. However, few

supported the ANC in other larger towns in the province and those in small towns and rural areas of the Northern Cape overwhelmingly supported the NP.

In rural areas of the Western Cape, on the other hand, Coloured support for the ANC was stronger than in smaller towns, but not quite as strong as in metropolitan Cape Town. In Gauteng, Coloureds favoured the ANC slightly more than the NP in a ratio of about 5:4.

Thus the correlation between geography and voting behaviour among Coloured people is a complex one and is shaped by a variety of socio-cultural, political and economic factors.

Another MarkData national opinion survey, done in October 1996 for the Helen Suzman Foundation, found that the overall structure of party preference by the electorate has not changed much since 1994. It found, among other things, that only 44% of Coloureds were happy with the government's composition, compared with 67% of Asians.

This was true despite the fact that both groups have approximately equivalent proportions of ANC voters. The study found that those who were unhappy with the government's racial composition "invariably wanted to see more of their own group in the government".

Thirty-one percent of Coloured people polled said things were worse for their lives and their families since the 1994 election, compared with 23% who said things were better. Among the Asians polled, 32% and 31% of respondents said things were worse and better respectively. Twenty-nine percent of Africans polled said things were worse, while 25% said they were better.

Nats in Cosatu?

Cosatu is the only progressive social formation that has been able to establish a loyalty base among the mass of Coloured people in the Northern and Western Cape. Cosatu affiliates such as the NUM, SACTWU, SAMWU, NEHAWU and NUMSA have a significant influence over the lives and consciousness of many Coloured union members in both provinces.

The mobilisation of the Coloured working class has thus far been around specific campaigns, primarily addressing the

Coloureds in some regions support the ANC

The majority of Coloureds are not happy with the government's composition

immediate bread and butter interests of workers. The participation of Coloured workers in mass and industrial action has increased in recent times as a result of, among other things, Cosatu's mobilisation campaigns.

The ANC largely pins its hopes on Cosatu to deliver the Coloured vote in both provinces and will align its election strategy to build on and consolidate the work already done by Cosatu.

The role played by Cosatu activists and structures in mobilising support for the ANC in the 1994 elections was a considerable one and transcended mere nominal backing of the ANC. It was, as Ginsburg, et al, (1995) suggest, a series of different but related interventions which entailed, among other things, canvassing for an ANC victory and voter education.

As it was the case in 1994, Cosatu is finding itself in a puzzling position. Coloured membership in Cosatu unions and participation in union activities has shown a steady increase, but support for Cosatu has not translated into support for the ANC.

This stands in contrast to the situation in Britain, where support for the Trades Union Council (TUC) has usually gone hand in hand with support for the Labour Party. While most African members of Cosatu unions are members and supporters of the ANC, most Coloured members of Cosatu unions in the Northern and Western Cape support the NP.

According to Ozinsky (1993) and Coetzee (1993), coloured fears and concerns about the new dispensation, reinforced by the NP's negative and racist propaganda machinery, has led to the perception of the ANC as:

- a communist and anti-religious organisation;
- an 'African' organisation that primarily cares for its 'African' members;
- an organisation that discriminates against them in that it does not see them as black enough for affirmative action - at least the NP saw them as light enough for some form of job reservation;
- not addressing their real and immediate concerns;

- not having any cultural affinity with the 'Coloured people'.

War of position

The election of the first Coloured provincial leader of the NP in the Northern Cape, at the province's recent congress, marks a significant development in the race for the Coloured vote between NP and the ANC. Both former NP leader, FW de Klerk, and his successor, Marthinus van Schalkwyk, made an appearance to address the congress.

The ANC is also focusing its energies on winning the Northern Cape and has embarked on a high profile provincial campaign to woo the electorate. Welfare minister Geraldine Fraser-Moleketi addressed its election summit early this year. A series of visits by the party's heavy-weights such as vice-president Thabo Mbeki, Valli Moosa and Peter Mokaba will continue to feature as the build-up to the 1999 elections gains momentum.

Provincial premier Manne Dipico is highly respected and well thought of in the province. His increasingly Coloured-sensitive approach is seen as posing a potential threat to the NP's support.

Unpacking the puzzle

How can the dual affiliation of coloured voters be explained? Perhaps by joining Cosatu at work and voting for the NP in the polls, coloured voters are acting prudently to achieve optimum utility and maximise their life chances. On the other hand, it may be the case that the voters are simply deluded.

The NP used apartheid policies and practices to impose its hegemonic vision through a whole variety of superstructural institutions, such as schools, social policies, the media, and religion. The function of the ideology of apartheid was to uphold and legitimise unjust social institutions and practices.

As a result, the different population groups in South Africa came to see the world through ideologically distorted spectacles. That is why the whole apartheid world view had to, and indeed still has to, be challenged before transformation can take place.

The ANC largely pins its hopes on Cosatu to deliver the Coloured vote

The Coloured community is not homogeneous

Apartheid did not create unity among the oppressed

Coloured voters
fear
discrimination at
the hands of the
ANC

Beyond work and politics

Workplace and political issues are not necessarily the same thing nor do Coloured workers experience them in the same way. They have different priorities and concerns at work and in the political sphere, which necessitate different courses of action to address.

But innovations in labour have wide-ranging implications for the nature of society. Cosatu has managed to define the language and patterns of change in the workplace and outside. At the heart of this is consultation, information disclosure, worker participation and the range of organisational rights provided for in the Labour Relations Act, 66, of 1995.

As Sitas (1993: 74) notes,

"inside the factories and shops, professional managers, experts in human resources and participative management are creating a new corporate image: of the social or caring factory. Workers are not seen by them as commodities but as a social force or as a resource for innovation"
(emphasis mine).

Cosatu's history in the struggle has had an impact in all this and has made it influential in shaping the agenda and language in workplace politics. This in turn explains its popularity amongst Coloured workers.

The UDF approach

In most Coloured areas in the 1980s there was a vibrant tradition of struggle and resistance led by the United Democratic Front (UDF). The UDF succeeded in mobilising the Coloured community against the tricameral parliament in 1983-84, and may provide clues as to what is needed to win Coloured support today.

The success of the UDF can best be understood in terms of its character and approach.

- The UDF successfully linked political issues to bread and butter issues and vice versa.
- Its leadership reflected the demographic dynamics of the different areas where it organised people.
- Its strong political and moral appeal partly derived from its strong association key religious figures.
- Its campaigns were carried out by those who were immediate victims, i.e. area committees, grass roots based anti-tricameral election campaigns, and campaigns against the Koornhof Bills by those closely affected by them.
- It managed campaigns in an imaginative and dramatic way.

The UDF succeeded through its approach in preventing the cooption of Coloured communities by the apartheid regime. It intervened in their political consciousness and presented itself as a legitimate vehicle for their outrage and frustrations against the Apartheid State. Its dissolution after the unbanning of the ANC left an organisational and political vacuum in the Coloured community. If the ANC can fill this vacuum, it may well shift the balance of power in the Northern and Western Cape. [PEW]

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The UDF
mobilised the
Coloured voters

Disintegrations:

The Politics of Coloured Identity

1994-1997

by Rachel Prinsloo
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The enigma of the Coloured vote has been the subject of several recent surveys in the Western Cape. Conflicts within the National Party have apparently left room for political entrepreneurship.

Although the 1994 pre-election polls had indicated the possibility of a victory for the Nationalist Party (NP) in the Western Cape Province, the eventual landslide nevertheless came as a rude shock. Many reeled with disbelief at the fact that those formerly oppressed had decisively voted for the party of the former oppressor.

A clear and disturbing signal had been sent that the previously cohesive anti-apartheid alliances, especially between Black and Coloured communities, were fragile and dispensable.

Ironically, the statute books historically defined Coloured people as being neither White nor Black - essentially, a non-entity. The grand design of apartheid had created a buffer grouping which had no distinctive cultural or other descriptive boundaries.

Yet recent political developments - electoral behaviour, latent and overt conflict over civic matters such as access to housing, outstanding payments for rents and services and the maintenance of state welfare grants - pointedly suggest that the reality of differing communal or ethnic identities, and the persistence of a specific "Coloured" social identity, cannot summarily be argued away.

Slave mentality?

Erasmus *et al* (1997) provide an account of both the political and scholarly interpretations of the vote. They suggest that the most pertinent accusations from a range of commentators have been the following:

- Coloured people share language and religious affiliations with White people;
- they are racist in their attitude towards Africans and anti-ANC;
- they suffer from slave mentality and are "psychologically damaged";
- they are the passive recipients of successful NP propaganda;
- they have yet to unshackle themselves from their ideological chains.

Erasmus complains that such observations are often decontextualised and uncritical of the discursive roles they play in reinscribing racist agendas. Yet, earlier national survey results this year support the contention that there is strong support for the NP (Omnibus Survey, HSRC, February 1997).

In a poll of all classes of voters, the Western Cape provincial government ranked second in popularity, with a 58%

Coloured voters have been labeled "psychologically damaged"

The oppositional significance of the NP is negligible even if the announced intentions to forge alliances do occur

approval rating. The premier, Hennis Kriel, was ranked the fourth most popular premier in the country.

Disintegrative tendencies

On a global and macro-scale the oppositional significance of the NP is negligible even if the announced intentions to forge alliances across the political spectrum do occur. More recent symptoms of foundational disintegration and splits within the party make it more unlikely that it will continue to sustain itself into the immediate future.

The final nail in the coffin must surely be the unexpected resignation of FW De Klerk, which, for all his protestations, signalled the deep rifts and lack of direction in the party.

His visible and active support of his protégé, Martinus Van Schalkwyk, is intended to transfer the swell of loyalty he enjoyed to the new incumbent. The latter is a young, "corporate and modern" political animal undoubtedly intended to counter the Roelf Meyer image. Given these seachanges within the party, it would be instructive to examine what effects this might have on their base of voter support and loyalty.

Identity could be retained as a progressive political category for promoting change

Reframing

Arguably one of the more disconcerting events for the NP was the dismissal of the erstwhile progressive voice of Roelf Meyer, widely perceived as being the embodiment of change and brighter future prospects for the party. The provincial audience waited with bated breath to view his next course of action, which as it turned out, was one of unfortunate realignment.

The Meyer-Holomisa pact is considered to be a non-starter according to some public opinion and informed analyses, yet their capacity to draw huge crowds at rallies has been commented upon in the media recently.

Those without roots need to reclaim their stake in order to access resources

According to an article in *The Weekend Argus* (20/21 September 1997), a University of the Western Cape political analyst, Keith Gottschalk, argues that Holomisa is in the lead in the charisma stakes. Given that the current array of politicians in the Western Cape are rather a sombre and aged bunch, the field is wide open for a compelling and persuasive leader.

Historically too, Mr Holomisa enjoyed wide support within the ANC before his decline from grace, and has a significant constituency amongst Black youth as a public ally of Ms Winnie Mandela-Madikizela. Gottschalk insists that Holomisa's youth, vibrancy and ability to touch the common person are his greatest assets.

Politics of identity

Over the past two years many useful insights emerged from a collaborative pilot study initiated by the Cape office of the Human Sciences Research Council at the request of The Institute for Multiparty Democracy and supported by academics from the University of the Western Cape. Essentially, our work focused on the politics of identity construction in three selected Coloured communities.

We found Burman's (1994) reconceptualisation of the construct of identity, understood as "a notion of positionality", a useful one. She argues that identity is a process of repositioning and reconfiguring patterns of relationships, and could be retained as a progressive political category for promoting change and alliances rather than exclusion and division.

The uneasiness which characterised the reactions to the emergence of an assertive, common Coloured identity could probably be attributed to the concern that this segment of society was encapsulating itself and resisting change. Burman reminds us to take stock of the broader picture.

The political discourse of multiculturalism also necessitates the reframing and solidifying of identities. If rights are to be determined by culture, then those without roots and history need to "reposition" themselves and reclaim their stake in order to access resources, or be doomed perpetual marginalisation (Hendricks, 1997).

In the findings of the study, we detected shifts in terms of levels of threat experienced by communities, depending on where they were located and the duration of their co-existence with other racial groups. Higher educational status also correlated with negative responses to affirmative action programmes. Generally, the material conditions and perceived threats to quality of life strongly influenced the utility of Coloured people remaining in support of the NP.

Democratic citizenship

We found that in analysing party support of the Coloured community as a group that material interests, pragmatic investments, and historical benefits all factor in to position the NP as an acceptable alternative.

It is going to take a great deal of imaginative leadership to convey the fact that although the constitutional framework is one biased towards a model of liberal democracy, it has strategic insertions to contextualise itself more sensibly in addressing the issue of historical imbalances. A narrow liberalist view would uncritically assume that the playing fields have been levelled and that engagement and advancement is entirely up to individual ambition.

One of the more difficult issues for true transformation is how to facilitate acknowledgement from individuals and collectives that historically they have been beneficiaries on a sliding scale, with Whites being the most privileged, Indians second, Coloureds third, and Blacks at the bottom.

The Idasa survey

According to the latest Idasa survey, a significant reversal of an earlier trend is evident in the plummeting support among Coloured voters for the NP. Levels of support for the NP have dropped from 53% to 28% amongst Coloureds and from 48% to 19% amongst Whites. Among Coloured voters, 34.3% would back the ANC at provincial level and 39.2% at national level.

The ANC is reported as likely to emerge the winner were elections to be held today. ANC support from Coloured voters has recovered to 1994 levels.

Broader trends indicated that the ANC would win all 9 provinces if the elections were run today, although its support had declined from more than 60% to just more than 50%. The NP would be reduced to a regional party with only 10% of the vote after its 20% in 1994.

The Freedom Front has shown significant growth in the Western Cape since 1994 at 3.3% provincially and nationally and the Democratic Party would win 4.4%

provincially and 2.5% nationally. The Pan Africanist Congress stood at 3.5% provincially and 3.6% nationally.

Slightly more than 15% of the sample would not indicate which party they would vote for. The growing pool of undecided voters has meant losses for all parties except one - the new United Democratic Movement, which is expected to get 3.1% of the votes. It is predicted that this trend is likely to continue possibly making of the UDM the third largest party in the 1999 national elections.

The size of the floating vote has increased to 42% from 12% in 1994. Another phenomenon which requires closer scrutiny is the emergence of the "independent" factor, especially in the Western Cape local government elections. Idasa's national analysis of allegiance by race shows that 37% of Africans, 44% of Coloured voters and more than half of Indians were leaning towards an independent position.

The large unaligned voting group indicates that it is too early to conclude, as the ANC whip has, that voters in the Western Cape are turning their backs on the NP because they had not delivered services to the people, and are becoming more impressed with the ANC's record in national government.

The perceptions that the NP was insensitive towards the outbreaks of violence on the Cape flats, the ongoing conflict and clashes between PAGAD and CORE and the loss of innocent lives in the crossfire, are major factors in the growing disillusionment with the governing party. But the declining support for the NP does not automatically translate into support for the ANC.

NMP and NCF

Given the suggestion that the political terrain in the Western Cape is wide open, I conclude by introducing some preliminary results from the Idasa survey on attitudes to Meyer's New Movement Process (NMP) and Holomisa's National Consultative Forum (NCF).

Political parties were rated individually on a six point scale for general approval and viability for election. In total, 23% of the sample gave a favourable response to the

Levels of support for the NP have dropped from 53% to 28% among Coloureds

44% of Coloured voters were leaning towards an independent position

Declining support for the NP does not automatically translate into support for the ANC

34% of Whites respond positively to the NMP while 35% of Blacks respond positively to the NCF

Citizens are being influenced by the politicians themselves and not by what they stand for and promise to deliver

NMP and 31% to the NCF. Disaggregated according to race, 34% of Whites respond positively to the NMP while 35% of Blacks respond positively to the NCF. 19% of Blacks gave the NPM a positive rating and 15% of Whites gave the NCF their approval.

A striking feature of the results is the split between White and Black communities with negative attitudes towards the parties. A total of 44% of the sample have an unfavourable position towards the NMP, including 18% of the Whites and 52% of the Blacks. In comparison, 37% respond unfavourably towards the NCF (Whites = 35% and Blacks = 37%) with more evenness in the reactions to the NCF across racial groups.

A much larger percentage of Whites have also indicated their neutrality towards either of the two movements (48% - NMP and 51% - NCF). 29% of Blacks polled are neutral towards the NMP and 27% towards the NCF.

Although this item is now only of academic relevance, the largest single response category to Meyer's party standing for elections was that of White respondents who were neutral towards the idea (55%). This trend is even more pronounced in their responses to Holomisa's party standing for election (58%). The Black scores appear to indicate cohesive resistance to this formation.

There is congruence in the pattern of Whites towards the NCF with 14% supporting involvement in the elections and 15% who indicated a favourable attitude. There again appears to be more consensus across racial groupings in their disagreement to Holomisa's party standing for elections (Blacks = 32% and Whites = 28%; total 31%).

The double barreled item measuring this attitude refers to both the extent that respondents agree or disagree with the parties standing for elections and positioning themselves as independent political parties. At the time of writing the nuanced interpretations teasing out this relationship were not examined.

As the growing swell of support for the UDM, in the absence of clear policy, appears to indicate, citizens are being influenced and persuaded by the politicians themselves and not by what they stand for and promise to deliver. This does not bode well for the future if we are at all serious about issues of accountability, responsible governance, and informed choices. [P&G]

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ECONOMIC

M O N I T O R

RDP Allocations

	1994/95 R'000	1995/96 R'000	1996/97 R'000	1998/99 Carry Through R'000
National	1 098 999	5 916 876	2 951 000	610 131
Provincial	964 761	247 815	4 154 723	627 012
TOTAL	2 063 760	6 164 691	7 105 7232	1 237 142

RDP Expenditure

	1994/95 R'000	1995/96 R'000	1996/97 R'000
National	349 842	1 859 171	
Provincial	288 639	70 653	
TOTAL	638 481	1 929 824	
% of allocation	30,9	31,2	Awaiting the audited expenditure figures

Note - the 1995/96 expenditure represents an increase of 302% over the 1994/95 figures

Source: Report of Programme Management Services to the Minister of Finance,
September 1997

Why Gear Isn't Working

An Update

By Edward Osborn
Economic Consultant to Edey, Rogers & Co. Ltd.
Columnist for Reuters

All the basic policy aspects of Gear are either deflationary, destructive of the fabric of industry, worsen the competitiveness of industry, or strengthen the technological trends towards greater capital intensity. Unfortunately, Gear is performing just as should have been expected. Jobless growth is only one aspect of an economy growing leaner and meaner.

The Gear policy document released in June 1996 played an important part in providing comfort to the market. Here, it seemed, is a government not only capable of formulating policy, but also of integrating these policy measures into a coherent whole. The measures proposed form the government's strategy for the achievement of growth, employment and redistribution.

Noble targets were established in the document. Sustained economic growth of 6% per annum was projected, along with the creation of 400 000 jobs per annum by the year 2000. It was claimed that 1.1 million jobs would be created in the process, if there was rigid adherence to the programme. All this was most inspiring.

The spoilsports among us, however, have been sceptical about it from the start. Gear has come in for mounting criticism and scorn, particularly from organised labour and the Left, despite their empathy with the government. The essence of the scepticism, as I have expressed it, lies in it being a pot-pourri of ideas that, unfortunately, all contribute to achieving the very reverse of its claims.

All the basic policy aspects of the strategy are either deflationary, destructive of the

fabric of industry, worsen the competitiveness of industry, or strengthen the technological trends towards greater capital intensity.

We are more likely to have a hard-nosed economy oriented towards capital-intensive and high-tech mega-enterprises with, sadly, a compounding of our sociological problems and, in particular, an even greater incidence of crime. We are already beginning to feel the impact of Gear on employment and private consumption.

A flawed conception

The three main elements of Gear are:

- the liberalisation of the economy through tariff reduction;
- the tapering of the fiscal deficit;
- the retention of a firm monetary policy for the suppression of inflation.

The first exposes local industry to foreign competition, which either results in the demise of local producers or the retrenchment of workers, combined with minimal real wage increases. The second, within the confines of a ceiling on tax revenues, has to be achieved through

Gear is a pot-pourri of ideas that contribute to achieving the reverse of its claims

reduced civil service establishments. The high real interest rates implied in the third are inimical to the development or survival of small and medium enterprises.

All work towards the slowdown, if not reduction, in employment and wage income. A lowering of consumption and a decline in the savings ratio necessarily result.

In addition, there is increasing evidence of the development of a moribund domestic economy, leaving whatever growth there is to be dependent on exports. Overlaid on this broad generalisation about growth, the agricultural industry has also reached a static position of maturity, evident despite fluctuations based on the vagaries of the weather.

Job losses

Government has at last admitted what every one outside of government has known for a long time, namely that the promises or expectations of Gear, with regard to employment creation, are not being realised due to the pressure of international competition and the bias towards economic growth through capital-intensive industry.

In 1996, something like 64 000 jobs in manufacturing were lost - the vagueness being due to the muddying inclusion of employment in the erstwhile TBVC states

in the data from January 1996. Including the TBVC states creates the illusion of a growth in employment from 1.397 million in December 1995 to 1.430 million in December 1996, or 33 000 jobs.

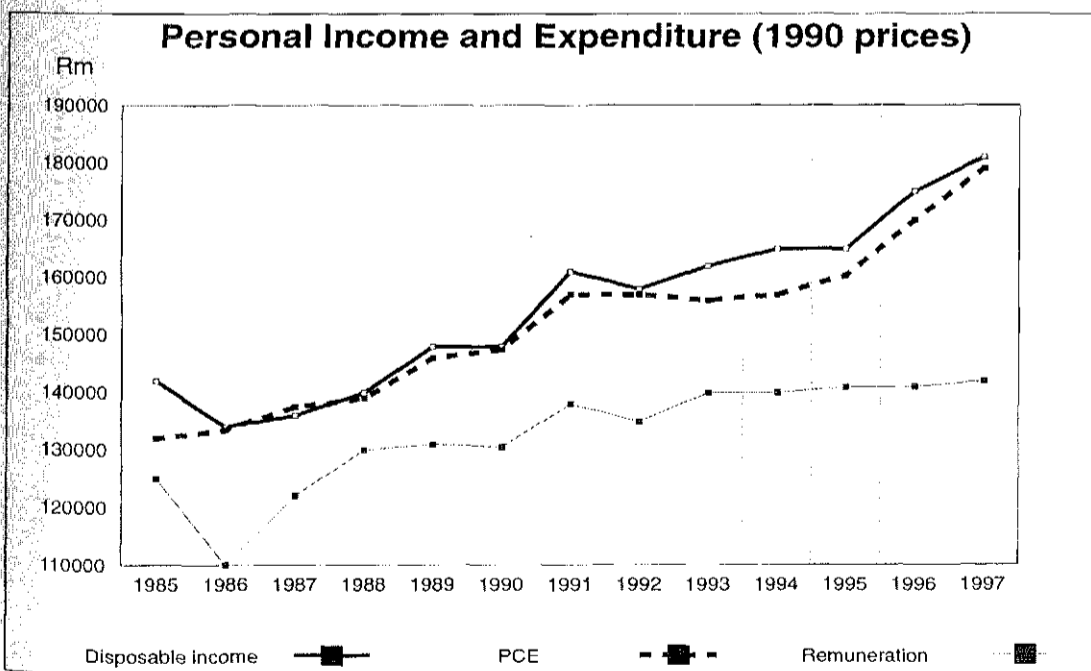
This seems to have been the basis of earlier claims by the Minister of Trade and Industry that there was growth of employment in the year, and of more recent press articles that there was an expansion, albeit modest, of employment. However, since the TBVC addition represents some 84 000 jobs in January 1996 figures, this suggests that there was an overall decline of the order of 51 000 jobs, assuming no decline in those territories.

According to disaggregated official statistics, the actual change in the period January 1996 to January 1997 was a loss of 33 000 jobs in the manufacturing sector. In other sectors, mining fell by 24 000 in 1996, building and construction fell by 17 000 and the position was static in the utilities sector. Employment in the distribution and accommodation sector also fell by 12 000, but there were compensating increases of 7 000 in the finance, insurance and real estate sector and of 18 000 in the community and other services sector.

Total non-agricultural employment has thus fallen by 61 000. Most likely, employment in the agricultural sector has

There is increasing evidence of a moribund domestic economy

The real wage bill is becoming static



Manufacturing growth has been in capital intensive industries

also continued to fall during 1996 in line with the trends established in recent years.

Income and expenditure

The real wage bill, which is the core component of personal disposable income, is tending towards, or may have already become, static. This would imply a static level of private consumption, if it were not for increasing reliance on consumer credit and the redistribution of incomes in favour of those with higher propensities to consume. A third mitigating factor could be the growing numbers of consumers in the fringe economy.

The graph presents the relevant income and expenditure aggregates for the personal sector in constant 1990 prices.

Most manufacturing is below the 1990 level

The quarterly estimates of the Reserve Bank of remuneration, personal disposable income, and private consumption expenditure, seasonally adjusted and expressed at annual rates, have been deflated by a derived series for the personal consumption expenditure (PCE) price deflator - that is, a price series derived by dividing current price estimates of the PCE by the corresponding constant 1990 price estimates.

What emerges fairly strongly from the graph is the levelling off of the growth of the basic core remuneration of employees in real terms, with consequent impact on the growth patterns of personal disposable income and private consumption expenditure.

Growth in manufacturing

The major hope of *Gear* lies with the manufacturing industry, where overtly there has been and there continues to be promise of substantial investments. The growth of manufacturing industry was expected to be accompanied by significant increases in employment opportunities.

Labour intensive industry has had to shed labour

Indeed, in the strategy document manufacturing employment is expected to grow by 2.9% per annum through to year 2000 as a result of government's strategy, as opposed to 0.8% per annum in its absence. This would mean an additional quarter of a million jobs.

Structural change is manifest in the manufacturing sector, as revealed in the

published indices of manufacturing output. The 28 sub-sectors of manufacturing output as published by the CSS, have been grouped into 9 bundles of associated industries for the purposes of manageable analysis.

Such groupings show that the overall growth of manufacturing output of 5.5% between the first quarter of 1997 and the base period of 1990 is due primarily to expansion in the highly capital-intensive chemicals and basic metals industries.

A dominant factor in the chemicals industry has been the rise of the petroleum refining industry which, due to the considerable addition of refining capacity in recent years, is currently at an index of about 150, i.e. a growth of 50% since 1990. In the case of basic metals, the non-ferrous plants have an index of 180, or 80% above the 1990 level.

Both of these industries have been the beneficiaries of recent large capital investments. The 1990 weights of these industries amounted to 31% of total manufacturing, but they provide only 17% of total employment in manufacturing.

These industries are either naturally capable of standing up to international competition because of the technologies involved, or are the logical extensions of the metals beneficiary process with markets abroad. Their establishment has been assisted by such now-expired export incentive devices as Section 37E of the Income Tax with its accelerated depreciation allowances and the GEIS - the General Export Incentive Scheme.

In addition, however, the wood products and furniture industries have also shown positive growth in recent months, assumed to be associated with the diaspora of business from the Johannesburg CBD. The March statistics, however, indicate a sharp fall off in unfilled orders, which points to a likely fall-back of these industries. They only account for a weight of 3.5%.

All other manufacturing together is still below the level of the base year 1990. It has been in a narrow range of 96% to 100% of the 1990 base for the last two and a half years, although this has been an improvement on its nadir of 90% in the third quarter of 1992 during the recession.

Three conclusions seem to be evident from the analysis of manufacturing output:

- domestic consumption demand is increasingly being satisfied from imports;
- domestic consumption itself has been tapering off as a consequence of job losses, high interest rates and saturated credit;
- the expansion of manufacturing is accounted for by the growth of capital-intensive industries oriented to exporting.

We are seeing the manifestations of jobless growth.

Growth without jobs

This trend is essentially due to increasing capital-intensity in manufacturing and the stagnation of domestic industries exposed to external competition. The more labour-intensive industries, which are susceptible to international competition and various forms of illicit importation, have been held static in their levels of output and have at the same time had to shed labour in order to remain cost competitive.

Oddly enough, the authors of the Gear document were unaware of this, for otherwise they would not have made the wildly optimistic projections of employment opportunity created by industrial development that they did.

And this is likely to be the pattern of development during the remaining years of Gear, given the nature of the identified investment projects collated by the Nedcor Economic Unit. Again, there is a heavy concentration in the chemicals and basic metals industries. In short, there is the prospect of continuing jobless manufacturing growth during which the hopes of Gear will not materialise as far as employment is concerned.

Furthermore, the spread of a manufacturing industry that has already shown itself to be sensitive to foreign competition will have to go through more cost-cutting and rationalisation programmes in order to be competitive and to survive. Some industries, like sectors of the food manufacturing industry, will continue to enjoy natural locational advantages and may be able to cope. The net overall addition to manufacturing employment in this whole process may well be negligible, however.

In the last four years, since the start of the economic recovery, manufacturing production as a whole has grown by 14.4%, but employment in manufacturing has fallen by 6%.

This is the very reverse of what is assumed to be the situation in government's *Gear* macroeconomic strategy. Given the trends as identified above there is a fair possibility that the experience of the last four years will be repeated in the next three. So, instead of the additional 227 000 jobs expected in *Gear*, there could be an effective loss of some 150 000 jobs.

Multiplier effects

The economic consequences of this are serious in terms of a deflationary multiplier impact on the domestic economy. Government will, no doubt, have to introduce various fire-fighting measures along the way, like the recent intention to impose footwear import quotas on non-members of the World Trade Organisation.

With similar measures, employment in manufacturing might be held at its present level in 1997 and then the overall loss on the base period used in the *Gear* document will be confined to some 65 000 jobs.

Additionally, the average wage in manufacturing over the last year to March rose by only 4.0%, while numbers employed declined by 2.3% (this with due deference to the Minister of Finance who does not agree with the statistics produced by government's own Central Statistical Service). The wage bill of manufacturing thus rose by a mere 1.6% in current terms, despite a rise in the overall level of output of 3.4%.

Cost pressures have thus been subdued, but this is likely to have been as a result of the competitive pressure on domestic industry from liberalised imports as well as illicit and dumped imports. Although gratifying in terms of subdued cost wage pressures, the outcome has been most disturbing in terms of employment.

Transformation of industry

Generally speaking, industries have either contracted under the force of competition

Jobless growth is likely to continue

Instead of an additional 227 000 jobs there could be an effective loss of some 150 000 jobs

Job loss can have serious deflationary multiplier effects

The only industries that could increase wages were capital intensive

or have had to reduce their costs through rationalisation programmes and award minimal wage increases in order to remain competitive. It is notable that in the footwear and furniture industries there was even a reduction in average wages, which presumably would have come about through paying off more highly skilled and paid staff.

It is also significant that the only industries that were able to increase their average wage by anything approaching the inflation rate were mostly capital intensive industries, even though they managed to reduce the numbers employed at the same time.

Clearly the experience of recent years has culminated in a manufacturing industry in this country that is meaner and tougher. It has had to be honed down to this state in order to survive against international competition in the domestic markets as well as in export markets. The trend has been towards a high level of capital intensity, either by virtue of the technology involved or with the rationalisation of the workforce.

The projected growth rates are beyond reach

Certainly manufacturing is not going to be a soft provider of jobs in the future. In this respect the *Gear* document has made a fundamental misjudgement. But it also has implications for a slower pace of inflation, regardless of what will be happening to the money supply.

The deficit

In addition to job losses, the recent estimates of GDP growth in the first quarter of 1997 already suggest that the projected growth rates of *Gear* are beyond reach. GDP at market prices ostensibly fell by 0.8% in Q1 1997 making it most unlikely that for full year 1997 the growth rate of 2.9%, as projected in *Gear*, will be attained. It is also relevant to note that the actual outcome for 1996 of 3.1% was well below the *Gear* expectation of 3.6%.

A central piece in the *Gear* strategy is the progressive movement towards a 3% fiscal deficit, excluding capital transfers, and toward

this end the budget for 1997/98 targeted a 4% deficit, or R24.8 billion.

The results for this first quarter reflect a deficit of R12.5 billion, or more than half that allowed for the year. There are seasonal factors to be taken into account in that first quarter revenue collections are always low - the intake in other quarters is raised by the incidence of provisional taxation receipts and boosted PAYE receipts from annual bonuses.

Nevertheless, receipts are lower than expected, as the growth rates posited in the budget are not being achieved. The expenditure figures also give rise for concern in that disbursements to the provinces are running high and that the main half-year interest payments are due in August when some R9 billion will be paid out.

A major cause of the pressures on the expenditure side is the increase in salaries without the expected compensating reduction in staff in response to the voluntary severance packages. A 5% deficit by the end of the year is more likely on the strength of these figures.

Fiscal complications

In more general terms, the *Gear* document pays scant regard to the uphill task in fiscal matters presented by the regime of high interest rates and the extent of inherited public debt from the past. Broadly, the current position is that public debt is 55.6% of GDP and, at an average interest servicing cost on public debt of 12.25%, the interest bill alone amounts to 6.8% of GDP.

In order to achieve a deficit target of, say, 3% there has to be a primary budget surplus (i.e. of revenue over non-interest expenditure) of 3.8% of GDP - of course, assuming no windfall assistance from privatisation. This imposes a powerful disinflationary discipline on government - cutting back of expenditures, reduction of establishments, restraint on salary increases and the like. ■■■■

Gear: A Labour Perspective

By James Heintz
National Labour and Economic Development Institute

Perhaps the greatest danger of Gear is not what the document contains but rather what it conspicuously leaves out. While the economic environment of the 1990s does pose critical challenges for traditional redistributive policies, that doesn't mean that redistribution must remain in the shadows.

South Africa faces the challenge of economic transition in an age of highly integrated international markets. Markets are not, however, staid and stable social institutions. They are subject to dramatic fluctuations and high levels of instability. The advantages of markets (their ability to adjust and respond rapidly to changing conditions) can be drastically contrasted with their disadvantages (their potential for generating social disruption and displacement).

The increasingly market oriented nature of the world's economies and the corresponding higher level of potential instability pose challenges to countries around the world. In the case of South Africa, which is currently undergoing a major social and political transformation, the difficulties are even more pronounced.

The call for policies which guarantee economic stability, therefore, is a natural outcome of the expanding influence of global markets. In particular, the Gear document focuses on financial and price stability as a necessary part of a strategy to attract investment and boost economic growth. A fluctuating and uncertain

financial climate could undermine business confidence and scare off scarce sources of capital.

It is not surprising that Gear was introduced at a time when the value of the rand was dropping rapidly and the stocks of foreign exchange in South Africa were at a dangerously low level. Furthermore, upward instability in prices - in a word, inflation - could make South African goods and services less competitive and, therefore, unable to accommodate the imperatives of the world marketplace.

There are many ways to achieve stability in the face of international market forces and domestic inflationary pressures. Regulation of the financial sector and establishing policies which limit the movement of capital could be used to stabilise financial markets. Industrial restructuring and an effective competition policy could help check upward movement in prices.

These approaches, however, are inconsistent with Gear's outward, market oriented view of the world - ironically, the primary source of instability which

Coping with market instability is especially difficult for a transforming South Africa

Gear accommodates rather than challenges the rules of the game

generated the need for such macroeconomic policies. Instead, an approach was developed which accommodated, rather than challenged, the international rules of the game.

The Gear approach

The Gear framework suggests that financial stability could be achieved through high interest rates, which would attract short term capital inflows to South Africa and eliminate market pressures on the value of the rand and foreign exchange reserves. As investor confidence increases, these short term inflows would be replaced by growing foreign direct investment.

Human beings are not equivalent to other commodities

In addition, high interest rates, by increasing the costs of debt financed purchases, could reduce domestic demand and lower the rate of inflation. Inflation could be further kept in check by lowering tariff barriers and increasing the level of international competition which would prevent domestic producers from raising prices and force them to develop cost saving production techniques.

Deregulation (e.g. eliminating tariffs) is seen as simpler and more immediate solution than regulation (e.g. developing an effective competition policy to deal with industrial concentration) to address the problems raised by Gear.

The reasoning is not entirely unsound. If a country does not play by the rules, the disciplining power of the financial markets can be severe. Nevertheless, the Gear policies often inadequately address the question of transforming the structures and relationships in the South African economy and focus instead on an unimaginative collection of what has now become very conventional macroeconomic prescriptions to placate the demands of market forces.

While financial markets are stabilised, labour markets are required become more flexible

Inherent contradictions

Difficulties arise between implementing the stabilisation policies outlined in Gear and achieving some of its other medium term social targets. For example, high interest rates could stabilise the rand and rein in inflation, but they also slow economic growth and investment. Lowering tariffs can increase competition and help discipline prices and production costs, but there is already substantial evidence that jobs have been lost as a result.

While this can be chalked up to the short term pain of economic adjustment, the social consequences of substantial job loss in a society with an estimated 29 percent unemployment rate cannot be so glibly passed over.

Apart from the potential contradictions in the policies put forward by Gear, there is a much more fundamental issue at stake. Karl Polanyi, in his famous analysis of the shift towards a self regulating market economy in the previous century, argued that societies must create institutions which protect themselves from the ravages of an unregulated market.

Of particular importance to Polanyi were the markets for labour and natural endowments. Human beings and the environment cannot be seen as equivalent to other commodities. They are not produced for sale like an umbrella, an automobile, or a meal at a restaurant.

Therefore, subjecting them to the same market forces as produced commodities can threaten the integrity of a society by creating unemployment, increasing poverty, encouraging poor working conditions, and producing environmental degradation.

While there has been substantial discussion in and around the Gear document about the need to engage with the reality of rapidly integrating markets, little attention has been paid to discussing the acceptable limitations which must be placed on market organisation. For example, while financial markets are allowed to enjoy stability to encourage accumulation, labour markets are required become increasingly flexible.

These assumed priorities must be confronted. Is the instability generated by the behaviour of financial markets more harmful to the integrity of society than the instability which would be generated by an increasingly deregulated labour market?

Jobless growth

Not only does Gear claim that it will generate a healthy level of economic growth in the medium term, it also claims its approach will generate a substantial number of new jobs each year and lead to a more equitable distribution of income and economic resources. The initial evidence, however, suggests that job creation is perhaps Gear's weakest point.

The Central Statistical Service estimates that 71 000 jobs were eliminated from the formal, non agricultural sector of the South African economy in 1996 and an additional 42 000 jobs disappeared during the first quarter of 1997. This data stands in marked contrast to the projections of employment growth contained in the Gear document - 126 000 new jobs in 1996 and 12 000 new jobs by the end of 1997.

This apparent loss of jobs from the South African economy is particularly surprising given the fact that the South African economy has been experiencing moderate levels of growth. In 1996, GDP growth was estimated to be 3,1 percent and in 1997 it is projected to be slightly over 2 percent.

These are not stellar growth rates, but nevertheless the economy is growing. The disturbing aspect of this period of growth is that it has been accompanied by a decline in employment. Jobless growth seems to have arrived in South Africa.

It is only fair to note that the employment figures of the CSS have been questioned. In addition, some argue that job creation has taken place outside of the formal, non agricultural sector.

If jobs are moving from the formal to the informal sector, employment in South Africa would be increasingly characterised by poor working conditions and little or no regulation. The loss of formal sector jobs would therefore remain a primary concern of economic policy.

In the previous section, a few of the potential contradictions in the Gear strategy which could lead to declining levels of employment were mentioned - high interest rates and rapid tariff reduction. These points do not, however, explain the dynamic of jobless growth because, in these cases, job losses are directly linked to a decline in domestic economic activity.

In order to determine whether Gear might contribute to jobless growth, one must turn to the document's labour market policies and the link between employment, labour productivity, and real wages.

The labour market

Economists define labour productivity as the amount of output produced, on

average, in one hour of work or by one employee over a particular period of time. If productivity increases faster than wages, the costs of production fall. Why?

If the quantity of output produced increases faster than the wages paid to produce that output, then labour costs per unit produced fall. If production costs in South Africa fall relative to production costs in the rest of the world, South Africa's competitive position improves.

Furthermore, if production costs decline, then there will be less upward pressure on prices and the rate of inflation. This is the heart of the Gear argument around labour market outcomes and productivity - productivity must increase faster than real wages to insure that South African goods are competitive and that price increases are contained.

Productivity increases, however, can have a negative impact on employment. Suppose that productivity increases and economic production remains the same. Firms would then need fewer workers to produce the same output. In fact, if productivity increases at a rate faster than the rate of economic growth, jobs will be lost even though the economy is growing.

Highly productive workers run the risk of making themselves redundant. Looking at the trends over the past several years in South Africa, average productivity growth has increased faster than real wages, fulfilling the recommendation in Gear. However, this trend has recently been accompanied by substantial job losses.

An export boom?

Reducing production costs through greater productivity is not inconsistent with higher levels of employment, but economic growth must respond vigorously to the productivity increases. One potential source of growth is an increase in exports which could accompany improvements in South African competitiveness derived from lower labour costs.

The current structure of South African manufacturing, however, makes this scenario unlikely. South African exports tend to be relatively capital intensive which means that they do not use a great deal of labour in the production process.

Jobless growth has arrived in South Africa

Productivity increases can have a negative impact on employment

Export growth does not mean jobs

Redistribution of income to businesses does not assure investment

This limits the job creation impact of a hypothetical export boom. Furthermore, since labour costs tend to account for a smaller percentage of total production costs for capital intensive goods, the effect of higher levels of labour productivity on South African export competitiveness is likely to be muted.

Increased investment?

An alternative source of growth through productivity enhancement could come from increased investment in the South African economy. As stated above, if real wages increase at a rate below the rate of productivity increase, this means that labour costs per unit produced will fall. Another way of stating the same phenomenon is to say that employee remuneration will comprise a smaller amount of total output.

The Gear strategy sees redistribution as a by product of growth

If workers receive a smaller share of the value of total output, businesses will generally receive a larger share. This shift in income distribution could then provide an incentive for new productive investment. New investment, in turn, could then create more jobs.

The problem with this argument is that there is no guarantee that a redistribution of national income towards businesses will increase investment in a way that creates jobs.

High interest rates and slow rates of economic growth can discourage investment just as easily as a distribution towards profits can encourage it. The opportunity for financial and speculative investments could look more attractive than building long term productive capacity. Finally, if investment is attracted to capital intensive production, the positive impact on levels of employment will be minimised.

Reinventing redistribution

Equality can actually be good for growth

There is a strong tendency in today's thinking around economic policy that redistribution as a core element of economic policy is a thing of the past. The Keynesian policies of the 1950s, 1960s, and 1970s are not seen as applying to the economic conditions of the 1990s. Competitive pressures and integrated markets have led to the abandonment of the welfare state as a model for organising society.

The Gear strategy sees redistribution as a by product of growth instead of an integral part

of its economic strategy. According to Gear only when the South African economy is growing vigorously will it produce the fiscal resources necessary for redistributive public spending.

Likewise, the Gear strategy claims that it will produce substantial employment growth which will narrow the gap between incomes in South Africa. Redistribution becomes a derivative of a growth strategy, not an integral part of economic policy.

While the economic environment of the 1990s does pose critical challenges for traditional redistributive policies, it does not imply that redistribution must remain in the shadows, a residual of other macroeconomic initiatives. Redistribution can play an important role in designing contemporary economic strategies, although the form it currently takes might need to change.

Given the legacy of the apartheid years, the issue of creating a more equal society cannot be easily brushed aside. The history of South Africa has left its scars on the current economic landscape; South Africa, next to Brazil, is the most unequal country in the world with respect to its income distribution.

Equality = growth?

Recent research has pointed to a surprising conclusion which is challenging accepted economic wisdom about income distribution. Equality can actually be good for growth. While there are certainly exceptions to the rule, cross country evidence shows that countries with more equal distributions of income and assets actually perform better on average in terms of economic growth.

However, economic strategies in support of this conclusion are made more difficult by evidence that global integration has increased the level of inequality in the world. The 1997 UNCTAD (United Nations Conference on Trade and Development) report has recently documented rising inequalities within and between countries as global integration of markets increased.

South Africa is entering this brave new world from a position of extreme inequality which could compromise its growth potential and with the frightening prospect that global integration, if not properly addressed, could make things worse.

Redistributing assets

Asset based redistribution is the redistribution of productive assets, such as land or ownership of a company. Currently, South Africa has a highly concentrated ownership of assets which contributes to a highly unequal distribution of income.

Given the discussion around productivity, wages, and income distribution in the previous section of this paper, the pressures on policy by growing international competition to lower the labour costs of production in particular industries could mean the distribution of income could shift away from workers and towards businesses.

If this policy direction is followed, the highly concentrated ownership of assets in the South African economy would produce greater inequalities in the distribution of income.

One way of addressing this problem in the face of globally integrated markets is to pursue policies which redistribute the assets themselves - through land claims, encouraging worker ownership programmes, giving employees a share in reinvested profits and control over pension fund assets, and restructuring state assets to include a central component of worker and community ownership.

Such asset redistribution policies need to be developed in greater detail. Nevertheless, some exciting research has been recently completed which shows that redistribution of newly created assets (i.e. investment) can have a significant positive effect on growth.

The effects of such redistribution are threefold. First, there is the direct effect of increased investment. Second, there is the growth effect due to greater equality in the distribution of economic resources mentioned above. Finally, giving workers ownership of assets provides an incentive to increase efficiency since they have a more direct claim on the benefits produced through productivity enhancements.

Such redistributive initiatives are therefore compatible with the demands of increased international competition and the need for improved economic growth.

Social security

A second area of redistributive policy which needs to be explored is the development of a more comprehensive social security network in South Africa. Often such policies are called the "social wage" - a set of economic services to which every person in South Africa should have access (e.g. education, health care, unemployment benefits, child allowances, and basic housing).

A floor of fundamental economic rights would be developed, below which nobody should be allowed to fall. Just as Gear focuses on macroeconomic stability, such a set of policies would create social stability in the face of the disruptions which markets can bring. Furthermore, social safety nets can lessen the impact of economic downturns by sheltering the purchasing power of the population.

Social wage programmes pose a substantial challenge to some of the aspects in Gear, particularly those around strict fiscal discipline. One should not, however, become too entangled in debating the deficit targets of the macroeconomic strategy, although clearly meeting those targets through spending cuts rather than tax increases will curtail the implementation of a social wage.

The development of an extensive and sustainable social wage programme in South Africa is dependent on achieving higher levels of economic growth coupled with redirecting economic resources towards creating a comprehensive social wage.

Economic growth will produce the resources which are needed to expand the redistributive thrust of a social wage. Insofar as the Gear framework of financial stability and fiscal restraint curb economic growth, however, the potential for redistribution through a social wage will be compromised.

Gaps within Gear

In attempting to draw conclusions from the issues discussed to this point, a common theme emerges. While Gear makes many direct claims which are subject to questioning and debate, perhaps the greatest danger of Gear is not what the document

Global integration can lead to even greater inequality

Under a comprehensive social security network, a floor of economic rights would be developed

Gear lacks an employment programme

Macroeconomic policy which would stabilise one economy can produce perverse effects in another

contains as policy positions but rather what the document conspicuously leaves out.

The strategy claims that it will create jobs, but a comprehensive employment programme is absent. It claims that it will boost investment and thereby fuel economic growth, but the precise mechanism by which this injection will take place is unclear. The strategy claims to take redistributive policies on board, but much of it is contingent on employment creation with underdeveloped references to reprioritising government expenditures.

The complex and often contradictory aspects of labour market, industrial, trade, productivity, and wage policies are not effectively addressed. In short, Gear focuses on what it sees as the macroeconomic "fundamentals" and short changes discussion on many of the important structural transformations facing the South African economy.

Market induced instabilities place stress on the social fabric

It could be argued, however, that such a criticism is unfair. Gear never intended to outline a comprehensive set of policies which would guide the economic transition and revitalisation of the South African economy. Gear simply sets up a macroeconomic framework for stability and growth within which other policy formulations and economic transformations can take place.

Such a view ignores a critical fact - the effectiveness of the Gear prescriptions depends on the structures existing in the current South African economy. Sensible macroeconomic fundamentals which stabilise one economy can produce perverse, sometimes devastating, results when applied to another. This has clearly been the case with the varied responses of different countries to IMF structural adjustment programmes in the 1980s and 1990s.

Macroeconomic policy should not precede other aspects of change

While it is too early to evaluate Gear by assessing actual economic outcomes, the initial indication is that, without other structural transformations in place, such perverse outcomes are entirely possible and can be expected.

Social stressors

Another critical debate which must be pursued is the impact of increasing market

integration, the spectre of jobless growth, and growing worldwide inequalities on the integrity of South African society. Unemployment, market induced instabilities, and wide chasms in income distribution place enormous stresses on the social fabric of a country.

A damaged or deteriorating set of relationships which binds a society together comes with substantial costs which can directly impact investment, growth, and expectations about the future.

Economic policy must play a pivotal role in building and strengthening South Africa as a society. Allowing this role of an economic strategy to be ignored or neglected could prove to be disastrous.

The shortcomings of the Gear framework point towards a very active role for government in shaping economic development during this transitional period. To develop a truly integrated approach to economic transformation and structural revision, the macroeconomic framework should not precede other aspects of change, but should be coordinated with them.

The current government's declaration that Gear is nonnegotiable, however, makes such a dynamic process impossible.

The state, in conjunction with the other stakeholders, must be very active in intervening into industrial development, influencing the distribution of economic resources within the economy, developing a comprehensive vision for social welfare, reshaping structures which contribute to inflation and balance of payments difficulties, struggling to create and retain jobs, and exploring an effective long run approach to managing trade.

Not only should the macroeconomic strategy inform these processes, but these processes should inform the macroeconomic strategy.

While Gear emphasises its engagement with global realities with a standard collection of macroeconomic remedies, it largely misses the mark on the most critical areas of transformation - a creative and rigorous intervention which shapes and directs the dynamics of the new South African reality. [P&G]

In Defence of GEAR:

Comment from the Department of Finance

*By Maria Ramos
Department of Finance*

The Government responds to the critiques of Osborn and Heintz

The previous two contributions to the debate around GEAR are both timely and informative, coming as they do when data on economic performance for the first year of the GEAR program is becoming available. This brief commentary aims to provide a background on the problems of the economy which the GEAR framework was designed to address and then moves to discuss the views expressed by Osborn and Heintz.

The Government has committed itself to the principles of the Reconstruction and Development Programme. One of the five key programmes of the RDP was a commitment to build the economy. Government adopted the GEAR as its macro strategy after a consideration of the main macro challenges that the economy faces.

In the last decade GDP growth had fallen way behind population and labour force growth, contributing to massive unemployment and widespread poverty. The new and updated household data that has become available has highlighted the coincidence of poverty and unemployment. Low growth and little formal sector job creation are unsustainable options for the economy.

Government recognises the crucial need to reduce the level of unemployment and

provide more people with the means to improve their living standards. To do this we need to understand the link between the historical performance of the economy, unemployment, and macro policy. The South African economy's inability to generate sufficient jobs can be traced to three basic macro economic problems:

- The first is the early emergence of a balance of payments constraint during any growth phase. This implies an inelastic supply capacity, which limits growth unless a means of funding the trade deficit can be found.
- The second problem is the decline in the level of investment and savings available to finance investment. Investment declined precipitously during the 1980s, as a result of external constraints and excessive Government spending. A successful policy framework has to reverse this decline.
- The third problem is the well known decline in the labour absorption ratio. This can be seen as the result of decades of import substitution policies, which increasingly focused on heavy industries and inappropriate technology, combined with distorted investment policies in education. The effect of these policies has been to create a mismatch between

We need to understand the link between the historical performance of the economy, unemployment, and macro policy

Policies that stimulate demand without changing the economy's ability to respond to that demand will only feed into prices or imports

There is a growing body of research that shows countries that are most open to trade grow fastest

The challenge to policy makers is clearly to smooth the cost of adjustment without sacrificing the goal of reduced tariffs

the characteristics of the labour force and the structure of industry.

The Government's response to these challenges were outlined in the GEAR document. They include, *inter alia*:

- policies to promote exports, including further tariff reform and a competitive exchange rate;
- policies to support investment, including a reduction in fiscal dissaving, incentives to attract foreign investment, including a commitment to restructure state assets and to remove exchange controls.

It is believed that these policies, combined with the reform of labour market regulation, will bring about a more efficient allocation of resources within the economy and that this will over time reverse the decline in labour absorption. In the short term, Government will play an active role in reducing unemployment through an increase in the amount of money it allocates to short term job creation projects.

Osborn's critique

Turning to the comments on GEAR by Osborn and Heintz, both pick up on different aspects of the reform program outlined in the GEAR. Osborn is concerned that the combined impact of the policies may be deflationary and thus harmful to employment growth. More specifically Osborn is concerned with the impact of tariff reform on employment prospects and that an export orientation may increase capital intensity, given that many of South Africa's current exports are from capital intensive industries.

There are many stands to this argument:

- The first concerns the extent to which the policies are unintentionally deflationary. It should be pointed out that as many of the problems of the SA economy appear to be structural, the success of policies do not depend on whether they are inflationary or deflationary. Policies that stimulate demand without changing the economy's ability to respond to that demand will only feed into prices or imports. This can be clearly seen in the rapid emergence of deficit in the current account of the balance of payments

during 1995, when expenditure increased far more rapidly than production.

- Secondly, it should be noted that the GEAR was introduced in the wake of a major depreciation of the currency, and aimed to preserve the competitive advantage implied by the depreciation, without sparking off an inflationary spiral. A once-off adjustment in the real exchange rate will have an important effect on the relative cost of capital (imported) and labour (domestic), which should over time contribute to a decline in the capital intensity of new investments.

Another concern of Osborn relates to the impact of tariff reform on employment creation. The Government's commitment to tariff reform is based on solid foundations:

- It is widely recognised that SA's import substitutions policy had been extended to the limit by the previous Government.
- A long history of import substitution had failed to deal with the problem of the balance of payments.
- Export promotion in the context of high and distortionary tariffs was fiscally costly and ineffective.
- Export promotion requires reciprocal agreements between countries.
- There is a growing body of research that shows countries that are most open to trade grow fastest. This is because world trade has in recent times expanded at almost twice the rate of world GDP, and also because countries that are open to trade are likely to achieve a more competitive economy.
- There is now a long history of research on trade reform that indicates countries adjust relatively quickly. Over time, trade reform results in gains to employment as well as improved macro performance. There is little to suggest that the South African economy will behave differently to any other. The challenge to policy makers is clearly to smooth the cost of adjustment without sacrificing the goal of reduced tariffs.

It is not clear whether Osborn is opposed to the concept of trade reform or feels that

insufficient attention has been placed on smoothing the adjustment. The latter is clearly a topic of great interest to policy makers and one that continues to generate significant research.

Osborn also is concerned that export promotion will not increase employment as exports are mainly driven by capital intensive industries. This view is not entirely sustained by recent data that show an increase in exports across a wide number of sectors.

We should further not confuse the existing pattern of exports, many of which owe their genesis to past policies that supported capital intensive industries, with what will emerge at the end of the trade reform program. Given the abundance of labour and the shortage of capital in the SA economy it would be perverse if the opening of the economy does not shift the relative advantage towards more labour intensive sectors of the economy.

Finally, it should be noted that the strengthening of the balance of payments on the basis of capital intensive exports still supports growth, by allowing the country to fund a high level of imports.

Heintz's critique

Heintz concerns are of a different order. Whereas Osborn is concerned over the impact of policies designed to strengthen the current account of the balance of payments, Heintz is more concerned over the impact of globalisation through the capital account.

Heintz makes the observation that instability is bad for growth, and that much instability originates in the financial markets which inevitably impact on the labour market, with the attendant risk of social instability. His policy proposals, - regulating the financial sector, limiting capital flows - seek a return to a world in which South Africa can isolate itself from the turbulent impact of globalisation.

This view is not very convincing. One of the primary reasons for the decline in job creation has been the collapse of investment. Without investment in productive capacity, any increase in demand will be unsustainable. South Africa lacks the savings to finance the necessary level of investment. The

shortfall needs to be made up by foreign capital flows.

Heintz is also concerned that a focus on competitiveness could reduce employment if productivity growth increases in excess of economic growth. This ignores the dynamic link between output growth at the level of the firm and the economy as a whole. It is also false when applied to export markets, in which demand is potentially unlimited.

Heintz is of the view that the GEAR limits Government's ability to provide an effective social security system or to develop a social program. The GEAR recognises that attempting to provide social services without ensuring sustainable growth is unsustainable. The RDP spells out the Government's social agenda. Gear creates an enabling macro-economic environment and describes the aggregate level of Government spending that would be consistent with maintaining macro-economic balance.

Heintz is further concerned that by linking the level of spending to the performance of the economy, redistribution, which by any account is a pressing need, becomes a hostage to growth. Heintz thus ignores the fact that a far greater reduction in inequality can be achieved from a rapid decline in unemployment than an expansion in Government spending.

Heintz argues that SA needs to make progress on improving the provision of social security. In South Africa the existing social security provision, in the form of old age grants, disability grants, and the new child support grants, provide extensive and well targeted support to the poorest members of society, and are probably superior to social security systems in many other middle income developing countries.

There is no evidence to support the view that the Government's fiscal programme is undermining delivery. In previous years, Government departments have not been able to spend the fund allocated, resulting in the build up of roll-overs.

At the same time, Government has made good progress in reprioritising spending. Nearly 60% of non-interest spending now goes to social services, including R40

The decline in job creation is due to the collapse of investment

Inequality is best reduced through employment, not spending

The fiscal programme is not undermining delivery

Policy will need to focus on investment and exports and the elimination of distortions

billion for education, R20 billion for health services, R18 billion for social security, and R4 billion for housing. Keeping Government's spending at affordable levels does not undermine Government's commitment or ability to deliver on its RDP commitments.

In Heintz's view, GEAR focuses on "macro fundamentals and short changes discussion on many of the important structural transformation issues facing the South African economy". This is a debate about means rather than ends. Few economists would disagree that the full implementation of the reforms set out in GEAR will bring about a profound structural transformation of the economy.

GEAR aims to change the price of tradeables and non-tradeables, and thus the

demand for different factors of production, while creating a framework that prevents many of the devastating macro imbalances that have afflicted so many developing countries.

In conclusion, the success of the GEAR framework will ultimately depend on the extent to which the growth drivers in the GEAR model respond to the policy reforms outlined and the vigour with which they are implemented. These growth drivers are increased investment, exports and rising labour absorption. For policy to move forward attention will increasingly need to focus on the composition and determination of investment and exports and the elimination of any distortions in the economy that continue to promote capital intensity. [PE]

What is Required To Create A New Job?: Seven Preconditions

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What can be done to stimulate the creation of jobs? Arguably, this is the most strategic question we face in economic policy. Although simply promoting growth will not suffice, there are measures that can be taken to facilitate the process.

Like motherhood and apple pie (if cholesterol-free), everyone is in favour of employment creation. But there is far less agreement about the economic preconditions that must be fulfilled in order to expand the number of job vacancies in the labour market.

We all accept that increased investment across the economy is essential, but being a macro-level action it may not be sufficient by itself, as the experience of 'jobless growth' in a number of countries has brought out (expanded output through higher investment but without expanded employment).

It will thus be informative to spell out the requirements at the micro-level for creating a net increase in the employed labour force. Put more concretely, these are the preconditions for bringing one new job slot into being. Holding these in mind will make it easier to appreciate why the creation of employment is difficult and slow, and why there are such divergent opinions on what should be done about it.

Seven preconditions

Demand

First, the potential employer has to perceive an effective demand for the higher output from an additional worker

('effective' here means the ability to pay for what is wanted).

In the majority of cases where job creation is successful and sustained, such demand takes the form of a monetary exchange between the seller and the buyer of labour's product (barter transactions are of minor significance in today's economies). Thus, value-added has to be positive. This means that the value of the output produced must exceed the value of the inputs used, when both are expressed in the ruling prices.

The determinants of new demand in the array of markets are highly varied at any one time. These go beyond the scope of this paper, but include:

- new tastes acquired by consumers;
- shifts in competitive advantage between countries;
- technological advances and adaptations that produce new commodities;
- the growth of firms already in place;
- the establishment of new enterprises by individuals entering the business sector and by the existing firms themselves.

The public sector is also a potential source of new demand that leads to employment

There must be demand for labour's output

The costs involved in screening, training and equipping the new employee must be justified

A period of low productivity is another cost

The long term commitment of taking on an employee must also be considered

expansion. But the limitations on its capacity for permanent long-term job creation are now widely acknowledged. Demand shocks and structural change in the early 1970s brought to an end the golden age of mixed economies, in which government expenditure and employment rose faster than in the rest of the economy.

But it is the potential creator of a new job slot who first and foremost has to find a market niche for the raised output which follows. Although the state can help here with imaginative policies of encouragement, the specific knowledge required to identify a new demand can seldom be supplied by an economic agent from outside that market.

Costs

Second, there are the costs of screening and selecting job applicants. These apply at every skill level: professional, middle-level, routine skilled, and unskilled. But even where no formal qualification or experience is required by the potential job, the endemic absence of documentation in our society usually means that verbal enquiries, checks, and special tests have to be set up to establish health status, literacy and numeracy, personal aptitudes, and overall fitness for the work.

Training

Third, training of some kind is virtually unavoidable. Even skills acquired by performing a set of tasks over a period of time without deliberate training on or off the job, require some period of initial instruction from supervisors or fellow workers. Thus, for a company or any working organisation to accommodate a new employee in a new job entails the sacrifice of time by others engaged in production (and therefore output foregone, which is a cost).

Workstation

Fourth, a work station must be available or must be created. These range from a place on the assembly line, a work bench, a desk, a computer to items of equipment, tools, work clothing and so on. In general a complement of other inputs per unit worker is always required, even in those production processes where output is not the end result of many specialised and intricately coordinated activities.

For instance, in agriculture, handicrafts, some construction and certain service

activities there are fewer links in the production chain, but the number and variety of work stations required is still a substantial outlay. Where one station is newly provided – a net addition invariably means an act of investment if there is no unused capacity – there are associated organisational changes too, usually with their own cost components.

Low productivity

Fifth, financing a period of low productivity by the worker during his or her initiation and integration into the organisation is a further significant cost. It is shared between company and employee, according to the wage paid and the value realised from the additional output of the new worker.

This division of costs in turn depends on the extent of competition in the labour and product markets, the bargaining strengths of workers relative to management, the existence of statutory minimum wages and of regulated standards that add a unit of non-wage costs.

Commitment

Sixth, there is the firm's commitment to the worker with regard to employment and income stability in the future. It is true that in many industrial countries this component of cost is now under downward pressure in a substantial category of jobs.

This became evident over the past 20 and more years in the emergence of fixed-term work contracts, the out-sourcing as well as sub-contracting of production processes, and a general movement towards employment 'casualisation' in order to meet greater instability in the economic environment. However, there are definite limits to this trend.

The necessity to maintain high employee morale, their adaptability to new technology, investment in their firm-specific skills, the shallower authority profiles that now face workers in organisations, and their increased autonomy which stems from computerised information flows coupled to the greater delegation of decision-making: all these are forces pushing for lengthened periods of employment commitment and ultimately higher cost.

Relative prices

Seventh, the ruling relative prices of inputs (not only labour) and of outputs, given the

technology linking them, must be such that an extra job will be both profitable to the employer and acceptable to the worker. This requirement is self-explanatory. It summarises at a more abstract level the six conditions already listed, in that if they are met then the price system will convey the right signals and the right incentives for someone to create a job vacancy and for someone else to fill it.

What can be done?

In the light of these requirements, what can be done to stimulate the emergence of new job slots? Arguably, this is the most strategic question we face in economic policy. Here we point out only the direction in which our thinking should be moving.

□ No blanket strategy

Broad-based interventions are not likely to be sufficient. For example, the unemployed are not an undifferentiated mass. For job suitability it matters a great deal whether an individual:

- has completed school up to the level at which it raises productivity;
- has never had a wage-paying job;
- quit the last job voluntarily or instead was retrenched;
- has a recognised skill;
- has worked in the primary sector of the labour market (is an 'insider') or only in the secondary sector (remains an 'outsider');
- has been unemployed for more than a year.

The golden rule of all policy action is to target directly, to pinpoint wherever possible the problem in hand. So no blanket strategy will create jobs for every kind of work seeker.

□ A middle way

It is most improbable that either a pure 'market' or a pure 'interventionist' perspective will yield the right guidelines for action. The labour market is not like other markets. To view it as atomistically

competitive in potential, if only its political and sociological elements were removed, is entirely misconceived. Yet this is the underlying presumption of many employers and the business lobby.

Conversely, there is a causal relationship we have to mind between the Ps and Qs in the market for labour: within limits, the higher the price, the lower the quantity exchanged.

So to treat the wage as mainly a distributive variable, the outcome of power struggles between workers and employers in the bargaining arena and of the political will of the state, is equally distorting. Favoured by organised labour, this rival model is no more satisfactory than is the former conception.

We can easily recognise such pure positions in the debate about labour issues in South Africa, but they present a totally false dichotomy between a perfect market and a benign and omnipotent government. Such views are seductive because of their simplicity and presumed ideological associations (not always accurate or up-to-date).

By comparison, an intermediate and eclectic view appears conceptually less satisfying, because of its insistence on the right institutions to compensate for both market failures and state failures.

While the yearning at both ends of the spectrum for simple prescriptions is understandable, these stances are misleading because they overlook the middle where the complexities are to be found. Such comforting nostrums must not be permitted to stand in the way of pragmatic ideas.

The international experience

It makes a good deal of sense to borrow carefully from other countries' employment experience following the macro-economic shake-ups of the 1970s. For example, the American labour market was credited once upon a time with superior job creation because of its flexibility in wage movements and work practices when compared to the industrial economies of Europe.

Subsequent assessments are now more cautious about this conclusion.

The unemployed are not an undifferentiated mass

Neither a pure 'market' nor a pure 'interventionist' perspective is appropriate

Allowances must be made for both state and market failures

A trade-off can emerge between sustaining unemployment or a large prison population

Selective job subsidies are feasible if unpriced benefits are considered

It makes sense to fund research into microlevel interventions

Endorsements of de-regulation, lowered job security provisions, smaller social security benefits, decentralised wage bargaining, and declines in union power as the keys that explain the different employment histories of the industrial countries are much less common in current economic literature.

The Swedish success with active labour market interventions and other surprises posed by individual economies, like Denmark, do not point only one way, nor do they in turn support generalisations (Swedish unemployment rates have risen and now look less out of line with the European average).

No-one seriously denies any longer, for instance, that prolonged access to unemployment benefits does lower job search effort, or that payment levels in re-training programmes cannot be close to starting wage rates, or that under certain conditions unions can hold the unskilled wage above market clearing levels and thereby frustrate the effective supply of labour by the unemployed. That these practices inhibit job creation is now widely accepted.

But none of this amounts to the unqualified prescription of labour market flexibility. To illustrate, there are serious arguments that increases in criminal behaviour are linked to higher inequality, itself a by-product of more flexible employment practices.

If true, an unpalatable trade-off can emerge between sustaining some long-term unemployment (as in Europe) or financing a large prison population of the less-educated and unskilled along with bearing the social costs of crime (as in the United States).

Functional substitutes

What emerges from the forgoing discussion should be a concern with functional substitutes. These are policies and institutions set up intentionally to compensate for both market failures and state failures.

One illustration will suffice. General employment subsidies paid for by taxation are a dubious idea because they seldom lead to the creation of permanent job slots in the private sector. In the absence of detailed information about production and marketing they are often 'dead-weight' expenditures for the performance of work,

which a proportion of companies would have shouldered anyway in the normal course of business.

However, selective job subsidies under specified conditions can still pass a cost-benefit test if an effort is made to value unpriced benefits explicitly. A range of such gains has been suggested in industrial countries on the presumption that prevention of long-term unemployment is likely to be the most cost-effective use of public resources.

Unpriced benefits and costs


New jobs brought into being by subsidies can have positive but unpriced effects. Some instances are:

- to decrease the demoralisation of individuals;
- to re-establish the broken labour market links of the unemployed when out of work for long terms;
- to counteract the unemployment culture – decreased numbers not working in an environment (a street or a neighbourhood) raises the social pressure to find work;
- to offset the propensity for criminal activity.

There are always unpriced costs too, as one expects in the real world of second-best choices where each policy action can generate a new distortion. But the main point is that, with purposefully sought information, such actions, intended by design to be functional equivalents that counter market failures and blunt policies, are certainly worth consideration.

The first step

At a time when the human resources going to waste in South Africa approximate 30 per cent of the total supply, it makes good sense to devote modest funding to research that identifies promising microlevel interventions.

To recognise our policy dilemma is indeed painful, but it is the unavoidable first step. Can we reconcile labour costs low enough to promote the full employment of low-skilled workers, yet with acceptable incomes for these workers and the right incentives for economic efficiency? 

The Women's Budget

by **Debbie Budlender**
Community Agency for Social Enquiry

Since government expenditure affects different groups of women and men differently, it is important that the budget be scrutinized under a gender lens. The Women's Budget Initiative does just that, and their new book contains some startling insights.

The Women's Budget Initiative (WBI) examines every item in the government's budget for the differential impact it might have on women and men. Differential impact is likely because women and men occupy different places in the economy and society, and perform different roles. For example:

- ❑ twenty percent of African women aged 20 or above have received no formal education;
- ❑ forty seven percent of economically active African women were unemployed in October 1995;
- ❑ fifty percent of those employed were working in unskilled occupations;
- ❑ seventy five percent of African workers in the informal sector are women.

In general, among those who earn income, women are concentrated in worse paid, less formal and less secure jobs than men. Rural areas, where African women predominate, are among the worst off in our country. Consequently, looking at government allocations through a gender lens can supply some insight.

The 1997/8 Budget

The 1997/8 budget was interpreted by most newspapers as a generous one.

Finance Minister Trevor Manuel was hailed as a "Robin Hood". He has stated that the government is committed to ensuring that the tax structure is "fair and equitable", and said the current system of taxation means that the "burden...falls disproportionately on individuals".

He did not give into the demand of business and the Democratic Party for an increase in the Value Added Tax on goods and services. Instead, he increased the primary tax rebate, and adjusted tax brackets and levels in a way which, he estimated, would cost the government R2.8 billion in lost taxes. "Another way of looking at it," he said, "is to say that these measures put R2.8 billion in to the pockets of families who need it."

Nevertheless, when one looks at the tax tables and considers the average poor woman, it is clear she will not benefit. The problem is that most women don't earn enough to pay direct tax in the first place.

The October Household Survey of 1994 found that among those women fortunate enough to earn cash, only 21 percent of formal sector employees and nine percent of informal sector workers were earning above R2000 per month. Twenty percent of women employees and 64 percent of self-employed women were earning under R500 per month.

Women are concentrated in worse paid, less formal and less secure jobs than men

Very few women will fall in the tax brackets gaining most from Minister Manuel's generosity

Even with possible inflation linked wage increases since 1994, these figures mean that very few women will fall in the tax brackets gaining most from Minister Manuel's generosity. It is findings like these that make the Initiative so important.

The Initiative

The Initiative is a collaborative venture of the Joint Standing Committee on Finance (JSCOF) of the national parliament and two NGOs – the Institute for Democracy in South Africa (IDASA) and Community Agency for Social Enquiry (CASE). These three 'permanent partners' have, in turn, drawn on other NGOs, on academics, politicians, government employees and others to act as researchers and reference people.

The Initiative has generated a great deal of interest both in South Africa and elsewhere. Those involved have spoken and given workshops in different countries in Africa, Europe, India and the Americas. There have also been numerous reports and articles in local and international publications.

The South African approach was very influenced by the Australian Women's Budget Statements. These are thick and detailed documents tabled annually for a period of 15 years together with Australia's annual federal and state budgets.

Extra-governmental approach

But the South African initiative also differs in important respects from Australia's. Most significantly, the Australian report was generated in and by their government, with each department contributing and their Office on the Status of Women coordinating the effort.

Here in South Africa, on the other hand, it has been an extra-government effort, although some people employed by government have acted as advisors, and many have shown interest in the findings.

Situating an initiative of this sort within government is advantageous in many respects. Most importantly, government has access to more data on which to base analysis than those outside.

Virtually all the contributions in the first two South African reviews complain about data deficiencies. In the absence of comprehensive data, they often had to rely

on case studies, assumptions and extrapolations. While departments certainly don't have all have access to the gender disaggregated or even aggregated information that one would wish, they certainly have more than outside researchers.

Also important is that an extra- governmental initiative is only able to report on past budgets. So, while the Minister of Finance is announcing the figures for the coming twelve months, reporting is done on the breakdown of the figures for the twelve months drawing to a close.

At first glance this deficiency might seem a crippling one. Unfortunately, it is not as crippling as it might seem. Budgets generally change so little from year to year that our criticisms of the previous year almost always still hold for the coming year.

More seriously, however, the focus on past figures means that the Initiative is largely a monitoring, rather than a formative, exercise. The reports analyse – and critique – what has happened. They don't directly affect the way the plans are made and the rands allocated.

An inside-government exercise could, in fact, also remain a monitoring exercise. In particular, if it is the gender units or focal points who are responsible for the reports, it is likely to remain a report of what has happened or is happening, rather than an input into what will happen.

It is only if those responsible for budgeting – the planning and finance people and departments – engage seriously in the exercise, that gender stands a real hope of being a gender-sensitive exercise.

Focal points

Over the past two years most government departments have appointed staff to act as gender units or gender 'focal points'. Often these people carry these responsibilities in addition to other jobs. Often they are relatively junior within the hierarchy. Often they are situated within 'human resource' departments.

This implies that their job is to concentrate on affirmative action for public servants, rather than delivery for their actual and potential beneficiaries – the women 'out there'. Nevertheless, most of the gender incumbents are enthusiastic and committed

Budgets generally change so little from year to year that criticisms still hold for the coming year

The focus on past figures means that the Initiative is largely a monitoring, rather than a formative, exercise

to gender issues. Many have attended gender training sessions where the Women's Budget Initiative has been among the issues covered.

But while many are excited by the possibility of using this tool to make aspirational policies more concrete, they are constrained by their positions within the public service and their distance from where the crucial planning and resource decisions are made.

The MTEF Workshop

It is this which makes the gender sessions at the Medium Term Expenditure Framework (MTEF) workshop significant. The MTEF is the new budgeting system which will see government from 1998/9 planning its expenditure on a three year rolling cycle rather than, as in the past, on an annual and incremental basis. The workshop, held this August, brought together top financial and management people from each of the provinces, as well as representatives from the most important service delivery departments.

Surprising, for at least some of the delegates, was the inclusion in the programme of two sessions specifically addressing gender issues. In addition, one of the eight parallel sessions was devoted to 'Gender issues and the budget'.

What explains this apparent interest among top finance people in gender? At the superficial level, one can point to the fact that both the director-general and deputy minister of Finance are women. And both Maria Ramos and Gill Marcus are women who have not been afraid to state their opinions on gender issues.

At a deeper level, one can point to the overall commitment of the post apartheid government to gender equity, reflected, for example, in the Constitution, in the establishment of an Office on the Status of Women, the Commission on Gender Equality, and (slowly) gender units within most departments. One can also point to the growing number of powerful and articulate women taking up 'public' positions in government, parliament and in the wider society.

At the more immediate level, Finance's attention to gender is testimony to the

success of the Women's Budget initiative, an initiative in which Pregs Govender has played a leading role.

Commonwealth Conference

In November 1996 Minister Geraldine Fraser-Moleketi led the South African delegation to the Conference for Commonwealth Ministers Responsible for Women's Affairs in Trinidad. One of the four topics discussed in Trinidad was macroeconomics and gender – a new concern for the Commonwealth.

South Africa featured prominently in the discussions in that both Pregs Govender and Minister Geraldine Fraser-Moleketi presented papers on the topic. Since then it has been agreed that South Africa and Sri Lanka will serve as the two pilot countries for a Commonwealth initiative investigating how to 'engender' macroeconomic policy and – as a first step – how to deal with government budgets as key macroeconomic policy instruments. The extra-government Women's Budget Initiative was key to the decision that South Africa should lead the way.

In May this year a Commonwealth team visited the country to discuss the initiative with the Office on the Status of Women, the Department of Finance, other departments, parliamentarians, civil society groupings, and others.

The final meeting with Ministers resulted in an in principle agreement to embark on a pilot exercise in the months leading up to Budget Day in March 1998. The gender 'events' at the MTEF workshop were the first visible evidence of the pilot. Budget Day should – hopefully – see a report on what has been achieved in this first round of the pilot.

The achievements will certainly not be a report of the dimensions of Australian Women's Budgets. Achievements will be constrained by, for example, the competing pressure of instituting the new MTEF process, and by the lack of data.

Nevertheless, if the initiative can report having instituted new methods of capturing gender disaggregated data – for example in administrative records of service-providing departments – that will be a major achievement and an important step on the way to future, and better, products.

Gender units are removed from decision making centres

Finance's attention to gender is testimony to the success of the Women's Budget Initiative

One of the four topics discussed in Trinidad was macroeconomics and gender – a new concern for the Commonwealth

The Department of Finance has promised to deliver gender disaggregated information

It will also be a fulfilment of what ex-Minister of Finance Chris Liebenberg promised in his last Budget Speech of March 1996 – that the Department would develop a gender disaggregated statistical database, that it would implement gender disaggregated targets and indicators, and that it would develop a gender-disaggregated performance review mechanism.

The future

What, then, is the future of the original Women's Budget Initiative if government itself embarks on the task? On this issue, all those involved are of one mind – the extra-government exercise must continue.

The extra-government exercise should benefit from the one inside government, in particular in respect of more and improved information. But the Australian experience bears testimony to the danger of stopping the extra-government analysis.

An extra-governmental exercise remains important

Most observers there agree that the Australian Women's Budget Statement, while full of useful information, over the years became a public relations exercise more than anything else. And, in truth, what can one expect but that most departments will want to show, in the best light, what they 'are doing for women'?

There are other benefits of retaining an outside government initiative. The exercise inside government is likely to be more standardised (bureaucratised?) than the exercise outside government.

During the Commonwealth visit Diane Elson spoke about the six 'tools' which one might use in analysing budgets from a gender perspective. Some of these tools are more 'mechanical' than others and are probably best suited to implementation in government. Some – for example gender disaggregated analysis of financial budget and time use survey interactions – are so ambitious, and demand such developed data, that they can only be tackled in several years time.

Policy should drive budgets rather than vice versa

Diane categorised the Women's Budget Initiative as falling in her third category – gender aware policy evaluations of public expenditure. This description fits well in that one of the key premises of the Initiative has been that analysis must start from

policy, and that policy should drive budgets rather than vice versa.

The use of a policy oriented tool, and the Initiative's promotion of an inter disciplinary approach, means that the methods of analysis adopted in the different chapters of the Women's Budgets are diverse, and often exploratory and innovative. This type of experimentation is, understandably, not something commonly found in government.

So, while the extra government initiative will gain from the data of the in-government initiative, over time the latter might gain from the former in being able to adopt new approaches which have been piloted outside government.

The new book

The Women's Budget Initiative has, over the last two years, produced two books which between them cover sixteen of the 26 budget votes of the national and provincial governments. The books have also dealt with the cross cutting issues of taxation, public sector employment and budget reform. The third Women's Budget Initiative will include three content chapters, with votes grouped as follows:

- President, Deputy President, Parliament, and SA Communication Services;
- Arts, Culture, Science & Technology and Sports and Recreation;
- Finance, State Expenditure, SA Revenue Services, and Central Statistical Service;
- Constitutional Development;
- SA National Defence Force;
- Water Affairs & Forestry and Environmental Affairs & Tourism; and
- Public Works and Public Enterprise.

The researchers and primary reference people for each of the chapters have already been chosen and started work. Nevertheless, one of the chief thrusts of the project has been to popularise the idea of gender budgeting. The Initiative is therefore keen to draw on the expertise of anyone who is willing to contribute their ideas or information, read drafts, or contribute in any other way. *UEU*

Industrial Policy and South Africa:

A strategic view

By Ben Fine

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As South Africa opens itself to international competition, a comprehensive industrial policy is essential. South Africa could lead the continent in exploring new ways for government and industry to cooperate and support development.

For almost two decades, debate over industrial policy for developing countries has been dominated by the agenda set by the World Bank and the IMF. This has pitched the state against the market, with the Washington consensus heavily favouring the latter and breaking with an earlier traditional dependence upon industrialisation led or heavily influenced by the state sector.

More recently, longstanding theoretical and empirical criticism of the Washington consensus has begun to have an effect, particularly in the light of the experience of the East Asian NICs, for which state economic intervention has been shown to have been both necessary and highly effective.

To a limited extent, South African current industrial policy has incorporated this shift in emphasis towards more reliance upon the state. Nonetheless, policy remains marked by the market-led approach.

The South African example demonstrates that the state versus market approach is itself misleading, as the state must in part work through and with the market, not only in the provision of basic needs and social and economic infrastructure but also in industrial policy.

Moreover, due account must be taken of the economic and political interests that are influential upon the state as well as the capacity to formulate, implement and monitor policy. Such issues tend to be set aside when relying upon the more nebulous capacity of the market to deliver what is required.

A new direction

It would be unfortunate if South Africa continued to be unduly influenced by a market ideology when this is itself being steadily eroded by new initiatives and thinking in development and industrial policy.

Indeed, South Africa could itself take a lead in the formulation of a new agenda for industrial policy, to its own as well as to the advantage of other developing countries, especially those in Africa which have been least affected in practice by the new currents in development policy.

While South African industrial policy has rejected exclusive reliance upon the traditional supply-side measure of simply getting the prices right, it has not developed supply-side policies far enough in depth and scope by way of alternative.

Market ideology is being eroded by new thinking in industrial policy

Acknowledgement of spill-over benefits is not enough

Welcome acknowledgement of the spill-over effects of industrial clusters and the benefits of social and economic infrastructure does not in principle provide sufficiently for policy formulation. This needs to be worked out in detail for individual sectors and their vertical integration, against the background of a systemic strategy for South African industrial reconstruction.

Social awareness

In particular, there is a need for expertise to be developed in industrial policymaking in which due account is taken of full social cost benefit analysis, in the light of the strategic objectives of the RDP. The main goal must be the secure provision of basic needs for the vast majority, whether through growth, employment, or redistribution.

It is necessary to ensure that projected benefits do indeed accrue

This may be associated with a number of intermediate goals, as in macroeconomic policy to generate business confidence and economic stability, the funding of various mega-projects to generate foreign exchange and knock-on employment, and reform of trade policy to induce competitiveness.

It is only a first step to assess these factors in principle. It is also necessary to ensure that the benefits do indeed accrue in practice. For example, mega-projects designed to generate foreign exchange do not necessarily contribute to more fundamental goals if the earnings are freely invested abroad.

The formulation, implementation, and monitoring of policy needs to take account of the vested interests that can influence the policy process and to be assured that strategic goals are being met by including them within contracts where appropriate.

Industrial policy must be broadly conceived

Apart from the normal requirements around price, quality and delivery times, these might include wages and working conditions as well as employment levels, export targets, technology transfer and provision of training and adult basic education, etc.

Gold mines

The limited progress made with social plans for the gold mines is indicative of extreme weakness of industrial and other policymaking in South Africa.

No serious calculation seems to have been made of the relative merits of mine

closures or downsizing, of maintaining the mines for the benefits they bring in employment, multiplier effects and foreign exchange earnings, or of retraining and redeploying a skilled and organised workforce for other employment.

What is true in this instance, where the leading issues involved are transparent to a degree, is even more disturbing in other cases of industrial policymaking where neither the capacity exists nor is the attempt made to come to decisions grounded in an overall strategy incorporating full impact analyses, taking account of sequencing, dynamic economies of scale and scope as well as the more direct and observable effects.

The first steps

In the first instance, three separate issues are involved in rectifying this situation.

- The systematic collection of adequate data for the policy process must be organised. Without such data, it is neither possible to formulate policy adequately nor to monitor its effects.
- Government departments must have the skills and motivation to carry out the necessary policy work.
- There must be the determination to overcome, or incorporate, the interests of the powerful conglomerates in formulating, implementing and monitoring policy.

These three aspects must be carried forward together with, for example, data collection responding to the impact analysis of policy work, and policy responding to and informing the strategies and activities of the conglomerates.

The discussion indicates that industrial policy should not be narrowly conceived, as trade or competition policy for example, as has previously occurred in South Africa as elsewhere from time to time. Rather, as a range of factors and policies impinge upon industrial performance, these need to be taken into account in the specific context within which they are being assessed.

How industrial policy is defined, quite apart from how it is formulated, implemented and monitored, will reflect competing economic and political interests. It is imperative that

working people bring their perspectives to bear upon the policy process, otherwise it is liable to be partial in content and place important decisions outside the scope of government and public scrutiny.

The economic background

South African industrial development has been and remains seriously deficient. A major weakness of South African industry is the relative absence of productive capacity in intermediate and capital goods. This has a negative impact on the economy in a number of different ways:

- ❑ Economic expansion leads to growing imports of these goods and so creates balance of payments pressures.
- ❑ Up- and down-stream integration of economic activity is poorly coordinated, in terms of the provision of mutually reinforcing access to finance, markets and technology.
- ❑ Employment generation, broadening of the skill base, and the opportunities to diversify into new sectors of industry are severely constrained.

Further, South African industry has suffered from stagnation in investment since the early 1980s, whilst South African corporations have engaged in:

- ❑ capital flight, much of it illegal (estimated to be as much as 7% of GDP);
- ❑ speculative purchase of existing industrial assets as disinvestment was prompted by international sanctions;
- ❑ heavy lobbying for policies to promote their interests, whether materialising in the past under the previous apartheid regime or currently under the newly elected democratic government. This is most notable, for example, in the pursuit of state-subsidised mega-projects and the pressure for privatisation, in part to undermine the state's influence over the economy as well as to obtain productive assets cheaply.

Some key aspects, then, of the South African economy are:

- ❑ a lack of capacity in intermediate and capital goods;

- ❑ an aged capital stock, reflecting limited investment in the past;
- ❑ declining shares in critical world markets for manufactured exports, especially those in which other successful developing countries have been prominent;
- ❑ a lack of integration across sectors;
- ❑ limited skills and employment opportunities for the workforce, complemented by poorly trained and inadequate management;
- ❑ a highly concentrated pattern of corporate ownership which straddles the economy as a whole and not just industry;
- ❑ an institutional structure and governance that continues to reflect the economic and industrial imperatives of the past;
- ❑ a highly skewed distribution of economic and industrial activity both within South Africa and across the southern African region as a whole.

It is crucial to recognise that these general characteristics of the South African economy differ in weight from one sector to another and within sectors, and that these factors are integrated with one another in different ways depending upon the sector concerned.

Clothing and telecommunications, for example, have obviously evolved along quite separate paths and pose different policy challenges despite their common origins within the South African economy.

In addition, it is important to recognise that the South African economy enjoys certain advantages - such as large-scale public and private sector corporations, an extensive if unevenly delivered infrastructure, and, especially important, the capacity and prospect of delivering such social and economic infrastructure to a varying degree.

Industrial strategy

In this light, the following be given the highest priority in the direct and indirect formulation of industrial policy:

- ❑ Meeting of basic needs

A major weakness is the absence of productive capacity in capital goods

Industry has suffered from stagnation in investment since the early 1980s

The economy enjoys the advantages of large corporations and extensive infrastructure

Too great an emphasis has been placed on winning business confidence

- Generation of employment
- Education and training
- Sectoral policy
- Infrastructural provision and measures to ensure economic and social spin-offs
- Reform of the financial system to secure finance for industry
- Monitoring and control of foreign investment flows, particularly those outward investments by the conglomerates of South African origin
- Minimum labour standards and the narrowing of wage differentials
- Macroeconomic policy
- Regional integration within South Africa and across the Southern African region
- Restructuring of state assets
- The reform of the institutions for making industrial policy so that the allocation and coordination of responsibilities across government departments is rationalised and coherent

Privatisation merely transfers ownership, at a cost

Some of these are already high on the government's agenda but others are not. Even where they are high on the agenda, this is not always with sufficient detailed attention to their impact on industrial policy, as is the case for macroeconomic strategy, for example.

Misplaced attention

In relative terms, again without commenting in detail on the policies adopted, too great an emphasis has been placed on the following:

- Promoting a spurious business confidence, which remains elusive, constrains consideration of more effective and more certain policymaking, accords priority to a minority of opinion makers and business interest, and does not guarantee a calculable and positive net social return
- Promoting small business which is imperative but should not be at the expense of distracting attention from policymaking for large-scale business on whose fortunes small business will

A major client of industry, the government can impose conditions on suppliers

probably depend more than any other single factor

- Promoting privatisation, especially as a source of revenue, since this merely transfers ownership, at a cost, without otherwise formulating constructive policy
- Competition policy in the absence of a broader strategy for industrial and corporate restructuring, since this merely limits the scope of operation of big business without addressing the role of economies of scale and scope
- The promotion of mega-projects at the expense of ensuring their overall economic and commercial viability since these may generate foreign exchange and downstream processing but the net social benefits to the economy have to be shown and made to accrue

In short, there is a need first to shift the industrial policy agenda to give top priority to those issues of most importance to working people and, then, to ensure efficient, effective and equitable policies are adopted within that agenda.

Contract compliance

One form in which the implementation and monitoring of policy can be effectively pushed forward is through contract compliance. As a major customer of industry, government can impose a number of conditions on its suppliers over and above the traditional concerns of price, quality and delivery time.

Contracts may usefully incorporate requirements on the development of education and skills, security of employment, and the development and sharing of technology, quite apart from trade union recognition, affirmative action, and observance of general government policy and specific sectoral policy, such as export targeting.

A contract compliance strategy with three separate arms is required: one concerned with compliance in the narrow sense of meeting contracts effectively in the absence of corruption and profiteering; one concerned with the employment and other impacts of businesses such as export and training levels; and the last to promote the role and interests of consumers.

More generally than through the government's own procurement, there is a tripartite institutional structure for the implementation and monitoring of industrial policy, including industrial corporations themselves, financial institutions and government.

Together these comprise a financial system, broadly conceived. International evidence suggests that the nature of a financial system is crucial in determining the levels, composition and effectivity of investment.

Problems in finance

Despite some positive aspects in the capacity of conglomerates to generate finance for investment internally, the South African financial system has functioned in practice like a market-based as opposed to a banking system. This approach is generally acknowledged to be deficient in promoting appropriate industrial investment and policy, especially in a developing economy in transition.

Despite the discrediting of the de Kock reforms of the South African financial systems in practice and in principle, together with a complete change in domestic and external circumstances and in economic objectives, no serious consideration has been given to relations between finance and industry, and the capacity of government departments to coordinate and innovate in the formulation of policy. This is despite:

- inadequate provision of finance for industry;
- inadequate coordination of investment across sectors;
- inadequate formulation, implementation and monitoring of sectoral strategies;
- inadequate coordination across government departments and other agencies;
- corporate strategies that are inconsistent with the policies required for industrial reconstruction;
- macroeconomic policy that is unduly influenced by short-term financial rather than longer-term and other economic imperatives.

Consequently, it is recommended that an investigation into industrial policy be undertaken with a particular but not exclusive emphasis upon the role played by finance for industrial investment. The inquiry should address:

- a review of past, present and prospective sources of finance for investment together with the design of an appropriate system of data collection so that policy can be soundly formulated.
- a review of past, present and prospective institutional arrangements governing the relations between finance and industry, covering both macroeconomic and microeconomic issues, distinguishing between different sectors and enterprise scale and type of ownership.
- a review of past, present and prospective methods of, and personnel capacity for, the monitoring of investment in both the public and the private sector, as well as how the two interact. Particular attention needs to be paid to the coordination of policy across government departments.
- a review of past, present and prospective levels of capital flight, legal or illegal, and the regulatory and fiscal initiatives which might stem damaging outflow of capital.
- consideration of formalising financial monitoring of industry through policies such as directed credit for successful promotion of exports and other strategic objectives.
- institutional initiatives to strengthen the role of Task Forces in sectors such as automobiles and clothing/textiles and to introduce them into other sectors.
- how new sources of finance can be used to raise substantial additional capital for the developmental financial institutions, such as the IDC and DBSA, so that they expand their operations where social exceed private returns.

This review should also explicitly address the role played by direct foreign investment, drawing upon best practice in assessing the net impact of such investment according to a full social cost-benefit analysis.

The nature of a financial system determines the quality of investment

No serious consideration has been given to the relations between finance and industry

The role of foreign direct investment should be reviewed

Courting foreign investment can weaken domestic investment

There can be no presumption that the overall impact will be significant relative to what needs to be provided from domestic resources, and investments need to be carefully assessed on a piecemeal basis in the light of sectorally specific circumstances and outcomes.

Trade liberalisation

The undue courting of direct foreign investment will be damaging to policymaking more generally, and will engender support for policies that could even weaken investment from domestic resources as pressure builds for deflationary policies to allow for the lifting of exchange controls on capital movements.

Trade policy in South Africa has in general pursued trade liberalisation beyond the level even required by the developments arising out of the Uruguay Round. This is despite the potential for negative impact on the industries concerned and the failure to formulate and put adequate supply-side policies in place prior to liberalisation.

The justification for, and impact of, trade liberalisation has rested to a large extent on the calculation of effective rates of protection, EPRs. These are, however, ill-founded conceptually, in practice in how they have been calculated, and as a guide to policy in their imputed effects.

In particular, they take no account of:

- dynamic and static economies of scale and scope;
- excess capacity;
- capital-labour intensity;
- market structure;
- presence of multinationals;

- skill requirements of the labour force and management;
- developments in world markets;
- product differentiation and quality;
- commercial risk;
- age structure of capital stock;
- the differential impact of non-tradeables;
- the substitution between capital and labour in production in response to changing input prices.

In this light, it is inconceivable how EPRs can justifiably be used as the basis for industrial policymaking of which trade policy is an integral part. Doubts must be equally strong over its usefulness for measuring macroeconomic impacts on employment, inflation and growth.

Rather than assessing trade independently of industrial (or supply-side) policy, the two must be integrated with neither logical nor sequential priority attached to trade policy.

Exactly the opposite is occurring in South Africa in practice. The process of dismantling protection has preceded the election of the ANC government. It is gathering momentum. That it does so appears to reflect a lack of conglomerate commitment to the restructuring of many industrial sectors, with a preference for a strategy of global reorganisation of productive investment.

Accordingly, it is essential that appropriate sectoral industrial strategies are put in place, insisting upon cooperation from large business if necessary, prior to any further trade liberalisation. **UPEA**

Sectoral industrial studies are necessary prior to further liberalisation

DEVELOPMENT

M O N I T O R

Progress of RDP Projects

Health

Primary School Nutrition Programme

9133 schools reached
3,02 million pupils fed
(55,3 coverage of target schools)
approximately 11 000 employment opportunities were created
over 30 000 volunteers were used
8335 School Project committees (comprising approximately 44000 members) are functional
training was given to more than 17 000 people
expenditure levels as a % of planned expenditure range from 109% to 21%

Clinic Building

240 new clinics were commissioned
153 clinics upgraded
205 mobile clinics provided

Health Facilities Audit

477 facilities have been audited

Agriculture

Land Restitution

plans to restore 143345 ha of land to 4164 families are in process
13 projects have commenced

Land Reform

59,3% of target has been reached

Water Affairs

Shemula (KZN) - 43,5% of target reached
Transkei Water Supply - Completed
Moretele (NWP) - 1,5% of current target reached
NW Water Supply - Completed
Kutlwanong Water Supply - pipeline completed

Alien Vegetation Removal

(Working for Water Programme)
7 000 ha cleared, approx. 8000 jobs created

National Public Works Programme

938 projects implemented
25,1% of target completed
57% of target labour days provided

Education

Culture of Learning

44% of target renovations completed
80% of tent classrooms provided

Out Of School Youth Training

facilities for 7 500 scholars have been made available in Gauteng

Correctional Services

Prison Fences and Security

18 prisons earmarked - 89,6% of target completed

Safety & Security Facilities

3 new stations in progress, renovations to 8 are underway
Automated Fingerprinting Information System in the tender stage

Transport

Upgrading Main and Rural Roads

There are 37 projects spread across the nine provinces
93,7% of the target expenditure has been reached of this amount (R100m). 34% has been spent on community infrastructure, wages, training and SMME's.

Housing

National Urban Reconstruction & Housing Agency

A loan guarantee capacity of R32,5 m is available,
3600 agreements have been approved

Special Integrated Presidential Projects - SIPP's

Successful - Katorus (Gauteng), Molopo River Basin (NW), Duncan Village, Ibhayi (EC), Thabong (FS), Mooi River, Bruntville (KZN), Galeshewe (NC), Integrated Serviced Land Project in the Western Cape and Mahwelereng (NP)
Less Successful - Cato Manor (KZN), Mahwelereng (NP), Siyabuswa (Mpumalanga)

Constitutional Development

Municipal Infrastructure Programme

projects in progress - 931
projects completed - 618
spending levels are on target in the EC, Gauteng and the WC. All other provinces are below target but there is a steady improvement.

Source: Report of Programme Management Services to the Minister of Finance, September 1997

Accounting for

the missing millions: The preliminary estimates from Census '96

By Mark Orkin, Ros Hirschowitz and Pali Lehohla
Central Statistical Service

South Africa recently found out that it has four million fewer people than had been previously believed. The CSS explains why the old estimation was flawed, and why there is good reason to believe the new figures are very accurate.

The preliminary results of Census '96, announced in July '97, are empirically derived estimates of the size of the population of South Africa. They show that there were 37,9 million people on South Africa on the night of 9 - 10 October, 1996, after adjusting the total for 'under-count' using a post-enumeration survey. The breakdown by gender and province is shown in Table 1.

The total of 37,9 million occasioned much surprise, since projections based on the 1991 'census' totals had created expectations of approximately 42 million. However, the totals in 1991 were not based on the piecemeal census done at that time but on a *model* reaching back twenty years for its African population baseline. Recent evidence indicates that the fertility estimates in that model were too high.

Conversely, the totals from Census '96 were based on a nationwide count on the ground, using a uniform methodology, and followed by a prompt nationwide post-enumeration survey to adjust the undercount.

All three of these features were missing from the 1991 census and the two preceding ones. Independent research evidence - notably recent studies of the populations of Soweto (for example, Bozzoli, 1997) and

Durban (Urban Strategy Department, 1995) - confirm the Census '96 preliminary estimates.

In the ensuing sections, we describe the makeshift methodology and massive adjustments of the 1991 'census' that yielded the false expectations, describe how the Census '96 preliminary estimates were reached, mention the available validating evidence, and rebut criticisms.

The 1991 'census'

In the 1991 'census', various kinds of count were done. In formal suburbs and some townships, door-to-door enumeration was undertaken after prior demarcation into enumerator areas (EAs).

In some rural areas, door-to-door enumeration was undertaken, but in poorly controlled 'sweeps' because prior demarcation into EAs had not been arranged. And for other rural areas, and many townships, particularly for informal settlements, dwellings were counted on aerial photographs and populations imputed using sample surveys of household size.

Perhaps unsurprisingly, the CSS management of the time did not use this melange of counts to arrive at their estimate

The 1991 figures were based on a model reaching back 20 years

Table 1: Preliminary estimates of the size of the population of South Africa in October 1996, by gender and province, after adjustment for under-count

Province	Males	Females	Total	%	95% confidence limits*	
	Population in 000s	Population in 000s	Population in 000s		Lower limit	Upper limit
KwaZulu Natal	3 583	4 089	7 672	20,3	7 295	8 083
Gauteng	3 651	3 520	7 171	18,9	6 855	7 439
Eastern Cape	2 703	3 162	5 865	15,5	5 657	6 208
Northern Province	1 878	2 250	4 128	10,9	3 961	4 257
Western Cape	1 982	2 135	4 118	10,9	3 882	4 378
North West	1 493	1 550	3 043	8,0	2 856	3 201
Mpumalanga	1 288	1 357	2 646	7,0	2 516	2 779
Free State	1 219	1 251	2 470	6,5	2 310	2 601
Northern Cape	366	380	746	2,0	677	825
Total	18 163	19 695	37 859	100,0	37 146	38 527

* These last two columns indicate that it is expected, for the specified sample of questionnaires used for this estimate and for the post-enumeration survey, that the final census tally in a given province, and in South Africa as a whole, will fall within the specified range 95 times out of 100. For example, the final tally in KwaZulu Natal will fall within the range 7 295 000 to 8 083 000 people in 95 of 100 such samples.

Tentative estimates for Africans were too high

of the country's population size (Nel, Loubser and van Wyk, 1993). Rather, they resorted to a demographic model which sought "establish a set of population numbers by age, sex and demographic group, as a base independently of 1991 Census" (Sadie, 1992, p.1 - our emphasis).

This fact was not made clear in the media release of the time. To remind ourselves that the 1991 totals reflect a model, not a count, we have referred to the 'census' of that year in inverted commas.

The 1991 model

In producing a population model, the modeller must have some starting basis to which s/he applies estimates of fertility, mortality and migration rates in order to calculate population estimates for ensuing years.

For the 1991 population estimate, calculations were done separately for the African population, and for the coloured, Asian and white groups. For Africans, the 1970 population census (i.e. before the TBVC states were excised) was taken as being reasonably accurate, and was therefore used as the base year by Professor J. L. Sadie, a demographer commissioned by the CSS to develop the model (Sadie, 1992, p. 6).

Estimates of fertility and mortality rates and the way in which they would change with time were made by looking at the population increases in yet earlier censuses, up until 1970. Sadie then worked out estimates of the net population increase from 1970 to 1991. He did, however, take into account available data from Demographic and Health Surveys of the HSRC to adjust earlier estimates of fertility rates downwards, in doing the 1991 model.

Large numbers of Africans were added to the results of the various counts to make them reach the totals expected by Sadie's model. The aggregated counts in 1991 and the large adjustments made for Africans by province and former 'self-governing territories' are shown in Table 2.

The table shows that adjustments made in 1991 were highest in the former 'self-governing territories'. For example, the tally in the former KaNgwane was adjusted upwards by 75%. Adjustments were also made for each age category in 1991. For example, totals for Africans aged 0 - 4 years were adjusted upwards by 51%.

Taking the model as correct, this yielded an overall under-count for Africans in the then RSA (excluding the TBVC) of 17%

Large numbers of Africans were added to the 1991 counts

The dangers of using a model based approach are glaring

and an adjustment factor of 20% (Sadie, 1992, p. 50; Nel, Loubser and van Wyk, 1993, p. 5).

The former TBVC states are excluded in the table, since the censuses which had taken place in the TBVC states in 1991 were not used to estimate their population size.

For the white, Asian and Indian, population groups, relatively accurate administrative records were available. So the 1980 census was used as the baseline year, and records of births and deaths from 1980 to 1991 were used to estimate the net population increase during this time.

Altogether, on the basis of the model, 4,7 million extra people were added to the 1991 'census' count of 26,3 million people, most of whom were African. The final population estimate, excluding TBVC, was 31 million.

A validation study of the 1991 estimates was conducted by the Bureau of Market Research (Nel, Loubser and van Wyk, 1993), using a partial post-enumeration

survey, and comparisons between model-based estimates of children aged 8 - 12 years and primary school enrolments, as well as model-based estimates versus records of pensioners. But this study attempted to evaluate the accuracy of the model, not the actual count.

The dangers of this model-based approach are glaring. It made projections for Africans - much the largest population group, for whom fertility estimates were least reliable - over the longest period: twenty-one years to 1991, and a further five years to 1996. Even relatively small departures from the postulated pattern of fertility (and mortality) rates will, when accumulated over such a long period, lead to dramatic departures of the actual population from that predicted by the model.

Conducting Census '96

Census '96 was conducted in classical fashion, in accordance with internationally recognised empirical methods. In the first phase, *demarcation*, the country was divided

Table 2: Adjustments to the 'count' of the African population: 1991

Part of the country	Census count	Adjusted count	Adjustment
	excluding TBVC	excluding TBVC	
	Thousands	Thousands	%
Former Provinces (Total)	9 616	10 914	13
Cape Province	1 779	1 936	9
Natal	765	963	26
Transvaal	5 550	6 258	13
Orange Free State	1 523	1 757	17
Former self-governing territories (Total)	8 389	10 733	28
KwaZulu	4 517	5 519	22
KaNgwane	444	778	75
Qwaqwa	352	342	-3
Gazankulu	685	953	39
Lebowa	2 093	2 737	39
KwaNdebele	298	404	35
South Africa (excluding TBVC states)	18 005	21 646	20

The sex ratio is comparable with other Southern African countries

Table 3: Preliminary estimates of population size in urban and non-urban areas

South Africa	Males	Females	Total	%
	thousands	thousands		
Urban	10 252	10 708	20 960	55.6
Non-urban	7 911	8 987	16 898	44.6
Total	18 163	19 695	37 859	100,0

Table 4: Preliminary population estimates, before and after adjustment by the PES

Province	Column 1: Estimate before adjustment Thousands	Column 2: Estimate after adjustment Thousands	Column 3: Difference between estimates Thousands	Column 4: Under-count %
Western Cape	3 819	4 118	299	7,3
Eastern Cape	5 582	5 865	283	4,8
Northern Cape	678	746	67	9,0
Free State	2 312	2 470	158	6,4
KwaZulu Natal	7 023	7 672	650	8,5
North West	2 860	3 043	182	6,0
Gauteng	6 546	7 171	625	8,7
Mpumalanga	2 507	2 646	139	5,3
Northern Province	3 969	4 128	159	3,9
Total	35 296	37 859	2 562	6,8

School attendance records are unreliable

into approximately 86 000 small geographic areas with distinguishable boundaries, called enumerator areas (EAs). Then a list was made of dwellings in enumerator areas.

In the second phase, *enumeration*, the field force of 100 000 people visited these dwellings, and attempted to complete a questionnaire in each household of the country. Questionnaires were available in all eleven official languages. An extensive publicity campaign reach a large proportion of the population.

In phase three, the present phase of *processing*, the data from the census are being captured on computers in all nine provinces. The information will then be analysed and the final results disseminated.

In such a vast operation, relying on temporary staff, difficult-to-reach individuals, households, small villages, or parts of a suburb could have been missed. In any census some degree of under-count is inevitable. A *post-enumeration survey* was conducted to estimate the under-count, in accordance with well precedented techniques.

A sample of 800 EAs (approximately 1% of the total number of EAs in the country) was drawn, stratified by province and type of EA (formal or informal urban areas, commercial

farms, tribal or other non-urban areas). Independent systematic samples of EAs were then drawn for each stratum.

The sampling frame was constructed from the database of EAs established during the demarcation phase of the census. Empty EAs (e.g. vacant sites, industrial premises, etc.) were excluded from the sample.

The preliminary PES calculations indicate that approximately 6.8%, i.e. seven people in every hundred, were not counted. The under-count differed by province, and by strata within province. For example, 3.9% of people were missed in the Northern Province, as against 9.0% of people in the Northern Cape.

Details of the undercount in the strata are given in a Central Statistical Service publication *Census '96: preliminary estimates of the size of the population of South Africa* (1997, p. 38). We accordingly adjusted the preliminary estimates upwards. The overall percentage undercount is similar to that of other intermediate developed countries such as Algeria, Venezuela, and Camerouns. Even Canada, with three times the census resources per capita, has a 3% under-count.

In all these phases, and the planning; the CSS had invaluable assistance from Statistics Sweden, the United Nations

Preliminary calculations indicate that 6.8% of the population was not counted

The undercount is comparable with that of similar countries

*Fifty two percent
of the population
is female*

Population Fund (UNFPA) and the Australian Bureau of Statistics.

Census '96 estimate

The estimates of the number of people who were in the respective provinces on census night, *after* being corrected for under-count by the PES, were indicated in Table 1 above.

The table shows that, among the approximately 37,9 million people in South Africa on the night of 9 - 10 October, 1996, 18,2 million were male, and 19,7 million female. There are thus proportionately fewer males (48,0%) than females (52,0%) in the population.

According to the preliminary estimates, urbanisation in South Africa has taken place at a more rapid pace than the previous estimates led us to believe. Table 3 indicates that 55% of the population were found in urban areas in October 1996.

*Fifty five percent
of the population
is urban*

Methodology

Preliminary estimates were an innovation of Census '96. To arrive at them, we drew a two-stage sample of actual census questionnaires. First, a systematic sample of 20 434 EAs (approximately 25% of all EAs in the country) was drawn, using province as an explicit stratification variable. Then systematic sampling was used within each province, stratified by the five EA types mentioned above.

For each such EA, the first questionnaire in the box of questionnaires, and every tenth questionnaire thereafter, was opened. From each questionnaire, the number of males and females and the total number of people that had been enumerated was recorded. The total number of completed household, personal and institutional questionnaires in each sampled EA was also recorded.

*Total fertility has
declined from 4.2
percent in 1980
to 3,2 percent in
1995*

Then the data obtained from the sample of EA boxes per province was weighted upwards to give estimates of the number of people in each province, in total and by gender. Finally, we adjusted this estimate with the findings about under-count in the PES, allowing for the five different types of EAs in each province.

Table 4 shows the preliminary population estimate in each province, before and after adjustment for under-count by the PES. For example, the table indicates that in Gauteng

there were 6 546 000 people reached by the census (estimated by the two-stage sample), and 625 000 missed (estimated by the PES), yielding a total of 7 171 000 people, on census night of 9 - 10 October.

From the total of column 3, one sees that an estimated 2,6 million people were missed in the census. This figure represents the 6,8 % undercount of the population, as shown at the bottom of the final column of the table.

Preliminary count validation

Control forms

Data from each of the 86 000 EAs, derived from control forms completed by the enumeration teams, were captured onto a fieldwork information system. This database includes the number of completed questionnaires in each EA, and the number of people contained in each questionnaire, in total and by gender.

The total population of South Africa, as indicated in these administrative records, and then adjusted as before for under-count, is 37 989 000. This is very close to the preliminary estimate of 3 785 000 based on the adjusted sample of questionnaires, and within the lower and upper 95% confidence limits in Table 2.

Population projections

Research was undertaken by Udjo (1997) to evaluate the projections of the population of South Africa from 1970 to 1996, again using 1970 population census figures as a base. Childhood and adult mortality was estimated from data contained in the 1995 October household survey (OHS).

On the basis of this data, Udjo found that the total fertility rate across all population groups declined in South Africa from 4,2 in 1980, through 3,5 in 1985, 3,3 in 1990 to 3,2 in 1995.

Following Sadie (1992), but applying the more recent figures from the 1995 OHS, Udjo obtained a projection of 37 990 000 for the total population in South Africa for 1996, using the 1970 as baseline but after under-count adjustment by Sadie. This also falls within the 95% confidence limits of the preliminary estimate of the population based on the 1996 census, as reported in Table 2. In common with Sadie, Udjo's projections do not take account of net migration,

because reliable data on these events are not readily available in South Africa at present. Some estimate for net migration needs to be added to the chosen projection, before finally comparing it to the Census '96 estimate of 37,9 million.

□ Recent estimates

There are four separate studies which confirm 1996 preliminary population estimates of Soweto — one conducted by the Bureau of Market Research (van Zyl, 1989), the Human Sciences Research Council (Stoker, personal communication), the Central Witwatersrand Regional Services Council Planning Agency (1994) and the Soweto-in-Transition project of the University of the Witwatersrand (Bozzoli *et al.*, 1997).

For example, the researchers of the last-mentioned study state that "our finding is that the population of Soweto, including all types of dwelling, is 1 178 693". The preliminary Census '96 figure is 1,2 million.

Similar support for Census '96 estimates have also been found in KwaZulu Natal. Two studies on population and settlement areas were undertaken by the Durban Council's Urban Strategy Department (1995). The results showed that there were 2,36 million people in Durban in 1995, not 3,2 million as was previously thought. The preliminary 1996 census results find a population size of 2,35 million in the Durban Metropolitan Area, another impressively close match.

Other independent research

On a local-level scale in rural areas, there are other empirical indications that the estimate of population size based on the 1991 model was too high.

Firstly we refer to two rural surveys in the Northern Province. In the Agincourt (Northern Province) Demographic and Health Study conducted by the Department of Health of the University of the Witwatersrand (Tollman, Herbst and Garenne, 1995, p. 6), the researchers found that:

"there are marked discrepancies when the adjusted figures from the national census are compared with

those of the Agincourt study...The increase is primarily due to an excess among children, particularly the 0 - 4 age group. Notably, however, the age distribution in the unadjusted figures shows a much better correlation."

This comment recalls the huge upward adjustment in that age group in 1991, noted above.

In a small-area population census, which formed part of the Dikgale Demographic Study (Alberts, 1996), of a cluster of eight villages near Petersburg, researchers from the University of the North found that "the percentage of children in the age groups 0 - 4 years and 5 - 9 years is similar, which indicates that fertility is declining in Dikgale population" (p. 9).

Other demographic evidence

In similar vein, lower overall total fertility rates and urban - rural differences were found in an analysis of fertility in the 1991 census of the former homeland of Bophuthatswana (Directorate of Statistics, n.d.). The total fertility rate for the former homeland as a whole was 3,96. However, in urban areas it was 3,08, compared with a rate of 4,16 in rural areas.

Recent and as yet unpublished data from a new Demographic and Health Survey conducted by the Human Sciences Research Council (HSRC) in 1991 - 1994, confirm that fertility rates in the country are lower than was previously thought (Mostert and Hofmeyr, in press; Mostert, Oosthuizen and Hofmeyr, in press), particularly for African women in those provinces which are more urban in character.

Administrative registers

It would be extremely useful to consider our preliminary estimates from Census '96 against data from existing administrative registers such as records of births, deaths and migration. However, previous studies (Sadie, n.d.) noted that for Africans "we have, in fact, no vital statistics at all, and consequently, have to make do with incomplete census data only" (p. 4).

Rebuttal of objections

In the August 1997 issue of *Fast Facts* of the Institute of Race Relations,

There are four separate studies that confirm the population estimates of Soweto

Recent studies confirm fertility rates are lower, particularly for African women in urban areas

Most of the "missing population" is below voting age

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(Schlemmer and Levitz, 1997), the census results are criticised on three counts: the 1994 election turnout was too high; there are more children at school than there are in the census; and the male to female ratios are incorrect. We indicate below that these objections are ill-founded.

Voting population

The Independent Electoral Commission (1994) estimated that 19 533 000 people voted, with a 86,9% poll. The 1996 preliminary census results, adjusted for age differences and deaths since 1994, show that there were 21 845 000 people who were eligible to vote, yielding a percentage poll of 89,5% for South Africa.

The reason that the increase in the percentage poll is so modest is that the declining fertility rate implied in the new census would mean that the less-than-expected population is largely below voting age.

School attendance records

School attendance records were used by the Bureau of Market Research as part of their validation process of the 1991 census (Nel, Loubser and van Wyk, 1993). These researchers noted that the records are incomplete and unreliable.

When comparing the 1996 census estimates with school attendance administrative data among those aged 10 to 14 years, school attendance nationally was found to be 104% of the corresponding census population estimate. But in Gauteng, the Western Cape, the Free State and the North West, school attendance was less than 100% of the corresponding population, as one would expect.

It is conspicuous that the provinces with the largest discrepancy between the preliminary estimates and school records are those which contain large components of former 'homelands': the Eastern Cape,

Northern Province, Mpumalanga and KwaZulu Natal.

One wonders whether the administrative records of pupils in these provinces are in error, rather than Census '96. For example, it was lately noted that there might be 73 000 rather than 83 000 teachers in KwaZulu Natal — implying a third of a million fewer pupils than in the administrative records.

Sex ratio

It has been claimed that the sex ratio found by Census '96 is incorrect. The sex ratio is the proportion of men to 100 women. An examination of this ratio in relation to our neighbouring countries, rather lends support to the preliminary estimates.

There are 92 males for every 100 females in the country, compared to Lesotho (92,9), Botswana (91,6) and Swaziland (89,5). Reverse male labour migration from South African mines may partly explain the increasing sex ratio in neighbouring countries, in relation to the decreasing ratio in South Africa.

Final population estimates

The remaining census information will be available in 1998. The target date is April. The final estimate of the size of the population may differ slightly from the preliminary estimate as a result of changes in the under-count arising from household-by-household examination of the PES.

When the final count is published, information will be made available at national, provincial regional, and local levels, on the distribution of the population by population group, age, home language, religion, educational level, occupational status, income; household-level data such as access to electricity and water; demographic indicators of fertility and mortality; and the many other variables contained in the census questionnaire. □□□□

And if Cape Town Loses?

Mega-Events And The Olympic Candidature

By Harry H Hiller
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The mega event is a little understood phenomenon. Benefits and costs are difficult to quantify, but important lessons can be drawn from the candidacy experience.

No idea has seemed more incongruous to the post-apartheid national agenda than the proposition to host the 2004 Summer Olympics. Even before the first democratic elections in 1994 were completed, the proposal had already been advanced to participate in the next round of Olympic bidding. With so many issues percolating on the reconstruction agenda, surely hosting the world must be near the bottom of the list!

Such thoughts represented the feelings of many South Africans who were both startled and bewildered by the bid proposal. The bid itself evolved from an initiative driven by Pic-n-Pay's Raymond Ackerman, to a Cape Town city bid supported by the private sector, to ultimately a key policy initiative led by the ANC National Government with a significant coalition of endorsement from other political parties, labour organisations, and business.

This evolution represented the growing level of importance given to the Olympic bid among many elites. Some South Africans warmed up to the idea, being convinced that "If Cape Town Wins, We All Win". Others were much more

sceptical, though curious. Strangely enough, in a society where the mobilisation of discontent had once been a way of life, overt opposition to the bid was scattered and muted.

It is accurate to say that the Cape Town bid began with a low probability of success but that through the bid process, and to the surprise of many, the Cape Town Bid Company clearly provided both the technical expertise and an Olympic vision to capture the attention of the International Olympic Committee and to manage selection to the short-list of five cities from the original eleven cities.

By the time of the final decision, the local media had indeed led many to believe that a successful bid was imminent. Surely, the combination of a continent that had never been given the opportunity to host the Olympics as well as Madiba magic would be irresistible. But on September 5, 1997 in Lausanne, Switzerland, the bid failed as Athens was selected.

The nature of mega-events

The priority given to the Olympic Bid makes little sense, given the South African

*Strangely,
opposition to the
bid was muted*

Since mega-events are short term projects, spending must be justified

context, unless we understand the concept of mega-events, how they work, and what they mean. A mega-event (formerly called "hallmark event") is a one-time event of relatively short duration but of global significance. It necessarily has a long preparatory period given the magnitude and scale of the event and the substantial mobilisation of resources required.

The "mother" of all mega-events has become the Olympics, with its strict infrastructural requirements, the large "Olympic family" entourage from athletes to officials to media to sponsors, as well as the Olympics' media appeal, global television audience, and its in the world language of competitive sport.

Mega-events are often used for political statements

Other mega-events include World Expositions or World's Fairs, world-scale conventions and trade shows that attract thousands, and other sporting events such as the Commonwealth Games or World Police And Fire Games which contribute greatly to the tourism industry and the local economy.

The key characteristic of mega-events is that their size, scale, and significance require a level of planning and preparation that elevates the event among other priorities because of its high profile nature. While the event itself may pay its own way, it is the infrastructural requirements (which may be considered the event's legacy) that require government participation, whether for event facilities or for housing or transport enhancements via grants, subsidies, land use changes, or other policy issues.

Justification

Since the mega-event is of only limited duration, a rationale must be developed to justify the long-term benefit of the cost and effort involved. Therefore, the mega-event can never only be understood in terms of the event itself but must always be understood in terms of some broader objectives.

Hosting the Olympics may have little to do with love of sport

One of these broader objectives might be urban in scope so as to engage in some form of renewal of decaying but valuable urban space (e.g. the waterfront in Barcelona), or to provide an urgency for general urban upgrading from public transportation to signage to telecommunications.

Another objective might be to develop a tourism infrastructure (e.g. hotels, tourist attractions or landmark structures) and

stimulate tourism growth through the resultant global media exposure. In all of these instances, land values are enhanced as the result of the mega-event and the city becomes a more attractive place for business of various kinds.

Additional objective of the mega-event is to use the hosting of such an event as a way of making a political statement. No one can think of the Olympics in Moscow, or Seoul, or Los Angeles, or Tokyo without thinking of dominant ideological messages that governments or elites wanted to make both to their own constituencies and to the rest of the world - especially since television broadens influence beyond those who attend in person.

In large measure, these messages have to do with the desire to establish or affirm business linkages with the rest of the world and to reaffirm the legitimacy of politics and their elites as leaders in the world community. In other words, the event is not just what it appears to be and becomes a symbol for other goals.

The prestige of the mega-event is mobilised to accomplish additional objectives from showcasing the city (its tourism potential, its expert labour force, its investment opportunities) to affirming internal national political leadership (its vision, its need for unity) to the promotion of economic interests (the need for inward investment, new markets, and internal business stimulants). Supporting the Olympics as a mega-event may indeed have little to do with love of sport.

The criticism of the recent commercialisation of the Olympics makes the point clearly that mega-events are not just what they appear to be and have a purpose that goes far beyond the event itself. The significance of the Cape Town bid must clearly be understood in terms of this much more complex reality.

With this background, we are now able to begin to understand why mega-events are controversial. The event is championed as a highly desired good, as an end in itself, but behind the event is lurking all kinds of other objectives, not all of which are known to the general public or considered desirable by them or discussed openly, except perhaps by opponents.

Furthermore, the fast-track and task-oriented preparations required often mean the

displacement of other desired public goals and initiatives so that the mega-event becomes the pre-eminent and all-encompassing objective, and negative impacts (e.g. appreciating property values displacing low income residents) are minimised.

Questions of public support

Given the fact that the value of hosting the mega-event is not necessarily self-evident, the influence of public opinion becomes very important. Therefore, the mega-event organisation not only has the task of planning for the event but doing the public relations work that will stress its positive impact.

As an interstitial organisation between government, capital, and the general public, and charged with organising the event, the mega-event organisation is continually squeezed by multiple pressures because it lacks unequivocal power. This places organising committees in a tenuous position in which the interests of capital and business development vie with the agendas of politicians and political strategies, and the grass-roots are unclear about their own interests.

The mobilisation of support is in large measure dependent on the high profile and sense of prestige related to the mega-event. There is no guarantee that all people will buy the "honour and glory argument" (for example, there are numerous critics of the Olympic movement itself), but as we will see, the bid process as well as the media attention helps elevate the mega-event to a significant international achievement.

It should be noted that the prestige ideology is particularly effective in ascendant communities where international recognition is highly desired—not only by capital and politicians, but by the public at large. One measure of this is the large pool of volunteers that are needed to host most mega-events. These volunteers are increasingly the cornerstone of event operation who are attracted by the prestige factor of the event in hosting international guests.

The meaning of bidding

One of the unique characteristics of rotating mega-events is that selection to

host the event is competitive through an international bid process in which cities (and the countries which they represent) are pitted against one another.

In a real sense, the prestige and the competence of the city and country are at stake, and the competitive nature of bidding helps propel public support as almost blind statements of patriotism, so that opposition to the mega-event takes on the character of unpatriotic behaviour.

The competitive nature of the bidding also creates game-like conditions in which strategy and secrecy go hand-in-hand, so as not to give the opposition any advantages in the game. What creates difficulties is that the public is frequently not consulted on either the commitment to play the game or the strategy to be used to attain the goal.

Thus the game calls for many cheerleaders from the public-at-large while elites huddle to develop the strategy to achieve the taken-for-granted objective. But since bidding is truly a game in itself, in which the outcome is dependent on external and considerably unpredictable forces, the need to show the world a united internal front demands that the bid utilise nationalist feeling as a supportive ideology.

In view of the fact that the public is rarely directly consulted about the hosting of the mega-event, the decision to back the event is largely an action by political or interest groups, but operating under the assumption that the event is indeed in the common good, and as though such action was politically neutral.

Opponents, on the other hand, are usually quick to seize on the political agenda or interests championed behind the event. Yet much of this is masked by the competitive nature of the bid which requires both unity and mobilisation of support in the face of "foreign" competition.

Thus winning has a status of its own on the world stage, in addition to feelings of collective euphoria over such recognition. Conversely, losing conveys real feelings of disappointment and even rejection.

The Cape Town bid

The purpose of the foregoing discussion was to place South Africa's recent

Since the benefits are not self-evident, public opinion is important

The competitive nature of bidding means strategy and secrecy go hand in hand

Opponents focus on the wider agenda

The NP was caught between supporting the Western Province and opposing the ANC

Olympic bid into a global context in which mega-events are an expanding phenomenon. The competition between an unprecedented eleven cities for 2004 attests to that fact, as well as the notation that once on the mega-event circuit, there is a desire for more of them (e.g. Calgary hosted the 1988 Winter Olympics, the World Rotary Convention in 1996, and the World Police And Fire Games in 1997).

As South Africa is now moving out of its more isolationist pariah position, such opportunities will undoubtedly rise again. Therefore, it is important to understand their significance.

The experience of South Africa with the Cape Town bid demonstrates most of the mega-event characteristics described above. Neither Capetonians or South Africans were ever directly consulted about support for the bid in a decision-making format.

It is possible the Olympics would have worsened the lot of the very poor

Scientific polls showed that there did appear to be support but listener and reader polls by radio stations and newspapers revealed opposition. The public interest was deemed accounted for by endorsements from elected political representatives first in the Cape Town City Council, and later by the ANC Party and the Cabinet.

The Nationalist Government of the Western Cape was caught between supporting an initiative that could clearly benefit and impact its own province, and supporting action that ultimately became an instrument of ANC policy and economic strategy.

The fragility of this united national support for the bid was revealed a number of times when the National Party in particular reacted negatively to the non-consultation or non-inclusion by the ANC government at particular moments, especially in the latter stages when in many ways the National Government took over the bid.

At worst, the bid was a distraction

Contrary to other countries where the economic rationale for hosting mega-events are often less explicit, the Cape Town Bid established strong expectations. In a country slow to experience the economic growth it needed for reconstruction and development, the Olympics provided the government with a sense of "doing something" through an initiative that synchronised with the neo-liberal agenda (GEAR).

Consequences

The Olympics was to stimulate local economic growth and serve as a magnet for foreign capital investment thereby creating more jobs (90,000 permanent jobs were estimated) which would support better housing and provide a stronger tax base for other government services. It is clear that business bought into this logic as evidenced by the high degree of corporate support.

It is true that the Olympics would have been a good launch for an expanding tourism infrastructure, and tourism is known to provide a high number of entry level jobs. Whether this would have translated into adequate wages to support more adequate housing might be open for debate.

It is also true that the Olympics would have led to significant upgrading of the urban infrastructure in general though it was not likely to provide significant housing for shack dwellers.

In spite of affirmative action principles that should have benefited some small businesses and previously disadvantaged communities, there is also the possibility that much of the economic expansion that might have taken place as the result of the Olympics would have worsened the condition of the very poor who were not able to benefit in any way.

The evidence from the scientific polls was that blacks were the most strongly supportive of the bid because, it might be assumed, they bought the economic catalyst-reconstruction argument. Whites on the other hand were more likely to be cynical about both the fiscal costs of the bid as ratepayers and the financial interests that stood behind the bid, and were much less supportive.

Critics could assert that whatever the argument, the Olympics at best warranted faint hope that reconstructionist objectives would be achieved through the mega-event, and at worst represented only a distraction away from government policies that had been unable to deliver results.

The Olympic bid also supported other political messages. The nonracialist policy of the ANC was supported by the nonracialist ideology of the Olympic movement, and fit nicely with the role that the Olympics had played in the anti-apartheid movement.

The need for national unity in the face of external competition served as a useful mechanism to legitimate togetherness in a common cause in a country still very fragile. Social psychologically, it was also hoped that the Olympic bid would play an important role in helping to remove the nagging South African sense of inferiority and the remnants of shame from the apartheid past that stalked the country's international image.

In sum, then, the Olympics was to be the perfect occasion to showcase the acclaimed "new" South Africa. Yet in losing, the thin veneer of unity for the sake of solidarity in the face of external competition became clear.

The appeal to the IOC was that this was not just a Cape Town bid but a bid for South Africa on its threshold of a new democratic era. Indeed, it was claimed that this was a bid for all of Africa for what was labelled the beginning of the "African renaissance". This line came apart quickly as ideology soon after the bid failed.

Soon it became known that assumed African IOC votes had fallen away, political parties jockeyed to shift the blame, white vs. black issues rose between the Bid Company leadership and the National Government, and the differences between the racial and political composition of the Western Cape from the rest of South Africa reminded us that the sense of solidarity for bid appearances purposes was indeed not real.

Ironically, not even that world icon, Prime Minister Mandela, the architect of the Government of National Unity, was able to produce the anticipated triumph.

Accomplishments?

Perhaps the most innovative aspect of the bid from a global perspective is that for the first time, the Olympics was linked to human development rather than just urban or economic development objectives.

The key notion here from the point of view of a mega-event was not just the usual appeal to job creation (in this case with affirmative action principles) or economic/tourist impact, but the distinction that was made between competition venues and training venues.

While competition venues were to be more centralised at Wingfield, training venues were to be located in disadvantaged areas and used as a basis to kick-start new housing/retail/service facilities in shantytowns. Given the preference of the IOC for all centralised facilities, this was an innovative idea adapted to the South African context.

Even a failed bid produced a small legacy in that regard with seven priority projects in disadvantaged areas under construction as demonstration projects to the IOC prior to the final vote. The fact that mega-events could be attached to human development goals remains an intriguing idea.

There is a tendency to exaggerate the international publicity gained from the bid ("all this free advertising about South Africa") - though some of it is not to be denied. For a country that had been on the margins of the world community, it can be acknowledged that the bid provided a different signal of a new era for South Africa in international relations.

Olympic related visitors to South Africa easily misled their hosts about the bid outcome because they were often unexpectedly pleasantly surprised with the existing expertise and infrastructure in the country.

Third, in spite of the arguable wastefulness of time and resources represented by the bid, and the distraction from the "real" problems of South Africa, conversely the bid helped to focus on them all the more.

For example, the issue of crime arose repeatedly through the evaluation process, and the bid even led to some creative yet floundering initiatives to deal with the crime problem. Or, the issue of shantytowns in a partially developed country provoked new international awareness of the socio-economic problems in South Africa and sub-saharan Africa in general.

In that sense, the bid reminded South Africans once again of their own unsolved problems in this regard, perhaps reflected in the collective sigh of relief (in spite of some disappointment) when the bid failed. For the ANC, the goal must now be to find a new instrument for reconstruction delivery. [PE@]

The veneer of unity faded quickly upon losing

For the first time, the Olympics was linked to human development

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Youth Brigades of Natal?

On the Possibility of a National Youth Service Programme

By Ted Leggett, Valerie Møller and Ayanda Sotshongaye
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Directionless youth are at the core of South Africa's social problems. A programme that could harness their energy for the good of the country would be most welcome. But are the youth interested?

The National Youth Commission has come under fire recently. The Democratic Party's report on selected statutory committees recommended the Commission be scrapped, and an Eastern Cape Youth Commission member recently called on the public protector's office to investigate the failure of the Commission to implement a single youth programme.

National Youth Commissioner Mahlengi Bhengu has said, however, that the Commission is not intended to generate programmes. Its mission, in her words, is to "initiate and develop an overarching policy to govern the range of issues" facing South African youth. The legislation concerning the Commission is somewhat equivocal. In any case, a comprehensive policy statement is expected from the Commission this December.

National Youth Service

Some clues as to what this policy statement will contain have already emerged. Bhengu has gone on record several times calling for a programme of national service for young South Africans, and it is likely that December's document will include a proposal for some initiative of this sort.

The Commission produced a "concept paper" last year, describing the agency's

vision of a national project designed to combat youth unemployment while furthering other goals of the RDP. The paper describes the proposed programme as follows:

"The overall goal of the National Youth Service Programme is to engage young women and men in a holistic programme aimed at providing them with education, skills, and work experience through reconstruction projects focusing on community service."

The brief document goes on to describe in general terms how a number of youth development goals could be achieved by training young people to perform reconstruction work in their communities. Crime and unemployment would be reduced, the crisis in tertiary education relieved, and social integration furthered. Projects for this young labour force might include the following:

"...the refurbishment of schools and clinics, building and maintaining public spaces, human services i.e. frail care, work with destitute communities, building and repairing roads and bridges etc."

This is not an entirely novel concept. Similar programmes have been piloted in the past by other youth agencies, most notably the National Youth Service Initiative

Youth service would alleviate crime, unemployment and the crisis in tertiary education

of the now defunct Youth Development Forum. Other nations, such as Botswana, have used "youth brigades" to promote development. In addition, a number of youth-oriented skills training and service programmes are in place at present, operating independently of the government with varying degrees of success.

Are youth interested?

In order to gauge the level of youth interest in KwaZulu-Natal in the proposed Programme, and to get an impression of the concerns young people might have about performing national service, the Quality of Life Research Unit at the University of Natal conducted a series of focus groups were conducted between March and August of 1997 with a range of young people.

To make use of the experience gained through existing programmes, many of the interviews were conducted on-site at operating training facilities. The young people contacted thus had some impression of how youth training works, or fails to work. Since this group clearly contained youth of exceptional motivation, this bias must be considered in interpreting the findings.

Two groups of social science students from the University of Natal were also interviewed, as well as groups from Muslim and Hindu youth organisations.

A total of eleven focus groups were held with between six and ten young people each - 80 participants were interviewed altogether, including rural, urban, and township youth. A questionnaire was also administered at the end of each session to secure some broad quantitative data.

Near universal enthusiasm

According to the questionnaire, there was universal approval for the idea of national service in principle, and all but six of the participants indicated that they personally would be interested in participating in an unpaid, residential programme.

Those disinterested included a group of four older unemployed males, interviewed at the nearly inoperative Samphokwe Project. These men, whose age averaged thirty years, were unwilling to work

unless they received some cash compensation, as they explained:

"We won't do it if we do not get paid. We need money to support our families."

Employment anxieties

An intense fear of the job market was expressed by nearly all the participants, despite differences in age and educational background:

"...there are people who have passed standard 10 and they are unable to find a job, so a programme like that will give youth the skills that might enable them to find the job."

"...in universities, students learn theory and when they finish the degree, they do not get the job easily because most companies need people with a practical experience."

In fact, access to employment was the primary concern of all the young people interviewed. When students engaged in training programmes were asked if they'd be willing to change their area of study if better job prospects were likely in another field, nearly all the youth indicated their willingness to change.

Even advanced university students said they were willing to dedicate substantial amounts of time to learning a manual skill if they felt there was a better chance of employment in the skilled occupations. Tertiary education, it seems, is for many students simply a way of deferring confrontation with a hostile job market. As one Indian scholar noted:

"...students in my class right now are all banking on university, and most of them are going to be refused. And if you ask them, 'Just say you don't get accepted, what are you going to do then?'...It's, 'I'll cross that bridge when I come to it,' or something to that effect."

It quickly became clear that a term of national service was attractive to the young people for at least two distinct reasons. There is a general interest in gathering skills and experience that will enhance one's position in the job market, and there is a need for some productive activity following the completion of formal education.

All but six participants indicated that they would be personally interested

Employment was their primary concern

There is a need for productive activity following education

Morale is low among minority youth

Figure 1: Residential Programmes - Pros and Cons

I think a day programme is better because if you go to a residential programme, you will need more money, and it will be costly.

It should be residential so that we can work as a group.

If it is a residential programme what worries me is the political aspect of it, like political violence. The hostel situation in the townships is always a problem because there will be people from different groups staying together.

I would like to see many training centres in rural areas, to teach people different kinds of skills that might help in supporting their families and in developing their communities. I want to see people getting jobs in their own communities, because what we see now are people from different communities working in other communities.

I think it is debatable, if you are a young mother with three children, you might want to go home at night to be with your children. But for young people with no children, who do not have time to study at home, I think it will be better to be in a residential programme...you can leave home and go to learn the skills and be in the environment of learning, I think it can work in that way.

We are living in the new South Africa, we want to learn to communicate with other people from different cultures. So we would like to mix with other races and share ideas.

A residential programme would promote integration

Motivations

The youth were divided on the issue of whether a sense of patriotism alone would be sufficient to motivate young people to participate. Particularly in the minority communities, there was a sense that morale is very low among the youth:

"People are disillusioned at this stage. Definitely."

The consensus seemed to be that young people today are motivated only by an interest in money:

"...the psyche in South Africa now is that everyone is heading toward material gain."

The youth interviewed excepted themselves from these generalisations, however. Many cited an interest in helping their communities improve, especially those participants from rural areas.

Current programmes are too short to create job skills

Speaking for themselves, the young people were enthusiastic about being of benefit to the country, if in so doing they were able to promote themselves vocationally. The bottom line across the board was getting a job at the programme's completion.

Residency

One of the first conundrums with which the youth interviewed were confronted was the

relative value of remote residential and day programmes. Day programmes were advocated as being cheaper, allowing access to family resources, and giving young people the additional incentive of directly improving the community in which they normally reside.

Residential programmes, on the other hand, would eliminate transport problems, insulate youth from troubling family and home-community situations, and could promote integration with young people of different ethnic and language groups.

Integration

One of the most frequently listed benefits of a residential programme was integration. The youth reported that simply opening access to public facilities to members of all race groups does not guarantee integration:

"Integration skills should be fundamental...I'm in a final year LLB class at Natal University and we still have a class where the whites sit at the back, the Indians sit in the middle and the blacks sit in the front, and it's really bad."

Duration

Early ideas about duration of national service seemed to be based on the length of the programmes the youth were currently attending, which averaged about six weeks. Nearly all the young people complained that

these short term training programmes did not impart a sufficiently high level of expertise to genuinely enhance employability.

"The problem is that the training was done for one month and we learned very little. We want the training to run for a longer period, for 6 months or a year."

When it was put to the participants that some return in production was expected from them in exchange for the training received, they began to think in longer time periods. A suggested period of two years was generally accepted.

"It takes a long time to know the job and achieve your skills. Also, what are the benefits going to be once you have gained your skills? People look at the skills that can help them get the jobs or start their own businesses and they also look for the benefits from acquiring the skills. If they think that learning a skill for two years will help them earn more money, I think they will go for that."

In fact, the prospect of leaving the programme with some substantial work experience was one of the most attractive aspects of the proposed programme.

Skills Training

The youth came up with a wide range of skills they would be interested in learning. In addition to vocational training, they expressed an interest in acquiring what have come to be called "life skills." Two separate groups of youth suggested that drama and the arts could be used to impart these skills.

Aside from life skills, the participants emphasised the need for practical training:

"We need to learn more practical things than just a theory. For instance, in Universities, students learn theory and when they finish the degree, they do not get the job easily because most companies need people with a practical experience."

Compensation

A number of alternative compensation schemes were discussed but the young people were almost unanimously willing to work without compensation, provided their living expenses were covered:

"Yes, we will volunteer because we know that we will also be gaining an experience in the work we will be asked to do."

When additional types of compensation were suggested, such as bursaries, student

A service term of two years was generally accepted

Gaining work experience was a major attraction

Figure 2 illustrates some of the skills training areas in which the youth expressed interest.

Entrepreneurial skills	<i>People should be trained to learn the basics about the business, on how to run your own business. People need to be given guidelines on how to start a business, where to get the grants. They need skills, like plumbing skills so that they can market themselves.</i>
Building Trades	<i>This skill [electrical work] requires your hands and if we compare it with a teachers diploma, you can work as an electrician privately in your own business, whereas, teachers depend on being employed by somebody else.</i>
Childcare	<i>We need to be taught skills that are needed at crèche. We need to know how to look after pre-school children.</i>
Health Care	<i>Health workers are needed in communities. First aid is needed especially in rural areas where people drink dirty water. It must also be included in such a training.</i>
Subsistence Agriculture	<i>Breeding of chickens must also be included. Rural people must also be taught how to breed cows because they die of diseases and rural people should have prevented those diseases but the problem is they do not know what treatment to give their cows. It is a great loss to lose a cow because they cost a lot of money. So such a training is needed.</i>

An interest in life skills was expressed

If costs are covered, the youth were willing to volunteer

loan forgiveness, and access to business loans, the participants were understandably enthusiastic.

Vocational guidance

The form of assistance requested most frequently was help in understanding the world of work and in finding a job after the programme:

"The problem is we do not have a broad spectrum of the types of skills available... We know very few fields available on the ground."

The most frequently cited problem with existing training programmes was the inadequacy of placement assistance following graduation.

"I was once trained in adult basic education by people from the University of Natal and Cape Town University. We received certificates. We then experienced problems in finding the jobs and the government was not helping us at all. We got tired and stayed at home with our certificates. This was really disappointing. We now only think of going right to a college or university after matric because of these problems."

Again, the youth are desperate to know how to best structure their lives in order to ensure employment:

"Today we went to the SpoorNet Careers Fair and we were exposed to the kind of thing of actually working in the career world before making decisions for the university. And amongst ourselves we spoke to each other and we said, you know what, if we had known this, a lot of us would not be doing the subjects we're doing right now."

Stakeholders

The youth repeatedly emphasised the importance of community involvement. They also felt the corporate stakeholders should be actively involved:

"Corporations must take a responsibility in this programme because they gain a lot of profit and they do not bring it back to the community."

"Industries need to be involved in this programme so that at the end of the

programme they can get skilled people to work for them."

Corporations, the youth felt, should also assist with the placement of programme graduates, and suggested that a set number could be employed from the programme each year. A willingness was expressed to compete for those spots.

"The companies must employ us after the training.... Students who will be left out, it is up to them to look for their jobs because the companies cannot take everybody."

It was also suggested that two distinct programmes should be conducted - one for school age youth and one for post-tertiary and older volunteers - because of the different interests and levels of maturity found in these two groups.

"...the programme will need to group people according to their level of education, because university students are more matured than students with matric. In high school, teachers chase after their students to do their work whereas at university nobody chases you and you have to think for yourself."

Willing workers

The prime concern of young people today is securing employment. They are willing to make great sacrifices in order to be self-supporting. A programme that promises to improve their future job prospects is therefore highly appealing.

The young people interviewed were willing to volunteer for an extended period of time and work far from home in exchange for marketable job skills. They were willing to tolerate military discipline and limited free time. They seemed very receptive to any idea that would help them bring structure to their lives and security to their futures.

Parties interested in initiating such a programme should rest assured that there is a large and willing work force available. A service programme would be of benefit on a number of levels: it would advance the RDP, reduce unemployment, reduce youth unrest and crime, increase the value of nation's human capital, and promote integration and nation building. Projects of a similar scale have been launched by the military - can the civilian sector afford to neglect this investment in its future? ☐☐☐

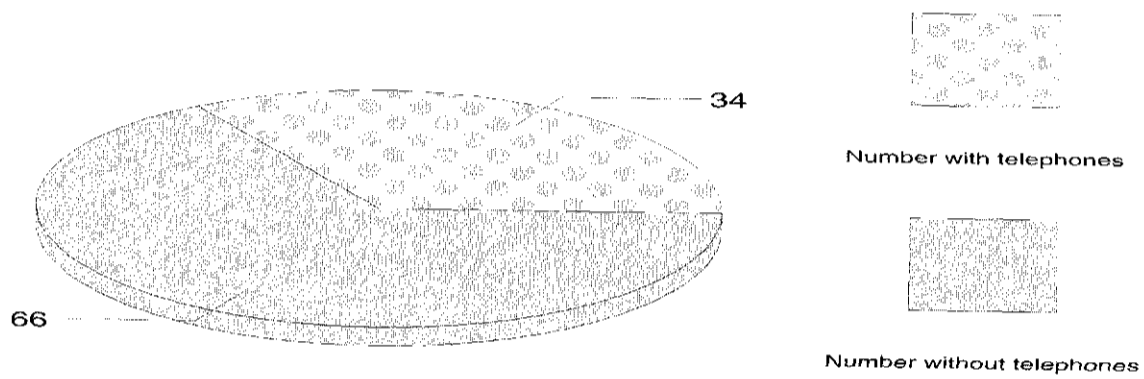
Vocational guidance is essential

Corporations should be involved in training and placement

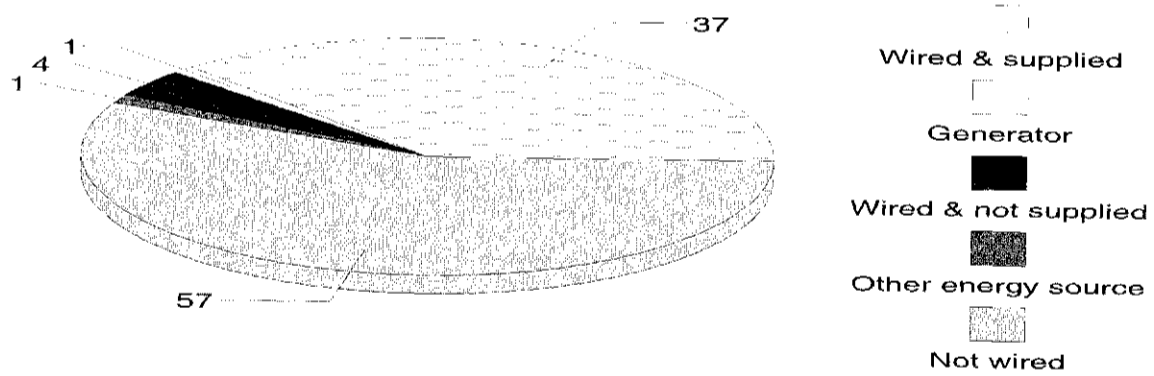
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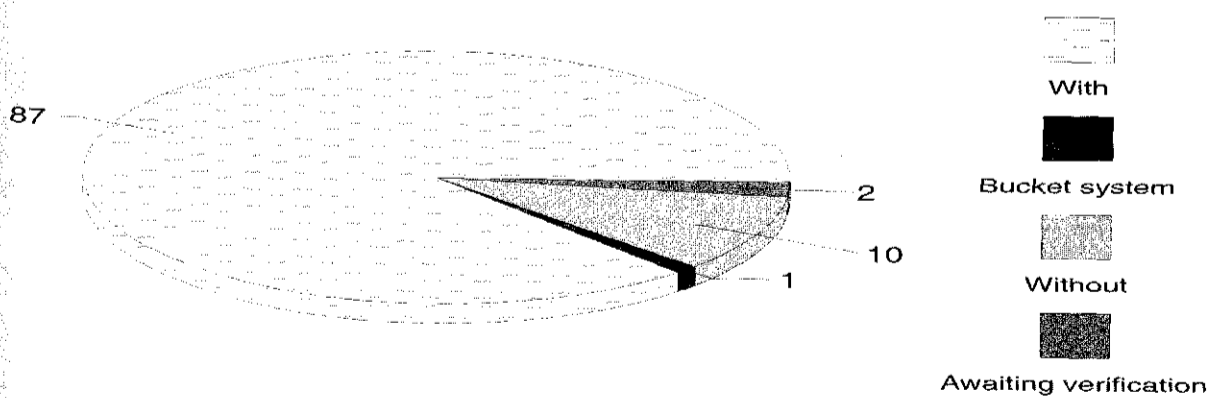
Percentage of KwaZulu-Natal Schools with Telephones



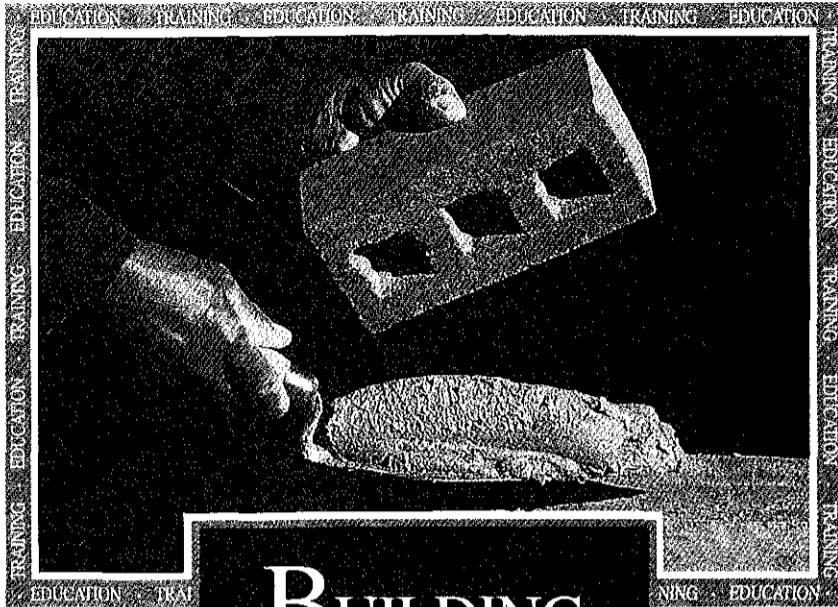
Percentage of Schools in KwaZulu-Natal with Electricity



Percentage of Schools in KwaZulu-Natal with Toilet Facilities



Source: Department of Education School Register of Needs, 1997



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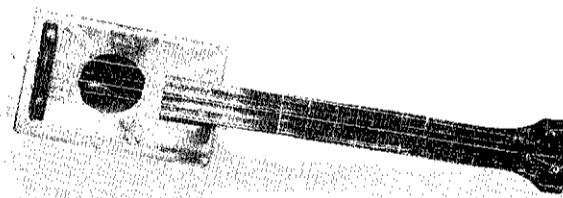
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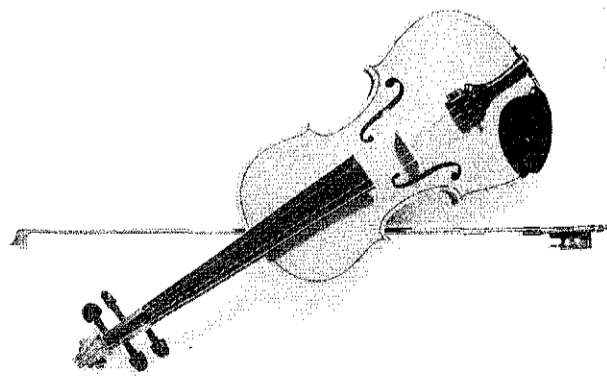
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Dilemmas of Rural Local Government in KwaZulu-Natal

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The national government has often proclaimed the virtues of community consultation, grassroots involvement, and a bottom-up approach to development. For such a tact to be feasible, local government must be well-organised and accessible. Unfortunately, the political compromises necessary to accommodate the diverse interest groups of rural KwaZulu-Natal have produced a system that can only be described as arcane.

There are two broad environments in which local government operates:

- the political environment, which is the realm of popular representation, participation, and competition for office in the political order;
- the institutional environment, which encompasses those administrative structures, organisations, and settled patterns of interaction through which service delivery occurs, social policy operates, and most state-society relations are structured.

Examining both these environments as they pertain to rural local government in KwaZulu-Natal yields some interesting insights regarding the development dilemmas that they create or leave unresolved.

RDP?

Local government is supposed to be that tier of government where development

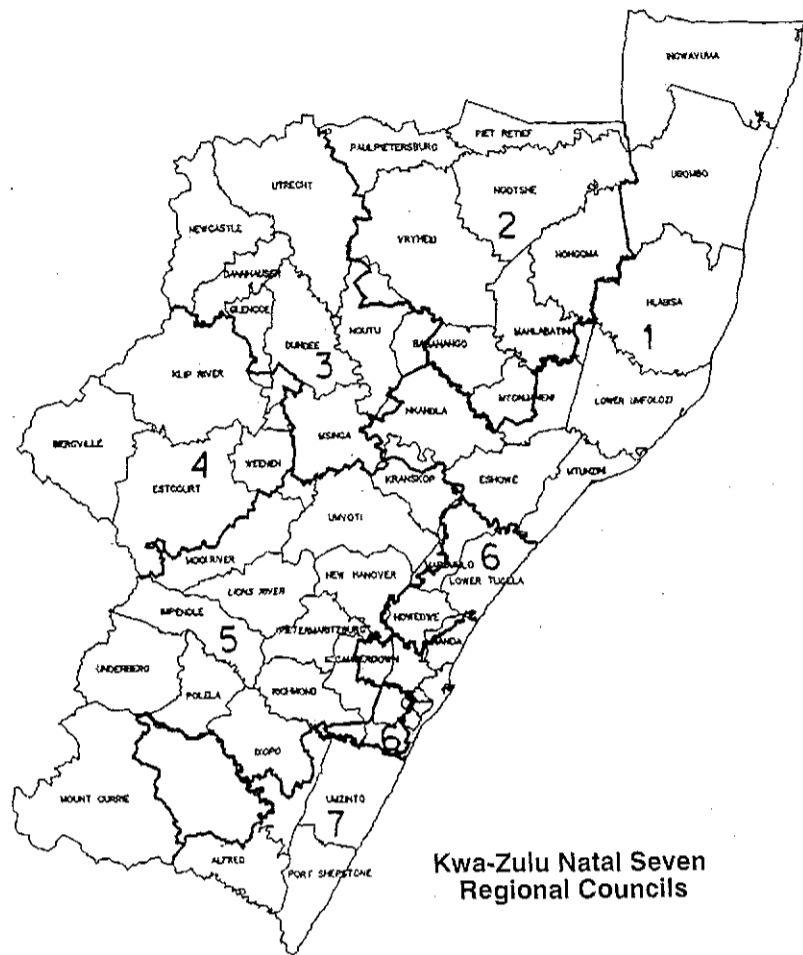
issues, service delivery issues, and popular participation are most closely connected to underwrite the 'people-driven' process of development postulated in the RDP.

Local government is widely regarded as the 'hands and feet' of the RDP and is expected to extend local control, manage local economic development, redistribute public resources, and provide access to services such as sanitation, water, transport, electricity, primary health care, and housing.

Development under the RDP is supposed to be a demand-driven process - communities are expected to inform the relevant authorities of what they need, and then to enter into partnerships with the government, NGOs, etc. in order to provide necessary capital and human inputs.

In other words, the intention is for development to go to those communities that provide the initiative and impetus for such activities. As the South African

Local government is widely regarded as the 'hands and feet' of the RDP



Kwa-Zulu Natal Seven Regional Councils

A rural/urban distinction in institutional structures is consequently clearly apparent. Under the current structure, rural decision-making is located at the Regional Council (RC) level, on the argument that poor rural areas lack the human capacity and fiscal resources to implement local government functions independently.

There are seven RC's (as well as the Durban Metropolitan Government) in KwaZulu-Natal, with each of the RC's covering large territories and populations. Within each of the RC areas there are also large political, economic and ecological distinctions which clearly impact on the capacity of local communities to demand resources (for example Region One, which is now called the Uthungulu RC, and Region Two, the Zululand RC).

When one thinks about the political and institutional environments of rural local government in KwaZulu-Natal, one therefore begins with a central overarching conundrum - as the **Rural Development Strategy** puts it:

"Rural people have long been the worst educated, least organised, and therefore least able to demand assistance through formal or informal structures. Yet their ability to take charge of local government and to contribute to decision-making will be critical to the effectiveness of rural local government."

government's **Rural Development Strategy** puts it, rural communities "must mandate their local and district councils to demand their fair of funding for capacity building".

In fact, it goes even further, declaring that:

"rural people who wish to obtain funding assistance for capacity building, service delivery, or infrastructural development must learn the importance of obtaining and using statistical information about themselves in their application for funding."

In effect, then, if a community wants development and service delivery, it must acquire the skills to package its needs, desires and demands in the appropriate kind of language.

KwaZulu-Natal

It is vitally important to note, however, that the transitional local government legislation in KwaZulu-Natal actually makes no allowance for rural local government structures at the primary level, although it does so for urban areas (see Diagram 1).

At the same time, decision-making is shifted away from this level because they are seen as having inadequate capacity. One directly related question that arises out of this conundrum is: What kind of alliances and

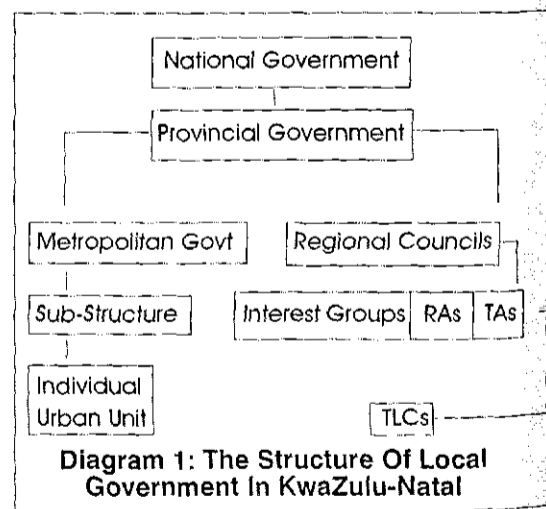


Diagram 1: The Structure Of Local Government In KwaZulu-Natal

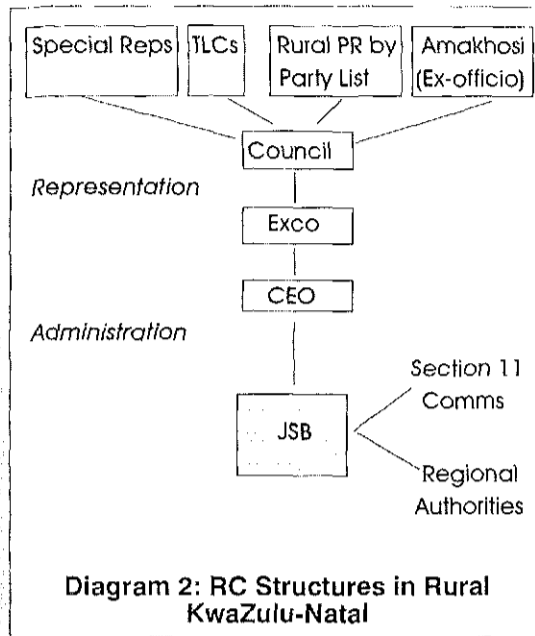


Diagram 2: RC Structures in Rural KwaZulu-Natal

coalitions will it give rise to as communities try to organise their access to development and to public goods?

It is likely, for instance, to become rapidly politicised - despite the fact that rural NGOs who are active in developmental activities are desperate to avoid political questions because of the manner in which such questions compromise their activities and credibility.

The political environment

The political environment is determined most distinctively by two factors: one is the breakdown of party competition between the IFP and ANC in the various RC's, and the other is the role of the Amakhosi.

Rural representation on the RC's is determined by three factors: party list proportional representation, ex-officio membership of the Amakhosi, and a small proportion (10% each) of special representatives, representing levy payers and women respectively.

The women representatives are also drawn from party lists, however, so their constituency is in effect not simply women but rather party women.

Amakhosi dominated

This representative structure has a number of implications. First, it is designed essentially around the Amakhosi.

In the transitional dispensation, every Inkhosi has ex-officio membership status, with the number of Amakhosi in a particular RC area giving rise to the baseline number of representatives in the RC (Amakhosi are supposed to comprise 20% of the representatives, although this does appear to be a rather flexible arrangement).

Because the constitutional status of the Ngonyama Trust has not been finalised, and because the isiPakhanyiswa Act (which was passed by the old KwaZulu government and which delineates the territorial jurisdictions of tribal structures) still operates, the role of the Amakhosi in local government is still irresolvable - one cannot reduce the number, or the voice of, the Amakhosi in the RC's.

Too large

This gives rise to the second implication: RC's are extremely large and unwieldy. In order to balance out the influence of the Amakhosi, the number of party-list representatives is huge. Add to this the special representatives, and you have RC's with between 200 and 400 representatives.

This obviously raises a large number of complications, such as the time commitment expected of each representative, the level of remuneration to be afforded to representatives, and most importantly the ability of the body to actually reach decision.

The RC's can decide for themselves how often they will meet - for example the Ndlovu RC, which is centred on Pietermaritzburg, has decided that it will meet four times per year; so there is a very real question of how to devolve responsibilities for particular decisions - to sub-committees, to work-groups, to consultants, etc.; as well as whether decisions should be devolved on sectoral or territorial bases, etc.

There is currently no machinery for doing this, and as far as we can determine it is not even clear whether RC's themselves will make these decisions, or whether there will be some kind of provincial blueprint. It is clear, however, that the Executive Committees (EXCOs) of the RC's will be the key component in managing, co-ordinating and finalising decisions (with the EXCOs themselves

This representative structure is designed essentially around the Amakhosi

RC's are extremely large and unwieldy

It is clear that the Executive Committees will be the key component in managing, co-ordinating and finalising decisions

Because rural representation is by party list, a given community may not be directly represented

being composed according to proportional representation) - see Diagram 2.

This is clearly a central problem in development issues, as will be outlined a little later.

Lost linkages

The third implication, is that because rural representation is by party list, a particular area or community may not in fact be directly represented in the RC - this will depend to some degree on the decisions made by political party leaders.

So, once again there is the question of how particular communities where demand needs to be generated - especially poor and unorganised communities - are to be linked into the decision making tier of representation.

The provincial ministry of Local Government and Housing does have plans for the establishment of District Councils or District Offices, but these appear to be vague, partly we think, because of the very real paucity of resources, including managerial resources, both within the state and within communities.

The second dimension of the political environment is party competition. In the local government elections, the IFP pursued a rather curious strategy of letting urban areas go and bolstering their rural position by having some peri-urban constituencies defined as rural rather than urban.

The result is that the IFP has an enormous preponderance of rural representatives, but much less representation in the important urban areas of the province (see Table 1 below)

Party dominance

The ANC, for example, controls Newcastle, Ladysmith and Richards Bay, as well as Durban and Pietermaritzburg/Umsunduzi, whilst the NP dominates in Empangeni.

In the RC's, on the other hand, the IFP enjoys massive dominance, although this does fall into two tiers with the IFP holding between 75% and 95% of the RC seats in the Northern and Central parts of the province (RC's 1 to 4), and roughly two-thirds of the seats in the Southern part of KwaZulu-Natal (RC's 5 to 7).

It is difficult to get a very clear sense of what this pattern of political allegiance means for development on the ground - especially since the RC's have only recently been constituted - except that it is not an overwhelmingly auspicious picture for the construction of a better political and developmental dispensation in the post-apartheid era.

It seems apparent that there will be enormous battles over resources at both the RC and provincial levels, not only for development, but also and perhaps more importantly, for patronage. Politically the notion of a "new social partnership"

In the RC's, the IFP enjoys massive dominance

There will be enormous battles over resources at both the RC and provincial levels

Table 1: KwaZulu-Natal Local Election Party List Votes: June 28 1996

	ANC	IFP	NP	DP	MF	Other	Turnout
Durban Metro	262,997	69,375	125,811	31,598	33,570	20,200	47%
TLCs	130,363	50,205	61,740	15,734	2,492	16,746	41%
RC1	21,730	181,182	-	-	-	5,288	48%
RC2	2,404	103,420	939	551	-	1,061	49%
RC3	8,386	69,730	-	-	-	4,640	47%
RC4	14,691	56,815	2,838	1,209	-	971	44%
RC5	30,918	60,673	4,003	2,212	-	5,546	43.5%
RC6	24,315	48,011	2,120	-	-	1,016	52%
RC7	26,336	60,145	2,148	1,090	-	3,493	27%
Total	522,140	699,556	199,599	52,394	36,062	58,961	1,570,568
% Vote By Party	33.25%	44.54%	12.71%	3.34%	2.30%	3.86%	

Source: KwaZulu-Natal Briefing, No. 3, August 1996, p. 11.

between state and society, and of "people driven" development that will empower citizens and build the capacity of communities, looks to be on strikingly shaky ground.

The institutional environment

The institutional environment for rural local government is also determined most distinctively by two factors:

- the relationship of local government as a third tier to the provincial and national levels of government;
- the relationship between the legislative and administrative components of the RC's.

In terms of the first factor, there are important jurisdictional complications created by the fact that, while the jurisdictions of most provincial ministries are sectorally defined, there are two that are territorially defined: these are the Departments of Agriculture, and Conservation and Traditional Affairs.

In terms of the second factor, there is a very real question regarding the extent of change that these new structures will actually bring about - we are for example constantly informed that these are transitional structures, and yet there is never any clarity on what they are transitions to!

The administrative component of the RC's will continue to be provided by the old JSBs. The JSBs were set up to spread development finance across the racially defined categories of apartheid, but they were not set up to be policy-making bodies.

They operated through their Section 11 Committees, which were statutory bodies (and still are); and in the tribal areas they worked through the Regional Authorities, which were of course non-elected tribal structures. They are also statutory bodies that remain in place.

In other words, there is presently no other local government machinery for arranging service delivery, whilst the relationship of the administrative component to the representative component of the RC is still completely unclear. To compound the issue still further, the development

delivery process will continue to operate via an application driven system!

Further complications

There are additional complications with regards to the institutional structure of the RC's.

- The co-ordination of policy-making and development delivery between the representative and administrative components of the RC's will be determined by the ability of the representative component to hold the administrative component to account.
- The RC's are unlikely to generate much money on their own, with most of their budget likely to emanate from inter-governmental grants, as well as some discretionary funding, which will be allocated according to a formula yet to be devised by the Finance and Fiscal Commission.

RC's will, in addition, also be dependent on capital works funding which is to be generated through partnerships - often three or four way partnerships between government, business, development organisations, and community organisations, etc. The ability of RC's to exercise any significant direction or management over development within their territorial jurisdictions could, therefore, be severely compromised.

The second implication of the existing structure relates to the co-ordination and efficiency of rural development delivery processes in the province. Not all funding or delivery runs through the RC's, with some being run by national competency ministries, and others by the provincial government.

There is consequently a very real threat of a splintering or overlapping of development functions. Again, this complicates the basis for a demand driven process - those communities with a certain amount of resources could access a number of development delivery agents, while those communities with limited resources could be almost completely sidelined.

A further question relates to whether there will actually be any change in the future, and whether JSBs actually can deliver given

We are constantly informed that these are transitional structures, yet there is never any clarity on what they are transitions to!

The relationship of the administrative component to the representative component of the RC is still unclear

There is a very real threat of a splintering or overlapping of development functions

There is a danger that the RC's might become so closely associated with one political party that they are no longer vehicles for political competition

their extremely poor development record to date. This appears to be a common fear among numerous rural local government analysts.

Dilemmas

The complexities associated with rural KwaZulu-Natal's local government structure gives rise to the following dilemmas:

- Due to the distorted shape of political party representation in the RC's there is a very real danger that the RC's might become so closely associated with one particular political party, that they are no longer vehicles for political competition or the expression of voter preferences, but rather a straightforward vehicle for patronage.
- In terms of the broader institutional environment local government is always tacked onto the construction of structures at other levels, and this means that it has to fit in with institutions that have already been created, and thus had time to concretise their own particular sectoral interests.

The fact that local government elections in KwaZulu-Natal took place over two years after provincial and national government elections has ensured that local government is constituted as a mere political appendage to the other more dominant tiers of government.

- The skewed relationship between policy making and service provision raises a very real question regarding the equity of development and delivery resources. It is clearly apparent that the representative components of the RC's are at a disadvantage relative to the more experienced and better educated technocrats that constitute their administrative and actual service delivery components.
- The fact that there is no primary level of government means that the RC's are very distant from the people they are meant to serve, and that the demand driven development process as

envisaged in the RDP has no chance of operating efficiently, equitably, or even transparently. There is also the threat that the political parties dominant within the RC's will favour only their constituent interests, and that other communities will be increasingly marginalised.

- The role of the Amakhosi is obviously a powerful constraint insofar as it constitutes parallel and, in many instances, competing structures. It is not uncommon, for example, for local development committees and traditional authorities to be at loggerheads over development initiatives.
- The fact that the Finance and Fiscal Commission has not formulated a formula for the funding of local government as yet (and will not do so until 1998) suggests that the established institutional structures at the provincial and national government levels will obtain a disproportional allocation of fiscal resources, thus undermining the establishment of an autonomous and responsive local government structure.

Far from ideal

While this article is in no ways comprehensive, it is hopefully apparent from its content that the political and institutional dimensions of KwaZulu-Natal's rural local government are far from ideal, and hence likely to give rise to numerous development dilemmas.

As has been highlighted, the general design of the RC's is hardly conducive to the creation of a development environment where people's aspirant needs are likely to be met. There is therefore a vitally important question concerning the capabilities of the RC's, particularly in terms of their relationship to the RDP.

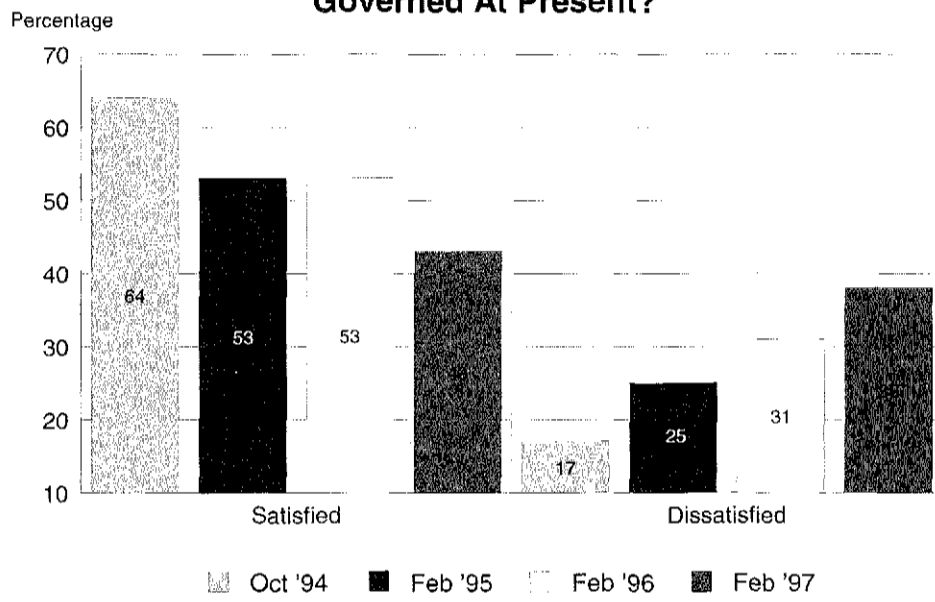
As they stand at present they are not incorporative structures, and as such they neither bind rural citizens into the polity, nor give them a sense of the value of their vote.

Local government is constituted as a mere political appendage to the more dominant tiers of government

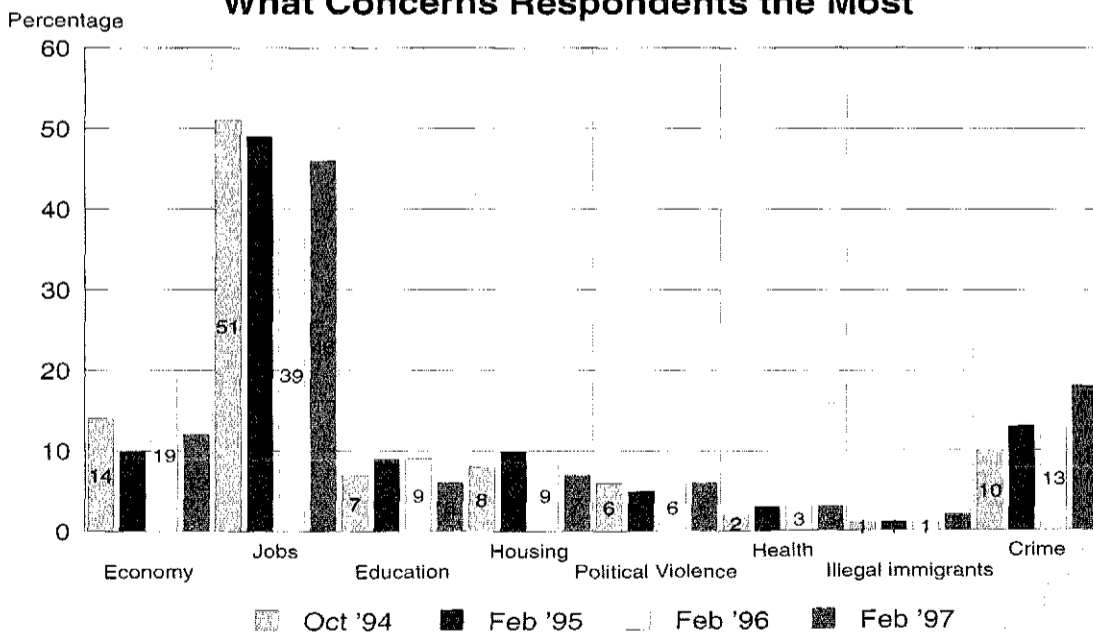
COMPARATIVE

M O N I T O R

How Satisfied Are You With The Way South Africa Is Being Governed At Present?



What Concerns Respondents the Most



Source: HSRC Survey, February 1997

“*Electrical energy is the common factor that binds us in our quest for a better quality of life for all our peoples. By concentrating on the positives, on common development factors, we are building bridges for tomorrow. I believe that electricity could be a catalyst not only for illustrating the interdependence of all Southern African states, but also for stimulating a new development in our subcontinent.*”

Dr. John Maree, Chairman,
Eskom Electricity Council.



ESKOM

STRUCTURAL ADJUSTMENT AND POVERTY: PERCEPTIONS FROM ZIMBABWE

By Deborah Potts
School of Oriental and African Studies
University of London

The negative effects of structural adjustment on the poor has been well documented in many African countries. Zimbabwe was meant to be a World Bank success story, and its economy has proven relatively resilient on the macro scale. But how do the poor themselves rate market liberalisation?

In July this year, the headline of one of the main daily newspapers in Harare declared, "Zanu (PF) worried about poverty". The article went on to say the governing party was:

"deeply worried about growing poverty... while the economy grows rapidly..."

At its first ever single issue meeting.. the party's Politburo examined the economy. Private and government economists have been trumpeting economic growth, with even the World Bank happy about reforms and the economy in general. Yet this growth meant very little if the people as a whole did not feel they were better off and if the benefits did not reach the majority. Economic activity had to be everywhere, the party leadership agreed."

Zanu (PF)'s discovery that economic liberalisation does not necessarily help most of the people, and indeed that it actively impoverishes many, will not come as a surprise to the host of academics and analysts who have produced an ever-accumulating literature on the devastatingly negative, and sometimes tragic, impact of such policies on people in terms of employment, incomes, health and education.

Zimbabwe needed adjusting?

Zimbabwe introduced its Economic Structural Adjustment Policy (ESAP) in January 1991. It is questionable whether Zimbabwe needed fullblown structural adjustment. It was certainly not in the desperate economic straits typical of many other sub-Saharan African countries during the 1980s.

Over the decade 1980-90 economic growth rates had, at around 4% per year on average, kept just ahead of population growth. The government had also adopted its own economic austerity measures in March 1984 after an economic crisis.

These succeeded in, for example, reducing the debt-service ratio from almost 40% to 20% between 1985 and 1989. In non-drought years the performance of the agricultural sector, including the peasant farming areas, had been good. The population had experienced some really significant improvements in health and education.

Furthermore, while the performance of the manufacturing sector was variable, with the important iron and steel parastatal ZISCO sorely mismanaged, the sector also displayed many strengths. The end of the 1980s saw significant increases in the

It is questionable whether Zimbabwe needed structural adjustment

The World Bank needed an adjuster to succeed

export of 'non-traditional' manufactured exports. This latter growth owed much to an export-revolving fund.

Nor was the currency hugely over-valued as was so typical in many other African countries - the World Bank estimated the overvaluation to be in the range 10% to 20%.

Yet the portrayal of the Zimbabwean economy and government policies in World Bank documents tended to typify the country as one in specific need of structural adjustment. While there were undoubtedly economic problems, such as the size of the budget deficit and lack of flexibility in import control programmes so that key productive sectors were sometimes held up by lack of necessary imports, such documents ignored the country's relative successes.

Drought coincided with adjustment

Nevertheless in a continent of structurally-adjusting countries it is perhaps not surprising that Zimbabwe eventually decided to join the crowd. There had been a decade of propaganda on the need to 'liberalise' economies and the collapse of 'socialist' economies worldwide, Zimbabwe's Finance Minister, Bernard Chidzero, had strong neo-classical economic tendencies, and structural adjustment has the lure of easier borrowing (for a while).

Another, more sinister, factor may have been a degree of 'sabotage' by the World Bank to divert Zimbabwe from its autonomous policy path. Colin Stoneman and Roger Riddell, both respected analysts of the country's industrial sector, have both argued that the Bank deliberately misrepresented Zimbabwe's manufacturing sector in assessments it made in the 1980s. It also refused to extend its loan for the crucial export-revolving fund in 1987 unless Zimbabwe liberalised trade.

Recent macro-economic evidence is mixed

Stoneman believes that the Bank needed an adjuster to succeed economically and judged that Zimbabwe, adjusting from a position of relative economic strength, might provide the necessary example.

Macroeconomic impacts

Structural adjustment in Zimbabwe is now well established, having begun early in 1991. The programme contained the usual ingredients for the economic recipe imposed throughout Africa: currency devaluation, cutbacks in public expenditure, cost

recovery in welfare and services including user fees for health and education, the ending of many public subsidies (including food subsidies), privatisation of many parastatals and the lifting of many measures protecting local industries from external competition.

Objective analysis of the macro-economic effects of the programme is greatly complicated by the fact that its inception coincided with the start of the region's worst drought this century. For the first couple of years the economy was in dire straits, and both industrial and agricultural production collapsed.

How blame should be apportioned between ESAP and the drought for this disastrous economic performance in different sectors is a topic of vigorous debate. Both obviously played a part. Other factors such as South Africa's decision to greatly increase the tariff on Zimbabwean textile exports also adversely affected the economy, and make it more difficult to assess ESAP's effect.

Economic growth has greatly improved recently with GDP growth rate estimated at about 6% in 1996 and 4% for 1997, according to the Economist Intelligence Unit. However the rains for 1995-96 and 1996-97 were good, and Zimbabwe's economic performance is always closely correlated to the rains (see graph).

Furthermore the index of manufacturing production at the end of 1996 was only 116.9 (1980=100), much lower than it was before structural adjustment began (1991=143.0), and the important metals and metal products' industries which suffered particularly badly in the early years of ESAP, have seen very little recovery with the production index at only 88.9 in 1996.

The macro-economic evidence therefore is mixed. As ZANU (PF)'s Politburo noted, the World Bank is happy and presumably convinced that recent economic improvement is because of structural adjustment, but many others are equally convinced that it has occurred despite of it.

Impact on people's lives

There is much less disagreement and debate about how structural adjustment has affected people's lives at the micro-economic level. Many surveys, including specific work on trade unions, the informal sector, health and

women have recorded severely negative effects for the ordinary people (the *povo*) of Zimbabwe.

Thousands of people have been retrenched from urban-based jobs in both the private and public sector. Real wages have been devastated by high inflation, and wage increases are always much too small and too late to compensate. For most urban people real incomes have fallen dramatically therefore since 1991. For example, one study in Harare found that, for the poorest households sampled, real expenditure fell by 12.4% between 1991 and 1992 alone because incomes did not keep up with prices (which rose 45% over the period).

There is therefore greater pressure on the informal sector as women in particular try to make some extra money there, but the increased competition has seriously undermined profits and incomes. Health has been hit: people are delaying their visits to clinics, especially it seems for young children in rural areas - the most vulnerable members of society. Labour relations have suffered as some of the restraints on employers have been lifted.

The proportion of family income spent on food in urban areas has risen significantly for most people, necessarily reducing expenditure from hard stretched budgets on other needs such as health, education and clothes.

Expenditure on new clothes has dropped dramatically as people have turned to

second hand clothes, often imported from Mozambique which received large imports of charity clothes from the developed world. This has caused yet further problems for the beleaguered textile industry and the government has made some efforts to reduce the availability of such clothes. For example, at the beginning of July Zimbabwean traders (usually women) suddenly had their bales impounded at the Mozambican border when the government re-introduced some import controls on such trade.

During 1996 and 1997 serious industrial unrest has occurred as people desperately try to force wage increases which would go some way to reinstate the losses suffered under ESAP. In some cases employees have managed to improve their conditions, but only after huge resistance from the government.

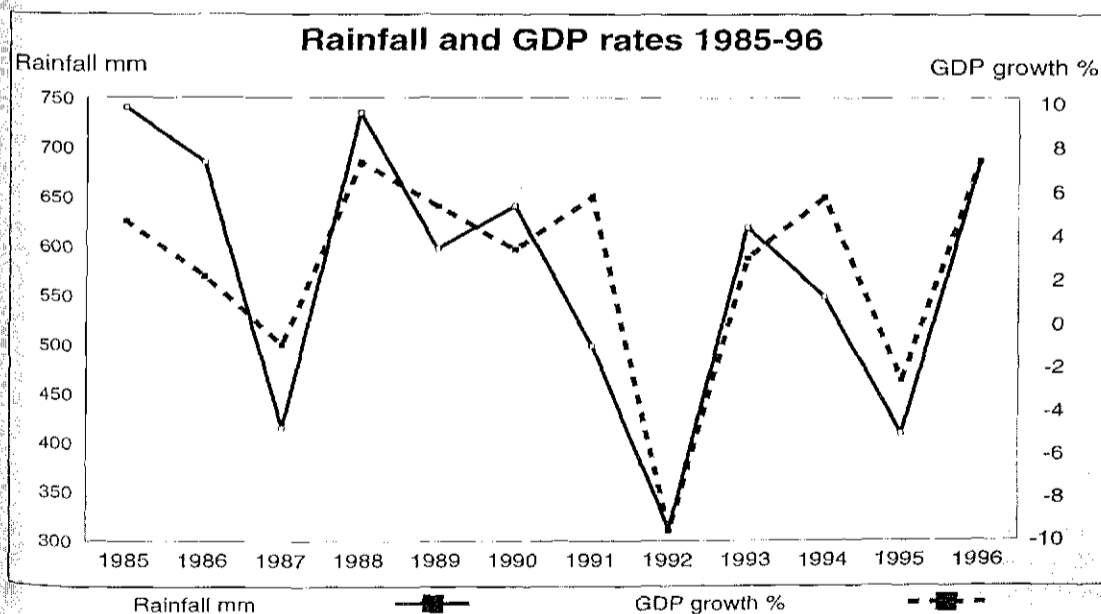
The urban *povo's* assessment

Most of the surveys on the impact of structural adjustment in Zimbabwe have set their own agenda about which aspects or problems to study and research. However, these may not necessarily mirror the issues which people themselves see as the most pressing or significant.

In 1994, a survey was conducted by this author and Chris Mutambirwa of the University of Zimbabwe's Geography Department, which specifically tried to address how people in the high density,

Thousands have been retrenched and wages devastated by inflation

The proportion of family income spent on food has increased



Negative feeling about adjustment is overwhelming

Food costs are a problem for rural and urban families

low income areas of Harare assessed the impact of ESAP on their lives.

Adopting a qualitative approach, we asked open-ended questions about how people felt ESAP had affected their lives. Care was taken to ask this in a neutral fashion, with no hints as to whether the impacts might be positive or negative. Answers were written down more or less verbatim, and prompting for information was kept to a minimum.

A total of 203 urban residents was surveyed, most of them in Kuwadzana, a large site and service settlement funded by USAID, on Harare's western border. Others were sampled in much older townships closer to the centre of town.

The interviewees were roughly evenly divided between men and women, household heads (HHs) and other household members, and married and non-married people. They generally came from poor households where the average monthly income of the household head from all sources was Z\$987 (US\$121 at prevailing exchange rates).

The degree of negative feelings about structural adjustment was overwhelming. With respect to how ESAP had affected them personally, 90% felt that they had been disadvantaged, compared to a mere 2% who felt better off. Similarly in relation to the impact on Harare as a whole, nearly everyone (95%) felt that the situation in Harare had become worse and only 2% felt that there had been a general improvement.

As evidence of the failures of structural adjustment to improve people's livelihoods, no matter what the debates about the macro-economic situation show, this is surely convincing testimony.

Rising cost of food

By far the most pressing concern was the problems caused by price rises in general. Sixty four per cent of respondents singled out price rises in Harare as a major problem (see Table 1). Often they would recite a litany of things which had become too expensive: e.g. bread, sugar, mealie meal, hospital fees, electricity, rents, school fees, transport, water.

Food costs were particularly felt to be a worry - both for Harare as a city and for individual households. One third of

comments about price problems in the city specified food as an issue for concern. For low income families food may already have been the major component of monthly expenditure before ESAP, and are now even larger in response to the dual pressures of falling real incomes and rising food prices.

The rising share of food expenditure was confirmed by another study of structural adjustment in Harare in 1991 and 1992. Such increases can only be managed at the expense of other budget items and are likely to cause real stress for poor families. Some of our respondents very specifically said that they had had to reduce their food intake. The real anxieties about food nowadays are clear from some of the comments made, reproduced below:

- "We are failing to buy groceries as we used to do in the eighties"
- "We are failing to buy enough food for the family"
- "We are not able to eat a balanced diet"
- "We have cut down on basics - sugar, mealie meal and meat"
- "I can no longer afford enough food for the children"
- "People are no longer able to eat lunch in order to cut expenses"
- "The higher prices of food means starvation"
- "Food prices are alarming..."

Rising cost of housing

The next biggest price problem related to housing costs. Just over a half of the households in the survey were lodgers, although a significant proportion (38%) were owner-occupiers. Housing issues thus fell into two main groups: the first was rising rents.

In the context of structural adjustment rents are a double-edged sword because for the landlords/ladies, most of whom will probably be living on the premises with their lodgers, they can be increased in line with inflation (unlike wages) and are therefore a hedge against falling living standards. For lodgers, however, rent rises are just part of the litany of extra costs which have to be covered.

People are being forced to sell property

The rising cost of education has resulted in withdrawals

For home-owners, many of whom in Kuwadzana were still be in the process of completing their houses, the problems were related to increases in building materials' prices preventing house development, or to the inability to maintain loan payments. These problems are exemplified by comments such as:

- ☐ "People are being forced to sell property"
- ☐ "[People are] living in semi-squatter houses"
- ☐ "People's houses are being auctioned because they fail to develop them due to financial strain"
- ☐ "So many people lose jobs they can't finish their houses"

Transport costs, health and education fees were also frequently mentioned as issues which had become far more problematical since ESAP was introduced. Many respondents said that the increased costs of education had meant that either they or their children had had to leave school, or could not stay at the school of first choice, or had not been able to do their exams, for example.

Job losses

A separate and major group of problems related to unemployment and work conditions and, very specifically, retrenchments. Two-fifths of the comments about the impact of ESAP on Harare as a whole mentioned job losses, usually specifying retrenchment rather than just unemployment - with large numbers of workers being laid off by certain employers, often suddenly, and, as bitterly recounted by some of our respondents, often without any redundancy payments.

When talking about how ESAP had affected them as individuals, job-related issues outranked price increases as the most frequently identified problem. Many people had either lost a job due to ESAP, or felt that the new economic climate meant that they simply could not find one. As one remarked: 'I cannot find a job regardless of qualifications'. Increased vulnerability in the urban job market was clearly one of the most significant perceptions our respondents had of the impact and nature of ESAP.

Rural impacts

One assumption behind the nature of the IMF's prescriptions for sub-Saharan Africa is frequently that part of the economic crisis in many of these countries derives from an unwarranted urban bias in government investment. Liberalisation and greater dependence on market solutions is meant to redress this misallocation of resources and improve the lot of the rural producers.

For Zimbabwe, however, our respondents were nearly unanimous in their opinion that the communal areas where the African smallholders are found had also suffered enormously because of ESAP policies. Since everyone in our sample was a recent migrant to Harare, in a deliberate sampling ploy, we believed that most of them would be able to make reasonable judgements about conditions in the rural areas since ESAP was introduced, as well as in Harare.

As with Harare, our respondents pointed out that price rises were a huge problem for rural areas. Although many people could grow some of their own food, many were net food purchasers, and many others were landless. Food price rises therefore hit them too.

Furthermore liberalisation had ended subsidies on agricultural inputs, and fertiliser price rises were often mentioned as a huge problem (although food worries still outranked them even in rural areas). Recent research by Ian Scoones has found that many peasant farmers in Zimbabwe have virtually stopped using fertiliser - which possibly has disastrous implications for the agricultural sector as a whole.

The ending of price controls had also hit the communal areas according to our respondents, because shop owners were now taking advantage of consumers and charging exorbitant prices. They can get away with this because there is so little retail competition in many communal areas.

The adverse impact of increased prices for health and education were also keenly felt in the rural areas, with one person commenting that there such services were now only for the 'privileged'. Overall however there was a very definite feeling that the communal areas had not suffered as badly as Harare in the era of structural adjustment.

Two fifths blamed adjustment for retrenchments

Many farmers have stopped using fertiliser

Reverse migration to rural areas has been noted

The importance of buying food in many rural budgets is not taken into account

Rural-urban linkages

Many people also expressed concern about the way in which linkages between rural and urban areas were being adversely affected by ESAP. This issue arose both when people were discussing the impact of ESAP on Harare, and its impact of the communal areas.

Adaptations in such linkages are already known to be one of the important strategies adopted, throughout urban Africa, to survive the exigencies of structural adjustment. Variations in Zimbabwe under ESAP have also been noted by other researchers. Fewer visits 'home', sending children to the rural areas, increased consumption of maize brought in from the communal areas, and return migration to avoid destitution are amongst the strategies noted. In this study reductions in remittances, and diving families to reduce urban costs were both related to ESAP.

ESAP has had a very negative effect on every aspect of life

Perhaps most significant was the trend identified of increasing return migration to the communal areas. Again and again this was seen as 'burdening' the rural areas - because, on the whole, returnees are felt to be unable to contribute enough in terms of added agricultural production to cover their consumption needs (of both food and non-food items).

This is scarcely surprising given that this is the underlying rationale for migration to town in the first place for many migrants. Furthermore, indirectly ESAP is also seen as contributing to the land shortage problem in the rural areas.

Ever Suffering African People

It has taken six years for the government to acknowledge that most people are now worse off

The overwhelming response from this survey was clearly that ESAP had had a very negative effect on virtually every area and aspect of life in Zimbabwe: both rural and urban areas had suffered economically; people's personal ambitions and plans had been wrecked; access to employment, health and education was perceived as deteriorating drastically. Again and again people returned to the intolerable burden which was being caused by price increases.

The importance of buying food in many rural budgets is probably not something which policy-makers have taken sufficiently into account, either in Zimbabwe, or Africa as a whole. Yet our respondents were only

too well aware of the problem, and there are a number of other countries where such perceptions would probably be replicated. For example, in Malawi most peasant households are not food self-sufficient, and this is probably even more true for South African households in the former 'homelands'. Thus any move in South Africa towards structural adjustment-type policies is likely to have very negative effects on the rural areas - and food prices there have already been spiralling upwards there in the 1990s as subsidies are removed.

It has taken six years for the Zimbabwean government to acknowledge that most people are now worse off than they were before ESAP. How they intend to tackle this remains to be seen, although there has been growing evidence of moves away from naked liberalisation of some parts of the economy recently.

In part the stronger economic performance since the rains have improved has reduced dependence on and fear of the IMF, and IMF funding has in fact been in suspension since 1995 because of the size of the budget deficit. Yet for most of the povo structural adjustment (ESAP) still means 'Even Sadza A Problem' or 'Ever Suffering African People'. [F&W]

Table 1: Explanations of perceptions: the impact of ESAP on Harare

Type of comment	Number
General increases in prices	116
of which:	
ending price controls	10
devaluation has caused prices to increase	8
Food	37
Rent/housing become very expensive	36
Transport	24
Hospital fees too high	16
Education: school fees too high	9
Employment-related:	
retrenchments	66
unemployment ¹	8
overworked/underpaid	16
Other:	
Rural-urban linkages	6
Crime	5
Positive impact	3

Notes: 181 respondents made specific comments about the effect of ESAP on Harare

LEGAL

M O N I T O R

Judges of the Constitutional Court



President: Judge Chaskalson



Deputy President: Judge Langa



Judge Didcott



Judge Kriegler



Judge Mokgoro



Judge O'Regan



Judge Sachs



Judge Goldstone



Judge Madala



Judge Ackermann

Source: <http://www.law.wits.ac.za/court>

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SEVEN WAYS TO RELY ON US

A Disquieting Unanimity:

Has the ANC Packed the Constitutional Court?

By Ted Leggett
Indicator South Africa

At the Constitutional Court level, one expects differences of opinion to emerge. But there have been no dissenters in 88% of the opinions given by the Court to date.

Like our multiparty democracy and market economy, South Africa's system of justice is based on the principle of constructive competition. Opposing sides meet in the arena of the courtroom, wielding their best arguments, and the truth is meant to sprout forth from the carnage.

Although nobody believes in true impartiality in this postmodern age, our trust in the crucible of competition allows us to place the lives of citizens in the hands of a lone referee - the trial court judge. Some issues are so important, however, that they cannot be entrusted to a single judge. A second level of disputation is needed.

Judge	Lead	Concurring Opinion	Dissent	Dissent Opinion
Chaskalson	7	1	1	
Mahomed	4	3		
Ackermann	5	3	1	
Didcott	7	3	2	
Kriegler	5	4		2
Langa	2	4		
Madala	2	2		2
Mokgoro		5		
O'Regan	5	4		
Sachs		8		
Goldstone				
Kentridge	3	2		1

Source: South African Journal on Human Rights

That is why, internationally, appellate and constitutional courts have more than one member.

But what if the judges fail to dispute? What if they act instead as one judge, passing down unanimous decision after unanimous decision? What if, as is the case in South Africa, some judges never dissent from the majority?

A unified Court

The table shows the voting records of the eleven judges and one alternate through 1996. The 1997 decisions have not been included, but may be easily summarised. This year, Ackermann has written four lead opinions, Chaskalson two, Mahomed, Goldstone, and Langa one apiece. The Court has also initiated the unusual practice of allowing multiple judges to co-write a lead opinion: Judges Sachs and O'Regan co-wrote the Prinsloo decision with Judge Ackermann. There were multiple dissents in two cases, which will be discussed later.

If the 1997 figures are included, 35 of the Court's first 50 decisions (70% of all decisions made) have been unanimous, without even a concurring opinion. There has been no dissent in 44 of the cases heard, or 88% of the total.

Dissents are not just sour grapes

*In 1996, only two
dissents were
written*

What's the problem?

The lack of published dissents is problematic. Dissenting opinions are not simply sour grapes - they have considerable persuasive authority and are often the basis of later arguments. When a departure is to be made from precedent, dissenting opinions give a foothold for change.

Dissents are especially important since authority to review the constitutionality of legislation has devolved to the lower courts with the new Constitution, and lower court judges need as broad a range of perspectives as possible for guidance. Unfortunately, in the entire year of 1996, the busiest yet for the Court, only two written dissents were entered.

But isn't this the inevitable outcome of rational people confronting problems objectively?

Not in America

To understand the dynamics of how a constitutional court functions, it is helpful to look at examples that have been on the ground for some time. The United States Supreme Court is the American analogue to South Africa's Constitutional Court. Its members, like those of the Constitutional Court, are appointees. In the US, Justices are nominated by the President, but must be approved by the legislature.

Legislative approval is no mere rubber stamp; it provides a significant check to the President's ability to pack the Court. Prolonged televised hearings accompany each new nomination, and the US Congress is not afraid to reject nominee after nominee.

Since Court members are appointed for life, it is a rare occasion on which a single President will be able to nominate more than one or two Justices during a single term. The present Court members are the products of several different administrations, representing a diverse range of ideological positions. As a result, there is considerable competition in the marble chambers of the Supreme Court.

In 1995, 57.3% of the 75 full opinions passed down by the Court contained a dissenting opinion - Justice Stevens alone wrote 21 dissents. This should be compared to 12% in South Africa. On eleven occasions that year, the nine member Court split down the middle

in their decision - five votes to four, something the Constitutional Court has yet to do.

Why no dissent?

Although the South African and American systems of justice differ in many important ways, the American experience has been very influential in the creation and interpretation of the new Constitution. If nothing else, the American example shows that there is plenty of room for debate when it comes to matters of constitutional law.

Then why are the South African judges so uniform in their opinions? Three possible explanations immediately suggest themselves:

- The judges are so similar in their ideological orientation that they simply see things in the same way;
- Certain personalities are so dominant that all other judges follow their lead;
- The cases brought before the Court in the past three years are so simple that reasonable minds would not differ in their opinions of an appropriate resolution.

Exploration of these three possibilities will comprise the rest of this paper. The former two are matters of personality, and can be dealt with at once. Who are these people and how were they chosen?

The latter possibility requires a closer look at the cases faced by the Court to date. A quick overview of their decisions, with special attention to those cases in which there were "big issues" at stake and in which there was a solid dissent, will close this article.

The selection process

In South Africa under the new Constitution, the State President appoints the President and Deputy President of the Constitutional Court, after a non-binding "consultation" with the Judicial Service Commission (JSC). The rest of the Judges are selected from a panel of candidates nominated by the JSC, which is supposed to check Presidential authority. The JSC, however, is largely comprised of Presidential appointees and members selected by the legislature.

*In the United
States, nearly 60
percent of
decisions contain
a dissent*

*Every judge on
the Court is
progressive*

Even in a one party dominated state, the JSC barrier provides some protection. But the present Court was assembled under the more flexible rules of the Interim Constitution. This text allowed the State President to appoint the Court President and four judges from the ranks of the Supreme Court, without a candidate list from the JSC. The remaining six were selected from the JSC nominations.

The willingness of the President make his appointment decisions independently of JSC opinion was demonstrated by his recent appointment of Judge Mahomed to the office of Chief Justice, despite overwhelming support for his opponent in the judicial community. President Mandela made the political gaff of stating his support of Mahomed before consultation.

The Interim process ensured that no members were appointed who could not pass party muster. And indeed, every member of the present Court has a stellar progressive background.

People of the Court

The Court has eleven official members: eight men and two women, seven white and four non-white. The result of the Interim selection process is a Court comprised of established progressives, as well as younger members of disadvantaged groups. A number of the judges have well-established ANC connections, and none could be seen as being representatives of other political parties.

Since so many of the Courts' decisions are unanimous, it is difficult to detect the presence of voting blocks; the occasional divisions are too small in number to serve as a basis for making generalisations.

For instance, the voting records of Judges Chaskalson, Ackermann, and Langa were identical in 1996, but even the most divergent of the eleven still agreed 81.5% of the time that year.

What does become clear from the voting record, however, is that a small core of judges are responsible for the majority of the lead decisions. Between the three of them, Judges Chaskalson, Ackermann, and Didcott have authored 50% of the lead decisions that have been handed down. With the exception of their role in the

Prinsloo decision mentioned above, Judges Mokgoro and Sachs have never written a lead opinion, although they both produce a large number of concurrences.

Judges Madala and Kriegler vie for top rankings in the sparse dissension stakes, with three dissenting opinions apiece. A careful look at the substance of these dissents is necessary, however, before drawing any conclusions about the ideological position of these judges.

The decisions

All this talk about numbers can be highly misleading if the substance of the Court's decisions is not considered. Whether the dissensions show stark ideological divisions or are made over trivialities is the essence of the question.

A careful discussion of the substance of the Court's decisions is beyond the scope of this paper. With a glance at the corpus of cases decided by the Court, however, three distinct groupings can be distinguished:

- "housekeeping" cases, which simply clear out obviously flawed statutes left over from the previous regime;
- "procedural" cases, concerning the role of the Court and the cases it will hear, or other procedural matters;
- "big issue" cases, concerning the death penalty, pornography, amnesty and the like.

Since these distinctions are arbitrary, there may be some disagreement as to which cases fall in which categories. It can be argued, however, that as many as 50% of the cases heard have been procedural in nature, with roughly 25% apiece being "housekeeping" and "big issue" cases.

To determine the ideological uniformity of the Court, the "big issue" cases are the most significant, but a quick look at the other two types reveals in part why so many decisions have been unanimous.

Housekeeping cases

Although one might initially be inclined to think that constitutional issues are by nature complex and multifaceted affairs,

Three judges are responsible for 50 percent of lead opinions

Some judges have never written a lead opinion

The substance of the dissents is more important than their quantity

Perhaps 50 percent of the cases heard have been procedural

About 25 percent of the cases have involved old statutes and new rights

The ideological bias of the court is shown in their response to big issues

this is not always the case. Before the new Constitution made clear the right of lower judges to interpret constitutional issues, a good number of the decisions made border on the obvious. Uniformity in these cases is to be expected, and contributes significantly to the number of unanimous decisions.

One recurring theme in housekeeping cases has been testing statutory presumptions of knowledge or ownership against the right to be presumed innocent. The cases of *Prinsloo*, *State v. Coetzee*, *Scagell*, *Julies*, and *Mbatha* provide examples. The Court has not always found the statutes in question to be in violation, however, sometimes circumventing the right where there was seen to be an overriding public interest.

Housekeeping cases also allow the Judges an opportunity for dicta on much larger issues. Judge Ackermann's decision in *Ferreira* is a case in point. The Companies Act which allowed for civil interrogation of witnesses without regard to potential self-incrimination was challenged.

Rather than finding with the majority that this was a simple violation of the rights of the accused, Judge Ackermann departed from his usual meticulous style and launched into an exposition on the general right to freedom, which he defined so broadly as to subsume all other protections. The *Ferreira* case also demonstrates that even concurring opinions can convey great divergence of jurisprudential perspective.

Procedural cases

Since the interim Constitution was rather vague in articulating the Court's jurisdiction, there have been numerous cases that circulated around this issue. The questions of retroactivity of constitutional protections and the role of the lower courts in interpreting the Constitution have taken up much of the Court's time.

While their impact can be significant, procedural cases do not shed much light on the biases of the judges, and the housekeeping cases are not much better. To understand the ideology of the Court, the most ideologically charged cases must be reviewed.

Big issues

A relatively small number of the cases presented to the Court concern the pivotal and

controversial issues that excite public attention. Three in particular involve questions that have divided courts internationally, and deserve special attention.

☐ Death Penalty

Judge Chaskalson chose the *Makwanyane* case as the first one heard by the newly formed Court. Before the case was heard, there was little doubt as to which way the Court would find. At least five of the 11 had gone on record in opposition to the death penalty before being assigned to the Court. The case was, not surprisingly, decided without dissent. Although all the judges issued concurring judgements, there were not substantial differences of opinion shown.

☐ Pornography

The *Case* decision was also without dissent, in favour of the right of adults to possess explicit materials in their homes. The concurring judgement of Mokgoro simply suggested that this right was not only protected not under the right to privacy (as the majority held) but also under the freedom of expression.

☐ Amnesty

While the taking the right of redress in both civil and criminal courts away from thousands of individuals represents a significant incursion on the rights of the public, the AZAPO decision provoked only one concurring judgement. This decision has been criticised for the short shrift it gives to considerations of international law, especially Article 3 of the Geneva Conventions, to which South Africa is a signatory.

While these topics generate the greatest public debate, it is in cases like these that the Court displays its greatest ideological uniformity.

Could it be Constitution itself is a fundamentally liberal document, incapable of a more restrictive reading?

Limitations clause

Both the interim and new Constitutions contain limitations clauses, which permit laws limiting the fundamental rights of individuals "to the extent that the limitation is reasonable and justifiable in an open and democratic society based on human dignity, equality and freedom".

The level of discretion available under these clauses is essentially absolute. The definition of "reasonable" as a legal term has been the basis for all sorts of conflicting jurisprudence from around the world.

Had the Court been so inclined, it could have found the death penalty to be a justifiable limitation to the right to life in our democratic society, where the vast majority of the people support its implementation.

The same could be said for the other two decisions or virtually any other position the Court should wish to uphold. The point is that none of the judges have differed substantially in their evaluation of what is "reasonable" in the most controversial cases they have faced.

Reviewing the dissent

Since dissenting opinions were only issued in six cases, this finite body of literature can be given special attention. The question is whether these dissents represent significant ideological differences between the judges.

The following table illustrates the cases in which a dissenting opinion was entered, and by whom. None of these cases can truly be called "big issue" cases, but some do yield interesting insights into the issues that concern the dissidents.

The *Mhlungu* case concerned the question of the effect of the Constitution on proceedings pending at the time of its passing.

Western Cape v the President involved some proclamations made under the Local Government Transitions Act. The *Ferriera* case, as was mentioned earlier, concerned some housekeeping issues relating to the Companies Act, but Justice Kriegler's dissent is based on the lack of ripeness in the case at bar. While the dissents are interesting from a

jurisprudential point of view, they do not reflect significant ideological differences.

Du Plessis, on the other hand, involved the "horizontal" of fundamental rights, and the dissents of Judges Kriegler and Madala are quite principled. Judge Madala argued the right to enforce constitutional protections against individuals is essential in the post-apartheid state.

Judge Kriegler's dissent lays out his "strict constructionist" approach. Declaring the South African Constitution to be unique, he says, "...when I do conduct a comparative study, I do so with great caution". Since the text does not preclude horizontal application of rights, and since the problems it seeks to address are not simply governmental, he rejects the comparative approach and conclusions of the majority.

The State v Coetzee has inspired the greatest number of dissents yet, although these dissents were only to one aspect of the main decision. In a classic housekeeping case, the question at stake is whether a portion of the Criminal Procedure Act attributing culpability to company directors for the offences of their corporations can be salvaged by deleting the portions that reverse the onus of proof. Despite the technical nature of the dissents, an underlying concern for corporate crime can be detected among the dissenters.

The case of *Hugo* is even more interesting. The issue at hand was a Presidential pardon for imprisoned mothers which was challenged on the basis of gender bias by a single imprisoned father. While Judge Didcott merely dismissed the case as a *fait accompli* (the women had already been released), Judge Kriegler dissented on the heart of the issue - that the gender distinction made in this case to the detriment of a "previously advantaged" class was fundamentally unfair.

The most controversial cases have been decided without dissent

The level of discretion under the limitations clause is essentially absolute

None of the dissents concerned big issues

Mhlungu	West Cape	Ferriera	Du Plessis	Hugo	Coetzee
(CCT25/94)	(CCT 27/95)	(CCT 5/95)	(CCT 8/95)	(CCT 1/96)	(CCT 50/95)
Kentridge	Madala	Kriegler	Kriegler	Kriegler	Kentridge
			Madala	Didcott	Madala
					Mokgoro
					O'Regan

The unified Court

It seems that each of the three proposed explanations for the Court's unity have elements of truth in them:

- The present Court was selected in such a way that there is a good deal of ideological uniformity among the judges.
- There are also certain dominant personalities on the Court, reflected in the propensity of certain judges to write the lead opinions.
- While many of the questions confronted by the Court in these early years have only one logical resolution, the more complex issues have also provoked a unified response.

The ANC cannot be faulted failing to appoint conservative judges. It is not the party's fault that their parliamentary opposition is so weak.

The bottom line is that South Africa has a Court where little constructive competition is evident. Whether this is good or bad news depends on whether share their ideological orientation, and whether you believe a little conflict is a positive thing.

Recent developments

Two decisions released as this issue was going to press challenge the trends noted in this article. The Court considering these decisions is somewhat differently comprised; Judge Mahomed has moved on to become Chief Justice of the Supreme Court, Judge Didcott has been away due to illness, and Judge Goldstone has been in attendance after his long absence. The decisions were thus reached with a quorum of nine.

The *Lawrence* case concerned the sale of alcohol on Christian holy days. Chaskalson's majority held that the statute did not violate the freedom of religion, where that freedom is defined as the right to hold and express religious beliefs without fear. O'Regan delivered one dissent, joined by Goldstone and Madala, contending that the act did violate the right in that it recognised one religion and not others. The now familiar concurrence team of Sachs and Mokgoro also dissented on similar grounds.

The differing views on religious protection expressed in this case do reveal a substantial ideological rift, with the majority taking a more restrictive view of the right. This is also the first example of a 5/4 split in the Court.

The *Harksen* decision suggests an even greater divide. Judge Goldstone's majority held that section 21 of the Insolvency Act, which permits sequestration of a solvent spouse's estate, was an acceptable form of discrimination. O'Regan's and Sachs' dissents, reflecting a gender conscious approach, are more protective of the rights of individuals within the marital relationship.

It may be argued that two camps emerge in these decisions, which are dimly echoed in earlier opinions. The more "conservative" wing is comprised of Chaskalson, Langa, and Ackermann, who have not dissented from each other since the beginning of 1996. The independent Kriegler and the unknown Goldstone may make up a floating vote of sorts. The more "liberal" wing consists of O'Regan, Sachs, Mokgoro, and Madala. Since this division is only now emerging, it remains to be seen whether it becomes a permanent feature of the Court. [15]

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