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INDICATOR SOUTH AFRICA

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INDICATOR SOUTH AFRICA

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QUARTERLY REPORT

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POLITICAL MONITOR

ECONOMIC MONITOR

RURAL & REGIONAL MONITOR

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Editorial Notes

Our last edition of the year - a shorter issue for easy digestion over the Christmas period. Our readers will probably be relieved by academic brevity after receiving the bumper fiftieth edition of *Indicator SA* recently! We wish you well over the festive season, and hope for a more peaceful and prosperous new year.

Will the wise men on our cover deliver a godsend of peace to South Africa? Only time will tell whether they are far-sighted enough to compromise in the birth of a new society in 1993 and beyond. Tragically, the politicians remain deeply divided, violence gathers momentum again, and peace seems as elusive as ever after three years of negotiations. This is especialy so in the conflict-wracked Natal region.

Our cover article is an extract from a forthcoming book on South Africa's dilemmas, aptly entitled, *The Opening of the Apartheid Mind*. It is the latest perspective from the pen of the renowned Canadian sociologist, Heribert Adam. He identifies the major faultlines in our society - the struggle over material resources between insiders and outsiders, the exclusive regrouping of political constituencies and the politicisation of ethnic identities. He wonders whether South Africa is trapped in a transition without end.

In our *political monitor*, two regular contributors revisit the renewed controversy over the role of the security forces in transitional politics. Paulus Zulu and Tony Minnaar weigh up the evidence from the endless stream of judicial inquiries, court trials, affidavits, confessions and revelations which have come to the fore. Impartial law enforcement and prosecution of the culprits of political violence are essential to reduce conflict levels, especially in the Natal region. They make several practical proposals to realise these objectives.

Security reform is a controversial subject. The "facts", the "evidence" and the "allegations" all become areas of subjective weighting and interpretation, especially where secrecy shrouds the activities of a wide spectrum of security and para-military groups. We would welcome responses from our readers who might have different perspectives. There should be ongoing public debate in the interests of achieving a return by all factions to barracks to enable the politicians to negotiate a peaceful settlement.

The recent arrival of three international observer missions highlights worldwide concern over the rising level of political conflict in South Africa. Their presence alongside a host of domestic monitoring agencies might prevail upon the main political actors to observe the code of political conduct of the National Peace Accord.

In our *industrial monitor,* Nicoli Nattrass reports on the launch of a national economic forum incorporating representatives of business, labour and government. Amidst the on-off process of political negotiations, the coming together of key economic players is surely a step in the right direction. She warns, however, that though the participants agree on the need for a forum they have very different objectives in the kinds of economic restructuring they intend to negotiate.

Our other contributors monitor new trends in South Africa's economic, regional and urban arenas. They emphasise *inter alia* ways of achieving economic growth through trade reform, liberalisation, deregulation, entrepreneurial development and self-help strategies for the poor. Expansion, access and redistribution of economic resources can help to depoliticise conflict over material assets, thereby providing the building blocks for political development.

Graham Howe, Editor
November 1992

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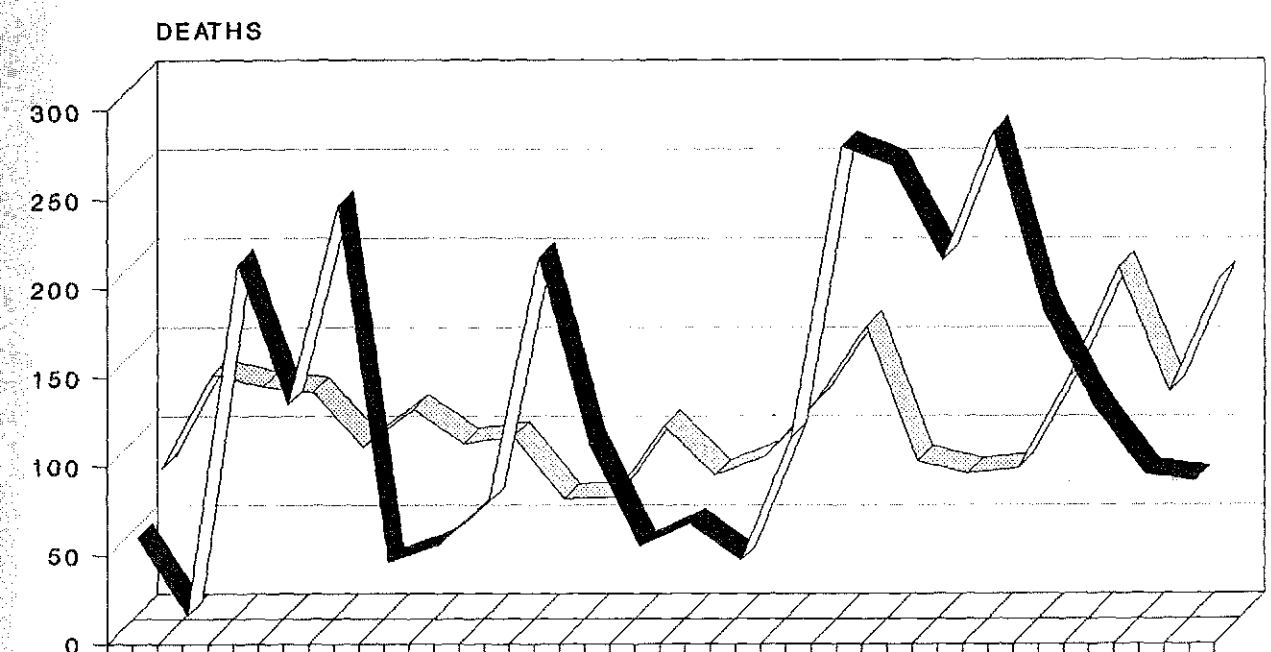
POLITICAL MONITOR

Fatalities in Political Conflict Transvaal and Natal 1991 - 1992



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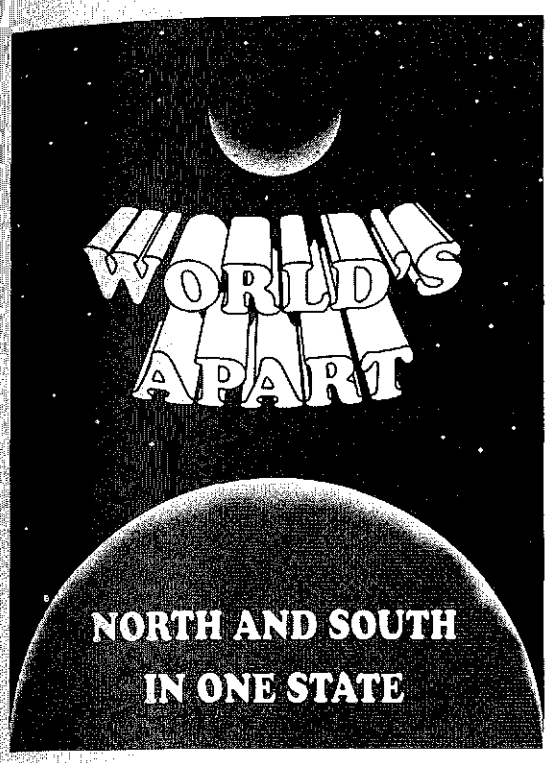
NATAL	82	135	128	125	94	115	96	100	65	66	106	78	89	120	162	86	79	82	133	195	125	189
TRANSVAAL	57	13	211	132	244	43	53	77	215	110	52	65	44	113	277	266	213	285	184	131	93	89

Source: Data from Human Rights Commission. See articles by Zulu (pp8-14) and Minaar (pp15-20) in this monitor.



Professor Heribert Adam, Department of Sociology
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In this extract, the renowned sociologist, Heribert Adam, provides a preview of his forthcoming new book, entitled "The Opening of the Apartheid Mind" (co-written with Kogila Moodley). He revisits the predicaments facing a post-apartheid South Africa: its politicised ethnicity, the violent conflict between insiders and outsiders, its minority interests and regional ethno-nationalisms. The challenge of finding new forms of cooperative development and legitimacy should be closely observed by a world which is itself deeply divided by similar political conflicts over socio-economic resources.

It is now conventional wisdom that after the end of the Cold War, Africa as a continent has become marginalised to the extent of backsliding into what a French official called the 'conservatory of the ills of humanity' (Decalo, 1992).

Benign neglect of a seemingly hopeless irrelevancy characterises outside attitudes to Africa. Even the long overdue re-democratisation of the continent induced by the World Bank does little to solve the problem of establishing order, stability, growth and civility in weak states - in fact, the removal of tyrants may make life worse when successors fight each other in endless civil wars. In South Africa, for example, the number of political killings has tripled and the economic decline accelerated after the abolition of the apartheid system.

Yet it is precisely the immensity of the problems of a forgotten continent that make it relevant globally. The category 'third world' may indeed have had meaning only in the context of the global cold war division, as some scholars argue (Menzel, 1992). With the former Soviet Union increasingly descending into political and economic chaos, a more relevant classification groups the affluent, economically stable states (North America, Western Europe, Japan and newly industrialised Pacific countries) into one competing trading bloc, followed by a second group of states with some resources and potential for growth. Others in this second bloc (most of Latin America, some states in the Middle East and Asia, South Africa) are linked by kinship ties and ideological affinities with the first bloc.

A third category of politically volatile countries without resources and claims on or hopes for Western assistance can be discerned: sub-Saharan Africa, the Southern Balkans, the Caucasus and most of South Asia. They are increasingly left to their own misery. At most, the West intervenes with mere charity. This new North-South division outside former ideological contests is characterised by access to the dominant economic resources (credits, markets and political support) of the first bloc. Yet this global power bloc ignores the powerless South at its own peril.

The strength of the neglected South lies in its very weakness, in its capacity to destabilise the entire globe. The destruction of the ecology with worldwide climatic ramifications, the streams of economic refugees into the islands of comparative affluence, the spread of new plagues - from real diseases like AIDS to ideological obsessions with religious and nationalist fundamentalism among the 'have nots' - all eventually affect the 'have's'. It is this potential to cause chaos, or what Dieter Senghaas refers to as *Chaosmacht*, that constitutes the power of the powerless.

The long overdue democratisation of Africa does little to solve the problem of establishing order, stability, growth and civility in weak states

The North-South confrontation may not threaten global survival through a potential military confrontation like the former East-West competition. The North-fuelled arms race in the South notwithstanding, the military dominance of the wealthy global minority of states remains as secure as the technological advantage of white South Africans in a sea of frustrated blacks, burdened with the legacies of apartheid. In both instances, the minority of the North

Unlike Western Europe, South Africa cannot build new iron curtains to keep its 'have's' insulated from its 'have nots'

cannot divorce itself from the majority of the deprived South.

The Race Curtain

South Africa embodies the North-South conflict in one country, albeit with a decisive difference. Unlike Western Europe, South Africa cannot build new iron curtains to keep its 'have's' insulated from its 'have nots'.

The highways and railways leading out of Cape Town, Johannesburg or Durban cut right through the huge slums of Khayelitsha, Soweto and KwaMashu. While the violence of deprivation can be deflected on its victims, their struggles increasingly spill over into the fortification of the affluent. They too cannot enjoy their privileges when the murder rate in Johannesburg is three times higher than that of the worst city in the United States. Especially when the stability and security of the minority depends directly on the cooperative labour of the majority, its brutalisation cannot be contained beyond the factory gates.

South Africa could develop into an advanced model for the gradual solution of the North-South cleavage, through unitary federalism with regional autonomy

South Africa faces many of the future options of the North now. This society either brings forth new forms of cooperative development and legitimacy or disintegrates through ethnic violence and costly repression. South Africa constitutes a laboratory for the new historic compromise between the North and the South, whether in race relations, multicultural education, or economic cooperation between capital and labour.

Europe increasingly perceives the South as burdensome. Begging strangers are to be held at bay. Because the people of South Africa share a common citizenship and history and are locked into each other through a common economy, they cannot afford the luxury of postponing the challenge. South Africans cannot divorce each other through partition without destroying their source of wealth. Unlike the centrifugal ethno-regionalism in the rest of the world, the centripetal forces of the PWV core bind the antagonistic segments into a common state. The poorer regions are dependent on transfer payments.

It is out of this imperative that the world's most backward political system of legal segregation could perhaps develop into an advanced model for the gradual solution of the North-South cleavage through unitary federalism with regional autonomy.

In global terms, given the ecological limitations, neither can the North afford and sustain unlimited economic growth in the future nor can the South ever hope to emulate or catch up with the destructive Northern examples. The new forms of cooperation needed worldwide to preserve and enhance the quality of life of the human species, could receive decisive impulses from the one country that combines virtually all the starkest contradictions and predicaments within its borders. This elevates the study of South African beyond an esoteric regional problem.

Is South Africa switching from a hopeful country in the second bloc to a disintegrating state in the third category? Is the ANC-IFP conflict a forerunner of the same unnecessary war that happened in Zimbabwe between Mugabe and Nkomo, between Frelimo and Renamo or between the MPLA and Unita in Angola before they agreed to a (sometimes temporary) ceasefire out of sheer exhaustion? Are the material and ethnic divisions, which ironically emerged after apartheid repression, so deep in South Africa that the accelerating political and criminal violence ruins all prospects of growth?

In short, is South Africa permanently trapped in a transition without development? Why has a seemingly inevitable black-white racial conflict been replaced with much more widespread inter-black violence?

Conflict over Resources

In socio-economic terms, the violent conflicts among blacks in South Africa are essentially between insiders and outsiders. The cleavage between the early urbanised and latecomers constitutes the most fundamental faultline in black society. Privileged insider status had historically been confined to people with Section 10 rights, i.e. those legally resident in 'white areas' who are entitled to work there. The other half - the mass of illegal jobseekers and shack dwellers - was harassed and kept in check by apartheid laws. They were discarded and left to starve in the countryside. With the abolition of influx control and apartheid repression, the competition over scarce goods became an intra-black affair. The conflict was transformed from one between 'illegals' and the police to an all-out struggle for space and survival between established

residents and those desperately seeking access, now unconstrained by the state. Ironically, the termination of unfeasible state regulations to control urban entry, unleashed violent clashes inside black society.

This socio-economic conflict assumed its political overtones through the historic alignment of established residents with the ANC and the civic associations. Where the majority of the outsiders were migrant workers or squatters of Zulu origin, Inkatha voiced their interests. At the root, however, lies neither a 'tribal' conflict nor an ANC-Inkatha feud. In the Western Cape townships without Zulu migrants, the violent competition between insiders and outsiders developed as intensely at times without the ANC and civics being able to control the conflict.

The undoubted appeal of politicised ethnicity (nationalism, tribalism) everywhere in the world occurs not only because ethnic exclusiveness provides scapegoats and explanations for hardship, but it eliminates competitors by exclusion. If a segment manages to restrict scarce goods (land, taxi routes, houses, schools, clinics) to its members only, it has objectively increased its advantages in the general competition. Only in this respect is tribalism a 'natural phenomenon'.

Exclusion has little to do with historical animosities, which are often invented, manipulated and exploited by political mobilisers to gain an edge. Advantages so gained are further reinforced by the new emotional cohesion of the group, as well as the individual psychological satisfaction which successful competition provides in the form of an enhanced identity. Symbolic rewards of a proud identity compensate for material deprivation and general insecurity in times of transition and crisis.

Defining Interests

Indeed, ethno-nationalism must not be reduced to material interests only. Culture also embodies a moral order by which its members give meaning to their lives and derive rules of behaviour. However, in the competition for status and power the common culture and history seldom predetermines political identification, particularly in South Africa. Afrikaners are deeply split about their strategies of survival. Zulu speakers, too, identify with opposing political movements, despite a commonly held appreciation of Zulu tradition. It is this conflicting definition of political interests that matters.

The focus on ethnicity by analysts, such as Hermann Giliomee (1992), over-emphasises the common cultural conditioning at the expense of dissident re-definitions of identity, which soon gain majority support. The opening of the apartheid mind provides a lesson of how both white and black discard cherished political identities when new circumstances entice inclusive instead of exclusive policies.

Obviously, democratisation, accompanied by political equality for all citizens and the promise of greater material justice can lay the foundations for a more stable and less violent political order with greater legitimacy. Yet the black constituency expects the government to negotiate itself out of power. However, Pretoria intends to negotiate itself into power in a future dispensation and meantime clings to control.

What kind of power-sharing would satisfy all parties and allow the leaderships in all camps to sell the historic compromise to their constituency? Will they accept a controversial elite compromise, which is likely to rely on shared authoritarian control rather than democratic input from below, in order to change the impossible demands of a vast excluded underclass?

What is unlikely to pass as legitimate compromise is the current strategy of privatising apartheid. In the South African codewords of 'upholding standards', 'protecting community values' or 'guaranteeing freedom of association', new *de facto* discrimination is being entrenched. Private discrimination is immunised from government intervention and exempt form public accountability. While this can be justified for the privacy of the intimate household, the same cannot be said for semi-public institutions such as schools, hospitals, restaurants or large business. The politically empowered citizens would nonetheless be disempowered in sanctuaries of arbitrariness of great social influence.

Once the government of national unity shares in the spoils of power, it has also normalised domination. As that sharp conscience of the rulers-in-waiting, Albie Sachs (1992:8), has wryly reminded his comrades: 'We have achieved a great victory. We have de-racialised oppression. We have done something that apartheid never succeeded in doing - we have legitimised inequality'. IPA

In socio-economic terms, the violent conflicts among blacks in South Africa are essentially between insiders and outsiders

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BEHIND THE MASK

South Africa's 'Third Force'

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The purpose of this review is not to establish culpability or to apportion blame for the violence at the door of any of the principal parties, i.e. the ANC, Inkatha or the government, but rather to examine critically the widespread allegations about the role of a "third force" in the ongoing political violence. Empirical evidence from existing court records, substantiated reports by investigative journalists and carefully checked reports by well-established monitoring agencies form the basis of this critique on one of the most controversial subjects in the South African spotlight.

In the Second Interim Report of the Commission of Inquiry Regarding the Prevention of Public Violence and Intimidation, Chairman Justice Goldstone declared that the Commission had 'received no evidence in which to suggest that there is *a third force* "existing as" a sinister and secret organisation orchestrating political violence on a wide front' (April 1992:5).

The government interpreted the report to mean that the state's security forces had been exonerated either from causing the violence or from complicity in the process. However, Justice Goldstone went on to state as one of the causes of violence:
A police force and army which, for many decades, have been instruments of oppression by successive white governments in maintaining a society predicated upon racial discrimination ... A history over some years of state complicity in undercover activities which include criminal conduct.

Those activities have enabled critics of the government and others, fairly or unfairly, to place the blame for much of the violence at the door of the security forces. That and the well-documented criminal conduct by individual members of the South African Police and the KwaZulu Police exacerbate the perceptions of the many South Africans that the government or its agencies are active parties responsible for the violence. (*Ibid*:5,7)

It took the government a month to release the report of the Goldstone Commission to the other parties in the Convention for a Democratic South Africa (Codesa) and to the public. Not surprisingly, the government tried to underplay the role of the security forces in the violence. Its spokesmen accentuated the political rivalry between the African National Congress (ANC) and the Inkatha Freedom Party (IFP) as the chief cause of what has simplistically become known as 'black on black' violence.

For its part, the IFP readily accepted the government's official communique. It was left to the ANC to repudiate the report as not only an inadequate but also a misleading explanation of the causes of the violence which have afflicted the country for eight years now. The controversy

surrounding the government's release of the report was settled by the intervention of Justice Goldstone who publicly stated the Commission's main findings

In his report Justice Goldstone states that the Commission did not come across any evidence of the existence of 'a sinister and secret organisation or group that commits acts of violence in furtherance of some nefarious political aim' (1992:4). He does, however, make references to a police force and army which not only have an ideological base that is incompatible with the transitional process, but have in their history accusations of 'complicity in under-cover activities, which include criminal conduct' (1992:7).

These findings take the concept of a *third force* outside of the legalistic organisational form into the realm of the sociological where individuals either singly or collectively engage in processes which result in a constant pattern of activities consistent with networking for a specific cause.

The Arguments

There are two main arguments in the etiology and anatomy of the present violence in South Africa.

The first is that there is a grave political conflict between the ANC and the IFP and that the violence is a manifestation of the struggle for hegemony between the two. Exponents of this view, mainly the government, allege that historical ethnic animosities, in this case between Xhosas and Zulus, exacerbate the conflict. Their assumptions are that the ANC is predominantly Xhosa in character while the IFP is a Zulu nationalist organisation. This interpretation removes the state from the centre of the violence and makes the ANC/IFP conflict an ethnic or tribal 'black on black' confrontation.

Hence, when the Goldstone Commission (April 1992) cited the political conflict between the ANC and the IFP as one of the causes of the ongoing violence, the government singled this out as the main cause in its official communique to the public.

While there is no denying that the present conflict is political in nature, and that behind the violence lies the struggle for power and control, to ascribe this uncritically only to two parties, the ANC and the IFP, is both simplistic and problematic. In the first instance, the IFP in its historical and present structural position, does not have an organic existence outside of the state apparatus. Secondly, the ethnic allegation is too naïve to accept given the nature and dynamics of the violence.

Empirically, there is no evidence of ethnic conflict among settled residents in the townships on the Reef where the violence has been concentrated over the past two years. Rather, the violence has been between Inkatha-aligned hostel dwellers and the township communities or residents in informal settlements. Moreover, in Natal, where the violence has its longest history, the African population is ethnically homogeneous. In this instance, the violence follows clear lines of *political* cleavage.

The second argument is that given the capability of the South African security forces, neither the ANC nor the IFP has the capacity to sustain violence on the scale that has been witnessed in the past three years. There must be, therefore, other forces at work that are engaged in a process of destabilisation in order to scuttle the negotiations that are underway, or work to maintain the status quo of white domination.

Proponents of this argument further allege that in the majority of the cases where large-scale violence has occurred, evidence has indicated collusion, either through commission or omission, between the security forces and the IFP, and that in a number of instances the IFP has only played the role of a *visible* aggressor. In essence, it is the security forces or elements from within them that instigate and manage the violence. Major clashes cited in this case are:

- Pietermaritzburg (March 1990)
- Phola Park (August 1990)
- Swaneville (May 1990)
- Bruntville (December 1991)
- Boipatong (June 1992).

Reports by the Lawyers for Human Rights (June 1992), the International Commission of Jurists (April 1992), and Amnesty International (June 1992), accentuate the role of the security forces in the violence. Further reports by monitors of the violence in South Africa - the Black Sash, the Natal Monitor, the Centre for Adult Education at Natal University (Pmb) and the Wits Project for the Study of Conflict - have constantly revealed episodes where the state's security forces have either directly attacked communities or aided Inkatha in

Individuals either singly or collectively engage in a pattern of activities consistent with networking for a specific cause

Other forces are engaged in a process of destabilisation in order to scuttle the negotiations that are underway, or work to maintain the status quo

The foundations of the third force lie in the state's 'total strategy' put into effect in the 1980s

attacks on opponents of the state. Most of these reports are drawn from statements by eye witnesses to the episodes or from affidavits provided by the victims of the attacks. The response to these allegations from both the government and the IFP has often been that such claims have not been tested before the law courts. However, the much publicised Trust Feed case has not only vindicated the monitors and the various commissions, but has given fresh impetus to the examination of the nature and composition of the *third force*.

Total Strategy

The foundations of the *third force* lie in the 'total strategy' as enunciated and put into effect in the 1980s by the former state president, Mr PW Botha. The policy of total strategy was predicated on the assumption of a total onslaught, by the communist world, on South Africa. The state declared the ANC and the PAC (Pan Africanist Congress) as agents of communism and, therefore, the enemies of South Africa.

Total strategy entailed total defence of the country against communism. Such defence entailed a two-pronged thrust, the physical and the psychological, which necessitated the formation of coordinating structures. To this end, direct links between the army, the security police, business and local government structures were formed. The Joint Management Councils (JMCs), corresponding to the nine Defence Commando areas became the instruments of defence against communism as well as for winning the hearts and minds of the local communities. The JMCs were accountable, through structural links, to the State Security Council.

This penetration of the state through the security apparatus into civil society would prove difficult to untangle in the transition to a new political order

It was inevitable that this penetration of the state through the security apparatus into civil society would create structural networks and personal allegiances that would prove difficult to untangle and manage should any process of transition to a new political order ensue.

Given that Inkatha, as an organisation, supported participation in the structures of local government and put up candidates as town councillors and that some of them became JMC members, it was inevitable that ideological and personal links between state security personnel and Inkatha councillors were cemented in this union. At the same time, however, the extra-parliamentary opposition boycotted the state-sponsored structures. Evidence of involvement by some of these town councillors (see the Jamile and Trust Feed cases below) in the violence reinforces this theory. Additional court cases include those of the State versus Ndlovu and the State versus Biyase respectively, both members of the KwaZulu Legislative Assembly who were sentenced to varying terms of imprisonment for their roles in the violence. In all of these cases links with security forces demonstrate the nature of the relationship.

Admittedly, both the community/town council system and the tribal authorities as the local 'representative' structures of the apartheid state had become objects of attack by the disenfranchised in the early 1980s. The central issue is how the struggle for power between the state and the disenfranchised impacts not only on the relationship between the state and the opposition, but also how this affects the relationship between the state security apparatus and local communities in times of political conflict generated by the very power struggle in question. The supposedly mediatory role of the state security apparatus, in this context, is transposed to that of instruments for effecting control.

The Court Evidence

The following two trials have been singled out not because they represent extraordinary events, but because they are the most thoroughly investigated cases in the ongoing violence. Moreover, the amount of detail entailed in these cases clearly demonstrates the nature and composition of the *third force* in operation.

❑ *The State vs Jamile and Hlophe*

Samuel Jamile was a Deputy Minister of the Interior in the KwaZulu administration, a former member of the Clermont Advisory Board (a township in Pinetown) and a member of the Inkatha Central Committee. He was charged in 1990 with five counts of murder, seven counts of attempted murder and three counts of incitement to murder. The victims were political opponents, in Clermont, of the KwaZulu administration or of Inkatha. They were either opposed to the incorporation of Clermont into KwaZulu or belonged to the Congress of South African Trade Unions (Cosatu) or to the United Democratic Front (UDF).

During the leading of evidence in the Supreme Court in Pietermaritzburg it was revealed that:

- A security officer had interfered with the duties of the investigating officer who had arrested Jamile on charges of murder and of attempted murder, by ordering the immediate release of the suspect;
- Privileged information which formed part of the evidence in the case, extracted by the security police from a detainee during the state of emergency, was given to Jamile's defence lawyers;
- A security officer consented to have handed over to Jamile a photograph of a suspect alleged to be behind a hand grenade attack on Jamile's car;
- Claims of involvement in the killings by the KwaZulu Police (KZP) could not be proved as a register indicating the names of the policemen assigned to guard Jamile's house on the day of the killings had gone missing; and
- A KwaZulu constable implicated in the killings had disappeared. (He has since been arrested on a charge of murder not related to the Jamile case, and has given evidence to the Goldstone Commission claiming that he had been sent into hiding by KZP officials.)

The presiding judge found Jamile guilty and sentenced him to life imprisonment for murder and attempted murder on one count each. The trial dragged on for over a year and demonstrated the problematic nature of conducting investigations into violence where police collusion and complicity strongly feature.

❑ ***Trust Feed***

Where the Jamile case had demonstrated the dubious role of the KZP at an individual level, the Trust Feed case introduced a different dimension at the institutional level. The trial arose out of the murder of eleven people and attempted murders of eight others in house number TF 83 at Trust Feed in the New Hanover District in Natal, on the night of 2-3 December 1988. The occupants of the house had gathered there to hold a service to mourn the death of a relative.

Trust Feed was a 'black spot', i.e, African freehold land which fell into an area demarcated for white occupation and was, therefore, under threat of removal. The campaign against removals had resulted in the formation of an Anti-Removal Crisis Committee which, because of its function became closely associated with the UDF in the eyes of the security establishment.

The logical choice left to the South African authorities to alter the balance of power without resorting to blatant repression was to promote Inkatha as an alternative organisation in the area. To this end, Captain Mitchell, chairman of the local Joint Management Committee, conspired with the Inkatha leader, Gabela, to form a committee of Inkatha members in opposition to the Anti-Removal Crisis Committee. A major recruitment drive was launched by Inkatha, soon followed by 'unknown' attacks on members of the Crisis Committee. Immediately before the massacre of 2-3 December 1988, four persons had been attacked and killed.

In the trial, the presiding judge expressed doubts with regard to the nature of the original investigation as well as the behaviour of two senior policemen during a subsequent investigation which followed the discovery of an attempted 'cover-up', by the police, of any evidence implicating the police in the massacre. Actually, the two investigating officers in the Trust Feed case had stumbled upon evidence while investigating another case of murder involving a KwaZulu Member of Parliament.

Evidence was led linking the security forces and the top Inkatha leadership in the region, including members of the KwaZulu Legislative Assembly, in a joint effort to rid the area of the UDF influence and install Inkatha as the organisation in Trust Feed. This 'cleansing' entailed plans for a physical attack on UDF homes by Inkatha. Prior to the massacre, UDF youth activists were detained on the pretext of a crime prevention raid. This was to clear the area so that there would be as little resistance as possible. Residents were warned by the police through a loudspeaker to stay indoors.

There was evidence of police covering up the evidence subsequent to the massacre by either omitting detail or making no entries in the police record book. At this point, the presiding judge remarked:
A distressing feature of the case is that as the evidence went on it became clear that the evidence of senior police officers could not be accepted and that official records produced from the files were also subject to suspicion or shown to be completely inaccurate.
(*Summary of Proceedings*: 4417)

The attack and the resultant massacre was a carefully planned act which formed part of the strategy to dislodge the UDF and install Inkatha in the area. Trust Feed was no exception but part of an overall plan

The central issue is how the struggle for power between the state and the disenfranchised affects the relationship between the security apparatus and local communities

The massacre at Trust Feed was a carefully planned act which formed part of the strategy to dislodge the UDF and install Inkatha in the area

Between 1977 and 1989, the Civil Cooperation Bureau systematically carried out a campaign to eliminate opponents of the government

whereby the police used their legal powers to facilitate Inkatha's take-over of territories deemed to be in hostile hands or to reinstate Inkatha in territories they had lost to the opposition. From the evidence, the plan was carried out at the regional level and involved both police and Inkatha at that level.

Giving summary in the judgment, Justice Wilson called for an inquiry into the cover-up by the police, a call which has serious implications into police investigations of incidents of violence. What causes even greater concern is that an internal police inquiry had already been conducted before the discovery of the cover-up and the inquiry had absolved the police from any culpability in the massacre. Justice Wilson sentenced Captain Mitchell, the main immediate actor in the drama, to death eleven times, and the other policemen to varying terms of imprisonment.

The Hit Squads

In 1989 a policeman, Butana Nomfomela, who had been sentenced to death for the murder of a white farmer, disclosed how the security forces had systematically carried out a campaign to eliminate opponents of the government. This evidence was collaborated by a former security police captain, Dirk Coetzee, who had since left the country. A special unit attached to the security forces and known as the Civil Cooperation Bureau (CCB) was charged with this task *inter alia*.

Military intelligence was allegedly involved in the training of Inkatha leaders shortly before Inkatha's bloody push into the Reef townships in 1990

Between 1977 and 1989, at least 50 opponents of the government had been eliminated and in only one case were the perpetrators brought to court. The uproar both nationally and internationally led to the government's appointment of a Commission of Inquiry into the Conduct of the Security Forces, chaired by Justice Harms.

Justice Harms found that the CCB had behaved unlawfully in a number of cases and that 'their actions have contaminated the whole security arm of the state'. He further maintained that 'their conduct before and during the Commission creates suspicion that they have been involved in more crimes of violence than the evidence shows'.

Following the Commission's findings, the CCB was formally disbanded in July 1990. (Some former members found jobs in security firms around the country.)

Criticism of the Commission's work was that its terms of reference had been too narrow to enable it to investigate thoroughly the multi-faceted activities of the security forces. Subsequent evidence of security force involvement in the elimination of leading UDF activities in the Eastern Cape reinforces these criticisms.

In 1990 reports claiming that the South African Defence Force was involved in training Inkatha/KwaZulu men to eliminate their political opponents appeared in the press. Both the SADF and Inkatha/KwaZulu denied the contents of the reports as false (*Weekly Mail*, July 1990). Later press reports alleged that the men were trained in Caprivi and then brought back to Ulundi from where they were dispatched to various regions and attached to Inkatha 'warlords'. At this juncture, Buthelezi, the KwaZulu Chief Minister and Minister of Police as well as President of Inkatha, acknowledged that the SADF had trained 150 men but maintained that the men had been trained to act as bodyguards to KwaZulu officials (*Ibid*).

On 10 January 1992, the *Weekly Mail* carried a long article detailing revelations inside Inkatha by a former official and member of the Central Committee who had left the organisation because 'I felt I was no more than an SADF agent'. The former official alleged that:

- Military intelligence was involved in the training of Inkatha leaders shortly before Inkatha's bloody push into the Reef townships in 1990;
- The KZP and IFP were involved in the gruesome attack on an ANC funeral in Wesselton in the Eastern Transvaal;
- Inkatha's top leadership had received systematic secret instruction from Military Intelligence over two years in a bid to strengthen the organisation against the ANC;
- There was constant collaboration between the SADF and Inkatha in the drawing up and distribution of anti-Mass Democratic Movement pamphlets.

The succeeding edition of the *Weekly Mail* (24 January 1992) carried an article where two members of an Inkatha-linked gang - the 'Black Cats' from Wesselton in the Eastern Transvaal reinforced the claims. The two gang members gave detailed events entailing a network of cooperation between the gang, IFP leaders, the KZP, the SAP and the United Workers Union of South Africa, an Inkatha-linked trade

union. They gave extensive evidence 'of how they were encouraged, equipped and trained to carry out violent acts against ANC-linked targets by the security forces' (*Ibid*:2).

The hit squad saga continued when the former Inkatha official, as well as the two members of the Black Cats, gave evidence before the Goldstone Commission. The accounts given under cross-examination by legal experts including representatives of Inkatha were consistent with the versions cited above. The seriousness of the evidence caused Justice Goldstone to subpoena the leadership of the KZP to account for what were disturbing allegations against the KZP as an institution. It transpired that 200 and not 150 men had been trained in the Caprivi Strip, that some of these men had been absorbed into the KZP, but that the rest of them could not be accounted for.

What was, however, most disturbing was that a number of the 'missing' men were wanted for numerous murders and acts of violence carried out against opponents of the state. One who was much sought after by the police in the Jamile trial has since resurfaced and has alleged, before the Commission, that he had been helped into hiding by the hierarchy of the KZP while he was wanted for various counts of murder.

On 8 May 1992, the *New Nation* produced an article in which it alleged that the security forces through the JMC structures, was responsible for the mysterious murder of four prominent UDF activists in the Eastern Cape, including civic leader, Matthew Goniwe. The paper produced a copy of a signalled message signed by a senior official in the Eastern Cape Military Intelligence Unit of the SADF, which stipulated that the four activists should be 'permanently removed from society as a matter of urgency' (*New Nation*, 8/5/92).

In a subsequent edition (15 May 1992), the paper published a confession by the official who admitted that he had signed the message on instructions from the Head of Military Intelligence in the region. Bantu Holomisa, the Head of Transkei's ruling Military Council, claims that he has further incriminating evidence on the activities of the security forces, but that he will only give this to an international panel of investigators since he does not trust investigations conducted by the South African police. President de Klerk subsequently called for a judicial inquiry into these killings.

The Gangsters

In July 1991, the *City Press* published an article in which it claimed that the Attorney General, in Natal, was investigating allegations involving assistance by members of the SADF, the KZP and Inkatha to *Amasinyora*, a gang of thugs who had through murder, arson and looting, terrorised residents in a section of KwaMashu (outside Durban) for over four years.

A self-confessed gangster had unravelled the gang's activities, and significantly, his revelations coincided with the evidence uncovered by monitors of the violence in the region. More than 70 charges had been laid with the KZP at KwaMashu without resulting in a single prosecution during a four year period. More than 40 murders had allegedly been committed by the gang whose targets were mainly ANC supporters (*City Press*, 21 July 1992). The SADF and the KZP, according to the confession, provided assistance by supplying ammunition and protecting the gang from arrest.

The *Amasinyora* were not the only gang of thugs in the region. In a section of Umlazi the community lived through a reign of terror for three years. First an Inkatha official and his sons, two of whom have since been imprisoned for long terms for murder (one is still free on bail), allegedly with assistance from the KZP, wreaked havoc in the area over a two year period. In April 1992, there were further attacks, mainly on ANC supporters in an adjacent section (*Vrye Weekblad*, 30 July 1992), when armed men in balaclavas attacked houses of people. The KZP allegedly stood by or actively assisted in the attacks (Affidavits from Legal Resources Centre).

The alleged cooperation between gangsters and the security forces does not seem to be limited only to Natal. In July 1991, the *New Nation* published an article in which it alleged that the disbanding of the State Security Council had led to the establishment of loose elements (or 'loose guns') who constituted a network consisting of individuals in both the police and the army now acting in their private capacities. These individuals, the paper alleged, engaged in projects of destabilisation which often involved killings (*New Nation*, 25 July 1991).

A member of a shadowy group known as *Recce* claimed they were sponsored by the security forces and involved in the training

A signalled message from Military Intelligence stipulated that four prominent UDF activists should be 'permanently removed from society'

The disbanding of the State Security Council allegedly created loose elements who constituted a network in both the police and the army, now acting in their private capacities

The South African government has historically been engaged in the systematic destabilisation of its opponents

of foreigners to carry out the killings on trains bound for Soweto in September 1990 (*City Press*, 21 July 1991). These allegations confirm claims by train commuters that the attackers spoke a foreign language. Although some arrests followed, the police claimed they had failed to muster sufficient evidence and soon released the suspects. In a subsequent development, 24 top policemen who were allegedly connected to the violence in the townships were suspended from duty or retired.

Conclusion

The South African government has historically been engaged in the systematic destabilisation of its opponents and a manipulation of the security and bureaucratic apparatuses. The makings of the *third force* can be found in this process at two levels:

- the total strategy which has provided the institutional and structural framework; and
- the manipulation of socio-economic conditions and psychological factors to fit into the strategy.

Social conditions and psychological factors, particularly in the hostels and shack settlements, provide ample ground for state manipulation

The internal workings of the security system are partly a direct outcome of the state's deliberate actions and intentions but also a result of the relative autonomy of forces that have gone out of control. At the institutional level, once organisations like the CCB were brought into existence and created their own networks, it was virtually impossible to bring them back under control. At the structural level, apartheid's own creations, the hostels and the black local authorities in particular, established sufficient space for the generation and promotion of conflict and violence.

It is remarkable that incidents of large-scale violence coincide with peak developments in the negotiation process in South Africa. The South African state has a history of destabilisation in the region (in Angola and Mozambique, for instance). Logically, internal involvement in the present violence is a continuation of that strategy. It does not necessarily entail official sanction from the government, but rather a combination of factors such as dissident elements in the security forces and recalcitrant officials who remain unconvinced of the need for change. Further, with its past track record, the will of the state's security forces to professionally and independently investigate acts of violence is seriously questionable.

Total strategy entailed creating 'front' organisations and supporting sympathetic 'moderate' political leaders and organisations in the drive to dislodge 'the enemy'. The existence of single-sex male hostels in townships where thousands of men from rural districts live appears to have not only facilitated easy political mobilisation of state-aligned forces in urban areas, but to have also given shelter to gangsters and political hooligans. Logically, state-linked organisations have benefited more from this protection than the opposition.

Inkatha has fiercely resisted the abolition of the hostels despite the long record of protests against the migratory labour system. Not unexpectedly, the government too is dithering on the issue. Similarly, the government has demonstrated gross inconsistency in dealing with the carrying of arms ('traditional weapons') in public, where Inkatha is the main offender. These are only two examples of what total strategy has degenerated into at the level of the community-security force interface.

Social conditions and psychological factors, particularly in the hostels and shack settlements, have provided ample ground for state manipulation. In terms of immediate community interests, migrants living in hostels are marginalised from day to day political issues in the townships. Where this marginalisation coincides with ethnicity, the situation is tailor-made for manipulation especially given the low educational levels and the economic vulnerability of hostel dwellers. It is in situations like these where the *third force* has flourished. IPM

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NATAL'S SECURITY CRISIS

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In any discussion about the role of the security forces in Natal particular cases select themselves as examples of the trends of behaviour by certain security force personnel. This is not to say that the patterns as evidenced in the following case studies are applicable to the whole security force establishment but rather that they highlight disturbing aspects which have largely led to the formation of negative perceptions and attitudes towards the security forces, in particular by members of black communities.

Over the last few years there has been an almost total loss of confidence by large sections of the Natal populace in the security forces, i.e. the South African Police (SAP), the South African Defence Force (SADF) and the KwaZulu Police (KZP). This has been one of the many disastrous outcomes of the ongoing conflict. The lack of credibility of the security forces is not without foundation and is based upon community experiences of their actions.

There have been widespread allegations and accusations from community organisations, human rights groups and independent monitors of illegal and improper activity by certain sections of the security forces. These allegations seem to have gained credence in the light of revelations which have surfaced recently in a number of trials, in confessions by former security force members and in articles by investigative journalists. Amongst these are the Trust Feed trial, the 'Inkathagate' scandal, allegations of secret training bases, hit squad activity, smuggling and supply of weapons, and confessions by former Civil Co-operation Bureau (CCB) agents.

Allegations of improper conduct by the security forces usually centre on accusations of biased actions which could take the form of collusion with certain sides in the conflict, omission to act as the law would seem to require, or even covert planning and direction of acts of violence aimed at destabilising the perceived 'enemies of the state' who were often identified as any activist organisation in opposition to the government.

Part of the crisis facing Natal is the breakdown in law and order due to years of mistrust of the security forces and a lack of faith in the legal process, which collectively have failed to prosecute the perpetrators of violence. The non-conviction of persons believed by the public to be guilty of violent crimes constitutes a considerable credibility problem for the Departments of Law and Order and of Justice.

A major obstacle in controlling violent actions of certain individuals is the intimidation of any witnesses to political violence. Residents are too terrified to testify for fear that they will become the next victims. The same problem exists in cases against several so-called *warlords* indicted of murder or assault. Witnesses simply disappear and very often the state's case crumbles for lack of evidence or material witnesses. To overcome these problems the police have attempted a number of stratagems, e.g., increasing the number of temporary police stations in unrest areas, instituting regular foot and night patrols, and by installing an open telephone line for people to phone in anonymous information.

Part of the crisis facing Natal is the breakdown in law and order due to years of mistrust of the security forces and a lack of faith in the legal process

Even these efforts do not enable the courts to prosecute offenders more efficiently. According to a report by the Department of Law and Order, only 120 prosecutions of politically-inspired murder in the Durban area and 36 in the Pietermaritzburg area were initiated between 1987 to August 1990, out of an estimated 6 500 fatalities in the region between 1986 to October 1992.

The courts appear to take exceedingly long to reach the actual trial day, thus giving the accused time either to intimidate witnesses or to eliminate them. Consequently, there is a dearth of witnesses who can provide the police with the material needed to finalise dockets. The police also struggle to trace or locate witnesses. In some of the cases no-one has laid a charge with the police.

Even though many complaints against certain perpetrators of violence have been made at police stations it appears to many that the dossiers merely heap up and no prosecutions occur. Prosecutions can only begin once the police present a completed docket to the Attorney-General's office, who must be sure that there are reasonable grounds for the case to stand up in court. The shortage of public prosecutors means they are overworked and hence poorly prepared, thereby creating the impression

Only 120 prosecutions of politically-inspired murder in the Durban area and 36 in the Pietermaritzburg area were initiated between 1987 and August 1990

that the Justice Department is doing its job badly and inefficiently.

'Thugs' facing serious charges have been allowed out on bail for lengthy periods without their cases ever being investigated. In one recent example from the South Coast, a chief found guilty of six counts of murder was allowed out on bail pending his appeal even though there were strong grounds for refusing bail. In such cases witnesses are put into extreme danger and become targets. A number of cases have had to be abandoned because witnesses have disappeared or been killed.

In these circumstances it is no wonder that the public's confidence in the normal process of law and order is being systematically undermined. Obviously, the police should at all times strive to be seen to be neutral and impartial in the execution of their duties. The police and Justice Department should also step up their efforts to prosecute all those guilty of violence. An official witness protection programme should be a priority because of the extreme intimidation of witnesses that occurs.

Collusion with Warlords

The police and Justice Department should step up their efforts to prosecute all those guilty of violence, and to protect witnesses

Over the past few years a number of strongmen, the *warlords*, have emerged in certain areas of Natal. They seem to operate with impunity from prosecution and with covert police protection. Many of them have been openly involved in vigilante violence.

A case in point is that of the strongman of the Natal Midlands, David Ntombela. Although found in February 1989 by an inquest magistrate on the balance of probability to have caused the deaths on 10 October 1987 of Angelika Mkhize and her eleven year-old daughter, he has yet to be formally charged in this case (Inquest No945/88: Magistrate GLS Holland). In 1987, after the Mkhize murders, he lay low for a time but re-emerged more powerful than ever and with the apparent support and approval of the police. Policemen, black and white, gathered every day at his house at KwaMncane, using it as their headquarters for police operations in the Elandskop district.

The links between Ntombela and the police were justified by the police since he was seen as a valuable ally in the fight against the activities of the United Democratic Front (UDF). This was not an isolated case. In a number of unrest areas, local Inkatha leaders are seen to work closely with local police. Further revelations of police collusion with certain Inkatha leaders emerged during the trial of KwaZulu Deputy Minister of the Interior, Samuel Jamile. For the general public such actions by the police smack of political bias.

There is clear evidence of a police presence during certain activities by Inkatha leaders. One example was the attack on the Ashdown community in January 1988 when the police were accused by residents of Ashdown of being present and either supporting the attack or providing protection and assistance to the attackers. This particular case has been well documented (Zondo, Cosatu *et al* vs Mvelase *et al*, No372/88 Supreme Court).

The abuse of official positions by KZP policemen has led to a number of them being labelled as 'rogue cops'. A particular case is Detective Sergeant Siphiwe Mvuyane, a member of the Umlazi Murder and Robbery squad, who has built up a notorious reputation. His name has been linked to 21 killings - mainly of activists - during a seven month period in 1990 and although facing trial on a number of cases he is still on active duty.

The cases were delayed in the Umlazi Magistrate's Court and eventually transferred to the Durban Magistrate's Court in order to speed them up, since it was alleged that members of the former Court were too scared to prosecute Mvuyane. In each case Mvuyane has admitted his actions, but claims that he was either acting in self-defence or preventing the person from escaping. According to the Legal Resources Centre in Durban, Mvuyane is just one of the many KZP policemen who have been accused of both promoting the violence and of contributing to it. In May 1992, Mvuyane was stopped at a SAP roadblock near Umlazi and found with a load of AK47s in the boot of his car.

Reluctance to Act

A particular complaint against the security forces has been their apparent inability to prevent the ongoing mass attacks on communities even though they were present when such attacks were in the process of building up, or their unwillingness to apprehend the culprits during and after such attacks.

From 25-31 March 1990 the so-called 'Seven Days War' occurred in the

Pietermaritzburg district. Armed groups from the Inkatha-controlled areas of Sweetwaters, Taylor's Halt and Elandskop launched attacks on the UDF-held territory in the upper Edendale Valley. Various settlements were attacked and houses burnt down. An estimated 130 people were killed in this 'unofficial' war but this figure remains unconfirmed since both sides often removed the bodies of their casualties and buried them secretly. (The official death toll for the whole of March was put at 96.)

The *impis* seemed well organised, being transported by buses. All were heavily armed. Hundreds of homes were destroyed and thousands of refugees fled into Pietermaritzburg. The name of Inkatha's David Ntombela, featured prominently in the news reports and in statements made by witnesses and victims. Just before the attack a large group of men was said to have gathered at his home at Elandskop.

During the attacks, although security force personnel were in the vicinity, no arrests were made. Well-ordered groups of attackers were allowed to march back to their areas with the police merely observing and, what to observers appeared to be, escorting the victorious *impis* safely home. Subsequently, the police defended their lack of action by saying that they had inadequate numbers to be able to act effectively against large groups of armed men. They also blamed the hilly and inaccessible terrain in the area.

There have been other large-scale attacks where the police were present and seemed reluctant to take action. Two specific occasions were the attacks on the Bruntville township by residents from the local hostel on 8 November 1990 and 4 December 1991.

The attacks on 8 November 1990 took place in broad daylight despite repeated attempts to get the police to patrol the township in the face of rumours of the busing in of armed men for an imminent attack. The police response had been marked by procrastination since they had initially withdrawn to a spot outside of the township (near the Wimpy Restaurant) and when asked to act the commanders of the local police station and the riot unit (from Pietermaritzburg) respectively could not decide whose responsibility it was to initiate action. By the time they did make a move to end the attack it was too late to prevent further bloodshed.

After the second attack on Bruntville by hostel residents on 4 December 1991 in which 18 people were killed, there were again accusations by residents that the security forces had appeared to be reluctant to intervene and made no attempt to restrain the attackers. Although 172 hostel residents from Bruntville were later arrested, charges against them have recently been withdrawn.

The Kitskonstabels

During 1988 the police began to recruit young men as special constables, the so-called *kitskonstabels*. The recruiting was done through Inkatha officials, *indunas* and chiefs. No account was taken of educational standard, criminal background or standing in the community. Inkatha membership and loyalty appeared to be the main criterion of selection. After very brief training (six weeks) these recruits were sent back into their own communities, armed with pump-action shotguns, to police them.

Many of these special constables were used as bodyguards by Inkatha officials, and some became involved in the 'death squads'. In the Elandskop area, the local Roman Catholic priest, Tim Smith, found that these squads were most active in the summer of 1989. Their names were well-known in the community, they operated in groups of three at night, and shot people at random in the so-called UDF area in this district. When Father Smith reported this to the riot police in Pietermaritzburg, some were called in for questioning but the head, Major Deon Terblanche, refused to recall any from duty.

Only one special constable from the area was subsequently convicted of murder in the Pietermaritzburg Supreme Court. However, others were forced to flee the area after being suspected of murder. This was not an isolated case. The presence of *kitskonstabels* were often a trigger to increased levels of violence in numerous other small rural communities all over Natal. *Kitskonstabels* were also suspected of being involved in illegal activities or killings as in the Trust Feed case.

Furthermore, by law a chief is allowed to have six tribal policemen. Traditionally these tribal policemen were armed with shotguns and were used mainly to keep the peace in a chief's ward, to participate in the tribal court and to see that fines were paid or disputes settled. However, from mid-1990 onwards these tribal police were supplied and legally licensed by the KwaZulu government to carry G3s (lethal German-made semi-automatic rifles).

The warlords involved in vigilante violence in Natal seem to operate with impunity from prosecution and with covert police protection

A particular complaint against the security forces has been their apparent inability to prevent ongoing mass attacks on communities

The role played by the KwaZulu Police has become an important factor in the increase of violence to its present proportions in Natal/KwaZulu

Under pressure from comrades and other activist groups, this increased firepower emboldened Inkatha chiefs to intimidate opponents. Many chiefs' and warlords' bodyguards now openly walk around with G3s at rallies and marches.

The KwaZulu Police

The role played by the KwaZulu Police (KZP) has become an important factor in the increase of violence to its present proportions in Natal/KwaZulu. The KZP was established in 1980 after negotiations between KwaZulu and the central government. The process of handing over SAP police stations to the KZP began shortly afterwards in 1981. In many cases, the handing over of the police stations was followed almost immediately by complaints from residents against the KZP.

There is substantial evidence from areas that fall under the control of the KZP of acts where the KZP have been in collusion or have directly participated with Inkatha vigilante elements in intimidating and attacking ANC supporters or persons perceived to be non-Inkatha. In almost all areas under the control of the KZP there have also been allegations of the KZP being involved in unlawful shootings, assaults, threats, arson, intimidation and harassment against persons perceived to be non-Inkatha supporters.

Communities in KwaZulu that have faced problems with KZP policing have on numerous occasions appealed for the assistance of the SAP

The extent of this problem has been well-documented in a major report based on case studies published in December 1991 by the Legal Resources Centre and Human Rights Commission in Durban. The LRC/HRC report lists over 120 incidents of unlawful attacks, shootings and/or assaults involving the KZP. The report also cites at least 54 cases where the KZP acted in collusion with Inkatha resulting in the deaths of at least 68 people.

In almost all of the areas under the control of the KZP conflict monitors and lawyers have received reports and collected evidence of the involvement of the KZP in the disruption of events and communities. The report lists 28 such instances. The events disrupted include marches, meetings, funerals and vigils. The common denominator is that all were events in which non-Inkatha supporters were involved.

Four other disturbing patterns of KZP action also emerged from the LRC/HRC report. The first was the failure to investigate complaints properly, especially if the complainant did not belong to Inkatha. In many cases township residents had not bothered to report even the smallest complaint since they felt that it would not be dealt with effectively and feared that they would be further victimised. Second, the KZP had refused to accept complaints from people or had demanded to know the political affiliation of the complainant. Third, in numerous court cases the KZP had made attempts to cover up evidence of their own activities and to thwart a proper investigation. Fourth, the KZP had failed to take necessary steps to protect residents, particularly non-Inkatha supporters, from being attacked in the presence of the KZP or in other circumstances.

Perceptions of the KZP's involvement in the Natal violence are clearly illustrated by the legal actions of the KwaMakhuta community, a township south of Durban. From mid-1989 onwards there was an apparent upsurge in violent actions in the township involving members of the KZP. On 19 June 1990 a precedent-setting judgement was handed down by the Natal Supreme Court in which the people of KwaMakhuta were granted temporary protection against members of the KZP. This was the first time that a restraining order to protect a whole community had been granted in Natal against the KZP. (In 1989 a similar order had been granted against the SAP in Mpophomeni.)

Areas of Jurisdiction

Natal/KwaZulu falls under the jurisdiction of two police forces - the SAP and KZP. In terms of an agreement between the SAP and KZP, the SAP have jurisdiction over the Natal region and over those parts of KwaZulu not yet handed over to the KZP, while the KZP have jurisdiction over the remaining parts of KwaZulu.

Communities in KwaZulu that have faced problems with KZP policing have on numerous occasions appealed for the assistance of the SAP. These requests have included urgent calls for immediate protection, requests for the arrest of known perpetrators of violence, and pleas for SAP initiated and led investigations in KwaZulu areas. The standard response by the SAP to most of these requests has been a refusal to assist, noting that the SAP do not have jurisdiction to operate within KwaZulu.

The reluctance and, at times, outright refusal by the SAP to preform their duties

properly within KwaZulu has been a source of ongoing controversy. Acts of omission by the SAP to undertake operations in KZP jurisdictional areas are a contributory cause of the violence. They convey to the perpetrators that their actions are approved of by the authorities and embolden them to further acts of violence. The victims perceive that the authorities are not prepared to protect them and they resort to counter-acts of violence in self-defence. And so the cycle of violence continues.

In August 1991 sources in the IFP and KwaZulu Government informed the *Natal Mercury* and the *Weekly Mail* newspapers of the existence of a secret military base at Mkhuze which had been used by hit squads for planning violent attacks against the ANC. The base was codenamed Tshaneni Leadership and Development Institute and was located in the remote Mkhuze gorge in Northern Zululand. Dissident members of the unit revealed that they had been used in a number of hit squad attacks against ANC supporters.

There were also claims that members of the unit were posted to various police stations within KwaZulu. It was alleged that at meetings in Ulundi members of the KZP were told by high-ranking police officers that should they come across any person wearing ANC, Azapo or SACP t-shirts within their area of jurisdiction '[they] were to ensure that such persons were lost in the mist'. This was understood to mean that such persons should be eliminated by killing them (LRC/HRC report, 1991:30). In October 1992, police confirmed that they were investigating allegations that Renamo guerillas from Mozambique were supplying arms, training and fighting alongside Inkatha against the ANC (*Sunday Tribune*, 1/11/92).

Sanctioned Strategy?

One of the most debilitating perceptions concerning security force involvement in the violence is that certain members of the security forces have been actively participating in an officially sanctioned destabilisation campaign against 'the enemies of the state'.

It is difficult to establish exactly to what extent the Trust Feed Massacre was a deliberate and planned attempt by certain security force members to sow discord in the community in order to nullify UDF influence in the area. Was Trust Feed the only area in which such operations were taking place? There is evidence of similar killings in other areas. In the Richmond area at least three massacres of innocent people during 1991/92 were carried out by anonymous killers who used government issue ammunition and, according to eye-witnesses were wearing police (riot unit) camouflage uniforms and spoke English and Afrikaans. There are also a number of similar unsolved killings that have occurred in other areas of Natal.

Police credibility also suffered considerably from accusations concerning their involvement in either training hit squads or of supplying the weapons or back-up support for such actions. Although never proved, the spectre of police collusion in the assassination of the respected leader of Contralesa, Chief Maphumulo, was raised during the inquest hearing for this killing (Payze, 1992). The nature of the recent assassination of the ANC's Midlands Deputy Chairman, Reggie Hadebe, on 27 October 1992, has fuelled further speculation on the role of professionally trained assassins in the Natal conflict.

It is perhaps in its treatment of individual members and supporters of the ANC and Cosatu who have been arrested or detained that the SAP shows most clearly that for many of its members, police methods and attitudes have changed little since the reforms initiated on 2 February 1990.

In particular, allegations of bias are made concerning police efforts to find illegal arms. There have been complaints that only the ANC are targeted for raids and that the police use excessive force while arresting suspects. Similar allegations are again beind made about the selective deployment of 4 000 troops in ANC-controlled areas of Natal in November 1992. Another frequent complaint is that torture is used to obtain information during police investigations.

In interviews carried out in May 1992 by the Democratic Party's Unrest Monitoring and Action Group (Umag) with fifty activists in the North Coast area (north of the Thukela River) a pattern of torture for information, assaults and threats of assault clearly emerged. Most of the detainees were released without being charged of any crime, possession of illegal firearms or violent activity (Ainslie, 1992). In December 1991 a search of the Mooi River police station by lawyers acting for two Bruntville residents, who claimed they were tortured and given electric shocks, revealed a crank model telephone similar to the one allegedly used on them (Minnaar, 1992).

The victims perceive that the authorities are not prepared to protect them and they resort to counter-acts of violence in self-defence

Police credibility suffered considerably from accusations of involvement in either training hit squads or of supplying the weapons

Exposing the security forces to public scrutiny and making them accountable for their actions will hopefully lead to far less incidents of misconduct

If one adds concerns such as the high number of detainee deaths while in police custody, the presence of 'rogue' cops in the KZP (these are police members accused of being involved in high numbers of killings especially during arrests but who have never been disciplined or prosecuted), then it is not surprising that many observers talk about the collapse of law and order in many of the unrest areas of Natal.

The Policeman's Lot

Certainly, the police's job is not made any easier by the fact that they are short-staffed, work long hours and are faced by an almost endemic crime wave. Since the conflict has become highly politicised in Natal, policing has become a complicated issue.

The police are often caught between the two warring political factions in Natal, namely the ANC and IFP, being accused by both sides of bias. It is no coincidence that the police have become strategic targets of attack, that they have been assassinated in ambushes, their houses firebombed and that many find it unsafe to live in the townships. In this situation the police are finding it extremely dangerous to fulfil ordinary policing functions.

The official SAP statistics show that during 1991, 8 SAP members were killed in Natal while on-duty and 24 were killed while off-duty. In 1992 (up to 31 October) 13 SAP members were killed while on-duty and 27 while off-duty. Simultaneously, the number of civilians killed by security forces has shown a marked decline since 1990. This trend ties in with recent more positive reports concerning police action in Natal.

In certain areas the arrests of notorious perpetrators of violence has resulted in a decrease in conflict. There has been praise from some monitoring agencies of Durban's Riot Police unit, among others, for responding rapidly and effectively to calls for assistance (Black Sash, March 1992). There is also evidence of more restrained behaviour at protest marches by the SAP, of a greatly increased rate of convictions in 1992 and of SAP efforts to improve their image, e.g. through attending community meetings.

However, there are still areas of concern. The inability of the police to act effectively against the proliferation of illegal arms has been exacerbated by the 'cultural weapons' debate. Their position is further complicated by the unwillingness of politicians to clarify the legal aspects so as to give them an unequivocal course of action to follow.

To be effective the security forces will have to demonstrate their absolute impartiality by acting against all elements involved in the conflict, be they comrades, warlords, self-defence units, criminal gangs and even members of the security forces who are guilty of unlawful acts. No-one should be above the law. This means preparing efficient and effective cases so that justice can be seen to be done through prosecutions.

Other important issues which need to be addressed are the more obvious ones like: increased manpower and better training; no more recruiting of *kitskonstabels*; establishing channels for better relations with communities; and creating some sort of 'watchdog' unit to scrutinise and make the police accountable for their actions. This could be in the form of an international tribunal with legal 'teeth', to complement the National Peace Accord and Goldstone Commission. In recent weeks the mere presence of observers from the United Nations, Commonwealth and European Community at events which have threatened to become violent has apparently led to all sides behaving in a far more controlled and responsible manner.

Exposing the security forces to public scrutiny and making them accountable for their actions will hopefully lead to far less incidents of misconduct. Prompt impartial investigations by individuals or institutions independent of the security forces of any transgression or unlawful acts by security personnel will assist in rebuilding their credibility. In addition, some programme for re-educating attitudes of some members of the security forces, specifically concerning their role in society, will be needed to banish the legacy of the 'total strategy' era.

Finally, the question of jurisdiction and the reintegration of the KwaZulu Police into a unified command structure will also have to be addressed in the near future. It is not conducive for efficient policing to have two police forces working independently or often against each other in the performance of their duties. IPIA

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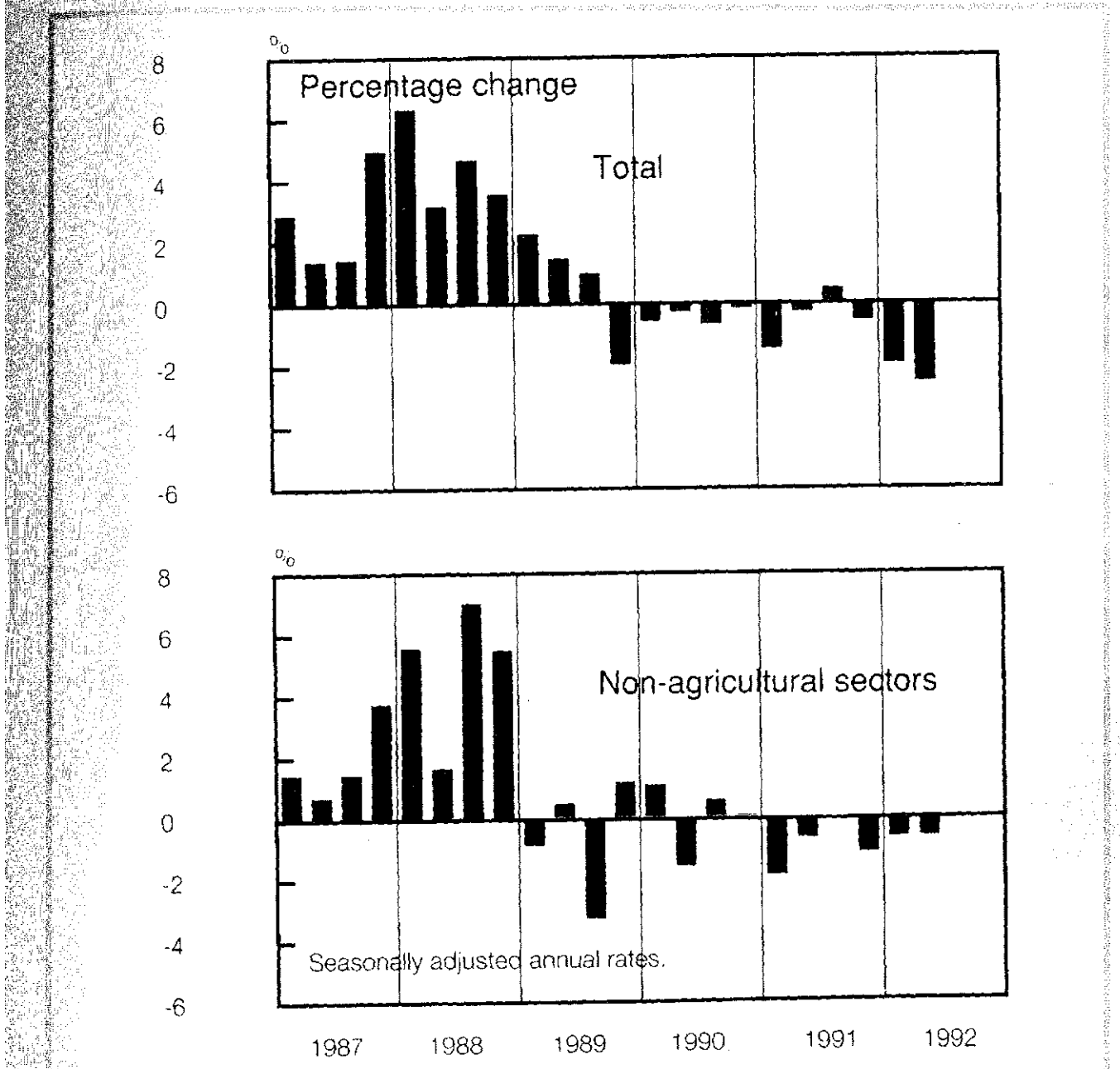
ECONOMIC MONITOR

Real Gross Domestic Product 1987 - 1992



Source: *Reserve Bank Quarterly Bulletin*, September 1992.

Economic Outlook

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RETROSPECT

Looking forward in 1991, economists were forecasting growth of Gross Domestic Product (GDP) for the South African economy for 1992 of between 1 and 2,5%, with an inflation rate of between 12 and 15%. These forecasts were underpinned by predictions that there would be a strong revival to 2,8% per annum in the growth of world output, and that world trade would expand at the rapid rate of 5% per annum. The expectation that the international business cycle would move into a strongly expansionary phase led to the prediction of a rapid growth in South African exports, and improving terms of trade (as commodity prices were predicted to improve on world markets). On the investment front there were prospects of positive growth.

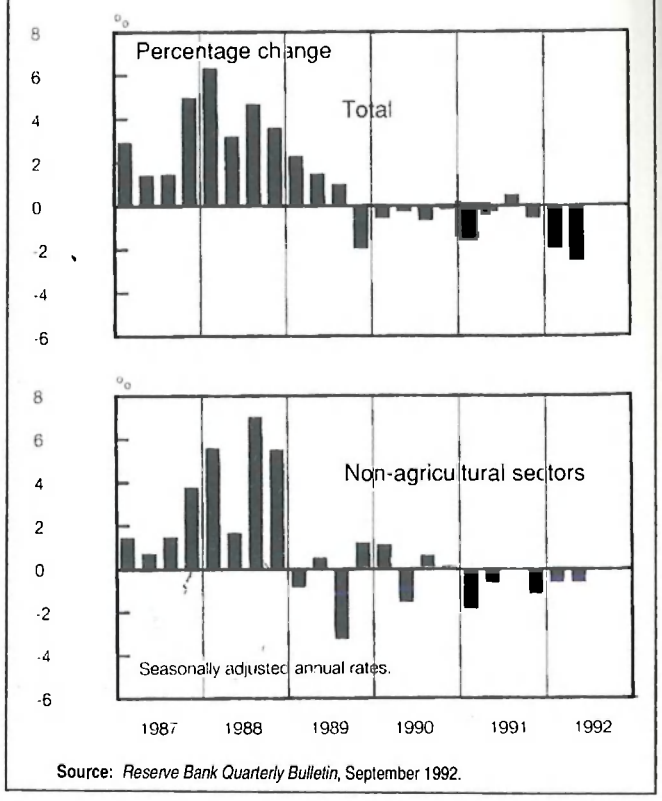
The recovery in 1992 in the economies of the industrialised nations was far below expectation, with economic growth in these economies now forecast at 1,8% for the year of 1992. As a consequence of this poor economic performance, merchandise exports of the South African economy have grown more slowly than was predicted. The sideways movement of the world price of gold, and the effect of the drought on agricultural exports have also blunted the stimulus to economic growth in 1992 which was expected from foreign trade.

With the failure of stimulus from the world economy, the onset of severe drought conditions and the stalled progress towards constitutional reform, the South African economy has dropped into the worst recession which it has experienced this century. The recession intensified in the third quarter of 1992 with a drastic fall in agricultural activity which led to real annualised GDP declining by 5,7%. Figure 1 demonstrates the negative rates of growth which have been experienced in all sectors of the economy and the non-agricultural sectors. The real GDP for 1992 is now expected to fall by at least -2,5%, taking GDP back in real terms to below its 1988 level. In per capita terms, in constant purchasing power, the decline of the 1980s and the collapse in the current recession has taken South African incomes back to the level of the mid-1960s.

Understandably, the falling level of GDP has coincided with collapsing levels of domestic expenditure. Real gross domestic expenditure has been on a declining trend since the onset of the recession in 1989, and in the second quarter of 1992 it declined at a seasonally adjusted annual rate of 6,5%. Household consumption expenditure as shown in Figure 2, has been severely depressed by: the effect of the recession; declining real disposable income (between 9-15 million people are now estimated to be living in poverty); the increases in the number of unemployed people (an estimated 200 000 jobs have been lost in the past three years); the fall in levels of personal wealth; the lack of job security and the burden of consumer debt. These trends are dramatically reflected in the HSRC consumer confidence index which has plummeted from a pessimistic value of 23 in April 1992 to 16 in July 1992, when measured on a scale where 100 represents the most optimistic view.

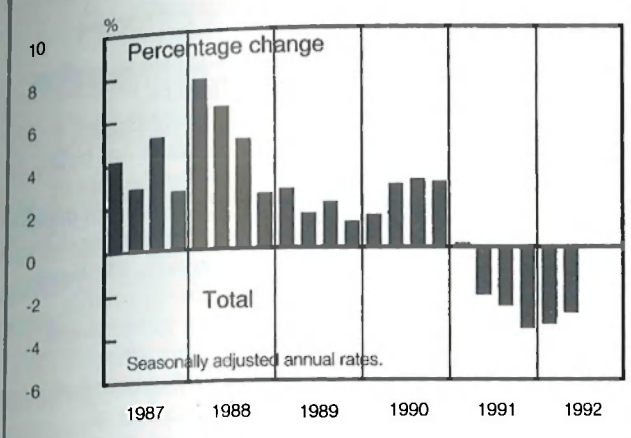
On the business front there has also been a slump in expectations after the mild optimism of 1991. The political uncertainty and escalating violence has put a brake on planned foreign direct investment, and the financial rand has weakened in the second half of 1992 in response to decreasing investor confidence on the part of foreigners and nationals. Falling demand, weaker export growth and the fragile state of business confidence has caused an almost complete collapse of investment activity. The level of real gross domestic investment has declined by almost 19% since its cyclical high in 1989 (see Figure 3) until the second quarter of 1992, and over this time period the share of fixed investment has contracted from 21 to only 16,5% of GDP. The rate of fixed investment is now only slightly higher than is required to keep the existing capital stock intact.

Figure 1: Real gross domestic product



Source: *Reserve Bank Quarterly Bulletin*, September 1992.

Figure 2: Real private consumption expenditure

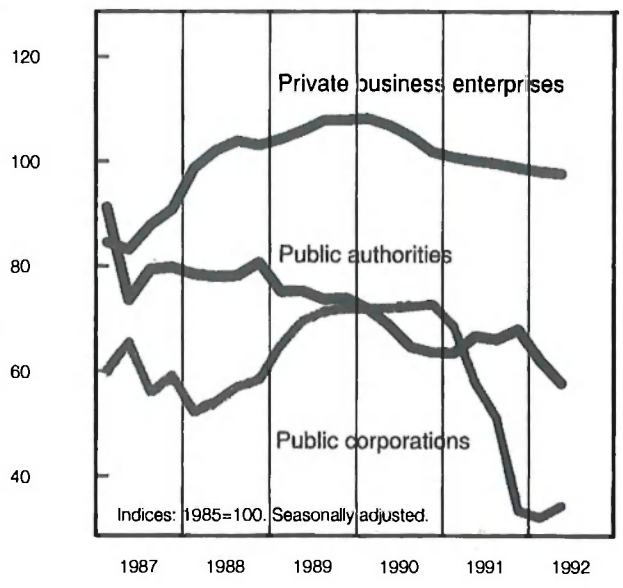


Source: *Annual Report*, SA Reserve Bank, 1992.

Other unfavourable consequences have followed from the nature of recession and drought conditions being experienced. The prices of agricultural goods have continued with their upward spiral over the year of 1992, with the most recent increase for September being an annualised 30,3%, bringing the poor and unemployed under intense economic pressure. Falling incomes have also caused a drop in the expected collections of the fiscal authorities and the deficit which was planned for 4,5% of GDP is now expected to exceed 7%. Taxes have however not been raised as yet with easily obtainable loan finance being used to make up the shortfall in revenue collection.

There have however been some developments with positive prospects for economic recovery. One of these has been the steady deceleration in the inflation rate as measured by the consumer price index (CPI). In September 1992 the annualised, seasonally adjusted inflation rate decreased by 0,8 to 13,5%. Even though food price increases were running, in September, at an annualised rate of 30,3%, the annualised non-food component of the CPI (regarded as a measure of core inflation) fell below 10% per annum. Another positive development relates to the growth of the money supply (M3), which has declined from a range around 15% per annum during 1991 to within the guideline range of 7-10% for 1992. However, the cause of the falling growth of money supply does not lie in greater control being exercised by the Reserve Bank, but rather from the falling demand for liquidity which is associated with the severe state of the economy. The trend of interest rates has reflected the falling demand for money, and over the course of 1992 there was a marked downward trend in short- and long-term interest rates. On the positive side too is the sustained surplus which has continued into 1992 in the current account of the balance of payments, although as a percentage of GDP the surplus on the current account amounted to 1,6 and 1,9% in the first and second quarters respectively compared with 2,5% in 1991.

Figure 3: Real gross domestic fixed investment



Source: *Annual Report*, SA Reserve Bank, 1992.

PROSPECT

The speed of recovery in the South African economy is contingent on an upswing in world demand in 1993. Predictions for economic growth in the OECD industrial economies for 1993 have been sharply revised downward to 2,1% from an earlier 3,0%, and as a result the prospect of a strong export-led upsurge in South Africa's economic performance has receded. Consumer and business confidence levels in South Africa are also unlikely to recover given the present political uncertainty. On the business side, a recent survey of confidence of small businesses conducted by Sacob and the Small Business Development Corporation reported that the majority of respondents in all regions of the country are pessimistic about prospects for business in the next 12 months (*Sunday Tribune Finance,* 13 September 1992). Only 24% of respondents expected to increase their level of investment within the next 12 months, while 25% of the firms surveyed expected to have to further reduce levels of employment. Only when political events have run their course can we expect a strong upsurge in private investment.

Falling levels of interest rates will not act as a stimulus to new investment until confidence levels return. Private investment spending may stabilise and possibly increase slightly in 1993 if export prospects continue to improve, but it seems very improbable that private investment (and private consumption expenditure) will lead to any upswing, or indeed respond vigorously to an upswing while political questions remain unresolved.

A return to more normal weather patterns in 1993 is likely to boost agricultural production, and this alone will add substantially to the growth of GDP. In 1992 the drought is estimated to have cut GDP by 1,5%. Government is desperately trying to hold the line on the growth of current expenditure. If it is successful a base will be laid for sustained economic growth in later years, but the stimulus to upswing in the 1993 year will be more muted as a result of government prudence in expenditure policies.

Thus the forecasters are predicting a turnabout in 1993 after the continued decline in 1992, but the forecasts for 1993 are for low positive GDP growth of between 1-2%. The downward trend in the inflation rate is expected to continue in 1993, with an inflation rate of around 10%. On these growth and inflation assumptions, short-term interest rates are expected to continue on a downward trend into 1993.

Economics of Transition

The eighties were a decade of reform and change for the South African economy. Many of the strictures which were placed on the markets for labour, capital and goods were relaxed or abolished as apartheid was phased out. One exception was the balance of payments with the necessity of running a surplus on the current account to finance the capital outflow of the period. Exchange controls and the dual exchange rate continued to buttress the market for foreign exchange.

As South Africa moved into the period of enlightenment under President de Klerk, plans to restructure the economy have abounded. The adding of Finance Minister Keys' plan to the many other provides a difference in that he may have the clout to try and make it work. Preliminary indications are that the plan will address the following issues.

First and foremost on his agenda is the lowering of the rate of inflation to levels experienced by our trading partners. Although fiscal policy has not been restrictive, both the exchange rate and monetary policy have been directed at inflation in the recent past. Inflationary expectations will have been tempered by the sobering experience of the ongoing recession and are only being sustained by the ongoing fiscal deficit and memories of Reserve Bank action when the economy has recovered. In any process of structural adjustment attaining macro-economic stability is a *sine qua non* for setting the foundation for future sustainable growth.

Keys also supports the notion that the corporate rate of tax in South Africa is too high. This is a contentious issue particularly in the light of comparative figures which demonstrate that the effective rate of corporate tax is not particularly high, nor that levels of tax have been influential in determining investment decisions. It could also be argued that due to the oligopolistic structure of industry in South Africa the burden of corporate tax has fallen to a large degree upon consumers.

In his plan Keys stresses the need to increase savings both private and public in order to finance investment. Recent research by the World Bank shows that private household savings have not been influenced by interest rates but rather by the rate of growth in the economy. It therefore follows that high positive real interest rates may well stifle savings through their depressing effects on growth. Mr Keys may well be advised to proceed cautiously on this front. However, his attempts to contain government expenditure are to be lauded, particularly when unmatched by revenue. In the past the financing of deficits has all too often led to the relaxation of monetary policy with ensuing inflationary pressures.

Keys also favours the maintenance of exchange rate stability, a prescription which has been attacked by the international institutions. Of course a real depreciation has been shown to be an integral part of any liberalisation or stabilisation programme. However, if inflation is contained and the nominal exchange rate has already depreciated, then the maintenance of nominal stability will also ensure real stability of the exchange rate and competiveness will not be impaired. Presently, the exchange rate has been directed at nominal stability and given the higher rate of inflation this would imply a real appreciation, impairing the competiveness of exporters.

An essential ingredient to Keys' plan is the implementation of selectivity on all fronts in his industrial strategy. This selectivity applies across a broad front of policy instruments such as differential interest rates, tariffs, tax and export incentives - much the same type of intervention which has occurred in the Far Eastern NICs. It remains to be seen whether South Africa will be able to successfully implement such a policy without the costs of excessive rent-seeking on the part of industrialists and expensive errors in picking winners on the part of policymakers.

Through the National Economic Forum, increases in labour costs may be contained to within the bounds of increases in productivity, and unit labour costs may be reduced by increasing productivity. Of course it may prove as difficult to restrain Labour as it will be to govern Business, for the aim of big Labour is to increase their share of the economic pie.

The question which immediately comes to mind is whether Keys' plan is an improvement on present policy. In our view the dangers of increased government failure from the degree of intervention suggested in the plan are likely to spillover into a long-term malaise in the economy. Furthermore, the success of any plan will be contingent on the attaining of some political certainty in South Africa. Any reform will be discounted by decisionmakers as long as the cloud of political uncertainty prevails, and hence the Keys reforms are not likely to impact on the economy during 1993. IPM

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Although the World Bank views South Korea as a model of an outward-oriented and liberalised economy, other commentators believe it represents a convincing case for government intervention. The debate surrounding trade policy and reform in South Africa is also beset by such differing points of view. This overview examines the stances and suggests future directions for trade reform in the reconstruction of the economy as South Africa becomes integrated into the world economy.

THE HIGH ROAD TO TRADE REFORM

Economic revolution is in the air worldwide, particularly in Eastern Europe, Latin America, the erstwhile Soviet Union and even in parts of Africa.

The Latin American revolution is less well-known but it follows much the same prescription, namely less government intervention, liberalisation of trade, tight monetary and fiscal policy to reduce inflation, and devaluation of the exchange rate to realistic levels. With the exception of Brazil, economic reform is lifting the burden of the international debt in Latin America while real gross domestic product rose by 3% in 1991, inflation declined and private capital flows have resumed.

The countries of Eastern Europe, in the throes of crisis arising from the problems of transition, appear to be embracing much the same set of prescriptions.

Amongst the developing countries trade liberalisation is gaining momentum for a number of reasons. Increasing globalisation is ensuring that countries which previously had been able to isolate themselves with import substitution policies have found the costs of these policies to be increasingly onerous. Furthermore, there has been a move away from the sort of government intervention that accompanied these policies, a philosophy much encouraged and imposed on borrowing countries by the international lending institutions such as the IMF and World Bank.

Trade reform and liberalisation refers to measures which move the economy closer to neutrality and greater liberality. A *neutral* trade regime is one where equal incentives are given to production for the domestic and export markets. A *liberal* trade regime is one which replaces government controls and direct intervention in the form of quantitative restrictions with tariffs while reducing the level of protection and opening the economy to international trade. It should be noted that neutrality does not necessarily mean the absence of import tariffs and export subsidies.

Cost and Benefits

Calculations of the static cost of protection to economies have generally yielded low estimates as a proportion of Gross Domestic Product (GDP). However, when the costs of operating at an inefficient scale of output are combined with an increase in monopoly power in the domestic market these costs have risen to between 5 and 7% of GDP in Pakistan and Brazil (Bergsman, 1974). One of the strong lessons to be learned from developing countries is the unfortunate effects that protectionist regimes have had on cost minimisation where protection has increased the monopoly power of domestic producers.

To these costs should be added the costs of rent-seeking and corruption which have followed on trade regimes which have

A neutral trade regime is one where equal incentives are given to production for the domestic and export markets

actively intervened in the market, particularly in inward-looking regimes which have employed quantitative restrictions (Bhagwati, 1988). These costs have been shown to account for large proportions of GDP (Krueger, 1974). In many countries, once high cost industries were established behind protective barriers the maintenance of the interests of certain groups required the perpetuation of such protection. It is far easier for a government to grant protection than it is to remove it.

Until recently (Romer, 1992), theory was unable to explain the observed sustained differences in rates of growth between outward and inward-looking countries. Edwards (1991) in a new empirical study of the relationship between growth and trade orientation, shows that countries which were more open and had less distortions in their trade policies had grown faster. South Korea is an interesting example of a country which on balance was more outwardly-oriented, providing greater incentives for exporters yet maintaining selective protection for some domestic producers while enjoying high rates of export and GDP growth.

A liberal trade regime is one which replaces government controls in the form of quantitative restrictions with tariffs while opening the economy to international trade

The tide of liberalisation appears to be gaining wider acceptance but this has not been the case everywhere. The infant industry argument remains most persuasive and was the rationale for protection in developing countries in the 1950s and 1960s. Although it was recognised that subsidisation was the first best alternative, due to fiscal constraints in developing countries, protection was universally adopted. It is something of a curiosity that despite these fiscal constraints, quantitative restrictions rather than tariffs were often used.

Over the last decade research has thrown up an additional argument for protection, namely through strategic trade policy. It has been demonstrated that under certain circumstances intervention in favour of particular industries could increase a country's welfare because early entry facilitates the development of a sufficiently large market through economies of scale, thereby precluding entry into the domestic market by foreign producers.

Although there are some differences between the *strategic trade* argument with its increasing returns and the *infant industry* argument with its dynamic external economies, the factors driving the demands for protection have similar considerations in the sphere of the political economy.

Krugman (1987b) doubts the applicability of this argument for developing countries due to the limited size of the domestic market and the difficulty of targeting successfully.

One should not make light of the experiences of South Korea and Japan where selective protection was considered a success. Even so, in the 1980s South Korea's massive import substitution programme of the 1970s was judged to be a failure. The anti-export bias of this period (Collins, 1990) had resulted in a decline in GDP of -4,8% in 1980. The World Bank (1991) has concluded that where intervention has been successful countries have performed more successfully where incentives overall have been neutral in their effects.

Other concerns surrounding trade liberalisation have centred around balance of payments considerations, fiscal issues and unemployment (Rodrik, 1992). Although some short-term transitional costs can be expected during the process of liberalisation, research has shown that unemployment was not related to the trade reforms but rather to the stabilisation measures which were adopted (Michaely *et al,* 1991). Research has also shown that real depreciations are an important part of any liberalisation (*Ibid*; Mussa, 1987).

A real depreciation is an important component in order to reinforce the stimulation of exports and curb imports. On the other hand, the effect of liberalisation on government revenue is dependent on the mix of policies which are adopted. For example, if quantitative restrictions are replaced by tariffs this will add to revenues. However, an overall tariff reduction will decrease the revenue from that source and if expenditure cannot be contained or cut back other sources have to be found. In many countries fiscal concerns have been addressed by improving tax administration and collection, while other taxes have been increased.

Domestic Policy

Although South Africa is emerging from many years of international isolation, it still carries with it the burdens of the past reflected in a state-controlled economy which was structured to maintain independence from the rest of the world. Sasol, Mossgas and Atlantis Diesel remain as edifices to this state of semi-autarky. Protectionism, exchange controls and dual

exchange rates formed part of the arsenal which was used to insulate the economy.

During the 1950s and 1960s South Africa followed a strong trade policy of import substitution implemented by means of import tariffs and quantitative restrictions. During the 1970s the reorientation of trade policy to favour exports saw exporters receive incentives through direct cash grants, tax concessions on export turnover, rail freight concessions, drawbacks and rebates of import duties on imported inputs and tax concessions, including exporting profits. The principle of uniformity of incentives to exporters was established at this time.

Despite these incentives to exporters, with the maintenance of protection for the domestic market, import substitution proceeded particularly in the production of intermediate goods (Zarenda, 1977; Holden, 1990). Nonetheless, South Africa still has a relatively high average propensity to import of approximately 0,23 as compared with 0,10 for the typical Latin American country, and 0,36 for South Korea.

In 1984 the average weighted rate of effective protection (including quantitative restrictions) on consumer goods was 30%, with a high of 143,2% for synthetic resins, plastics and man-made fibres and a low of -1,0% on machinery other than electrical machinery. By 1988, including the import surcharge, the average effective rate was estimated at 70% with a high of 348% for synthetic resins and a low of -1,0% for machinery.

Unlike the earlier export incentives the principle of uniformity of incentives has never been applied to producers for the domestic market. Furthermore, as a rule protection has only been given if the producer can supply at least 60% of the domestic market, an invitation to a lack of competitiveness.

In the early 1980s quantitative restrictions were gradually replaced by import tariffs. By 1985 a relatively small proportion, 28% of the manufacturing tariff lines and 23% of the value of imports, were still covered by import permits (IDC, 1990). Quantitative restrictions have continued to be removed and replaced by tariffs linking the South African economy with changes in the world economy and representing a step in the direction of trade liberalisation. In 1985 South Africa also switched from a positive list of permitted imports, which creates uncertainty and pressure from lobbying, to a negative list of imported items which required approval with unrestricted entry of all unlisted items.

Protectionism, exchange controls and dual exchange rates formed part of the arsenal which was used to insulate the South African economy

In 1989 structural adjustment programmes were introduced for certain industries, namely motor vehicles and textiles and clothing. As these programmes gave domestic producers the right to import duty-free inputs or finished goods if they exported part of their production, they can be viewed as partially addressing the anti-export bias specific to these industries. The success of these schemes in actually stimulating exports has come into question as fraud in the form of fictitious exports has been uncovered.

In April 1990, the General Export Incentive Scheme (GEIS) was introduced replacing the export incentives of 1980. This scheme incorporates selectivity, simplicity and some protection against exchange rate fluctuations. Those exporting industries which have a high value added and a high local content have found that the GEIS has provided significant incentives to export. It is unfortunate that producers of indirect exports do not qualify for the GEIS (Levy, 1991), and that the incentives have discriminated against low value added, low local content exporters.

The success of the GEIS could be judged by the R1bn it is costing the exchequer although again it has been suggested that unscrupulous exporters have been defrauding the scheme. To the extent that South African producers are able to penetrate foreign markets by displacing foreign domestic producers, so the anti-dumping and export subsidy legislation of the GEIS can swing into operation. This will place severe limitations on the continued use of the GEIS for the future.

To the extent that producers are able to penetrate foreign markets by displacing foreign domestic producers, so the export subsidy legislation can swing into operation

In addition to the GEIS there are also the tax incentives under the auspices of the 37E programme introduced in 1991 to encourage beneficiated exports and the low interest, 9 %, loans available from the IDC. All these together with discounted electricity from ESCOM should provide an attractive package for the wouldbe exporter if its sustainability could be assured, and retaliation in the foreign market did not occur.

Uniform Incentives

The Industrial Development Corporation (IDC) in its comprehensive study of

The IDC in its comprehensive study of protection in South Africa (1990) failed to calculate the incentives given to all sectors of the economy

protection in South Africa (1990) failed to calculate the incentives given to all sectors of the economy. These include import protection for the domestic market, export subsidies and other incentives which discriminate between production for the domestic market and foreign market. These calculations have been performed for other countries allowing the researcher to judge the degree of bias in the system.

The degree to which the economy was biased on average either towards export promotion or import substitution has been estimated for the period 1974 to 1987 (Holden, 1992). During this period quantitative restrictions had been replaced by equivalent tariffs. The results indicated that when gold was included in the price index for exports 71% of the protection given to importables was shifted in the form of an implicit export tax onto exportables. When gold was excluded it was estimated that only 34% of the protection to importables was shifted onto exportables.

This means that if tariffs are increased by 10% this is equivalent to a tax on exports ranging from 3,4 to 7,1%. This was the situation before the introduction of the GEIS. At the time of its introduction it was estimated that the clothing industry, an industry receiving the most favourable treatment, was entitled to a maximum subsidy amounting to 19% of export turnover. It is clear that the GEIS would therefore only go part of the way towards redressing the bias against exports.

Uniformity of effective protection rates, while reducing distortions in production, introduce distortions in consumption because of the necessary differential nominal tariffs

If simplicity is desired, a system where effective tariffs are uniform is incredibly complex. Uniformity of effective protection rates, while reducing distortions in production, introduce distortions in consumption because of the necessary differential nominal tariffs.

The only simple tariff structure is one where nominal rates are uniform. Panagariya and Rodrik (1991) are of the view that the case for tariff uniformity rests on political economy grounds, and they show that it is possible for a uniform tariff regime to yield a higher welfare than a regime where tariffs are differentially determined. This result is arrived at through three channels. Firstly, with a 'free rider' effect less lobbying occurs. Secondly, an input price effect dampens the requests for protection from final goods producers, and finally a pre-commitment effect increases the cost to a future government of protecting favoured sectors.

Accordingly, during the 1980s the World Bank has promoted greater uniformity in tariff rates for developing countries and as a result of these programmes, Bolivia has a uniform tariff of 17%; Chile a single tariff rate across all imports, and Mexico three tariff rates.

Exchange Rate Policy

Any process of trade reform has to be accompanied by appropriate exchange rate policy, namely an assurance that the exchange rate in real terms is not overvalued. Any overvaluation indirectly taxes those exportables and importables which receive little protection, while favouring non-tradables and those importables which are granted a greater degree of protection. A real depreciation has the effect of increasing the price of tradable goods relative to non-tradable goods, hence improving incentives for both exportables and importables at the expense of non-tradable goods.

Movements in the real exchange rate, defined as the price of tradables relative to non-tradables, have been shown to affect the supply response of exports but not import-competing sectors in South Africa (Holden, 1991). Furthermore, a decomposition of South Africa's exports into manufactured and non-gold mining exports shows that the excess supply of these exports was significantly sensitive to the nominal exchange rate (Holden, 1985).

This research also demonstrated that the supply of manufacturing exports was significantly related to excess capacity in the South African economy, whereas non-gold mining exports were not. This implies that as much of manufacturing industry was established as part of the import-substituting regime, when the domestic market is unable to absorb production the export market becomes a viable option.

Recent concern with the increases in exports of machinery, transport equipment, plastics, chemicals and machinery is not necessarily indicative of a fundamental shift in comparative advantage towards capital-intensive goods arising from the underpricing of capital (Harvey and Jenkins, 1992). Furthermore, this increase in exports is not necessarily evidence of a lack of bias against exports. As the elasticities of supply for the two sets of exports are also very different with manufacturing exports being elastic and

non-gold mining exports being inelastic, reduction in the bias against manufacturing exports should elicit a favourable response on their part (Holden, 1985).

This research casts some light on the behaviour of exports and imports over the 1980s. The real depreciation of the Rand from 1984 through to 1985, the reduction of the bias against exports with the introduction of the GEIS in 1990 and the recession have stimulated export growth. Imports have remained fairly static with import penetration ratios remaining much the same. The import surcharge of 1988 dampened the demand for imports whilst the recession and political uncertainty have contained investment and the demand for imported capital goods.

As long as the present composition of imports as determined by the pattern of protection is maintained, changes in the real exchange rate would have little effect on imports.

A comparison with empirical research in other countries (Thomas and Nash, 1991) shows that a real depreciation and improved export policies are more likely to have the desired effect on exports and output, than a real depreciation and a reduction in import tariffs. Nevertheless, in the longer run increases in exports and output also depend on import liberalisation for both the level and dispersion of effective rates of protection have been found to have negative effects on growth.

The Way Forward

South Africa has experienced considerable trade liberalisation as measured by the World Bank - quantitative restrictions have all but been replaced, the bias against exports has been reduced although not eliminated and the Rand has experienced a real depreciation (although in recent years real appreciation has occurred). All that is left is the reduction of tariffs to achieve neutrality, and as long as export incentives remain as they are this would not imply a complete reduction. At the same time a real appreciation of the exchange rate to control inflation would have to be avoided or reversed.

To the best of my knowledge no-one has calculated the costs of protection borne by consumers in South Africa, costs which would include the static as well as dynamic costs and the effects of protection on industrial structure.

South Korea and Taiwan achieved success despite their protective policies of the 1960s and 1970s by subsidising exports, achieving macro-economic stability with low budget deficits, wage restraint and avoiding an overvalued exchange rate. Assuming that macro-economic stability is achieved in South Africa, would the self-same 'neutrality' be stimulatory to a growth of exports?

Some observers (Romer, 1992) believe that this model may be difficult to replicate, particularly as these governments suppressed rent-seeking activities on the part of business and curbed trade union activity. In general, more non-interventionist and neutral policies do avoid the problems associated with the misjudgment of markets which have occurred (Balassa, 1988). Furthermore, there is less opportunity for abuse if selectivity or targeted investment policies are avoided. All these arguments favour the adoption of a non-selective and neutral trade policy. This being the case, a phased withdrawal from the present tariff protection for import-competing producers and subsidisation of exporters would be desirable.

This dismantling should occur over a period of five years in pre-announced steps to give both sets of producers the opportunity to adjust and plan for the future. Furthermore, the reform has to be credible otherwise the desired movements in resources will not occur. It has been shown that the reduction of tariffs should be achieved by what has been termed the *concertina strategy*, namely one in which the top rates are gradually collapsed to the next highest level (Michaely et al, 1990). Drawing on the same theory the General Export Incentive Scheme (GEIS) should also be phased out with a reduction of subsidies to the more favoured sectors.

Other strategies for trade reform in South Africa have been unable to suggest that tariffs should be completely eliminated (Bell, 1992; Levy, 1991; IDC, 1990). For example the IDC recommends an *ad valorem* tariff of 30% on consumer goods and 15% on other goods at the end of a five year period of adjustment. Concerns for rising unemployment, a desire for selectivity on infant industry grounds and revenue effects are given as reasons for slowing the liberalisation process. Spill-over effects and the encouragement of labour-intensive exports may also provide good reasons for the continued subsidisation of such exports.

Any process of trade reform has to be accompanied by appropriate exchange rate policy, namely an assurance that the exchange rate in real terms is not overvalued

South Africa has experienced considerable trade liberalisation as measured by the World Bank

A phased withdrawal from the present tariff protection for import-competing producers and subsidisation of exporters would be desirable

Two other export strategies should be briefly mentioned:

Firstly, the creation of *export processing zones* is envisaged for the manufacture of exports offering exporters duty-free imports, a favourable business environment free of regulations, export incentives and freedom from taxes within a ring-fenced industrial estate. This strategy introduces its own particular form of selectivity and raises a debate very similar to that raised by the growth of trading blocs in the world economy. Are they a move towards freer trade for the world? Overall, the strategy would provide South Africa with a partial experiment to measure the success of an outward-looking strategy vis-à-vis an inward-looking strategy.

A second industrial strategy proposes to encourage projects for the purposes of *beneficiation for exports*. Why is it necessary to provide such encouragement if indeed South Africa has a comparative advantage in beneficiation projects? Or is it that the industrial structure has become so distorted under the import-substitution regime that it has not been profitable to invest in such projects? Will such projects drive South Africa onto an inappropriate capital-intensive path of growth? Also, how appropriate are they when the terms of trade for countries specialising in the production of natural resource-based commodities has been declining? Lastly, will beneficiation have a deleterious effect on the environment?

The governments of "do's" generally produce economic performance superior to that produced by the governments of "dont's"

New Growth Theory

Most of the developing countries that have made the transition to a more liberal trading regime have not always had *laissez-faire* governments. However, it may not be possible to emulate their example given the government which is envisaged for a democratic South Africa. As the granting of selective protection and subsidisation without government failure may not be a feasible option for South Africa, does this relegate the government to a passive role in industrial development?

The debate has shifted in recent years away from state versus market and market failure versus government failure, to encompassing the way in which both the state and market can made to operate more effectively (Klitgaard, 1991). In the area of trade policy this means 'prescribing' rather than 'proscribing' for 'the governments of "do's" generally produce economic performance superior to that produced by governments of "dont's"' (Bhagwati, 1988:98). Furthermore, growth theory now perceives success to depend on increases in innovation, invention or technological change which open up new investment opportunities (Romer, 1992).

The state's new role could include the development and dissemination of market information, research and development, education and quality evaluation and control. These forms of collective action are less likely to be susceptible to capture, manipulation and corruption than if subsidy support is offered directly to firms for these activities, and accords with treating distortions at their source. IPA

ACKNOWLEDGEMENT

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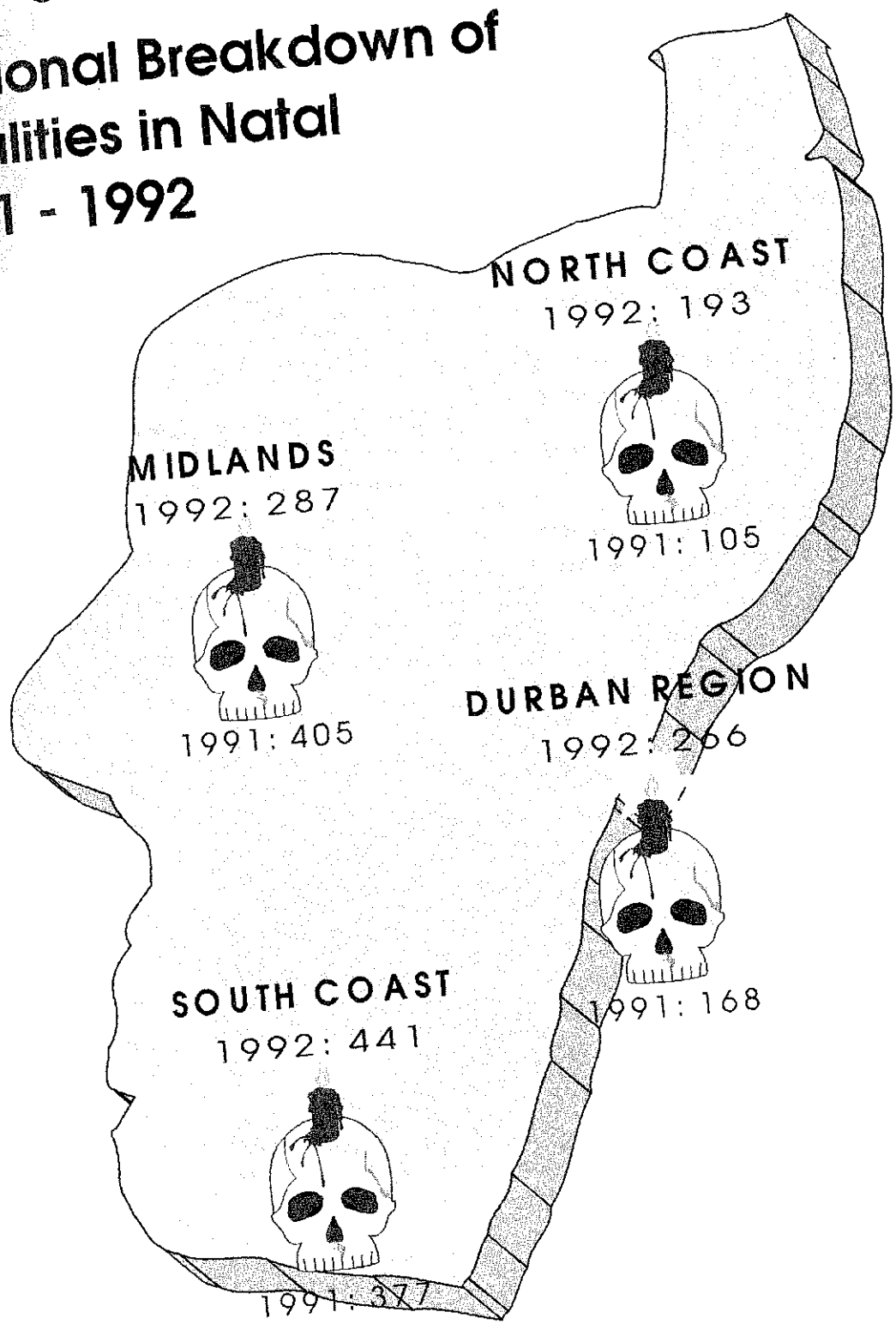
RURAL & REGIONAL MONITOR

Regional Breakdown of Fatalities in Natal 1991 - 1992



Source: Data from Human Rights Commission. See articles by Zulu (pp8-14) and Minaar (pp15-20) in the Political monitor.

TIGER OATS

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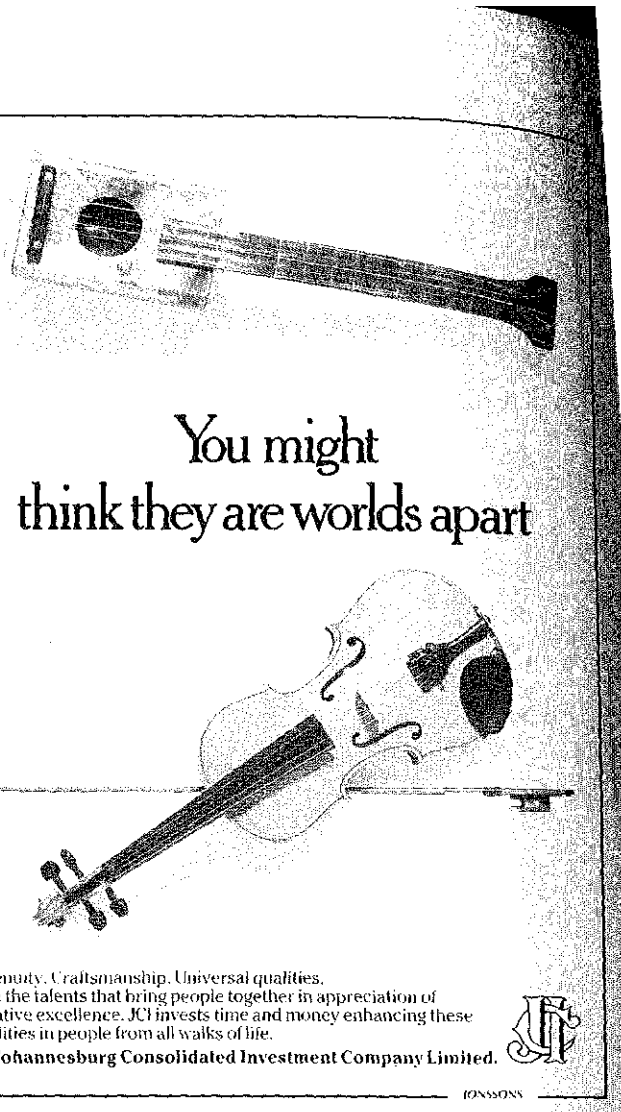

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PROPHETS FOR THE POOR

AFRICAN INDEPENDENT CHURCHES

Jeremy Evans, Simon Bekker and Catherine Cross
Centre for Social & Development Studies, University of Natal
GC 'Pippin' Oosthuizen
Research Unit for Study of New Religions and Independent Churches, University of Zululand

Followers of the African Independent Churches gather on weekends in South Africa's townships, suburbs and cities, in ubiquitous small bands with their cloaks, staffs and praise-songs. The gospel they preach - moderation, community upliftment, self-help for the poor, mutual aid and communal healing - is a message of goodwill for our troubled society. A recent survey of independent church members in the townships and shack settlements of Durban indicates ways in which the energies and activities of these churches could be linked to development initiatives.

The current economic recession in South Africa increasingly takes its toll on the ability of people to adapt and survive in a political climate of violent turmoil and uncertainty. The role played by organised religion in development initiatives which aim to assist people to overcome the abject circumstances of poverty and conflict is generally overlooked, however.

At the local level, church institutions have stood against the disintegrating impact of political and economic change on individuals, families and communities. Through their spiritual values as well as their material support, the African Independent Churches appear to be well situated to help their members withstand the effects of these dramatic changes, and to promote social and economic development within their communities.

More than one million members of the Zion Christian Church, the largest of the independent churches, flock from across southern Africa to attend the much publicised Easter meeting of the ZCC in Moria (near Pietersburg) each year. African Independent Churches have existed in South Africa since the last century, and have grown at a prolific rate. They comprised around 22% of the black Christian population in Natal in 1980.

The anthropologist, James Kiernan, comments in a recent article on the role of the Zionist church, the predominant force in the indigenous church movement:
To transcend their material misery, what the poor require most of all is a sense of reconstituted order which will make their lives meaningful, and a sense of upliftment and empowerment which will provide them with a source of inspiration and an appetite for living. These requirements are met in the Zionist churches by providing a strong grassroots organisation and by the mobilisation of exciting and volatile prophetic power.
(*NU Focus*, Summer 1992:22)

What the poor require most of all is a sense of upliftment and empowerment which will provide them with a source of inspiration and an appetite for living

South Africa needs organisations for the poor, run by the poor, to cope with problems defined by the poor. African Independent Churches are one of the few large-scale organisations in South Africa actually run by the poor.

Extended Families

The authors of this article conducted a survey into independent church membership in the townships and informal settlements areas around Durban in 1991. We found that the membership of these churches make up over one-third of the black Christian population in Durban, and over one-quarter of both Christian and non-Christian groups taken together. By comparison, the established churches (Methodist, Roman Catholic and others) form over half of Durban's black Christian population.

African Independent Churches are characterised by the proliferation and fluidity of their congregations, varying greatly in size. They differ from the established churches, whose congregations are more fixed and generally larger - over two-thirds of established church members belong to congregations of over five hundred people, compared to only one-third of independent church members.

African Independent Churches assist people to cope with the bleak conditions of material hardship in the townships and informal settlements

Although there are a few large churches, such as the Zion Christian Church (ZCC) and the Shembe Church (founded in Natal in 1910), African Independent Churches tend to be relatively small, mostly with between 30 to 300 members. They function as extended families. They offer healing and material support to the needy, both to members of the church community and other people, as well as supporting traditional cultural beliefs about the role played by ancestors in religion. They place an emphasis on fellowship and the family through face-to-face interaction and preach strict rules for social conduct.

African Independent Churches are oriented toward the disadvantaged. They are geared towards assisting people who have to cope with the bleak conditions of material hardship experienced by the poor in the townships and informal settlements around Durban.

Families of independent church members are significantly poorer than those who belong to the established or other churches (and those who are not affiliated to any church), with incomes at around half of those earned by the other groups.

Levels of education are also lower, particularly for younger adult members, with nearly one-half of younger members having an education below standard six compared to less than one-third of the younger adults who belong either to other churches or no church at all.

The public image of the African Independent Churches in the mass media is largely negative, which tends to reinforce popular beliefs that these churches are spiritually and theologically inferior. Adherents are looked down upon by many, including members of other churches, and are viewed as marginal. Despite their second-class status, however, the independent movement has been growing steadily in the country in terms of total membership and the actual number of churches.

Other avenues for material assistance and spiritual support such as the established churches seem no longer to be able to cater for the scale and diversity of the needs of the more impoverished members of South African society. Kiernan (*op cit*) concludes that the independent church movement 'supplies a ready-made model for other churches wishing to make a meaningful contribution to the upliftment of the poor.'

Community Upliftment

Members of the African Independent Churches are involved in a range of activities extending across church, social, educational and economic spheres.

They are active in church organisations such as prayer groups, ministers' groups and church committees. They tend to be particularly active in social organisations, such as youth and women's groups.

However, with regard to educational organisations specifically - literacy and study groups - members of the African Independent Churches are less active than their counterparts in the established churches. Members of the Shembe church are, however, 'sensitive to education for servitude' gained through state schooling. They are more involved than other independent groups in educational activity, and promote initiatives aimed at imparting church values and moral conduct to younger people (e.g. an active ban on pre-marital sex or the squandering of earnings on drink or gambling).

participation in economic activities - co-operatives, *stokvels* (informal savings clubs), burial societies and other similar community groups - is common among independent church members. One-third of adult members are involved in such activities. Economic activity of this sort is also most common among members of the established churches, with around the same level of participation.

In summary, independent church members not only participate in a range of economic and social activities, but also show a willingness to become involved in new initiatives. They stress the contribution made by their present activities to church unity in considering new options. In some cases, they prefer to restrict membership of new activities initially to church members in order to ensure that church values are maintained, before opening membership to others.

Nonetheless, independent church members, particularly women, do participate in broader community economic activities such as *stokvels* and burial societies. They also encourage church youth to interact with youth groups from other churches and to become involved in fundraising activities. There is little evidence to suggest that the African Independent Churches are characterised by exclusivity or reluctance to become involved in either church or community development initiatives.

Shared Values

Although wide differences in values between independent church members, members of established churches, and the wider public in black communities might be expected, research results do not confirm this. On the contrary, the survey found many similarities in value-orientation among these three groups in black society.

The moral and personal behaviour of members of the African Independent Churches is not fundamentally different from that of members of the established churches, though they are slightly more inward-turned in their orientation to the church congregation as a standard for moral and social behaviour. Both church groups differ substantially from the non-churchgoers, however, who are almost wholly concerned with the examples set by their own families. (All of these traits were studied through identifying those people or groups whose behaviour is perceived to be exemplary.)

SURVEY

The research project aimed to assess the kinds of roles that African Independent Churches might play in development initiatives. While the focus of the study was the wider Durban area, it may be possible to extend some findings to other parts of the country. African Independent Churches share many characteristics, not only in terms of religious beliefs but also in terms of the relatively impoverished position they occupy in society.

Answers were sought to five essential questions:

- What values influence the attitudes of church members to becoming involved in community development?
- What development activities do these churches currently undertake?
- How can their activities be improved?
- What new activities may be undertaken in future?
- How can the state become involved in assisting current activities and helping to develop new ones?

In addition to collecting information on a range of both smaller and larger churches, respondents from the *iBandla LamaNazaretha* (the Shembe Church) were also interviewed as part of the project. The Shembe Church draws a large following from areas throughout Natal as well as other provinces, and has established firm congregations, the two most important of which are based in Durban and Empangeni.

In the study, comparison was drawn between the Shembe Church and other African Independent Churches. This enabled some differences and relative strengths regarding development potential to be identified with regard to large and stable congregations as well as to smaller churches whose congregations are often more fluid.

A workshop involving academics, state officials, non-governmental organisations and church representatives was held in March 1992 to consider possible state assistance for church-based development initiatives. Particular attention was paid to finding out what factors either hinder or encourage development activities, and whether or not problems can be overcome through the promotion of churches as mediators in the development process.

The independent churches were at one with the other groups in identifying education by a wide margin as the most important factor in personal advancement. Prayer and faith were the next priority, ahead of work commitment for independent church members. The established church members followed the same order of priority. Non-churchgoers placed education first, but substituted hard work next for faith and prayer - religious faith was a relatively minor concern.

Independent church members showed openness to social and economic interaction. They were, however, slightly more pessimistic about the prospects of successful involvement in development

Robert Papini, Local History Museum, Durban

Ritual baptisms in the ocean are a common sight on Natal's beaches on Sundays

Independent churches have negative perceptions of larger state and private development organisations

opportunities; they were more inclined to look for leadership in the development field from within their churches.

There was a marked difference between the established churches, the general African public, and the Independent and Shembe church groups on the acceptance of youth into authority positions. Shembe church members were the most likely to reject the idea of youth exercising leadership. Although it was not measured directly, this conservatism is likely to affect views of women's leadership as well. Independent church members were generally supportive of conservative and correct authority structures, particularly in the Shembe Church.

Differences in value-orientation between members of independent and/or established churches and the rest of the community (including non-churchgoers) occur mainly at the level of the priorities set by church teaching - such as the importance of prayer in individual and community life. For all groups, however, the basic life-needs of hard work and education were accorded high place in relation to other needs. The slightly higher degree of exclusivity shown by independent church members should not be construed as reluctance to interact with individuals or groups that do not share their spiritual ideals.

Another important survey finding concerned the attitudes expressed by respondents to development organisations. Independent church members interact positively with local development bodies and with religious organisations like Diakonia. But they have negative perceptions of larger development organisations, whether they are private sector agencies or those connected to the state. Their reluctance and hesitation to engage with larger development bodies is widespread, and is also found among members of the established churches, though to a lesser extent.

The heritage of apartheid is that many independent church members share negative attitudes toward South African state organisations. Their explicit criticisms include:

- that the state gives preferential treatment to established churches, according these higher status and greater benefits such as official recognition and subsidies (this is a widely-held belief, especially among church leaders);
- that established churches are not as close culturally to blacks as the independent churches - according established churches greater official recognition is viewed as tantamount to imposing 'western' values on black people;
- that independent church members often encounter suspicion and unsympathetic treatment from the government as well as from established church leaders;
- that they are suspicious of the motivations underlying recent government interest in independent church activities, especially the Shembe church.

Nonetheless, results from the workshop (see box) indicate that members seem to feel strongly that state bodies should make support available to the African Independent Churches, particularly for buildings, infrastructure and other resources. In addition, independent church leaders want to achieve recognition as marriage officers for their own congregations. In keeping with their strict political stance which regards the church as a neutral body and holds that individual opinions should not impact on the official activities of the church, they believe that the initiative to make state support available should be taken by civil servants, not politicians. In this way, commentators believed that the state itself would be able to 'undo' some of its negative image developed over the past years.

In short, independent church members feel that state intervention may be desirable but should be made available through participation by church leaders, and with sensitivity to the cultural values of the independent churches.

Development Initiatives

The African Independent Churches are on the frontline in terms of gaining access to the poor and addressing their basic needs. They achieve this, however, with few economic resources. Assistance to the needy is given mainly through active groups who are able to pool material and social resources and skills, as in the case of burial societies and cooperatives.

Cooperative effort also flows from the ethic that church members who are employed should help the jobless to find work. This outreach to the needy, who include non-members, enables the independent churches to recruit new members through virtue of their Christian values as well as their practical support.

With little experience to fall back on, the independent churches are hesitant but positively oriented to becoming involved in development activities. Burial societies and *stokvels* are to be found in many churches, and in many cases membership is open to all members of the wider community; on the other hand, some churches (the Shembe Church, for example) operate such groups exclusively for church members due to uncertainty about the impact of participation by non-church members.

There is a perceived need for skills training at a number of levels. Literacy training and financial management are often cited as being necessary for church leaders, who tend to be older and less well-educated than some members of their followings; whereas people involved in small informal businesses are keen to train new employees in manual skills such as dressmaking or bricklaying. The independent churches at present rely on the skills and qualifications of their members to engage in development-related activity. From past experience, they are reluctant to involve themselves fully in initiatives where all the skills and expertise rest outside of the church, creating a potential situation for manipulation of the church.

Church members perceive the aims of development differently from the state development agencies and some larger non-governmental organisations (NGOs). While these larger bodies concentrate more on large-scale development in terms of rational planning and service provision, the churches' range of development activities are influenced by the needs of their members, which are smaller-scale and embody more immediate requirements such as social and financial support. The independent churches not only lack financial and material resources, but often also lack individuals who can act as brokers with larger organisations in order to promote development interests.

It would seem appropriate to launch a dialogue between the African Independent Churches and development agencies (particular NGOs). This dialogue should commence in the first place on the basis of church goals and church values. Church leadership should be kept informed of all development activities launched, and of their members' involvement in these activities. Through this dialogue, the valuable social resources and development potential of the independent churches could be realised without posing a threat to church leaders in authority whose positions might be unreasonably challenged.

To begin the dialogue, a workshop was held in March 1992 on completion of the authors' survey of African Independent Churches. Academics, officials from state and non-governmental organisations and church representatives met to discuss forms and channels of state assistance for church-based development initiatives. Particular attention was paid to the need to promote community development and upliftment through recognising the possible role of the churches as mediators in the development process.

Indeed, it has become evident that *recognition*, in the sense of recognition of the independent churches as important and legitimate bodies, is an essential point of departure. It is the poorer and more traditional communities who become involved in these churches which offer their members support, self-sufficiency and independence in terms of their values and way of life. Recognition by state bodies and NGOs needs to start from this perspective.

The independent churches form a large and significant portion of South Africa's black population - a fact underlined by the presence of three national political leaders, Buthelezi, de Klerk and Mandela, at the annual gathering of the Zion Christian Church at Moria in April 1992. The members of the African Independent Churches are demonstrably conscious of their identity both as members of a broader community and as members of the Church. Their potential to contribute to development should not be seen in isolation from their commitment to the values of the particular church movement to which they belong. IPIA

The African Independent Churches are on the frontline in terms of gaining access to the poor and addressing their basic needs

It would seem appropriate to launch a dialogue between the African Independent Churches and development agencies (particular NGOs)

COMMUNITY DEVELOPMENT

THE MBONAMBI MODEL

Jabu Kubheka, Director, Community Affairs, Richards Bay Minerals

What are the ingredients for a successful community development programme? Jabu Kubheka of Richards Bay Minerals argues that corporate social investment in the rural community of Mbonambi in northern Natal could be viewed as a model for private sector companies and institutions seeking to initiate meaningful development in under-privileged areas of South Africa.

Community upliftment through corporate social investment is fast becoming a necessity in bridging the gap between rich and poor - undoubtedly one of the greatest challenges facing the new South Africa. Yet many corporate programmes with the best of intentions fail because they do not offer the community sufficient opportunity to participate in the planning and implementation. A top-down approach and superficial attempts to consult with the community are the most common causes of failure.

Thirteen years ago, Mbonambi near Richards Bay was a typical poverty-stricken rural area. Crops were sparse, streams were the only source of water, sanitary toilets were practically non-existent, schools were dilapidated and over-crowded and there were no medical facilities. Disease and poverty were a way of life.

Today, this bustling community - with its abundance of vegetable gardens, hygienic toilets, water wells and modern schools, homes and clinics - is living proof that a bottom-up approach is the key to successful community development. Though slow to start with, it has a multiplier effect, causing initial efforts to expand naturally into new avenues which, in turn, spawn fresh developments:

❑ ***education and health care***

Shortly after opening its operations in the area, Richards Bay Minerals' first step was to conduct a research survey to establish what the community wanted.

It was found that education topped the list of priorities so, after discussions with school principals, the company 'adopted' Mbonambi's seven schools - ranging from pre-primary to high schools - and began joint education projects. Existing classrooms were upgraded and equipped, new classrooms were erected, and toilets and water wells were installed. Soon it became necessary to sponsor the salaries of additional teachers, and sometimes train them until the KwaZulu authorities were in a position to absorb the costs.

As the numbers of children attending the schools grew, transport was identified as a problem. To reach schools, many children were having to walk along the busy main road to the mine. For some it was a 13 kilometre hike. The introduction of a free bus service had a dual benefit - improving pedestrian safety and noticeably increasing attendance and punctuality among pupils.

Clinics were also erected at four of the schools, providing a comprehensive primary health care service for pupils and the community at large. Once again, the company sponsored the salaries of staff until the KwaZulu government was able to take over this responsibility.

A few years later, the community's confidence was well-established and the time was ripe to develop new initiatives. The University of Zululand's Centre for Social Research and Documentation was commissioned to identify how this could best be achieved.

❑ ***agriculture and technology***

The centre proposed a non-formal education process starting with agriculture. Facilitators trained the community in basic skills and gradually extended into other fields, with the intention of establishing self-sustaining programmes. The objectives were to help residents improve their quality of life by offering guidance and removing any obstacles in their path.

A project team comprising company staff, a project leader, an extension officer and two 'appropriate technology' team leaders, each with three labourers was appointed. A rural development centre - now run by the University of Natal's Institute of Natural Resources - was set up in the heart of the rural area with a lecture room and demonstration garden where residents began learning the basics. This move was enthusiastically received by the community. It was not long before the centre became the hub of the development process.

After completing the basic gardening course, residents were encouraged to apply for land from the *Nkosi* (chief) and start communal gardens. Today there are more than 20 community gardening clubs, each with between 6 and 44 members, as well as numerous private gardens flourishing throughout the area.

❑ ***sanitation and water***

Demonstrations on how to build low-cost water wells and VIP (ventilation-improved pit) toilets, designed after years of trial and error by the project team, proved extremely popular. These examples of appropriate technology were developed for their simplicity, low maintenance, and with the aim of using locally available materials.

The toilet, for example, consists of a vent pipe, a moulded concrete pit and pedestal on a concrete base, reed walls that curve in the shape of a shell to provide privacy and to block out light, and a thatched roof. There is an opening instead of a door to allow for movement of air.

An example of appropriate technology at its best - a hygienic and odour-free VIP (ventilation-improved pit) toilet.

Built at a cost of R250 using moulds from the rural development centre, the construction of the toilets was initially subsidised by the mining company to gain community acceptance. These hygienic, odour-free toilets have now been erected at over 230 homesteads.

Low-cost water wells are easily constructed by residents using precast concrete rings.

Low-cost water wells, of which there are now about 36 in Mbonambi, provide a reliable source of water, both for consumption and irrigation. Not only are they close at hand, preventing the local women walking kilometres every day to fetch water, but they are remarkably efficient, producing 40 litres of water per minute. This means that the women have more time to devote to other activities such as tending crops and caring for their children. The wells also prevent the community from drawing water from polluted streams, thus helping to combat disease.

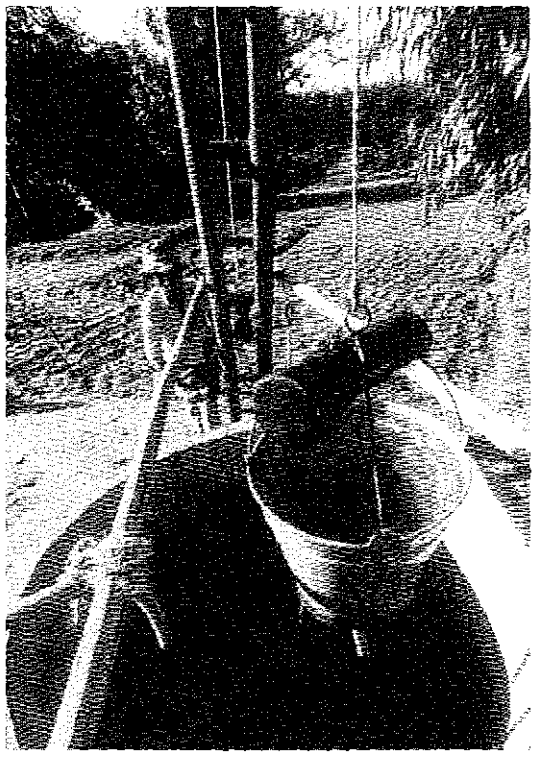
Another example of appropriate technology at its best is an ingenious two-man lathe which was built at the rural development centre and which is turned by a bicycle attachment. This is operated by peddling, and is used to make the wooden pulleys for the wells.

Arrangements are now underway to prepare the teams installing the toilets and wells to become entrepreneurs and run the operation as a small business. This is being done with the guidance of a Business Advice Centre which was established to stimulate the growth of small business and help create job opportunities in the region.

❑ ***adult skills***

Adult skills became the focus of attention when the local women expressed an interest in learning how to cook more nutritiously. A KwaZulu home economics teacher began lessons in an old building which was renovated and equipped with a kitchen and lecture room. Before long, four cooking clubs were formed, producing baked goods for sale as well as for their families.

Next came sewing lessons and the building - now known as the Adult Skills Centre - became a hub of activity with meetings, seminars, home economics



The low-cost water wells provide a reliable source of water, both for consumption and irrigation.

classes and a variety of training courses including the teaching of business skills by the Business Advice Centre.

❑ ***marketing produce***

Following the success of the gardening and home economics projects, it was soon evident that a formal marketing system was needed to help sell produce. Some of the produce was bought for the company's staff canteen, goods were sold at the Empangeni flea market and, more recently, at specially-built produce markets on the main road leading to the mine.

The community's valued traditions were revived when a large stock of rare genuine Zulu beads were obtained at a reasonable price. These were bought by a group of local women who are now producing beadwork in their spare time and selling it through a reputable marketing agent.

An annual agricultural show gives residents the opportunity of exhibiting their wares to the local community. Last year more than 1 500 people displayed their fruit, vegetables, cakes, grass crafts, beadwork and clothing to an appreciative audience, and made a tidy profit at the same time.

❑ ***housing***

Lack of housing is a problem in Mbonambi as it is in rural areas throughout South Africa. To alleviate this situation, the mining company operates a limited revolving fund whereby employees are granted loans to build homes in non-proclaimed areas like Mbonambi which are considered high risk by building societies.

❑ ***community organisations***

As the gardening and home economics groups grew, they were encouraged to form their own committees to discuss problems and ideas, and pool resources. At the same time, education and health committees were forming. Where necessary training courses were run at the rural development centre on how to organise and operate committees effectively.

The growth of the committee structure led to the formation of a Community Development Council which consists of representatives of the tribal authority, the gardening clubs (or farmer's association as it has become known), the health sub-committee, the education sub-committee, the cookery clubs, the baking groups and a craft-making association.

Today this Council drives the entire community development programme, a major achievement representing the natural evolution of a small group of leaders from the original basic initiatives.

The Community Development Council liaises closely with the Mbonambi Rural Development Steering Committee (made up of representatives from the mining company, the Institute of Natural Resources and local government bodies) and is in regular contact with the Chief of Mbonambi, Nkosi Mbuyazi.

Bottom-Up Approach

The community development programme is now a way of life in Mbonambi. Though the drought has adversely affected crops and though the recession is having its effect here as it is elsewhere, the quality of life of residents has markedly improved over the years. What is more important is that the structures are in place for the people of Mbonambi to take advantage of every opportunity to improve their lot further.

The success of the Mbonambi rural development programme has depended on several key factors: it developed at the pace dictated by the community, growing from small to large and from simple to complex; and it started with a few activities before diversifying into new areas, progressing from basic to advanced technology with the overall aim of moving from dependency to self-sufficiency.

Of the many valuable lessons learned along the way, some are worth emphasising. Firstly, there are no short cuts; all involved parties must be consulted at every stage. Also, when seeking solutions to basic problems such as sanitation and water supply, the use of appropriate technology is essential.

But perhaps the most heartening lesson of all is that, given the right approach, it is possible to counter the macro-problems of poverty and privation on a micro-scale - and industry has a major role to play in this process. IPM

THE DEVIL'S DOMINION

Satanism and Social Stress

Gavin Ivey, Department of Psychology, University of Natal, Durban

A series of articles on witchcraft and muti murders in rural black society have appeared in recent editions of Indicator SA. In the following contribution, we look at the much-publicised emergence of Satanism in urban white society as a symptom of social stress and transitional chaos. The author warns against conducting witch-hunts against imaginary cohorts, whether labelled as communists or Satanists. He explains the appeal of magical solutions and cult rebellion for white youth who may feel caught between the pressures of conservative orthodoxy and rapid social change.

In September 1992 a sixteen-year old Cape Town girl and her eighteen-year old boyfriend were arrested after strangling and bludgeoning the girl's mother to death with a metal rod and a frying pan. Both describe having been possessed by the devil at the time. The girl, who claims to have dabbled in witchcraft and Satanism, bore a grudge against her mother for burning her witchcraft books.

The social significance of this case lies in the widespread belief that it supports recent claims that South Africa is being swept by a wave of organised Satanic activity aimed at overthrowing traditional cherished Christian values and institutions.

The nature, prevalence, and meaning of Satanism in South Africa is hotly debated. In one camp are the Charismatic Christian churches who subscribe to the supernatural conspiracy theory that Satanic emissaries are actively involved in a global demonic plan to erode the spiritual foundation of the West, with the aim of instating a new world order under Satan's reign. In the opposing camp are those who argue that most stories of Satanic activity are not factually true, but are rather 'urban legends', fuelled by public hysteria, and transmitted by sensationalist mass-media coverage.

Where does the truth lie in this heated debate? Why has South Africa, in the last five years, been swept by rumours of large-scale Satanic black masses, grave desecration, blood-drinking and human sacrifice?

It is ironical that so many educated white South Africans, who sneer at traditional African witchcraft beliefs, subscribe so readily to demonic conspiracy theories. Rather than dismissing these theories, however, we need to understand what Satanism is, how it arose, and how its prevalence and perception is tied to the context of socio-political transformation in contemporary South Africa.

Some argue that most stories of Satanic activity are not factually true, but are rather 'urban legends', fuelled by public hysteria

Times of Turmoil

Satanism may be defined as a cult religion in which traditional Christian beliefs and liturgies are blasphemously inverted, and Satan worshipped as the sovereign deity. The worship of evil spirits is the first stage in religious evolution because people fear what is bad, rather than what is good, and try to placate these spirits. However, the dualistic distinction between two opposing deities, and the worship of Satan as God's adversary is a relatively recent historical phenomenon, dating back to about 1400 AD.

Between 1400 and 1700 AD a belief had emerged that diabolical witchcraft was regularly practised in Europe. The purported activities of these witches are

Social paranoia about witchcraft and the notorious witch hunts arose in the context of socio-economic uncertainty and hardship

almost identical to those allegedly practised by contemporary South African Satanists: renouncing Christ, desecration of Christian symbols, demon worship, sexual orgies, the ritual sacrifice of young children, and the drinking of human blood in a blasphemous parody of the Eucharist.

Although belief in diabolical witchcraft originated in the Middle Ages, public perception of a Satanic conspiracy was at its height in the sixteenth and seventeenth centuries. Social paranoia about witchcraft and the consequent notorious witch-hunts arose in the context of socio-economic uncertainty and hardship. Europe, at this stage, experienced unprecedented poverty, famine, outbreaks of epidemic disease, extreme social dislocation caused by civil and international wars, the emergence of the modern state, and the destruction of unified medieval Christendom. The turmoil, instability, confusion, and social disintegration was perceived to be the result of Satan's malevolence, aided by the activities of those who had made pacts with him.

The Renaissance usurpation of the Christian religious worldview by the humanist belief in rational-scientific explanation not only undermined the influence of God in people's lives, but also the influence of the Devil. This is because Christianity, as a dualistic religious ideology, makes an absolute distinction between good and evil, personified respectively by the figures of God and Satan.

Satanic Verses

The erosion of religious faith in the post-Renaissance age of scientific optimism thus simultaneously undermined belief in the power of Satan. Social, economic, and psychological problems became attributed more to ignorance and insufficient control of the scientific laws that regulated mind and matter, than to the Devil's machinations. Freud's demonstration that the forces which possessed the mind were of intra-psychic, rather than supernatural origin, ousted the remnants of demonological theory and replaced exorcism with psychotherapy.

Satanism proper was born of the 1960s spirit of American youth rebellion against a conservative, spiritually impoverished Christian technocratic society. Formalised Satanic worship, as a distinct, and specific ritual activity only emerged in America at this time. In 1966 on *Walpurgisnacht* (the eve of the first of May, when witches rode on broomsticks, according to German superstition), Anton LaVey proclaimed the beginning of the Satanic era and founded The Church of Satan in America.

The ideology of the Church of Satan emphasised six things:

- hedonistic gratification of worldly desires;
- the ceremonial use of magic for gaining personal power;
- the worship of Satan as a symbol of that which is religiously forbidden and heretical;
- the iconoclastic desire to free oneself from conformist social norms, expectations and institutional restraints;
- the millenarianist belief in the overthrow of Christianity and the coming of a new world order; and
- the charismatic authority of the religious leader, or high priest.

LaVey's formalisation of Satanism, outlined in his *Satanic Bible* (1969) and *The Satanic Rituals*, is the blueprint for modern satanic worship as practised in South Africa. South African Satanism, however, differs from The Church of Satan in two important respects: firstly, it is an underground phenomenon and, secondly, illegal acts of drug ingestion, paedophilia, as well as animal and human sacrifice, are allegedly committed. These contradict

LaVey's strict prohibitions against drug use and unlawful activities.

Social Dynamics

How prevalent is Satanism in South Africa, and what social dynamics could account for its alleged increasing popularity?

The first point to note is that those allegedly involved in Satanic activity comprise three distinct groups, corresponding to different levels of cult knowledge, ideological commitment, and organisational involvement:

The first group hardly justifies the satanic label. It generally comprises white adolescents who, sensitive to the cultural paranoia surrounding Satanism, rebel against authority figures by professing allegiance to Satanic ideology, and engage in behaviour that conservative authorities misconstrue as Satanic: participation in the Heavy Metal music subculture, the wearing of black clothing, drawing Satanic icons, participation in fantasy and occult games, etc. Their naïve understanding of Satanism, the lack of organised expression, and the general anti-establishment motive of gaining identity by rebelling against traditional norms, sets this group apart from Satanism proper.

This group, because of its social visibility, is largely responsible for the public misperception that the incidence of Satanism has reached epidemic proportions in South Africa.

The second group comprises young people (usually also white adolescents) who are or have been members of an organised Satanic cult, have participated in formal rituals, but have ambivalent feelings toward Satanism, thus preventing complete commitment to, and identification with, Satanic ideology. This group frequently feels uncomfortable with certain ceremonial practices, lacks detailed understanding of the meaning of the rituals, and occupies the lowest rungs of the cult hierarchy.

Members of the second group frequently report negative symptoms of demonic possession, even after leaving the cult, and frequently commit themselves to Christian ideology in order to allay anxiety concerning their Satanic past and its continued influence over them. This group is far smaller than the first but, because of their lurid confessions and disclosures, command a disproportionately high level of media attention. Members, having left the cult, often show related psychological disturbances which prompts them to seek help from church authorities or mental health professionals. Many have psychological problems which predate their cult participation and which predispose them to Satanic involvement.

The third group comprises the 'hard-core' Satanists who are well-informed about the meaning of Satanic rituals, enthusiastically participate in, and initiate the ritual activities, and who occupy positions of status within the cult hierarchy. These individuals are generally older than the first and second groups, have been involved for a longer period, and are alleged to actively initiate a range of deviant practices. Gaining access to these individuals is practically impossible because of their level of ideological commitment, alleged criminal conduct, and their need for maintaining absolute secrecy about their activities.

Transitional Chaos

While claims of a Satanic epidemic in South Africa are greatly exaggerated, it has clearly become more prevalent during the past five years. Why is this?

The historical origin of medieval witchcraft, briefly outlined above, provides a plausible hypothesis for the increasing incidence of Satanism at this juncture. The past five years represent one of the most turbulent and chaotic periods of social transition in South African history. Seen from the perspective of most middle-class whites, this transition has involved the

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Their numbers do not warrant the hysterical public perception of a grand Satanic conspiracy in contemporary South Africa

collapse of Afrikaner nationalism, the overthrow of apartheid legislation, the legalisation of most forms of political opposition, runaway inflation, massive unemployment, the erosion of racial privilege and white standards of living, and a feeling of powerlessness in the face of imminent black majority rule.

For white adolescents, rootless, anxious, powerless and alienated from the ideologies of the past, a magical solution to their social and psychological plight becomes very enticing. On the one hand, the qualities that make Satanism attractive, are the same qualities that make any religious fundamentalist cult attractive. These are:

- Absolutely unambiguous and simple answers to the meaning of life. For those people troubled by self-doubt, existential uncertainty and the desire for a totalistic belief structure, religious fundamentalism is very attractive.
- Instant community identity and sense of communally derived self-worth provides relief from alienation and loneliness. People who feel themselves to be outsiders in their community of origin find acceptance in a cult emotionally gratifying.
- The emotional energy and excitement of cult religions induces euphoria and gives members a feeling of power and vitality that counteracts tendencies to self-doubt and depression.

But the question which remains is why some people should be particularly attracted to Satanism rather than some other religious cult? The answer is that Satanism meets some psychological needs that cannot be met by other religious cults.

Firstly, Satanism provides religious sanction for the gratification of desires normally considered taboo in other religions. The two most important are sexuality and aggression. Ritual sexual indulgence and the open expression of hostility towards those disliked, often in the form of destructive spells and prayers, is encouraged in Satanism. Whereas other religions are structured around renunciation of earthly desire, Satanism encourages the hedonistic gratification of all desires.

Secondly, Satanism legitimates rebellion against traditional orthodox authority figures and moral systems. It thus provides an avenue for acting out, without fear of retribution, impulses to revolt against frustrating social constraints and symbols of authority. Satanic involvement is thus often the conscious or unconscious attempt to take revenge against those perceived to have wronged or unjustly treated the Satanist, particularly parental figures. The rejection of God the Father, and worship of Satan is the ultimate rebellion against parental authority.

Thirdly, because Satanism vindicates and encourages destructive acting out it alleviates the guilt that often follows the expression of hostility and transgression of internalised values. Satanism thus offers all the advantages of religion, without the negative spectre of guilt that is a constant feature of Christianity.

Fourthly, the declining social influence of Christianity and the escalation of social problems makes the Christian God seem weak and out of control of the social chaos around us. People worshipping God seem impotent and unable to control their destiny. This makes Satanism appear to be a viable and more powerful alternative ideology, which offers the possibility of more self-control and fulfilment than does Christianity.

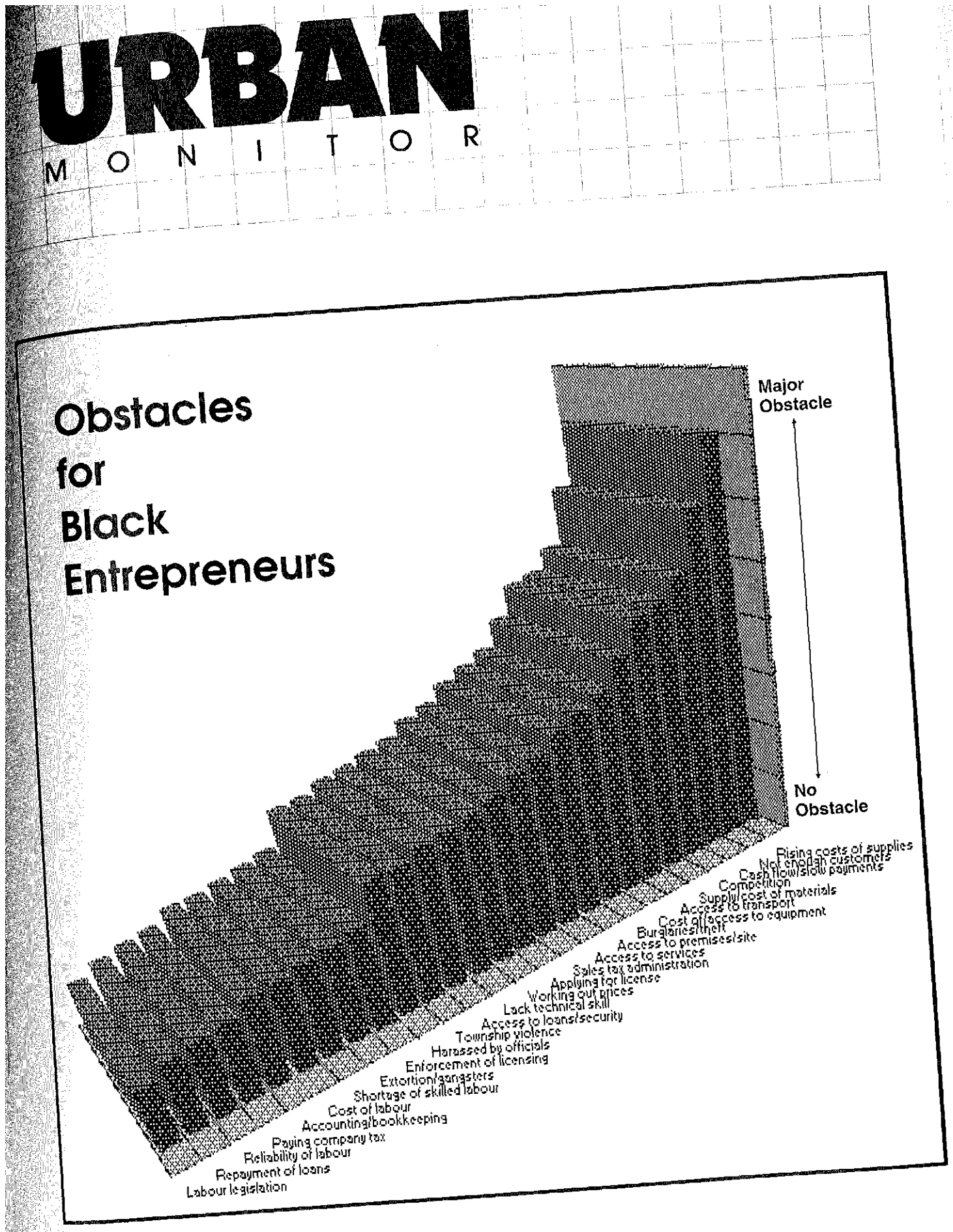
Another Witch-Hunt

Although a small percentage of young people are attracted to Satanism, their numbers do not warrant the hysterical public perception of a grand Satanic conspiracy in contemporary South Africa.

In periods of social turmoil and instability people often look for a convenient scapegoat, to which they attribute all of their society's afflictions

In periods of social turmoil and instability people often look for a convenient scapegoat, to which they attribute all of their society's afflictions. During the PW Botha era it was the communists, and the many innocent people rebelling against the state who were so labelled, and unjustly persecuted in South Africa. Now that 'the communists' are among the government's negotiating partners, an anxious white community has identified a new malevolent supernatural cause of our social malaise, namely Satanism.

Already, the Dutch Reformed Church synod has called for the outlawing of Satanism in South Africa. It is scouring children's television programmes for Satanic symbols, which allegedly make the minds of our youth susceptible to Satanic influence. Does South Africa really need another witch-hunt? IPIA



Source: World Bank survey on micro-enterprises in South Africa's informal sector (1992).
See article by May & Schacter in this monitor: pp53-58.

Civil Society at Crossroads

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Harry S Truman Research Institute for the Advancement of Peace, Hebrew University of Jerusalem

Attention has come to focus on the worrisome vacuum that exists between state and society in Africa. The nurturing of civil society, or the 'missing middle', has become perhaps the central theme in designs for the continent on the eve of the twenty-first century. According to many scholars and policymakers, the construction of a viable public arena some thirty years after independence holds the key to the political, cultural, and economic empowerment of the continent and its citizens.

Africa is currently undergoing a period of major social, economic, and political ferment. During the past five years almost every African country has introduced substantial economic liberalisation measures and accepted a rigorous structural adjustment programme. Since 1990, the leaders of all but five African states have begun to adopt the trappings of multi-party politics and most have scheduled competitive elections. In many respects, the post-colonial order is unravelling as the continent enters its second phase of decolonisation.

It is still unclear, however, whether this crossroads will also constitute a veritable turning point in the continent's political and economic fortunes. There are few signs that the economic crisis that engulfed the continent in the 1980s has abated. And, as the recent experiences of Liberia, Somalia, Ethiopia, Chad, Togo, Zaire, Angola and South Africa so amply demonstrate, the demise of repressive regimes may inaugurate a period of turmoil and civic strife without necessarily leading to the creation of viable forms of democratic government.

In contrast to the situation in Eastern Europe and portions of the Middle East, it is difficult to pinpoint a particular event or policy shift that triggered the chain of reform. In Africa, the cumulative effect of processes that have gathered momentum over the past decade has been central in accounting for the present political climate.

The progression toward political liberalisation has followed a standard course in most parts of Africa. The urban protests of the late 1980s and early 1990s that triggered the process of reform were initiated either by civil servants, students, professional organisations, trade unions, or churches, and carried out by a combination of these and other groups in over twenty countries. This questioning of the legitimacy of the leadership was followed in almost every single country by persistent demands for a change of regime.

While Africa has been rocked in the past by demands for more political openness, the political turmoil of the past three years is distinct in three ways. First, voluntary groups, far from succumbing to repression, actually escalated their demands. Second, calls for political reform were couched uniformly in democratic terms. And third, despite numerous equivocations, manipulations, partial measures, and procrastinations, only a handful of governments have withstood these pressures. Many rulers have been forced to make minor concessions followed by more sweeping political measures.

The urban protests that triggered the process of reform were initiated either by civil servants, students, professional organisations, trade unions, or churches

The recent seismic shifts in international politics help explain the complex processes unfolding within Africa. Former Soviet president Mikhail Gorbachev's decision in the mid-1980s to withdraw from direct military involvement in Third World conflicts weakened Afro-Marxist regimes that depended on Soviet support. The subsequent breakdown of Soviet hegemony in Eastern Europe and the dramatic political and economic reforms within the former Soviet Union further reduced the relative geo-political importance of the African continent in Western eyes. In this changed environment, the United States and its European allies have been less prone to intervene on behalf of certain repressive or authoritarian regimes that they had supported in the past.

The end of the Cold War has also forced African states to reassess the continent's role in the new and still emerging international order and to respond to a new international climate that has been especially conducive to democratic transitions. The publication of the World Bank's *Sub-Saharan Africa: From Crisis to Sustainable Growth* in 1989, which directly

The end of the Cold War has also forced African states to reassess the continent's role in the new and still emerging international order

linked successful economic rehabilitation to political liberalisation, was a particularly significant external influence paving the way for the imposition of political conditionalities on economic aid that have become an integral part of the policies of individual donor countries.

Domestic Reforms

Although African reform has taken place under a particular (and admittedly rare) constellation of external and internal factors, domestic explanations lie at the root of the new political climate on the continent. The ongoing economic crisis dating back to the late 1970s has had a tremendous impact on the political complexion of Africa. However, protests against economic conditions would probably not have resulted in the wholesale restructuring of formal politics if not for the growing salience of societal activity. The burgeoning of the informal sector, the flourishing of voluntary associations, and the emergence of new economic, social, and intellectual elites combined to apply multiple pressures on African governments and alter the political calculus in most parts of the continent.

The expansion of informal economic activity in Africa and the contribution of small-scale initiatives to economic rehabilitation have highlighted their potential

Few recent developments on the African continent have generated as much excitement as the proliferation of institutions outside the official domain. Economists have revived their interest in community associations as agents of growth. They laud the role of local groups in alleviating rural poverty and providing the frameworks for the restructuring of development from below. The expansion of informal economic activity in Africa and the contribution of small-scale initiatives to economic rehabilitation have highlighted the potential inherent in these institutions.

This informal economy has made substantial gains, especially in the urban areas. According to the World Bank (*Ibid*:60), 'while the modern sector has been in malaise, the informal sector, strongly rooted in the community, has been vibrant. In particular it has shown a capacity to respond flexibly to changing circumstances'. While these activities may weaken the power of the current regime, they paradoxically serve to promote linkages between social groups and state agencies. They therefore have an important bearing both on the redistribution of power and the creation of entrepreneurial groups whose positions do not depend on access to state resources.

Anthropologists and sociologists have renewed their interest in civil associations, seeing them as potentially important agents for helping societies to adapt to rapid change and as mechanisms for the moulding of cultural life. Specialists in international relations have explored the significance of voluntary associations in global communication and the development of a people-oriented world order. In their eyes, the growth of African non-governmental organisations (NGOs) can help overcome the continent's increased marginalisation in the international community. Perhaps most significantly, political scientists have linked voluntary organisations to the regulation of state-society relations and to profound processes of political change.

But there have been sharp differences over the political implications of the rise of the voluntary sector in Africa. The crux of the debate revolves around deep disagreements over the relationship between the current rise in associational activity and the coalescence of civil society - specifically whether voluntary associations support or undermine this coalescence. (Civil society, as distinct from society in general, refers to that segment of society that interacts with the state, influences the state, and yet is distinct from the state.)

The preoccupation with civil society in contemporary Africa stems from two quite distinct sources. On the one hand, vibrant civil societies are seen as a critical check on authoritarian rule. The nurturing of civil society is widely perceived as the most effective means of controlling repeated abuses of state power, holding rulers accountable to their citizens, and establishing the foundations for durable democratic government. On the other hand, the importance attached to civil society in Africa derives from an equally compelling, although perhaps less generally recognised, concern with social fragmentation and institutional breakdown. From this perspective, civil society provides an adhesive that brings together disparate groups and interests within a common framework.

Yet while there is a growing consensus on the potential contribution of civil society to state rehabilitation and economic growth, there is considerable confusion on the ingredients of civil society. Civil society has been conceptualised in the African context alternatively as a necessary precondition for state consolidation, as the key brake on state power (and consequently

in constant confrontation with the state), as a benign broker between state interests and local concerns, and as a medley of social institutions that interact with each other and with formal structures in a variety of ways that may either facilitate or impede political and economic development.

Given the lack of clarity on the content and extent of civil society in Africa, it is hardly surprising that evaluations of recent associational activity diverge markedly. Some observers perceive of voluntary associations as the building blocks of liberal government in Africa, suggesting that they play a leading role in pluralising the institutional environment, in giving voice to popular demands, and in promoting a popular culture. To many political scientists, the growth of social associations constitutes the organisational foundation for multi-party politics.

Yet it is equally plausible, as Claude Ake suggests (1990:591), to view grassroots organisational activity as a constraint on democracy that separates citizens from meaningful participation and 'underlines the confinement of local people and their disenfranchisement'. While acknowledging some of the social and economic benefits of associational activities, Ake has suggested that 'in effect, what is happening in Africa is the dissolution of society rather than its development'.

Others have argued cogently that the proliferation of voluntary organisations may reinforce social institutions but undermine state strength and whittle away state resources. It may also be possible, to judge from the mounting evidence of ethnic and religious conflict in Africa, that these groups, far from supporting democratic tendencies, foment particularism, fundamentalism, and ethnic nationalism. Clearly some relationship exists between the spread of voluntary organisations, the coalescence of civil society, and political trends. But what is the nature of this connection?

Missing Middle

There is no axiomatic connection between the expansion of the voluntary sector and the consolidation of civil society in Africa. To be considered part of African civil society, an organisation must simultaneously contain state power and legitimate state authority (civil rights groups provide one obvious example).

Thus parochial associations - such as remote village communities and religious cults - that do not encourage an interest in matters beyond their own immediate concerns, and groups that equate their own aims with those of the state and consequently seek to take it over (some fundamentalist groups, ethno-national movements, and ideological associations) are outside the bounds of civil society. Such groups have proliferated in Africa in recent years, posing in some cases not only a threat to Africa's nascent civil society but also to other groups that furnish the kernels for the coalescence of civil society.

The growth of associations conducive to strengthening civil society depends not only on the specific features and outlooks of particular groups, but also on the type of environment in which they operate. Three conditions seem especially conducive to the flourishing of civil society:

- the relaxation of official controls over associational life;
- the closure of alternatives to interaction within the state framework; and
- the expansion of communication networks.

The trend in Africa today is very mixed. The voluntary sector has mustered sufficient strength to articulate economic grievances and to hasten the ouster of dictatorial and repressive regimes. But it has not necessarily carved out local arenas or established the rules for social interaction so vital for the construction of viable alternatives to authoritarian-style governments.

The growth of associational activity in Africa has significant policy implications. The consolidation of civil society depends on the delicate calibration of economic, infrastructural, and institutional props. Indiscriminate assistance to voluntary organisations may undermine the fragile foundations of civil society in many African countries, just as neglect of these groups perpetuates statist tendencies.

The task of strengthening civil society therefore involves not only providing backing for groups concerned with public affairs, but also devising ways to facilitate intergroup communication, buttress state capacities, and promote economic opportunities autonomous of the state. Thus, the fortification of civil society in Africa calls for a deliberate and carefully designed strategy that pays as much attention to balancing broad economic, structural, and environmental needs as to

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The sequence of political change in Africa began with the opening of competition in existing one-party states

meeting the specific requirements of particular voluntary groups.

Phased Reforms

The sequence of political change in Africa has developed in several distinct phases, the first of which involved the opening of competition in existing one-party states. This policy was adopted in Tanzania and most Francophone countries during the course of 1990 (in the wake of explicit recommendations made by the French government at the Baule Afro-French conference). Kenya also took this route, but unlike its counterparts, delayed following up these measures with any additional reforms until recently.

The second phase, launched in response to ongoing pressures on both military and civilian regimes, centred on a series of administrative reforms. Cabinet reshuffles took place in virtually every country, largely to attenuate the intensity of criticism. In addition, many restrictions on organisations and the press were lifted. In some countries (Ghana, Nigeria, Zimbabwe, and most recently, Zaire), these steps were accompanied by the announcement of a general amnesty for political exiles and prisoners. The net effect of these steps was to confer a limited measure of legitimacy on popular associations and to expand their room to operate. As a result, the frequency and intensity of popular pressure often increased.

The second phase, launched in response to ongoing pressures on both military and civilian regimes, centred on a series of administrative reforms

The third and most significant phase has revolved around more far-reaching programmes of regime restructuring. Some countries (such as Sao Tome and Principe or Cape Verde) actually undertook massive constitutional reforms almost immediately, in effect conceding their inability to maintain control under existing arrangements. (In these countries the incumbents were subsequently voted out of office in free elections.) In most other states, however, the lifting of the ban on multi-party competition and the setting of a timetable for elections came only after strong, urban-based coalitions dominated by members of the middle class had forged an opposition that constituted a real threat to the existing power structure.

In most Lusophone (Angola, Mozambique) and Anglophone states (Tanzania, Zambia, and most recently Sierra Leone, Ghana and Kenya), as well as in a few French-speaking countries (Cote d'Ivoire and Gabon), these processes were set in motion by the incumbents themselves (following on the Senegalese model established in the 1970s).

In the bulk of Francophone Africa, however, national conferences were convened to discuss the content of constitutional changes. Consisting of representatives of key voluntary associations, academics, and government officials, these conferences have provided a recognised forum for debate and the airing of public concerns. In several countries (most notably Benin, Togo, Congo and Zaire), national conferences have stripped rulers of executive power and taken control of the affairs of state. In these cases, the centre of political gravity has shifted as at least some segments of the voluntary sector have been empowered.

In some countries (Cote d'Ivoire, Gabon, and the Congo), existing rulers decided to acquiesce relatively quickly to the opposition's demands, thereby minimising the number and diversity of groups involved in the reform process. In other places (Zambia, Zaire, Togo, Cameroon and Mali), procrastination has been the norm. Here concessions were eventually extracted only after the circle of groups actively involved in the opposition had expanded substantially, penetrating in extreme cases (Zaire in the summer of 1991) into the heart of the official power structure, or following a military coup (Mali).

Those leaders who over-estimated their staying power or lacked the skills or the perspicacity to oversee a major political restructuring were in many cases violently removed from office, leaving in their wake a vacuum at the political centre that has invited conflict among a medley of ethnic, regional, and religious groups. (Ethiopia and Liberia provide the prime examples to date.)

Diverse Outcomes

Depending on the substance, pace, and scope of associational involvement, the dynamics of political change have yielded quite diverse outcomes.

The early, voluntary adoption of reforms has usually resulted, as in Gabon and Cote d'Ivoire, in the perpetuation of hegemonic arrangements in a democratic guise. The deferral of liberalisation has invited turmoil, breakdown, and near-anarchy. In

these instances, the associational base of civil society has actually been weakened in the process of transition, allowing ethnic, regional, and radical ideological groups first to assume many of the functions of the state and then to attempt to take over the formal political arena. For the bulk of the continent, the seedlings of a genuine democratic transformation have indeed been planted (even if only for tactical reasons), but the jury is still out.

Several factors help to account for these variations. In countries where economic policies adopted in the late 1980s opened up avenues for the elite to enrich themselves outside the state, the elite not only tended to advocate political change, but also to cement their links with key voluntary associations (especially professionals, students, and trade unions). The elitist tenor of early political liberalisation measures can be explained in these terms.

Where no such opportunities developed (Kenya, Zambia, Zaire, and Benin), many of the elite were less prone to suggest that the government initiate reforms and encourage associational action. In these circumstances, elite interests began to diverge. The dynamic of transition became more confrontational, and where change has occurred, it has also involved a rotation of elites.

The political judgment of particular leaders has also been a key variable. The over-confidence of Mathia Kerekou in Benin, Mengistu Haile Mariam in Ethiopia, or Kenneth Kaunda in Zambia may have expedited their loss of control. It is important to note, however, that the situation they confronted offered far fewer options than those available to Felix Houphouet-Boigny in Cote d'Ivoire or even Jerry Rawlings in Ghana because the divided elite structure in these countries meant that political liberalisation would sanction well-organised threats to the continuity of the regime.

Although the political mood across Africa today is far more optimistic than at any point since the early years of independence, the recent wave of political liberalisation should not be confused with democratisation. It is hardly surprising, therefore, that reservations have increasingly been voiced recently regarding the viability and durability of Africa's political reforms.

Democratic Prospects

Some observers have questioned the motives of the initiators of reforms, arguing that these measures have been purely opportunistic responses to public unrest and to external pressures and should consequently not be accorded undue importance. Others have expressed doubt about the ability of African states to sustain democratic forms of government, repeating some tenuous speculations about the paucity of democratic traditions in Africa and the difficulties of establishing democratic systems in multi-ethnic societies, while justifiably highlighting the odds against democratic entrenchment in conditions of chronic poverty.

Others have raised more substantial reservations centring on the substance and comprehensiveness of the measures introduced during the transition period. They have noted that severe constraints on civil liberties and free debate have been imposed at precisely the same time that restrictions on formal political participation have been lifted. They have also commented on the weakness of constitutionalism and the rule of law in most African states, key ingredients in democratisation. They have highlighted the lack of concern among the architects of the new governments with the creation of mechanisms of accountability and with the improvement of channels of political communication. And they have cautioned against the negative ramifications of too many contestants and too much competition.

These reservations are important because they accentuate the need for carefully designing the details of workable political arrangements and for consciously constructing mechanisms for additional adjustments in the future. In the euphoria attendant upon the toppling of authoritarian governments in Africa, there has been too great a tendency to neglect the nuts and bolts of defining workable rules of the political game.

Significantly, these concerns have also re-focused attention on the connection between democratisation and changes in the structure of the state, the economy, and civil society. To avert the erosion of the capacities of new governments, political reform must be accompanied by institutional restructuring and fortification of the state apparatus. The issue in Africa is how to streamline the state, to delimit its scope without diminishing its control.

The third and most significant phase has revolved around more far-reaching programmes of regime restructuring

Some have expressed doubt about the ability of African states to sustain democratic forms of government in conditions of chronic poverty

A clearer separation of the market from the state is a vital mechanism for the differentiation of political from economic power

Any restructuring of the state also involves a change in the structure of the economy. And while statism has contributed directly to economic inefficiency, it would be foolhardy to assume that any economic progress can be achieved without some state involvement. This question has a direct bearing on the durability of current reforms because, since poverty undermines regime viability of any sort, democracy in Africa must also be moulded and proven instrumentally.

Democratic fortification therefore requires shifts in economic policy. More to the point, it demands substantial changes in economic structures - not only a clearer separation of the market from the state, a vital mechanism for the differentiation of political from economic power, but also a firmer delineation of their inter-relationship. Moreover, precisely because political liberalisation has taken place as a result of processes set in motion by Africa's economic crisis, it is unreasonable to assume that democratisation can proceed meaningfully unless Africa receives more aid and becomes integrated into the world economy.

Support Structures

The strengthening of civil society is an indispensable step toward improving public life in Africa and social and economic conditions

The road to a democratic and just order must pass through the coalescence of civil society. To be sure, the prospects for such an eventuality are better than in the past. But it is not at all clear whether the civil structures necessary to support democratic forms of government are indeed sufficiently anchored in the African social environment. The social base of many of the new governments is worrisome.

The urban-based, essentially middle-class, groups at the forefront of the recent protests have in the past been active in supporting authoritarian rule. Their rejection of oppression has not necessarily been propelled by a commitment to democratic tenets, social equity, or the rule of law. Moreover, like their predecessors on the eve of decolonisation, they are not equipped to adequately represent or convey the sentiments of diverse communities at the local level. In short, the relationship between these newly empowered political groups, civil society, and voluntary associations is still extremely tenuous.

The pluralisation and fortification of associational life is an important first step toward democratisation. Yet, while the voluntary sector has helped to undermine statism and to provide a political opening for specific interests and norms, it has yet to establish institutional foundations and normative principles essential to the consolidation of civil society and hence democracy.

There is little doubt that voluntary associations have played an important role in containing arbitrary abuses of state power, preventing total economic collapse, and forcing governments to introduce political reforms. But because civil society remains incipient or inchoate in much of Africa, capricious state behaviour remains an integral part of the political landscape. The strengthening of civil society is thus an indispensable step toward improving public life in Africa and, by extension, toward improving the social and economic conditions there.

The critical issue for policymakers is how to support the autonomy of individual associations with civic propensities while at the same time preventing them from becoming so self-sufficient that they no longer link their future to that of other groups. Here much remains to be done to bolster associations that are indisputably part of civil society at the expense of other types of organisation with purely self-reliant or holistic objectives. More importantly, much more attention must be paid to strengthening civic propensities within existing organisations, especially at the local and intermediate levels.

Civil society in Africa cannot thrive unless opportunities for intergroup communication are also expanded considerably. More investment is needed not only in road and transport facilities, but also in printing supplies, publications, the press, electronic media, radios, televisions, video equipment, and telecommunications networks. Support for the popular arts is also important because it encourages debate and helps to develop a national and even international civic discourse. It is doubtful, therefore, whether civil society in Africa can coalesce without massive capital injections from abroad, the expansion of domestic and global markets for African states, and a general improvement in the continent's economic fortunes. **IPA**

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DEREGULATION IN THE INFORMAL SECTOR

Julian May, Data Research Africa
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The deregulation of the informal sector is frequently suggested to be critical for the development of the small business sector in South Africa. Indeed, over the past two years, many of the regulations affecting this sector have been repealed. This sequel to an earlier Indicator SA series (see, inter alia, Vol7/No2) assesses the impact of these reforms. The survey, drawing on research commissioned by the World Bank, compares eight critical administrative patterns, including towns controlled by conservative municipalities and homeland municipalities.

The abolition of apartheid legislation, which culminated in 1991 with the repeal of the *Group Areas Act, the Black Land Act, the Development Trust and Land Act,* and the *Population Registration Act,* removed much of the legal framework which, for decades, had been used by the government to tightly control black business activity.

The key pieces of legislation include:

- The *Influx Control Act,* abolished in 1986, was an important impediment to micro-entrepreneurship in South Africa. The *Act* denied to blacks the right to move freely around the country. Its abolition had a major impact on small businesses in that the massive urbanisation which followed, together with declining job opportunities in the formal sector led to a burgeoning of diverse micro-enterprises in urban areas.

- The *Group Areas Act* forbade blacks from operating businesses in 'white' central business districts except where CBDs were declared 'free trade areas'. Blacks were also prohibited from competing with white businesses in white residential areas.

Furthermore, numerous regulations under the *Black Land Act* and the *Development Trust and Land Act,* as well as the *Black Administration Act* (now slated for abolition), had a direct and highly restrictive impact on black businesses:

- All black traders and professionals, in addition to obtaining a license, were required to obtain annual ministerial permission to operate a business.

- Black controlled companies and partnerships consisting of more than six blacks could not acquire land without ministerial permission.

- A black person or his/her spouse could not obtain a second trading site within a radius of 20 miles from his/her existing business.

- Black persons could trade only on sites allocated at the discretion of township managers. Sites were allocated for a very narrow range of business (only about eight categories of trade were permitted).

- Without special permission, a black person could not raise capital from or share profits with a non-black; nor could he employ non-blacks. He had to submit to a medical examination and keep his books of account open for inspection by township managers. He could not dispose of his business without permission. His right to trade could be cancelled if his municipal service fees were in arrears or if he was convicted of certain criminal offences.

The recent *Businesses Act* reduces many of the remaining regulatory burdens on small businesses. The *Act* abolishes licensing requirements for almost all categories of businesses, forbids law enforcement officers from confiscating street traders' merchandise and prohibits local authorities from enforcing distance and 'move-on'

DATA BASE

CHARACTERISTICS OF MICRO-ENTERPRISES IN SURVEY

TABLE 1: LOCATION OF MICRO-ENTERPRISE

	Umlazi	Durban	Inanda	Besters	Soweto	Boksburg	Mafikeng	Nqutu
Open site, on street	32,7%	89,7%	34,0%	51,0%	47,4%	68,3%	16,7%	59,2%
Fixed & enclosed commericial premises	23,6%	5,2%	0,0%	2,0%	7,1%	4,9%	31,3%	18,4%
Fixed & enclosed not com. premises	8,2%	1,7%	4,0%	3,0%	5,8%	24,4%	12,5%	12,2%
Formal house	14,5%	1,72	24,0%	23,0%	20,5%	2,4%	22,9%	2,0%
In backyard	7,3%	1,7%	6,0%	11,0%	10,3%	0,0%	12,5%	0,0%
Shack	13,6%	0,0%	32,0%	10,0%	9,0%	0,0%	4,2%	8,2%
Survey size	110	58	50	100	156	41	48	49

TABLE 2: SIZE OF MICRO-ENTERPRISE

	Umlazi	Durban	Inanda	Besters	Soweto	Boksburg	Mafikeng	Nqutu
Mean Turnover of Firm PM	R1713	R1310	R1008	R1516	R1270	R1645	R2700	R1286
Mean Age of Firm	4,5	6,0	5,4	4,5	4,6	3,6	4,7	6,5
Mean No of Employees	2,1	1,8	1,6	1,8	1,7	1,1	2,4	2,5
Survey size	110	58	50	100	156	41	48	49

TABLE 3: TYPE OF MICRO-ENTERPRISE

	Umlazi	Durban	Inanda	Besters	Soweto	Boksburg	Mafikeng	Nqutu
Retail-non food	29,1%	36,2%	28,0%	26,0%	25,6%	46,3%	29,2%	22,4%
Retail-food	29,1%	31,0%	28,0%	25,0%	32,7%	46,3%	27,1%	26,5%
Eng. production	14,5%	1,7%	12,0%	14,0%	14,1%	0,0%	22,9%	14,3%
Soft goods production	12,7%	12,1%	12,0%	18,0%	10,9%	0,0%	8,3%	16,3%
Services	14,5%	19,0%	20,0%	17,0%	16,7%	7,3%	12,5%	20,4%
Survey size	110	58	50	100	156	41	48	49

TYPICAL RANGE OF ACTIVITIES

- *Retail Enterprises (Non-Food)*

Small-scale street hawkers, spaza shops, and mobile vendors operating from vehicles, who retail a variety of non-food items such as radios, cigarettes, batteries, cleaning and beauty products.

- *Retail Enterprises (Food)*

Street hawkers and spaza shops which retail a wide range of food stuffs, including those who break bulk and sell fruit and vegetables, as well as cold-drink selling and the sale of prepared snacks.

- *Small-scale Engineering Production*

Welding, the manufacture of burglar guards, motor vehicle repair, the production of wooden and clay handicrafts, building and so forth.

- *Small-scale Soft Goods Production*

Knitting, the sewing of garments, the preparation and sale of food and the manufacture of toys.

- *Service Activities*

Hair-dressing, shoe-repair and shoe shining, alterations to garments and the like.

laws, which had long been used in some jurisdictions as thinly veiled justifications for harassing street traders. Distance laws required street traders to remain at a prescribed distance from established businesses offering similar types of products or services. Move-on laws required street traders to shift their stands a prescribed number of meters every half hour or so.

The *Act* also denies municipalities the right to declare certain areas off-limits to street trading, a common practice in many South African towns. However, the force of this restriction is mitigated by another provision empowering the municipal authorities to apply to the Provincial administrator for permission to close areas to street trading. At this stage the *Businesses Act* is operative in two of the country's four provinces - Natal and Cape Province. It is expected to come into operation in the Transvaal and the Orange Free State by the end of 1992.

Despite the extensive deregulation of business activity, the extent to which these reforms have improved the operating conditions of small businesses is not clear. In order to establish this, research was conducted into a wide variety of micro-enterprises by location, size and activity (see Tables 1-3 in Data Base) located in eight differing administrative areas throughout South Africa.

The administrative patterns which were surveyed included: a black town council (Umlazi near Durban); a progressive white municipality (Durban); areas controlled by a shacklord (Lindelani in Inanda near Durban); civic associations (Besters near Durban); transitional arrangements between white municipalities, white provincial administrations, black councils and civic associations (Soweto); a conservative white municipalities (Boksburg); homeland municipal government (Mafikeng in Bophuthatswana) and homeland tribal authorities (Nqutu in KwaZulu). A total of 620 interviews were conducted.

Regulatory Obstacles

The definition of micro-enterprises used for the purposes of the survey was influenced by the distinguishing characteristics of micro-entrepreneurship identified by USAID (*AID Micro-enterprise Stocktaking: Synthesis Report*, Study No 65:10). These are that they:

- involve ten or fewer full-time workers;
- rely mostly on cash transactions,

informal credit markets, and supplier credit;
- utilise simple forms of technical knowledge and follow a basic production/management process;
- provide products and services which are generally simple and unsophisticated in a market which is principally orientated toward low income groups;
- serve localised markets through simple marketing channels; and
- operate within an intensely competitive environment due to ease of entry and localised market area.

There is strong evidence from the survey findings that regulatory constraints, relative to other types of constraints, are not seen by South Africa's micro-entrepreneurs as important obstacles.

Data on entrepreneurs' own assessments of the importance of regulatory constraints relative to other types of constraints were gathered in two ways: by open-ended questions in which respondents named the most important constraint faced on starting up and while operating their business as well; and by a ranked scale (see Figure 1 on *Urban Monitor* cover) which indicated the relative severity of a list of predefined constraints in a variety of areas - regulation, markets, business conditions, access to finance, access to transport. In all cases, constraints related to regulatory issues ranked low on the list.

When asked to name spontaneously the most important constraint faced at the start-up of their business, only 12% of respondents mentioned factors related to regulation. Most of these responses related to being 'arrested too often', while a very small number (about 3% of all firms surveyed) concerned fines and confiscation of goods or difficulties in getting a license. Regulatory problems figured even less prominently when respondents were asked about day-to-day operations of their business: 7% cited regulatory factors as their most important problem. Again, arrests were the dominant issue (5,5%).

If problems in these areas are currently regarded as relatively unimportant by most entrepreneurs, they are likely to become even less so as a result of the *Businesses Act,* which, as noted, will abolish licensing for most categories of businesses, prohibit confiscation of traders' merchandise, and generally reduce opportunities for official harassment of micro-entrepreneurs.

The breakdown of spontaneous responses

DATA BASE

TABLE 4: REGULATION AS A "MOST IMPORTANT PROBLEM": SPONTANEOUS RESPONSES

	At Start-Up	Current Operation
Respondents citing regulatory problems as most important"	12,3%	6,8%
Arrested too often	9,0%	5,5%
Fines and confiscation of merchandise	1,5%	1,1%
Don't know how to get a license	1,4%	0,2%
Takes too long to get a license	0,4%	0,0%
Survey size		620

TABLE 5: RANKING OF PROBLEMS RELATED TO REGULATION
(See Figure 1: *Urban Monitor* cover)

Minimum= 1 (not a problem) Maximum=3 (important problem)

	Average, all Respondents
Sales Tax Administration	1,64
Applying for Licenses	1,58
Harassed by Officials	1,51
Enforcement of Licenses	1,38
Labour Legislation	1,23

TABLE 6: LEGAL STATUS OF MICRO-ENTREPRENEURS/COSTS OF REGULATION/VISITS BY OFFICIALS

Micro-entrepreneurs who obtained licenses at start-up	12,1%
Micro-entrepreneurs who have licenses now	16,6%
Average annual costs of:	
Licenses	R31,91
Fines	R17,88
Bribes	R39,92
Number of visits by officials over past two months	
0 visits	92,7%
1 visit	2,9%
More than 1 visit	4,4%
Respondent's description of visits by officials:	
Arrested for not having license	41,4%
Police became violent over license infraction	13,5%
Bribes demanded over license infraction	11,3%
Goods confiscated	10,5%
Challenged for selling 'illegal' products	5,3%
Police came to steal food	4,5%
Other	13,8%

Regulatory constraints are not seen by South Africa's micro-entrepreneurs as the most important obstacles

related to regulations is presented in Table 4. Figure 1 (see *Urban Monitor* cover) presents the entire range of ranked responses and shows that constraints related to market conditions and lack of finance are regarded by far as being the most binding constraints. A similar pattern emerged when micro-entrepreneurs were asked to rank the importance of the predefined list of constraints. Table 5 shows that issues having to do with regulation ranked near the bottom of the scale (see Data Base).

To evaluate the extent to which regulation affects the day-to-day operations of micro-entrepreneurs, respondents were probed in detail on their legal status, payments made for licenses, fines and bribes, and encounters with government officials (police officers and other officials). Again, the data shown in Table 6 suggest that these entrepreneurs are largely not burdened by regulatory matters. Fewer than one in five respondents was licensed, and amounts spent on licenses, fines (for not having licenses and for other infractions) and bribes are relatively small.

Although most micro-enterprises do not have licenses, few are bothered by officials: less than 10% of respondents reported being visited by an official in the two month period prior to the study. Among the small minority of firms that were visited, more than three-quarters of the visits were related to activities which will (for the most part) no longer be sanctioned under the *Businesses Act,* i.e. license enforcement and confiscation of goods.

The survey revealed that the licensing process was a source of considerable mystery for most micro-entrepreneurs

Regulatory Issues

Although regulation appears to be relatively unimportant as a constraint to operation as perceived by South Africa's micro-entrepreneurs, some interesting issues nevertheless emerged from the survey's detailed probing of regulation. These include security of tenure, interaction between police and micro-enterprises, confusion about the licensing process, regional variations in the regulatory environment and the susceptibility of certain types of firm to regulation.

❑ ***security of tenure***

Two-thirds of micro-entrepreneurs reported that they were occupying their business premises without secure tenure: one-half were occupying without permission - undoubtedly a reflection of the fact that almost half of the respondents (48%) were running their businesses from open sites on the street - and a further 15% reported that their occupancy was based only on 'permission' from the land-owner.

The impact on micro-enterprises of this insecurity of tenure appears however to be somewhat less severe than might have been expected. Most entrepreneurs have been operating at the same location for a substantial length of time: just under 60% said that they had not moved their businesses in the past two years. Of those who said they had moved, over half (55%) said they did so based on a personal decision, mostly related to obtaining better access to a market. Just under one-quarter (24%) of respondents who reported moving during the past two years said they were forced to do so by the local authorities.

An important related issue, and one that may have direct links to security of tenure, concerns access to suitable premises from which to conduct a business. Figure 1 (see *Urban Monitor* cover) shows that the inability to obtain suitable premises emerged, after the dominant issues of market conditions and access to finance, as one of the more important problems faced by micro-enterprises in South Africa.

❑ ***police regulations***

Among the relatively few micro-entrepreneurs who reported encounters with government officials over the most recent three-month period, the kind of encounter most often mentioned was one with a police officer. Respondents identified the police, municipal police and homeland police as by far the most frequent source of official encounters. Thus it is police, rather than officials actually charged with responsibility for the enforcement of taxation, labour and health issues, who appear to play the most important role in regulating the daily activities of micro-enterprises in South Africa.

❑ ***confusion about licensing***

The survey revealed that the licensing process was a source of considerable mystery for most micro-entrepreneurs. The most common explanation (36%) given by respondents for not holding a license was that they did not know how to obtain one; the second most common explanation (32%) was that they did not require a license. The latter response was likely to have been erroneous, given the broad coverage of business licensing laws in South Africa, and the fact that at the time of the survey, the *Businesses Act* was not operative in the areas surveyed.

Anecdotal evidence collected in the course of the survey reinforced the finding that the licensing process is poorly understood. A bewildering array of documents thought to be licenses was put forward by respondents, suggesting that even among those who claimed to be in possession of a license, there was confusion as to what actually was required. One respondent offered a notice to appear in court as his 'license' to trade; another produced a hair-dressing certificate!

❑ ***regional differences***

The sample population was stratified into eight different administrative patterns, with a view to capturing the impact of different types of local jurisdictions on the regulatory climate faced by micro-entrepreneurs. The survey data does indeed reveal some interesting distinctions between some of the jurisdictions surveyed.

Data on micro-enterprises forced to move by the local authorities over the past two years reveal interesting differences between locations. The figures appear in Table 7.

Micro-entrepreneurs in Boksburg are particularly noteworthy for the number of times that they have changed premises, having moved almost twice as often as those in the other areas. However, both Durban and Boksburg are notable for the relatively high proportion of forced moves.

Boksburg, as one of the more politically conservative white municipalities in South Africa, might be expected to keep a tight rein on micro-enterprise. Durban, although a relatively liberal white municipality by South African standards, has been diligent about limiting street trading to the fringes of the central business district. Not surprisingly, retail activities are the most prone to being moved, with 40% of these activities having changed premises during the previous two years.

Tables 8 and 9 (see Data Base) show that dramatic regional differences appear in responses related to interaction with law enforcement and other authorities, both in terms of the current situation, and how this has changed. Table 8 shows the proportion of respondents in each of the eight areas surveyed who reported spontaneously that being arrested, fined or having merchandise confiscated was their most important problem, and compares the position at start-up with the position at present.

Table 9 is extracted from respondents' rankings of predefined constraints, and shows the proportion who rated 'harassed by officials' as an 'important problem'. In both cases, it appears that micro-entrepreneurs in Boksburg and Mafikeng are much more likely than their counterparts elsewhere to report major difficulties in these areas. In most areas, far fewer respondents indicated that arrests/ fines were an important problem to the current operation of their business compared to the position at start-up. In contrast, there was only a marginal improvement in Boksburg, and in fact, in Mafikeng, the incidence of fines and arrests increased.

Not surprisingly, Mafikeng, the 'capital' of Bophuthatswana, has been identified by the African Council of Hawkers and Informal Businesses as having among the toughest policies in South Africa toward

DATA BASE

TABLE 7: INCIDENCE OF FORCED REMOVAL

	Umlazi	Durban	Inanda	Besters	Soweto	Boksburg	Mafikeng	Nqutu
Moved by formal authority	6,4%	29,3	0,0%	4,0%	0,0%	17,1%	10,4%	22,7%
Moved by informal authority	1,9%	1,7%	0,0%	0,0%	0,6%	0,0%	0,0%	4,5%
Survey size	110	58	50	100	156	41	48	49

TABLE 8: SPONTANEOUS ISSUES RANKED AS THE MOST IMPORTANT PROBLEM

	Umlazi	Durban	Inanda	Besters	Soweto	Boksburg	Mafikeng	Nqutu
AT START-UP								
Arrested too often	4,8%	26,0%	4,8%	8,1%	5,6%	30,0%	2,3%	4,4%
Fined & goods confiscated	0,0%	8,0%	4,8%	0,0%	0,0%	5,0%	0,0%	0,0%
DAY TO DAY OPERATION								
Arrested too often	3,2%	0,0%	2,9%	3,5	0,7%	27,5%	13,3%	4,4%
Fined & goods confiscated	1,1%	0,0%	2,9%	1,2	0,0%	2,5%	2,2%	0,0%
Survey size	110	58	50	100	156	41	48	49

TABLE 9: PROMPTED ISSUE RANKED AS AN IMPORTANT PROBLEM

	Umlazi	Durban	Inanda	Besters	Soweto	Boksburg	Mafikeng	Nqutu
Enforcement ol licences	4,6%	24,6%	10,0%	12,0%	10,9%	12,2%	31,9%	14,3%
Harassed by officials	5,5%	22,4%	10,4%	18,0%	18,1%	46,3%	26,1%	16,3%
Survey size	110	58	50	100	156	41	48	49

Interestingly, 38% of the enterprises operating from a fixed and enclosed premise with commercial rights had obtained licenses and registrations

micro-entrepreneurs. In Boksburg, harassment by officials was perceived as an important problem by almost half the respondents.

❑ ***susceptibility to regulation***

In order to establish whether different types of micro-enterprise are differentially affected by regulation, the data was examined in some detail according to the size, type of activity, physical location and administrative region.

Enterprises were grouped in three size categories. Larger micro-enterprises (monthly turnover of more than R1001, and employing more than two people) were more likely to have paid for licenses and registrations than medium (monthly turnover of R301 to R1000) or smaller micro-enterprises (monthly turnover of less than R301), with 28% of the larger enterprises having made an average annual payment of R33,25 compared to 10% of the other groups. From this, it seems that as micro-enterprises increase their number of employees and turnover, they tend to acquire licenses and registrations and to be affected by regulatory controls.

The type of enterprise did affect the proportion of firms which paid license and registration fees. Twenty per cent of the engineering business had paid an average of R44,50 per annum compared to only 8% of the soft goods production enterprises, and 14% of the service enterprises. Retail activities are the most prone to being moved, with 40% of these activities having changed premises during the previous two years. No link between the type of enterprise and the number of visits by an official could be detected.

Interestingly, 38% of the enterprises operating from a fixed and enclosed premise with commercial rights had obtained licenses and registrations compared to only 4% of those operating from a house. Moreover, 20% of those operating from fixed and enclosed premises, without or without commercial rights, had been visited at least once by a government official during the three months prior to the survey, as against less than 5% of those operating from other sites, including from the street. Street traders did, however, move more often than the other groups.

This suggests that although street traders may change sites more often than do other enterprises, as businesses become established into a fixed site, they attract greater attention, and may become more prone to the attempts of local authorities to regulate micro-enterprises.

Regional differences have already been explored and it seems that in township areas, regulations on micro-enterprises do not operate effectively, particularly in areas in which township administration systems have broken down and been replaced by civic associations and transitional forms of administrative structure. In the rural areas administered by tribal authorities and in the homeland towns, the payment of regulations is more frequent, although the enforcement of these regulations seems to be uneven. In the progressive white elected municipalities, payments for license is relatively common, although the amount paid is low. Finally, in the conservative white elected municipality, considerable petty harassment is evidenced, although this does not appear to be linked to the payment of licenses.

Market Problems

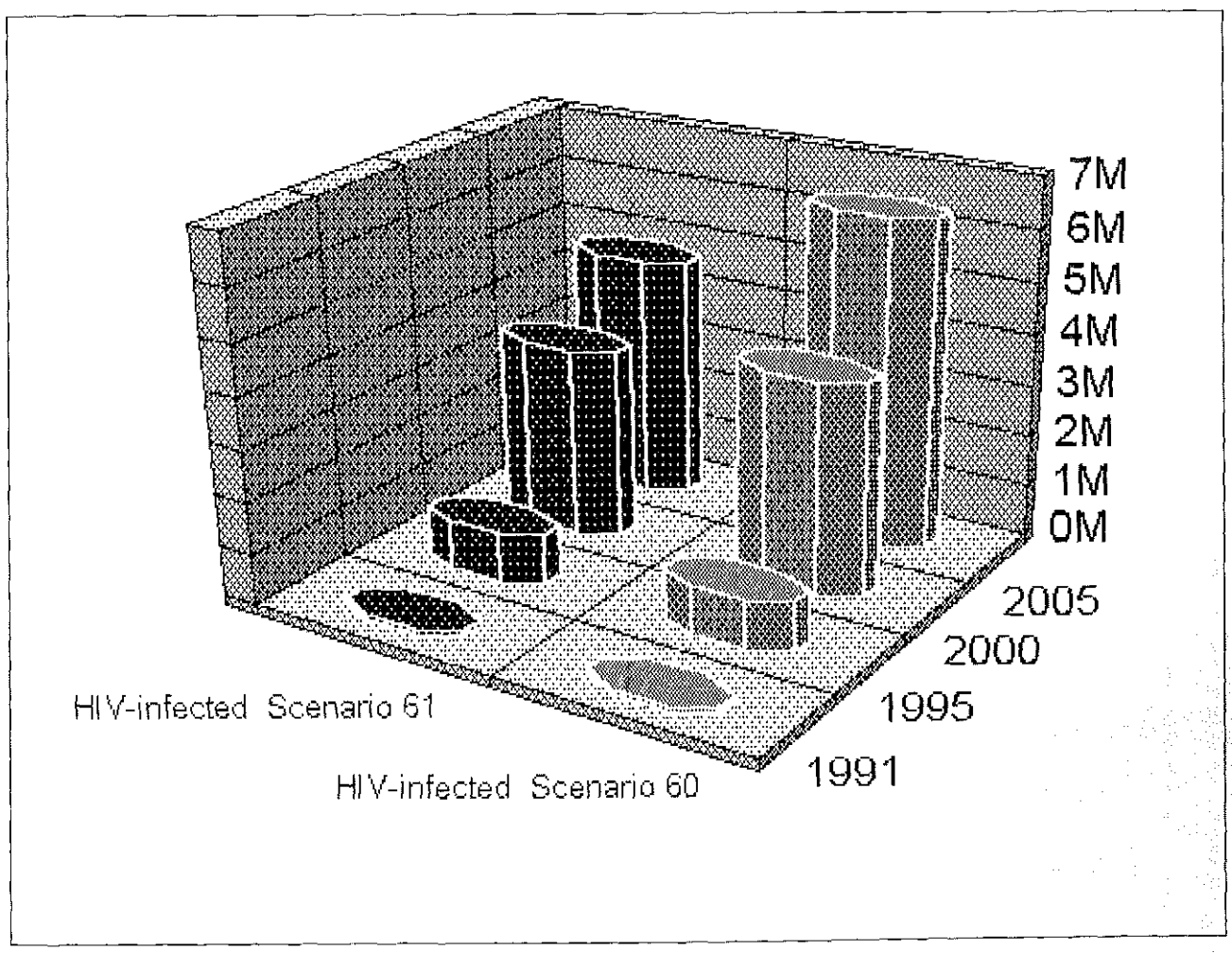
The results of the survey confirm that overall regulatory issues are currently not regarded as an important problem for the majority of micro-entrepreneurs. Rather, market-related issues were cited spontaneously by the single largest group as their most important problem at present, and when alternative issues were ranked, market problems again emerged as the most important issue.

The data also indicated that micro-entrepreneurs have not tended to obtain additional licenses after starting their businesses, regardless of the administrative system under which the enterprise is operating. Moreover, it seems that despite the fact that regulations were not given as a priority problem by the respondents, there seems to be a degree of active regulation and petty harassment of micro-enterprises, particularly in conservative white towns, and homeland towns.

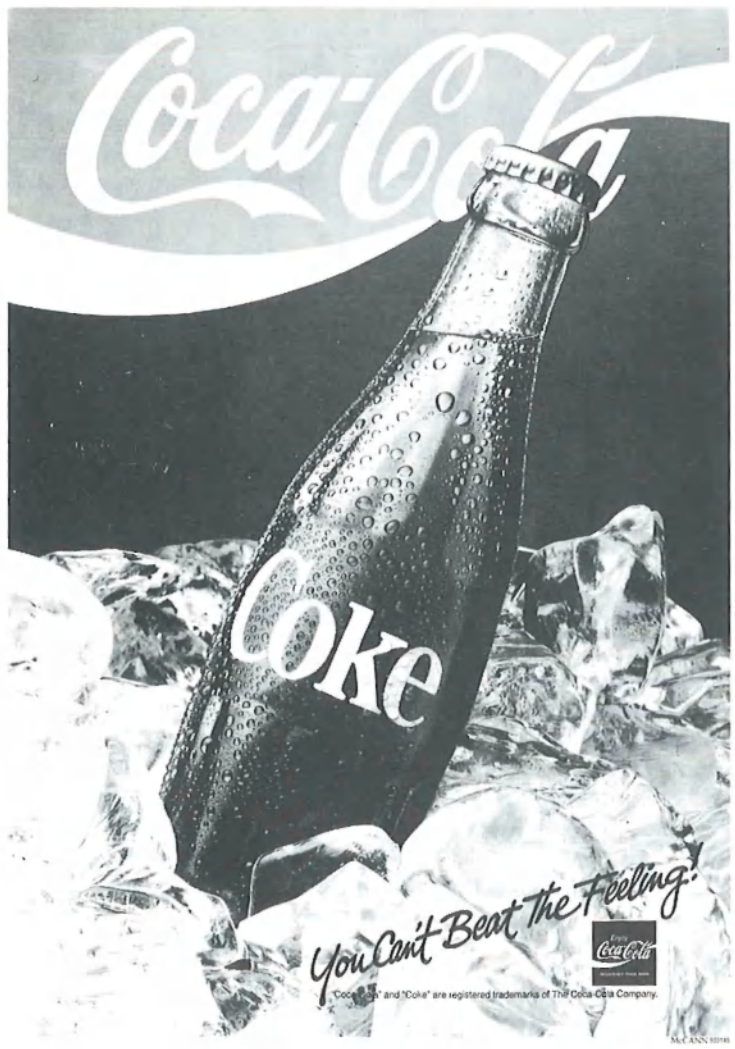
Although confined to less than 10% of the sample over the two month period covered by the survey, this harassment does carry real costs for the micro-entrepreneurs affected. It is possible that harassment of this nature is regarded as no more than the payment of 'taxes' by business people who are otherwise unaffected by taxation policies. IPA

The findings, interpretations and conclusions presented in this paper are the Author's own. They should not be attributed to the World Bank, its Board of Directors, its Management or any of its member countries.

Two HIV Scenarios for Southern Africa 1991-2005



Source: Data extracted from Peter Doyle 'The Demographic Impact of AIDS in RSA', in S Cross and A Whiteside, *Facing Up to AIDS: The Socio-economic Impact in Southern Africa*, London:Macmillan, 1992.
See article by Whiteside in this monitor: pp66-72.



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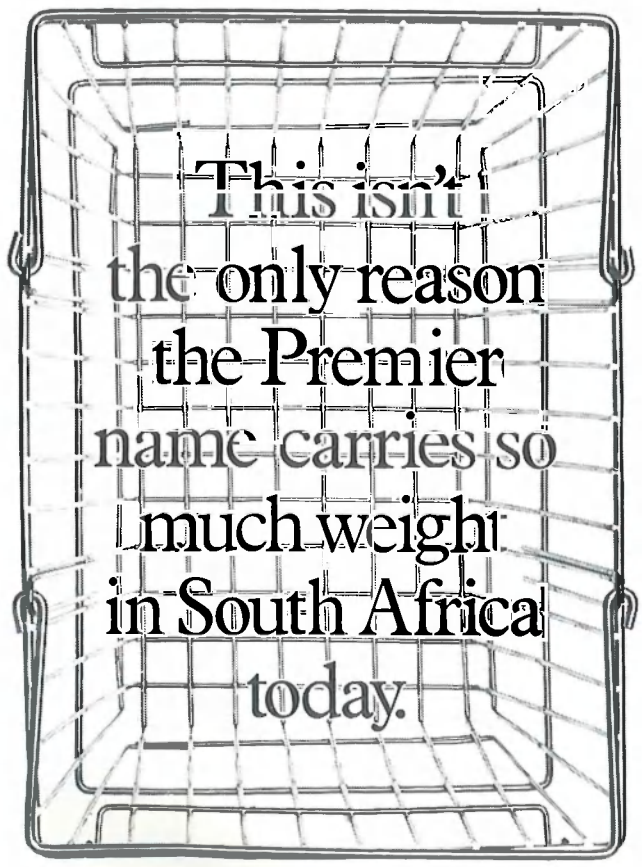

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Negotiation Issues

Nicoli Nattrass, Department of Economics, University of Cape Town

The notion of a tri-partite economic pact negotiated between the state, capital and labour has entered the new political vocabulary of South Africa over the last two years. To date, however, disagreement on the specific objectives of a national economic forum has stymied various initiatives proposed by organised business and labour. Whatever happened on the way to the forum, and what comparative models can we learn from elsewhere?

The South African economy is experiencing the worst recession since the 1930s. Growth has averaged only one per cent per annum over the past decade and output is expected to shrink for the third year in a row. An estimated 250 000 jobs have already been lost during the current recession. Considering that South Africa needs to sustain a growth rate of at least four per cent per annum simply to absorb new entrants into the labour market, this statistic spells human tragedy.

In the context of the current political impasse and the steady heamorrhaging of capital out of the country, there is little prospect for immediate relief. Even a further cut in interest rates will do little to improve economic growth in the present climate of political uncertainty.

But even if a political settlement were to materialise, this will be far from sufficient to restore the conditions necessary for economic growth. The fond but fallacious belief that the move to an interim government will somehow regenerate investment and growth is a dangerous chimera. It fails to consider that investor confidence requires stability (which an interim government may well bring about - but only if it can establish and maintain control over the security forces), predictability (which by its very nature an interim government cannot provide to any great extent) and profitability.

Although a future government may contribute to promoting profitability through sound macro-economic management and the judicious application of tax and other fiscal incentives, the construction of a cooperative and trusting relationship between management and workers is crucial. An economic pact between capital and labour is just, if not more, as important as the political pact when it comes to the conditions needed to restore growth.

It is, however, impossible to separate the political and economic negotiating processes. The Congress of South African Trade Unions (Cosatu) frequently comes out in support of ANC demands - as it again did in August 1992. According to Jay Naidoo, General Secretary of Cosatu,
Business has to make a choice - either join the Cosatu/ANC/SACP campaign to force the government to stop being an obstacle to democracy and act to end the violence, or continue standing with the National Party and cling to white minority rule.
(*Natal Post*, 1/7/92)

Predictably, this attitude fails to impress the business community. The South African Employers Consultative Committee on Labour Affairs (Saccola) remains opposed to stayaways while the South African Chamber of Business (Sacob) strongly objects to the economy becoming a 'political battleground' (*Business Day*, 3/7/92). The same is true of the Afrikaanse Handelsinstituut (AHI). This indicates that even where industrial action succeeds in furthering political goals, there still remains the cost in terms of undermining the relationship between capital and labour.

The AHI proposition seeks only to find a broad statement of intent from all political and economic groupings

Broad Agreement

In this context, the creation of an ongoing Economic Forum is a welcome light at the end of a long tunnel. One of the more constructive developments in South Africa has been the growing acceptance by major players of the need for an 'accord' between capital, labour and the state. The Minister of Finance and of Trade and Industry, Derek Keys, is fond of referring to such a relationship as a 'golden triangle'. The business community is cautiously supportive of such a position as is the trade union movement - but with more of a focus on extending the power of labour.

It is understood that this accord must extend beyond narrow labour market issues. Since the signing of the Laboria Minute in 1990, broad agreement has existed about the need to negotiate around economic policy and industrial relations at a macro-level. The idea gained momentum after Cosatu withdrew from the National Manpower Commission in 1991 and demanded the creation of a macro-economic bargaining forum. A similar proposal came from the economic affairs committee of the President's Council which recommended the setting up of a forum representing government, consumers, agriculture, business and labour to look at all aspects of economic policy. The AHI also came out with a suggestion to set up a forum to discuss economic principles.

The Cosatu proposal seeks to create firstly a negotiating forum which would assume economic powers during a period of interim government

It is one thing to agree on the notion of a forum. It is entirely another to agree on its character and powers. According to Richer (1992:2), considerable differences exist over what form the forum should take: *The AHI proposition seeks only to find a broad statement of intent from all political and economic groupings sufficient to lessen fears of potential investors, while the President's Council seeks the creation of an ongoing policy formulating body ...*

The Cosatu proposal seeks to create firstly a negotiating forum which would assume economic powers during a period of interim government, and which would be an ongoing negotiating forum under a democratic government but with its powers subordinate to Parliament.

Further questions along these lines include the structuring of representation, the statutory powers of the body and the range of issues which fall within its jurisdiction. These questions will only be resolved after negotiation and in the light of experience once the Forum starts meeting regularly.

International experience indicates that a wide range of possibilities exist. The Dutch Social and Economic Council, for example, is a statutory body consisting of 45 members, two-thirds of which are appointed by trade union federations and employer associations. The remaining third comprises independent experts appointed by government. The Council is an advisory body with important powers. For instance, it can require the government to disclose information and must be consulted by government before relevant legislation is enacted. If the Council puts forward any unanimous recommendations - this carries such political clout that the government cannot afford to ignore it.

Similar councils in Norway and Italy have less standing (Richer, 1992). The government is not required to consult them, and their opinions carry less weight in the public arena.

Despite unresolved issues concerning the nature and powers of the Economic Forum in South Africa, a meeting between organised labour, business and the government on 18 May 1992 made the Economic Forum a practical reality. Teething problems dominated the agenda and most discussion during subsequent meetings concerned organisation and procedure.

At Sacob's annual convention in late October Keys reasserted the government's commitment to the Economic Forum. He stated that the problems which had persuaded the government to postpone a decision on its participation had been substantially resolved. He also proposed that the Forum should be concerned primarily with the following issues (*Natal Mercury*, 29/10/92):

- economic growth for social development;
- unemployment and job creation;
- investment in productive capacity;
- international competition and trade;
- incentives for private entrepreneurs; and
- worker education for economic literacy.

Despite the fact that the government had temporarily withdrawn from the embryonic Forum on 16 September (allegedly to protest Cosatu's mass action and anti-PAYE campaign), the National Economic Forum was eventually launched on 5 November with all parties on board. It is ultimately in the interests of the government, capital and labour that the restructuring process should now proceed as smoothly as possible.

Macro Restructuring

The crucial challenge facing participants in the National Economic Forum is gaining a common understanding of the kind of economic restructuring they are negotiating about. All the major players agree that economic policy should arise out of a process of consultation and negotiation.

According to the stated objective of the National Economic Forum, 'Any major economic restructuring undertaken, particularly during the period of transition, should have the support of all economic stakeholders'. All agree that this involves negotiating about the macro-economic restructuring needed to get the economy back on the path of sustained economic growth. However, when one starts looking beyond the generalities to the specifics, it becomes clear that the parties concerned have very different understandings of the concept of 'restructuring'.

Like motherhood and apple-pie, everybody seems to be in favour of restructuring. Yet listening to the debate, one gets the impression that very few individuals understand the disadvantages that such a process will entail for their own constituencies if applied rigorously. 'Restructuring' means diverting resources from some industries and sectors to other industries and sectors. It means altering the production process, the labour process and the allocation of economic surpluses between wages, distributed profits and investment. This inevitably brings costs and benefits to different sectors and constituencies.

In the view of the government, restructuring essentially refers to moving the economy away from import-substitution and towards export-driven growth. A more open economy organised along market principles is envisaged. Minister Keys is in favour of careful and selective tariff reductions (by about a third over five or more years) in order to increase competitiveness while minimising economic disruption.

Businesses will of course support the call for restructuring towards a more market-based open economy if they stand to benefit from it. However, those who rely on government incentives, tariffs, etc. to support their businesses, will be vocal in their opposition to any 'restructuring' which implies the removal of such incentives.

Given that workers in such industries would stand to lose their jobs as a result of such restructuring they could very well opt to join forces with some employers in this regard. Cosatu intimated as much in their recent policy conference: 'In order to ensure that the goal of job creation is not countered by falling tariffs, the Cosatu position is that tariffs are a matter for negotiation' (1992:8).

The trade unions are understandably suspicious of any proposal to restructure the economy which takes jobs away from their members. In addition, trade unionists are reluctant to accept arguments in favour of wage restraint as a means of increasing competitiveness.

Sam Shilowa, Assistant General Secretary of Cosatu, falls into this camp. When asked what kind of demands he would like to make at the Economic Forum, he replied 'the first is that there must be restructuring of the present economy so that it is not weighed only in favour of profit-making' (*South African Labour Bulletin*, Vol16/No3:15). He also rejected the possibility of a social accord if it related to halting wage demands. Wage restraint was also rejected by Cosatu at its policy conference (1992:5).

Enoch Godongwana, an official of the National Union of Metalworkers (Numsa), takes the argument even further: 'We need to engage both capital and state to defend ourselves against attacks on the living standards and job security of the workers' (1992:22). He argues for 'restructuring which is informed by a socialist perspective'.

These trade union perspectives are essentially defensive. The stress is on defending jobs and wages. Restructuring is defined in these terms - as is their attitude to the Economic Forum. Minister Keys has a different perspective:

In all the international examples of superior economic growth - Sweden in the 1930s, postwar Germany and Japan, Korea in the 1960s and so on - there is one common factor, the golden triangle of business, labour and the state joined in a consensus carefully and consciously aimed at economic growth.
(*Business Day*, 31/1/92)

Here, the emphasis is on growth. Restructuring is proactive, rather than defensive with a focus on longer-term productivity improvement rather than on maintaining jobs in all industries (including over-protected and inefficient ones). Also, in all the countries cited by Keys, labour

The crucial challenge facing participants in a future Economic Forum is gaining a common understanding of the kind of economic restructuring

The trade unions are understandably suspicious of any proposal to restructure the economy which takes jobs away from their members

In the view of the government, restructuring essentially refers to moving the economy away from import-substitution and towards export-driven growth

has been highly sensitive to the need to keep wage growth within the bounds set by international competitiveness.

German Model

Take the example of Germany. Every year, the engineering union *IG Metall* needs to make sure that its nominal wage demands will not erode the competitive edge of German exports and hence threaten the jobs of union members. As a result, 'much time is taken up in discussing with the engineering employer organisation the development of world engineering prices and export prospects, as well as prospective growth in labour productivity in engineering in Germany (Soskice, 1990:45).

Macro-economic considerations clearly enter into this process. Given that most sectors follow the wage settlements in engineering, the rate of inflation is substantially determined by the rate of growth of nominal wages in that industry. This provides the union with an additional headache because it knows that the *Bundesbank* will respond to higher inflation by tightening monetary policy. This would bring about an appreciation of the exchange rate and hence erode the competitive position of the engineering industry by making its products more expensive on world markets. The union is thus forced to consider the macro-economic impact of wage growth on inflation, the exchange rate and thus ultimately on international competitiveness and employment.

The underlying assumption of a social accord between capital and labour is that with greater industrial and economic democracy, production and productivity will be increased

Central to the success of the above process is a trusting relationship between labour and capital (which facilitates the flow of relevant information between the negotiating parties) and strong unions and employer associations capable of enforcing the wage bargain once it has been reached. South Africa is clearly way behind on all those scores.

The lack of suitable employer representation appears to be an important problem. Saccola is clearly far from powerful enough to represent employers adequately - or to impose agreements on them. As Frans Barker, Acting Chairman of the National Manpower Commission, observed: 'Cosatu is a rich organisation with poor members and Saccola is a poor organisation with rich members' (*Business Day,* 19/6/92).

There is an obvious need for employers to organise a representative national body to speak on their behalf. Not only will it make an Economic Forum more meaningful, but it will also facilitate South Africa's readmission into the International Organisation of Employers (IOE) which represents employer interests in the International Labour Organisation (ILO).

Industrial Democracy

Given the differences outlined on 'restructuring', it is likely that major disagreements will arise in the Economic Forum when policy-making gets down to specifics. Radically different expectations about the ultimate purpose of a state-capital-labour pact may well limit the effectiveness of the Economic Forum.

However, there could still be some common ground. According to some members of the Cosatu-associated Industrial Strategy Project, a 'restructuring accord' must involve 'balancing off the winning of a greater degree of industrial democracy on the shop floor with increased productivity' and 'winning a greater degree of job security for increased flexibility' (Joffe and Lewis, 1992:). They advance an essentially social-democratic position: *The underlying assumption of such a social accord, or economic compromise between capital and labour, is that with greater industrial and economic democracy production and productivity will be increased. The implications for labour are a greater involvement in issues of concern to individual workplaces as well as macro-economic issues around the integration of wages, taxation, the social wage and price restraint, unemployment, child care, education and training, health care and other forms of social development.*

The idea of an accord which encompasses productivity agreements and agreements relating to the social wage (i.e. welfare provision through the state) is clearly consistent with an Economic Forum which brings together labour, capital and the state in a three-way relationship. However, if workers are going to agree to moderate wage demands in return for higher social spending, then it is highly likely that such social spending will be channelled in ways that directly benefit workers in urban/industrial areas. Such spending would include that on the unemployment insurance fund, education, health and local facilities.

The problem is that in the present economic climate of stagnant growth, it is impossible

to increase significantly state spending in some ares without reducing it in others. Some areas, such as the reduction in defence spending, are relatively unproblematic. Other areas, such as the reduction of spending on urban hospitals in order to channel more resources into primary health care, will be met with great resistance form those who have an interest in maintaining the existing levels of spending of First World curative medicine. The budget is inherently political, and in the end, those constituencies with the greatest political clout will carry the day.

So who will lose out? The answer is the unemployed - particularly those in rural areas. Spending on rural development will probably be hardest hit.

Including the Outsiders

This raises the important question of the unemployed and marginalised constituencies. In Sweden, where unemployment fluctuates around two per cent and trade union density ranges between 80 and 90 per cent (Richer, 1992:7), trade unions represent the bulk of the economically active. In South Africa, union density is at most 40 per cent while 40 to 60 per cent of the economically active population remains outside of formal sector employment. It is clear that organised labour represents a rather narrow constituency. This creates the potential for the development of a social compact which is limited to privileged insiders.

In the interest of more broadly-based development, it is crucial that poorer constituencies are incorporated into decision-making processes so that they too can negotiate a share of the economic spoils. This is unlikely to happen under the umbrella of the Economic Forum if it remains a tri-partite body comprising representatives from organised labour, employers and the state.

The creation of a more broadly constituted body (such as found in France and Norway) might be the answer. In France, the Economic and Social Council (CES) consists of 230 members, 69 of which represent trade unions and employee organisations. The remaining 161 consist of a variety of experts and representatives of the self-employed, cooperatives, women's groups etc. The Council is thus broadly based and concerns itself with a wide range of socio-economic issues. The Norwegian Contact Committee has a similar broad base - although it is more trade union oriented.

The advantage of such councils are their representative character. The disadvantage of it for South Africa is that its size and diverse character could easily diffuse and frustrate tough, focused negotiation around restructuring. The main priority facing South Africa is to come to a compromise between labour and capital about restructuring. This makes a tri-partite Economic Forum a practical necessity.

However, given that the Forum will be representing a narrow (albeit important) constituency, it should remain an advisory body. It should have no power to enforce policy beyond specific industrial agreements. It is ultimately the government (and hopefully a transitional government) which will have to balance the requirements of organised labour and business with broader developmental issues. Giving the poorer constituencies a voice by strengthening political institutions at the local level is one way of promoting their inclusion in a new compact. IPA

It is crucial that poorer constituencies are incorporated into decision-making processes so that they too can negotiate a share of the economic spoils

A transitional government will have to balance the requirements of organised labour and business with broader developmental issues

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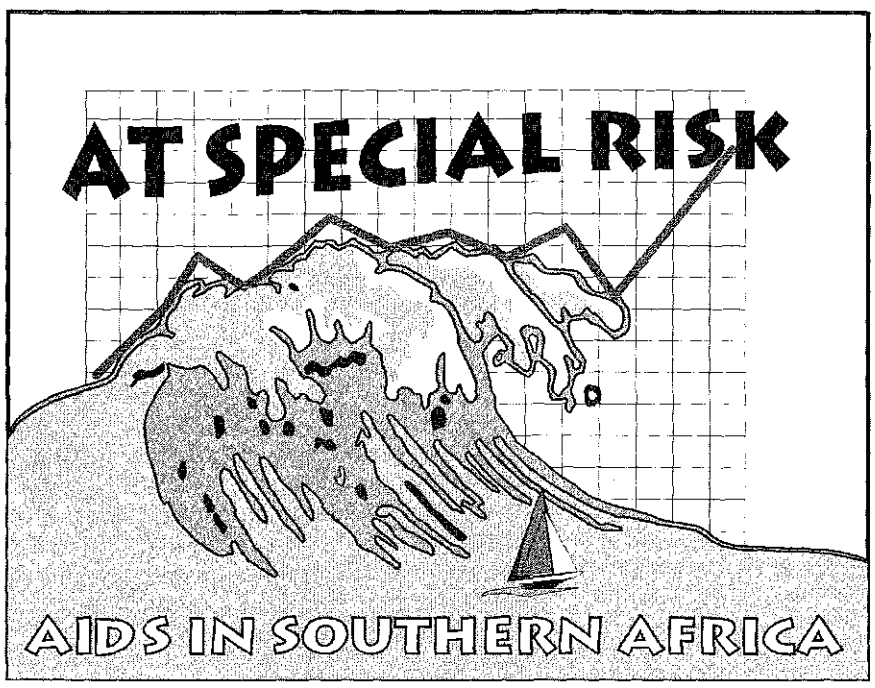

AIDS in Southern Africa

Alan Whiteside, Economic Research Unit, University of Natal, Durban

What does the spread of HIV and AIDS mean for Southern Africa? Will it result in a decline in the population as earlier accounts suggested? Could economic growth be adversely affected and the region's labour supply become scarce in particular economic sectors? In a sequel to his article in Indicator SA written at the outbreak of the epidemic, Alan Whiteside revisits the initial predictions and reviews the available data which now reflects longer term trends and likelihoods.

At the Sixth International Conference on AIDS in Africa, held in Dakar, Senegal, Dr Michael Merson director of the World Health Organisation's Global Programme on AIDS declared, 'The 1980s were the decade of HIV in Africa; the 1990s will be the decade of AIDS in Africa'.

Addressing and assessing the HIV/AIDS epidemic is made problematic by the lack of data and the unreliability of what data there is. This is compounded by the nature of the disease - the long incubation period before an infected person falls ill. Reported AIDS cases reflect the levels of HIV infection of five and more years previously. In addition, not all cases are recorded, and the quality of the data may be highly variable.

Events in South Africa serve to illustrate the problems with data collection and official records. A hospital in the town of Empangeni, Natal, reported 153 AIDS deaths during a nine month period in 1992. At this point, however, the official statistics had recorded only 26 deaths for the whole country during the first six months of 1992.

The reasons for this under-reporting vary. In some Southern African countries medical coverage is limited by lack of resources and/or civil conflict; there are problems of inefficiency among bureaucrats and weariness and overwork among medical staff; in other instances there have been attempts to cover-up the problem. South Africa was thought to have a reasonably good system of recording AIDS cases. In the light of recent events, it seems that while cases may be recorded at the hospital level, they are not reflected in the official statistics.

Data on AIDS cases in Southern Africa are shown in Table 1. The highest number of cases are reported by Malawi, Tanzania, Zimbabwe and Zambia. The lowest incidence is currently in Lesotho and South Africa, as the rapid spread of the virus only began here relatively recently. It is estimated that these two countries are between five and eight years behind central Africa in the epidemic. This is no cause for comfort though as all the evidence suggests that the epidemic will spread extremely rapidly in South Africa.

Data on the levels of HIV prevalence is shown in Table 2. This gives incidence in both urban and rural areas and a subjective estimate of the current level of HIV positivity in the country at July 1992. South Africa again probably has the best data on HIV incidence in the region. There have been two national HIV surveys of women attending antenatal clinics in South Africa. The first was conducted in October/November 1990, and the second a year later in 1991.

Table 1 AIDS Cases in Southern Africa

Country	1980-87	1988	1989	1990	1991	1992	Total	Date
Angola	41	63	94	93	130	NR	421	31/12/88
Botswana	36	22	29	91	72	27	277	31/7/91
Lesotho	2	3	8	10	21	NR	44	27/4/90
Malawi	1 002	3 034	3 124	4 914	NR	NR	12 074	31/10/90
Mozambique	4	23	37	98	178	108	448	30/9/91
Namibia	19	43	127	207	NR	NR	311	21/8/90
South Africa	86	91	175	317	426	210	1 295	30/6/92
Swaziland	1	2	7	20	62	107	199	30/9/92
Tanzania	1 608	2 500	2 093	1 912	19 283	NR	27 396	31/8/91
Zambia	709	985	1 115	1 393	1 601	NR	5 803	31/5/91
Zimbabwe	119	202	1 281	4 362	4 587	1 963	12 514	30/6/91
Total	**3 627**	**6 968**	**8 090**	**13 417**	**26 360**	**2 298**	**60 782**	

Notes: NR = No report

Source: *AIDS Analysis Africa* (London and Johannesburg, various issues); WHO Global Programme on AIDS *Update*, 1 July 1992; *Epidemiological Comments* Vol19/ No8, August 1992.

The surveys were done in a scientific manner, and the results make alarming reading. It was found that the HIV prevalence had risen from 0,76% to 1,49% between 1990-1991. This means that the number of HIV infected persons in South Africa rose from between 74 000 and 102 000 to approximately 191 000 in 1991. The highest levels of HIV prevalence are Natal/KwaZulu (2,87%), followed by KaNgwane (1,71%). The lowest level is in the Cape (0,37%). The highest incidence by race group is in the black population (1,84%), followed by coloureds (0,14%) and Indians (0,11%) (*Epidemiological Comments*, Vol19/No5, May 1992).

These findings confirm the view that the epidemic in South Africa is now the same as in the rest of Africa, i.e., it is a predominantly heterosexually transmitted disease with a substantial number of infants being infected. This is not to say that any group is immune from infection, but rather that socio-economic circumstances make some groups more vulnerable.

Regional Stresses

The spread of HIV in Southern Africa is being aided by social and political stresses which lead to a breakdown of societal norms and a greater incidence of risky behaviour. Some of these stresses have a long history in the region while others are comparatively new. They are detailed below:

❑ *cross-border migration*

The movement of people in search of employment has been going on for decades. In South Africa there are approximately 250 000 foreign males employed on contracts of up to two years. Most are housed in single quarters and none are able to bring their families with them. In addition, apartheid legislation made millions of South Africans migrants in their own country, as they crossed the 'borders' of the 'independent' homelands.

❑ *refugees*

The conflicts in Angola and Mozambique have resulted in nearly two million people fleeing across international borders in search of sanctuary in Southern Africa. Although the vast numbers of displaced people within neighbouring countries do not appear in official statistics as refugees, they account for additional millions.

❑ *conflict and civil war*

As well as creating refugees, the region's conflicts

Table 2 HIV Prevalence in Southern Africa

Country	HIV Positivity HIV 1[1] Weighted mean percentage of sexually active population				Subjective estimation of HIV+ (July 1992)[2]
	Urban Areas	Last Survey	Rural Areas	Last Survey	
Angola	3,6	1988	2,7	1986	15-20
Botswana	3,0	1987	0,0	1988	6-8
Lesotho	0,1	1989	NA	NA	
Malawi	17,0	1989	NA	NA	20
Mozambique	3,4	1989	0,0	1987	8-10
Namibia	2,1	1990	NA	NA	1,4
Swaziland	NA	NA	NA	NA	6-8
Tanzania	8,5	1989	6,5	1989	15-20
Zambia	13,2	1989	10,7	1987	18-20
Zimbabwe	5,6	1989	2,8	1987	15-20

Footnotes:
1 These figures taken from Anderson *et al*, 1991. The figure is calculated through a weighting based on the sample size of each survey.
2 This is based on other surveys and estimated doubling times to 1992.

mean that people cannot be reached by government health and education services. There is also an unwillingness to listen to messages about AIDS when issues of daily survival are more imperative.

❑ ***drought***

The current drought in Southern Africa is likely to cause large-scale movement of people in search of food and incomes. It will also increase poverty. Movement of people will place greater pressure on urban infrastructure and lead to social breakdown.

❑ ***poverty***

Anything that reduces the body's immune system and general level of health makes it easier for the HIV virus to enter the bloodstream and infect a person. These co-factors include malnutrition, endemic diseases, lack of sanitation and potable water, the inability to receive or understand messages about behavioural change, and lack of resources to make the changes. Most Southern Africans are poor and live under these conditions.

Table 3 HIV and AIDS Scenarios 1991-2005

	1991	1995	2000	2005
HIV-infected				
Scenario 60	97 000	970 000	4 112 000	6 410 000
Scenario 61	97 000	970 000	3 700 000	4 762 000
AIDS Sick				
Scenario 60	1 190	25 000	259 000	743 000
Scenario 61	1 190	25 000	255 000	618 000
AIDS Death				
Scenario 60	1 350	23 000	203 000	525 000
Scenario 61	1 350	23 000	197 000	429 000
Cumulative Deaths				
Scenario 60	2 200	47 000	602 000	2 588 000
Scenario 61	2 200	47 000	594 000	2 321 000

Source: Peter Doyle, 'The Demographic Impact of AIDS in RSA', in S Cross and A Whiteside, *Facing Up to AIDS: The Socio-economic Impact in Southern Africa*. London: Macmillan, 1992.

❑ ***sexually transmitted diseases***

The incidence of sexually transmitted diseases (STDs) among the population greatly increases the probability of HIV transmission during sexual intercourse, and STD levels are high in the region. In Swaziland in 1989, 5,6% of out-patient visits were for sexually transmitted diseases and in the same year 1 078 293 STD cases were reported in Zimbabwe.

❑ ***rural-urban linkages***

If there is movement between rural and urban areas this will ensure a more rapid spread of HIV in a country. Davies, writing about Zimbabwe, notes:
People from all socio-economic groups retain their links with "home areas" and travel there relatively frequently. This would tend to make the virus spread more uniformly throughout the population. In addition the high number of workers whose wives live in rural areas will tend to increase the number of partners and thus the rate of spread.
(R Davies, undated).

❑ ***status of women***

The low status of women and their comparative lack of power make behaviour change more difficult.

Demographic Scenarios

The work of Professor Anderson and colleagues from the Parasite Epidemiology Research Group, of Imperial College, London indicates that:
AIDS is likely to reverse the sign of population growth rates in some areas over time scales of a few to many decades. Demographic impact will be very variable between regions, depending on the prevailing problems of sexual activity and contact between different strata of the population. However, the only major uncertainty in the worst afflicted area is whether AIDS will cause a population decline on a time scale of a few or many decades.
(Anderson *et al*, 1991:4)

There is general consensus among researchers of AIDS in Southern Africa that the number of HIV positives in a sexually active population would not exceed 20-40% at the peak and that the South African population will not decline. But the seriousness of the epidemic should not be underestimated. The most reliable modelling is that done by Peter Doyle and colleagues of Metropolitan Life Assurance Company in Cape Town. His projections for two scenarios are shown in Table 3.

Scenario 61 is less pessimistic and assumes that there will be significant behaviour change among the populace 12 years into the epidemic. Whether this will indeed be the case remains to be seen - so far there has been little cause for optimism. Doyle concludes that, 'In the absence of significant behaviour change, the HIV epidemic is likely to peak at a prevalence rate below 30% of the adult population, while with some change peak prevalence may be below 20%' (Doyle, 1992:109).

Economic Costs

Most studies on the implications of AIDS have concentrated on the financial costs of the disease. The costs may be divided into *direct* and *indirect* costs. The direct costs are actual expenses incurred in dealing with the disease.

Some *direct* costs can be measured quite easily - those related to health care. From the time a person is first tested HIV positive to the point when he/she dies a measurable amount of money will be spent on health care. These costs may be incurred by the individual, the family, the medical aid society or insurance company or the public health system. These costs will vary greatly from case to case.
Some of the data from Africa on the direct costs of

Table 4 Direct cost of HIV infection per symptomatic adult (in US$)

Country	GNP per capita	*Direct Cost:* Low	Mean	High	Year
Zaire	170	132		1 585	1986
Malawi	170	-	210	-	1989
Tanzania	290	104		631	1986
Zimbabwe	650	64	614	2 574	1991
Kenya	370	-	828	-	1992
South Africa	2 010	3 272		7 272	1991
South Africa[1]	2 010	20 000		25 000	1991

Footnote:
1 This is data for private medical care.

Sources: Zaire and Tanzania - Over 1988; Zimbabwe - Whiteside 1991; South Africa - Broomberg, 1991. FHI personal communication, Taylor 1992.

health care is shown in Table 4. It appears from this, and worldwide experience confirms it, that there is a close correlation between a country's Gross National Product (GNP) and expenditure on AIDS. Put simply, the richer a country is the more will be spent per case. It should also be noted that AIDS does not necessarily cost any more than other long-term or chronic illnesses. What makes it different is that it hits a population in the peak of their productive years; people who would not normally require medical care; and the numbers are likely to increase rapidly.

Other easily measurable direct costs include: testing - now being done by blood transfusion services, insurance companies and doctors, and this should be linked to counselling; research by both scientists and social scientists; and the extensive and potentially expensive education programmes that have been put in place. More difficult to measure are items such as time spent waiting for appointments, transport costs for the patient and his/her family and of considerable importance, the emotional anguish, pain and suffering.

Many of the reviews of the effect of AIDS on national economies to date have concentrated on the costs to the economy and to the health service. For example, Broomberg *et al* (1991) estimate that in 1992 AIDS will account for between 0,85 and 1,37% of total health expenditure. This could rise to between 18,76 and 39,83% by the year 2000. The estimate of the total current costs of AIDS to GNP in 2000 is between 5,1 and 9%. In Malawi it is estimated that by the year 2000 AIDS may account for between 27 and 38% of the Ministry of Health expenditure (FHI, personal communication).

Apart from the sheer size of the expenditure there is a very great danger that the rise in AIDS cases may result in crowding out of other health care problems - something which could adversely impact on the health status of a nation.

The *indirect* costs arise from the loss of productive members of society. These costs include *morbidity* when people are ill and *mortality* when people die and years of production are lost to the society. It is estimated that the indirect cost of an AIDS death is between 65 and 75% of total costs (Broomberg, 1991:42), and 90% of the indirect cost will be accounted for by premature death rather than disability or morbidity.

It is a harsh reality that in societies in which there is large-scale un- and under- employment the key issue will not be how many people die (we have shown that AIDS will not cause the population to decline) but rather who dies. This will be discussed below.

Impact by Sector

❑ ***agriculture***

The bulk of the Southern African population lives in the rural areas and is dependent on subsistence agriculture. In addition, the agricultural sector is an important contributor of cash crops for export and raw materials for agro-industry.

Work done on HIV and traditional agriculture in Uganda, Rwanda and Tanzania, suggests that HIV could lead to a change in cropping patterns with a move away from labour intensive and cash crops. There is little work on HIV and commercial agriculture.

One of the sugar estates in Swaziland recently commissioned a study on the possible effect of HIV on their operations. It found that in 1995 there would be about 60 AIDS cases on the estate, rising to between 138 and 369 in the year 2005 (out of a total estate population of 17 000). The study concluded that AIDS would not cause a labour shortage but if, already scarce, skilled and professional staff were infected then, at worst, production could be affected and at best gains in localisation reversed. The most adverse effect would be felt in the company benefits. Many estates provide housing and health care and these will be put under pressure.

❑ *mining*

The Economist Intelligence Unit warned that Zambia and Zaire can expect AIDS to have a gradual but unavoidable impact on copper mining. The danger is that skilled workers, managers and supervisors will die faster than they can be replaced. 'The result will not be a sudden collapse in mine output. Rather there will be a slow but steady increase in the incidence of breakdown, accidents, delays and misjudgement and output will suffer' (Parkinson, 1992). Where the mining industry employs migrants it will be particularly vulnerable, as indeed will be the employees. This will be the case in South Africa.

❑ *manufacturing*

The effects of AIDS on manufacturing production will depend on the extent of the spread of the virus among the population and the specific effect on the key employees. In most countries it will be possible to replace the unskilled and semi-skilled workers lost to HIV fairly quickly and easily. The death of employees may cause problems when the employer has a generous benefit package.

Problems arise when the skilled workforce is affected. It has been noted that in many countries, initially it is the better educated and higher socio-economic groups who appear to be most affected by AIDS. One reason given for this trend is that the number of sexual partners increases with social status and money.

In Africa skilled indigenous labour is in short supply. The effect of losing such labour will be damaging as will the loss of white-collar workers. In Zimbabwe some industrialists are training two people for each key post (Whiteside, 1991). Elsewhere in Africa it has been suggested that in order to have one skilled experienced 45 year-old, 17 students will have to be trained after leaving school (Barnett and Blaikie, 1992).

❑ *services*

The effect of HIV on the services sector will be similar to that in manufacturing, but may be more immediate. Employees in the service sector are amongst the most skilled in a society. There have been anecdotal reports of very high levels of HIV in Zambian bank employees. In Zimbabwe some commercial farmers are installing their own generators as they believe the supply of electricity from the state power corporation will deteriorate with the growing number of AIDS deaths. Again the impact will not be immediate, but there is likely to be a slow decline in standards.

The exception to this may be the transport sector. It has long been known that truck drivers and their mates are particularly vulnerable to infection. They spend long hours driving so want to relax in the evenings; they may be separated from their families for weeks at a time; and by local standards they are extremely wealthy. Trucking routes are well known as a path by which the virus spreads. The transport industry may be vulnerable, but it is one area that can be easily targeted for intervention.

The spread of HIV may affect the demand for certain services and the ability to supply them. The prime examples here are insurance and medical care. The insurance industry bases its life cover product on the mortality experience of select groups. The peculiarities of AIDS have thrown both claims projections and established underwriting practices into confusion. The result has been that either life insurance is offered provided death from HIV infection is excluded, or cover is offered but the companies insist on HIV tests and then exclude those who are infected.

Provision of health care will inevitably be seriously affected by the AIDS epidemic. Where there is private medical care available then AIDS may push up the cost of medical aid to a point where it is simply not affordable. The Chief Executive of Zimbabwe's biggest medical aid society notes that 'The societies cannot practically or morally avoid the costs of AIDS victims but they need to accurately assess their financial liability and find resources to meet them' (Hore, 1991). A further problem is that the perceived risk to health care workers from exposure to AIDS has resulted in it becoming a less popular career.

Macro Consequences

It is now becoming apparent that the AIDS epidemic will have a negative effect on economic development and growth at a national level. This is particularly serious when the poor performance of the region's economies is considered (see Table 5).

The reason for this negative impact has been well analysed by Mead Over of the World Bank. The key points are firstly, that the skills base of the average African economy is small. The more skilled people are infected inevitably the worse the effect on the economy.

Secondly, if AIDS care is financed out of savings then this will reduce funds available for investment, and if the short fall is not made up by foreign investment then future growth will suffer.

The work done by Over looks at a number of possible scenarios and concludes that AIDS will reduce the annual growth rate of GDP by between 0,56 and 1,08% in 30 African countries and 0,73 and 1,47% in the ten worst affected countries depending on the level of skilled people infected and the amount of AIDS care funded from savings (Over, 1992).

The projected impact of AIDS on economic growth has also been assessed by Anderson *et al* who conclude, 'the HIV epidemic will have serious repercussions for economic growth and the provision of health care in sub-Saharan Africa and may

Table 5: Regional economic performance for selected years 1980 to 1990

Country	GNP (US$m)			GNP/capita (US$)		
	1980	1990	Growth (%)	1980	1990	
Angola[1]	4 361	6 031	38,3	470	680	44,7
Botswana	824	2 499	203,3	910	2 040	124,2
Lesotho	631	888	40,7	420	530	26,2
Malawi	1 138	1 803	58,4	230	200	-13,0
Mozambique	2 382	1 227	-48,5	230	80	-65,2
Namibia[2]	1 660	1 511	-9,0	1 659	1 173	-29,3
South Africa	77 768	97 667	25,6	2 301	2 530	10,0
Swaziland	535	679	26,9	680	810	19,1
Tanzania	5 251	2 220	-57,7	280	110	-60,7
Zambia	3 594	3 340	-7,1	560	420	-25,0
Zimbabwe	5 281	5 842	10,6	630	640	1,6

Footnotes:
1 1983-1989 GNP and 1980-1989 GNP per capita
2 1980-1989

Sources: *World Debt Tables*, World Bank various issues; *Statistical Economic Review* Windhoek 1990; *International Financial Statistics* (various issues).

exacerbate other factors that constrain economic growth in the region' (1991:49).

The Economist Intelligence Unit in a recent special report on Zimbabwe introduces the effect of AIDS on its scenario development. The report notes that:
The worst effects (of AIDS) on the economy are likely to occur in the medium to long, rather than short term ... For the purposes of the main scenario, it is assumed that as a result of the problem of AIDS, the lower of three national projections of population growth is likely to be most accurate ... As for the effect on the economy, it is assumed that this could have the effect of reducing projected growth rates by a negligible 0,01% in 1992, but this increases to a more significant 0,2% by 1996.
(Riddell, 1992:84).

The consequences include lower productivity leading to depressed demand and lower exports, imports of drugs squeezing out other more productive imports and the potential fall in investor confidence. It is possible that all these studies under-estimate the effect of AIDS in Southern Africa because of the comparatively small size of these economies.

To illustrate this point the example of electricity supply may be used. In Zimbabwe the 1991/92 drought has lead to warnings that 64 000 jobs and US$1,4 billion in production (15% of GDP in 1992) may be lost. If AIDS kills technicians and professionals in the power corporation, then the same pattern of unreliable electricity supply and blackouts could have the same effect. It is difficult to assess what the epidemic will do to national economies. What is certain is that in countries already facing severe economic problems AIDS will worsen the crisis.

Social Costs

Some indication of the economic and social effects can be gained from the data showing the mortality experience of one insurance company in Zimbabwe by occupation, age and marital status of AIDS deaths. All the insured were male and in the peak of their productive lives. Of those covered by group life the average age was 37,5 years and 81% were married. In individual life cover the average age was 34,2 years and 72,9% were married. For each case recorded here another three or four may occur. The individual will probably infect his spouse; the youngest children may be infected; and at least one other person must have been involved to introduce the disease into the family unit.

The hard statistics do not even begin to convey the pain and suffering of an infected individual and his family. Unfortunately, these statistics are representative of the situation in the region.

The disease is characterised by Barnett and Blaikie as a *long wave* disaster, 'because it is a disaster that is a long time in the making and in which the major effects have already begun to occur long before the magnitude of the crisis is recognised and any response is possible' (1992:56).

The impact on the household will occur in three stages: firstly, the illness; secondly, the death; and thirdly, the longer-term consequences. The illness will be the immediate burden as usually the first person to fall ill will be the breadwinner, thus the family income immediately falls.

If the individual is a migrant working away from home, then he may return to his rural roots. Thus not

only will the family be faced with the lost labour and income, they will also have to carry the burden of care for the patient. The death of the patient will result in costs for funerals in both cash and time.

The growing number of orphans is an extremely worrying development. Orphans are those born before the virus is introduced into the family, and those children born to the infected mothers who are not themselves infected. It is estimated that 20 to 40% of children of HIV positive mothers will be infected, develop AIDS and probably die before age five. However, 60 to 80% will not be infected but might be orphaned. Prospects for orphans are not good at the best of times. They may be taken in by the extended family or family friends. With the growing number of AIDS deaths, the absorptive capacity of such families soon reaches the limit.

The disease puts pressure on households where members fall ill and die. It will also put pressure on communities where people have to cope with the affected families; take in orphans and assist in funerals and their rituals. Carswell (1988) writing about Uganda observes, 'Compassion is a relatively fragile quality, easily exhausted by over use'.

Challenge to Region

The AIDS epidemic is without doubt one of the major challenges facing Southern Africa in the decade ahead. It is a challenge for all sectors of society, government, business, and non-governmental organisations. It seems likely that, although the epidemic will not result in people dying on the street or the population declining, it will increase the stress on Southern African society. It will affect the operations of companies in the region in various ways, it will place enormous pressure on the health care system (both public and private), and it is likely that economic growth will be reduced as a result of the epidemic. All these are consequences that the region can ill afford.

Unfortunately, one of the most unpalatable conclusions is that the spread of the virus can not be halted. At best it can be slowed. South Africa had a 'window of opportunity' before the disease began spreading rapidly but this came to an end eighteen months to a year ago. All is not lost however and there are a number of actions which should be taken.

The first is to recognise - at all levels - the existence of the disease. All the countries in the region should gather and make available data on HIV incidence and its rate of spread. Furthermore, there should be regional discussions on the epidemic and the role of regional cooperation in halting it.

The *immediate* aim should be to slow the spread of HIV and the *long-term* aim to plan for its impact on the economies and societies of Southern Africa. One of the best ways to slow the spread will be to reduce mass movement of people without their families - this means looking at the refugee crisis and providing migrants, both internal and international, with the opportunity to take their families with them.

Research is urgently needed on the sectoral economic and macro-economic effect of the disease. Knowing what it might do will be a large part of the battle in preventing it. In the long run AIDS will largely be a disease of the poor and disadvantaged and the best response will be development and equitable economic growth. IPJA

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