

VOLUME NINE NUMBER FOUR

SPRING 1992

INDICATOR

(c) UNIVERSITY OF NATAL

(86)

A F R I C A

(b) Centre of Applied Social Sciences



THE BAROMETER OF SOCIAL TRENDS

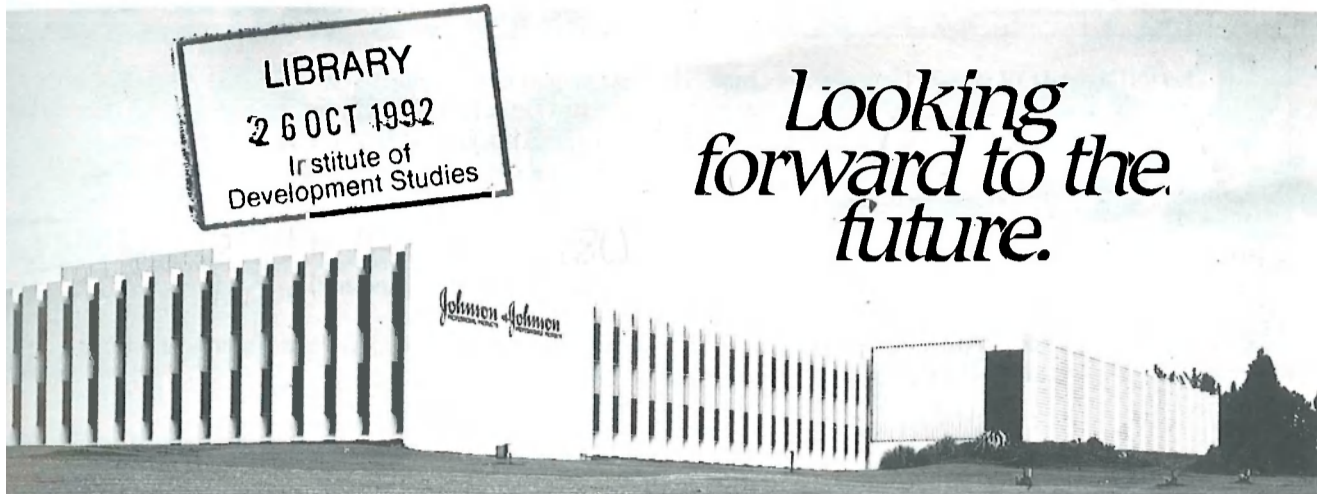
DONOR

M E M B E R S

AECI Ltd • Africa Institute of SA • African Cables • African Oxygen Ltd
• Allied Technologies Ltd • Amalgamated Beverage Industries
• Anglo American & De Beers Chairman's Fund Education Trust
• Anglovaal Ltd • Barlow Rand Foundation • BP Southern Africa
• Chamber of Mines of SA • Colgate-Palmolive (Pty) Ltd
• Data Research Africa • Development Bank of Southern Africa
• Durban Metropolitan Chamber of Commerce • EMSA • ESKOM
• Everite Ltd • First National Bank of Southern Africa Ltd •
General Mining, Metals & Minerals • Gilbeys Distillers & Vintners (Pty) Ltd
• Gold Fields Foundation • Johannesburg Consolidated Investment Co Ltd •
Johnson & Johnson • Johnson Wax • Konrad Adenauer Foundation •
KwaZulu Finance & Investment Corp • Liberty Life • Malbak Ltd •
Mercedes Benz of South Africa (Pty) Ltd • Nampak • Nedcor
• Netherlands Embassy • Old Mutual • Perm Centenary Trust •
PG Glass Holdings (Pty) Ltd • Premier Group • Pretoria Portland Cement Co
• Rand Merchant Bank • Richards Bay Minerals
• Rio Tinto Management Services SA • South Africa Foundation • Sanlam
Sappi • SA Sugar Association • SEIFSA • South African Breweries Ltd •
Southern Life • Standard Bank Investments, Corp Ltd • Starcke Associates
• Stellenbosch Farmers Winery Ltd • Suncrush Limited
• Swiss Development Agency • TEK Corporation • Tiger Oats Ltd •
Tioxide Southern Africa • The Tongaat-Hulett Group Ltd • Unitrans Limited
• The Urban Foundation • Unilever SA • UNISA
• Vaal Reef Exploration & Mining Co Ltd • Wooltru Ltd

INDICATOR

S O U T H A F R I C A



LIBRARY
26 OCT 1992
Institute of
Development Studies

*Looking
forward to the
future.*

We at Johnson & Johnson prefer to take a long term view of things with an optimism borne of a sound reputation. A reputation based on superior levels of customer service and backed by personnel whose attention to product is equally uncompromising.

By constantly reassessing, developing and setting higher standards, we aim to continue to provide hospitals and their allied professions with an even more comprehensive range of professional products, serviced by our own specialized divisions: Critikon. Ethicon. And Surgikos.

*Look out for Johnson & Johnson.
You'll discover a company setting new
standards. Now. And in the future.*

Johnson & Johnson
PROFESSIONAL PRODUCTS
P.O. Box 273
Halfway House 1685
PROFESSIOELE PRODUKTE
New Road, Halfway
House. Tel 805-2110

Helping the hands that heal.

643

EDUCATION IS THE BIRTHRIGHT OF ALL
LIVE IN SOUTHERN AFRICA.
SOUTHERN LIFE IS COMMITTED TO
EVERYONE MAKE THE MOST
OF THEIR HERITAGE.

Information Resource Unit
University of Sussex
Brighton BN1 9RE, UK

PLEASE RETURN BY
894

Together, we can do more

Reg no — 01/02186/06

The INDICATOR SOUTH AFRICA Quarterly Report and the INDICATOR SOUTH AFRICA Issue Focus series are published by the Centre for Social and Development Studies, based at the University of Natal, Durban. Opinions expressed in these publications are not necessarily those of the Editorial Committee and should not be taken to represent the policies of companies or organisations which are donor members of the Indicator Project South Africa.

© Copyright for all material herein is held by INDICATOR SOUTH AFRICA or individual authors, except in the case of short extracts for review or comment, which must be fully credited.

© Sole copyright for all data bases rests with INDICATOR SOUTH AFRICA. Permission to republish or reproduce any part of this publication must be obtained from the publisher.

Editor *Graham Howe*
Production/Design *Rob Evans*
Secretary/Marketing *Pat Fisser*
Marketing Assistant *Charlene Nel*

EDITORIAL COMMITTEE

*Simon Bekker, Myrna Berkowitz, Rob Evans, Graham Howe, Mike McGrath,
Valerie Møller and Lawrence Schlemmer*

BOARD OF MANAGEMENT

*Simon Bekker, Myrna Berkowitz, Rob Evans, Graham Howe, Dirk Kemp, James Leatt (Chair)
Prakesh Maharaj, Valerie Møller, Robert Preston-Whyte and Lawrence Schlemmer*

COVER ILLUSTRATION *Jeff Rankin, Clear Pictures* PRINTING *The Natal Witness*
REPRODUCTION *UND Cartographic Unit, WS Repro, and MultiGraphics*

ISSN 0259-188x

PRESS REVIEWS OF INDICATOR SOUTH AFRICA

'Indicator SA, an authoritative academic journal that attempts to come to terms with the facts behind what are otherwise emotive political issues.' *Business Day*

'Indicator SA has achieved an enviable reputation for skilled, in-depth research ... its impartiality and accuracy are acknowledged. Indicator occupies a unique position in the information supply in our rapidly-changing society.' *The Natal Mercury*

'Indicator SA, the estimable quarterly report, has made a valuable contribution.'
Sunday Times

'The Indicator Project has again confirmed its ability to tackle major problems of the country, presenting the full scope of opinion.' *The Daily News*

'The authoritative Indicator SA.' *The Star*

'Their (Indicator SA) studies indicate invaluable aids towards ending the cycle of violence.'
Sunday Tribune

'Indicator SA stands by the quality of editorial analysis and in-depth data it provides of current socio-economic trends ... such independent coverage has become essential for the serious business reader in contemporary South Africa.' *Finance Week*

INDICATOR SOUTH AFRICA QUARTERLY REPORT

VOL. 9 **№ 4**

S P R I N G . 1 9 9 2

POLITICAL MONITOR

South Africa: In the Shadow of the Past	<i>Lawrence Schlemmer</i>	7
Hamlet without the Prince: The Codesa Impasse	<i>David Welsh</i>	15
The Melting Pot: Bridging Divided Societies	<i>Paulus Zulu</i>	23
Civil Society arises the Phoenix	<i>Jean Copans, Dominique Darbon & Veronique Faure</i>	29

ECONOMIC MONITOR

Economic Outlook 1982 - 1992	<i>Mike McGrath & Merle Holden</i>	36
The Price of European Investment	<i>Dominique Darbon & Antonio Santamaria</i>	41
A New Community of Nations	<i>Gavin Maasdorp</i>	45

RURAL & REGIONAL MONITOR

The Wretched of the Earth	<i>Simon Bekker, Catherine Cross & Norman Bromberger</i>	53
Riding the Dragon: Global Geopolitics	<i>Daniel Bach & Michel Cahen</i>	61
Cinderella's New Shoes: Rebuilding the Rural Economy	<i>Masiphula Mbongwa & Mike Muller</i>	65

URBAN MONITOR

The New Metropolis: Democracy, Development and Delivery	<i>Ann Bernstein</i>	75
Taming the Young Lions	<i>Ken Hartshorne</i>	81
Local Government: Will the Tail wag the Dog?	<i>Richard Humphries & Khehla Shubane</i>	87

INDUSTRIAL MONITOR

The Limits to Labour Reform	<i>Ian Macun</i>	95
A Place in the Sun: Quality of Life in South Africa	<i>Valerie Møller</i>	101
Flight of the Flamingoes: South Africa 1992-2002	<i>Pieter le Roux</i>	109

FIFTIETH EDITION

This bumper issue is a very special edition of *Indicator SA*. It is our proud fiftieth edition in the twin publication series created under the *Indicator SA* mantle over the last decade (the quarterly report and the issue focus). To our dedicated staff, contributors and readers, it is an important milestone on a challenging road which has established *Indicator SA* as a leading independent voice on current affairs in South Africa.

Our fiftieth edition is a landmark of another sort. On finalising the manuscript, a copy was flown over to the Centre for African Studies at the University of Bordeaux in France. There, they have begun a lengthy and complex process of translation. A foreign language edition, *Indicateur Afrique du Sud*, will be published in early 1993 for distribution in Europe and Francophone Africa. To the best of our knowledge, this notches up a first for a South African publication in the social sciences!

The collaborative venture should have many benefits. As a bi-national publishing project, it continues an important historical tradition of cultural and intellectual exchange between France and South Africa. In the following pages, there are several French contributions from colleagues at the Bordeaux Centre for African Studies. The sharing of their insights and values into contemporary South African dilemmas from an European viewpoint should be stimulating for the South African reader.

In planning this fiftieth edition, we invited contributions from our established panel of prominent analysts. The broad editorial themes, depicted on the main cover, are concerned with South Africa's past, present and future. The framework in each monitor is to provide an opening *retrospective* on past developments in each field in the 1980s, a review of *present trends* which identifies the legacy of problems confronting us in the 1990s, and a closing future *scenario* which projects the likely shape of the post-apartheid Phoenix.

This edition covers too comprehensive a range of issues to attempt to summarise the contents in any detail. We would like to thank our contributors who made a special effort in writing their detailed reviews of long-term indicators and trends in the 1980s and 1990s. They draw on the research, policy insights and practical expertise of the country's leading agencies where they are based.

Without the prolific flow of articles from the wise pens of our regular correspondents, *Indicator SA* simply would not be. This special edition allows me the opportunity to pay tribute to the commitment of our humble scribes, especially those members of our editorial committee and other long-standing contributors, including Professors Lawrence Schlemmer (founder), Simon Bekker, Valerie Møller, Mike McGrath and Merle Holden. For ten years they have managed to meet gruelling deadlines, accept most editorial revisions and tolerate the editor's penchant for bizarre titles to their articles!

Indeed, the times have changed dramatically since the first edition of our quarterly report appeared in January 1983. *Indicator SA* was launched at the outset of what was to become a turbulent decade of reform and conflict in South African society. Our founding editorial charter was to monitor national socio-political and economic trends, through statistical indicators and impartial analysis. Through the pages of a new magazine, we

aimed to promote informed debate among decision-makers, actors and observers across the political spectrum.

This turned out to be no easy task in an increasingly violent, emotive and sectarian climate. We set about in a modest way to generate popular debate on some of the most controversial national issues of the day, from constitutional to labour to rural reforms. A wide range of contributors from the left to the right, from the private, public and political sectors, gradually agreed to contribute their perspectives to our journal. Over the years, they too helped to make *Indicator SA* a credible forum in our divided society.

These ambitious goals created specific research, editorial and design challenges for *Indicator SA*. With the University of Natal as our base, the ingredients for success lay in making academic analysis and applied research available in an accessible form and style to the broader public. We hoped to bridge both worlds while offering a unique publication service. Final evaluation of our track record is perhaps best left to our loyal and growing list of subscribers from all walks of life.

Like our readers, *Indicator SA* has matured, improved its looks yet still retained its best features over the last ten years! Although our quarterly report now appears under one cover, the original monitors remain, separating our coverage of current affairs into the political, economic, rural, urban and industrial domains. Our synopses of each article still appear too, another design feature we have kept to assist our busy readers. As for the advances in desktop publishing technology, these have enabled us to become ever more topical and keep abreast of current events.

The 1990s have ushered in a new era in South African politics and society. The macro-trends and the environment that *Indicator SA* has monitored has changed beyond recognition from the gradualist reform era of the early 1980s, to the repressive era of the state of the emergency in the later 1980s, to the negotiation era of the 1990s. (The facsimiles of earlier *Indicator SA* covers by our dedicated illustrator, Jeff Rankin, reproduced here reflect some of these changes.) The need for informed and reliable data and analysis of socio-political trends is greater than ever before.

In this special edition it is also appropriate to acknowledge the support of both our sponsors and subscribers, without whom we would have neither *raison d'être* nor revenue. Although our research and publication programmes have been supported by grants from a wide range of agencies, companies and foundations over the years (see donor list on inside front cover), particular acknowledgement is due to the major role played by the Anglo-American Chairman's Fund, the First National Bank and South African Breweries.

The edition begins with the image of the Phoenix arising from the legacy of the past. Lawrence Schlemmer provides an opening overview of the feast of challenges which have caught up with South Africa in the present decade. Pieter le Roux provides some concluding predictions in his portrayal of the *Mont Fleur* future scenarios for the period 1992-2002. Whether our society will sink deeper into the ashes of conflict before the Phoenix arises or fly like the flamingoes in the most optimistic scenario will be the dramatic challenge of the unfolding decade.

POLITICAL

M O N I T O R

INDICATOR

S O U T H A F R I C A



THE BAROMETER OF SOCIAL TRENDS

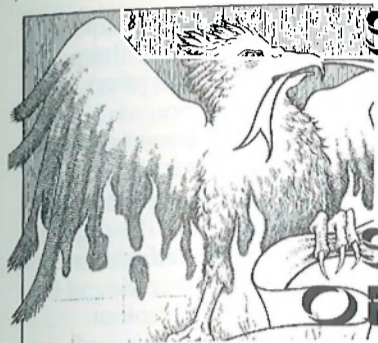
**”We are committed
to democratic principles,
individual freedom
and a socially
responsible
free enterprise economy.“**

An extract from
‘AECI “TOWARDS 2002”

Sustained growth through diversification



Retrospect



SOUTH AFRICA

IN THE SHADOW OF THE PAST

Professor Lawrence Schlemmer,
Director, Social Dynamics,
Human Sciences Research Council

There is a not uncommon view, expressed without much thought but with an abundance of goodwill, that South Africa is reaching the threshold of a united, non-racial democracy. The present turbulence is temporary: a struggle of the new against the old, soon to be calmed and dissolved by a first elected government and constitution-making body which will repair both the ravages of apartheid and of the transition.

There are also people who believe in fairies and Father Christmas, but they are usually very young and do not have to make strategic decisions. Tonnages of evidence from the length and breadth of history and the modern world suggest emphatically that South Africa's struggle for solutions to its problems is only now about to commence in earnest. Apartheid evaded solutions by segregating the problems, and in so doing, deepened them. The end of apartheid is a feast of challenges, not a repast of victory.

The decade of the eighties represented the culmination of the forces which finally overwhelmed apartheid. Their persuasive leverage is without question. What can be questioned, however, is whether these forces are an appropriate basis for building the new society. Can the burgeoning anti-apartheid logic of the eighties stabilise a new system, or do we need a different logic within which to establish a viable economy and society?

The penalties which the apartheid order was able to exact on black adults who challenged the system were notoriously severe. Adults were regulated by influx control laws, by earlier prohibitions on the recognition of trade unions, by job reservation laws, by Group Areas laws which affected not only where one could work but where businesses and offices could be established, and by many other restrictions. In addition to this, prohibitions on a multitude of types of political

organisation and opposition effectively muzzled most adults.

Yet the apartheid system was so openly extreme in its defence of an internal colonialism that no amount of coercion could achieve what most communist regimes were able to achieve - a lifeless, conforming, frightened and disorganised mass. International protest and radical ideologies, as well as internal opposition within parts of our ruling minority, inspired and emboldened small groups of intelligentsia and workers in the black community. Out of a variety of earlier structures, the Congress of South African Trade Unions (Cosatu) and the United Democratic Front (UDF) emerged as the cutting edge of emphatic opposition to the authorities.

But, in the sixties and seventies, the large majority of black adults remained cautious and very circumspect about endorsing the emerging protest movements, and for understandable reasons. In 1977 Professor Theo Hanf and his co-authors (Hanf *et al*, 1978, 1981) found that less than a quarter of urban black adults supported the African National Congress (ANC) and many fewer supported Pan-Africanist Congress (PAC) and Black Consciousness leaders. Chief Buthelezi of Inkatha obtained majority endorsement and homeland leaders were almost as 'popular' as the ANC. Exceptions were the better-educated and schoolgoing youth, who were substantially less cautious or conservative in their attitudes to the ANC, PAC and Black Consciousness leaders.

In this situation it was inevitable that youth would emerge at the vanguard of the struggle against apartheid. From the mid-seventies onward the Black Consciousness movements mobilised university students (a phenomenon fairly universal in resistance politics) and school-children (which is less common). The so-called 'Soweto' riots of 1976/77 were the first evidence of the mass mobilisation of pre-tertiary youth and from

The end of apartheid is a feast of challenges, not a repast of victory

To the extent that mass action still plays a role in political bargaining, the youth are assured of a salient role

then on a wave of pre-adult politicisation swept forward. Numbers of leaders in the black intelligentsia remarked at the time that their children were showing the way forward.

Later in the mid-eighties, when the UDF campaigns of mass action began to effectively challenge the ability of the state to administer black areas, it was the strategic participation of children and teenagers that carried the campaigns. They manned the pickets during mass stayaways, they policed consumer boycotts, they were the person-power, the 'young lions' that secured strategic compliance in street and area committees, and they were the enforcers who through the 'necklace' and petrol-bombings eliminated or punished political deviance.

In Durban and Pietermaritzburg, militant youth groups were the one side in the beginnings of the current conflict between the ANC and the Inkatha Freedom Party (IFP), a process in which political conflict and inter-generational conflict reinforced each other. Inkatha members had previously regarded themselves as an offshoot of the ANC, operating in the tradition of Chief Albert Luthuli (former ANC President and Nobel Peace Prize Winner). The entry of intemperate youth, with little sense of history and with enough simplicity of analysis to lump the Inkatha and white establishments together, combined with much more sophisticated radical strategy to drive a wedge between Inkatha and the other anti-apartheid forces.

The power and leverage of this generational segment of black society was reinforced throughout the eighties and even today, to the extent that mass action still plays a role in political bargaining, the youth are assured of salience.

One gains the impression that the mobilised youth formations are significant in two ways; first as an important 'constituency' of the ANC Alliance and the 'civic' movement, giving these components of the broad Charterist camp (named after the ANC's 1955 Freedom Charter) much of its mass resonance and active mass support. In the second place, however, since the late seventies, there have always been youth groupings within the liberation orbit which are barely distinguishable from gangs of thugs and criminals.

In a township survey in 1991, for example, the author found that, across South Africa's metropolitan townships, 'pseudo-

Comrades' were perceived by residents to be a prominent cause of violence, along with IFP hostel-dwellers, a perception shared even by ANC supporters (Schlemmer, 1991.) Some relevant results are given in Table 1. Very recently Mr Chris Hani, General Secretary of the South African Communist Party (SACP), admitted that so-called ANC self-defence units were out of control all over the country, waging campaigns of violent intimidation, including a resumption of necklace murders and 'kangaroo' courts (*Sunday Times*, 2 August 1992).

TABLE 1
PERCEPTIONS OF TOWNSHIP RESIDENTS AS TO WHO CAUSES POLITICAL VIOLENCE.

Inkatha	49%
Youths, pseudo-comrades, comrades	48%
South African Police (SAP)	26%
Vigilantes, chiefs	18%
Umkhonto we Sizwe *, Cosatu, SACP, ANC, etc	10%

Sample: 905 Township Residents, May 1991

Note: * Military wing of ANC

Source: L. Schlemmer, *Black township residents amidst protest, negotiation and violence: an empirical study*. Johannesburg: Centre for Policy Studies, University of the Witwatersrand, May 1991.

Ernst Röhm, who was purged by Hitler, once said that 'All revolutions devour their own children'. Many people have made the conventional assumption that, once established as political parties or in government, South Africa's liberation movements would bring the youthful activists to heel. Yet all indications from the eighties and from the present are that the task may prove to be insurmountable or extremely difficult.

Most post-liberation governments in Africa have faced youth dissent, as Zimbabwe is experiencing at the moment. These governments, however, had years or decades to establish themselves and consolidate adult authority before student dissent erupted. It was generally a 'second phase' problem.

The issue of youth militancy and dissent in the new South Africa, however, promises to be very much a first phase problem. At present, less than one out of ten black school-leavers can find work in the formal sector. School drop-out rates before the last year of high school (Standard Ten) are phenomenally high at some 84 per cent.

These dismal facts may be alleviated slightly if economic growth and educational reform accelerate, but the broad dimensions

Youth militancy and dissent may pose insurmountable problems for a government in the new South Africa

of the problem of institutional alienation of the youth will persist. The problem is by no means marginal, with children between the ages of ten and nineteen making up roughly 20 per cent of the black population, or put differently, over one-third of what may be termed the potentially politically active population. This issue will dominate the social and political agenda of the nineties and beyond.

Organised Labour

Recently the very experienced labour consultant, Andrew Levy, described the South African labour movement as the 'most militant in the world'. The interplay of political protest and labour protest over the seventies and eighties has produced a situation in South Africa which is anomalous in the Third World and particularly in Africa. The organised labour movement has more power in South Africa than virtually anywhere else outside of the developed West. This may or may not be a positive factor in South Africa's future. First, however, one must briefly review the past decades.

The decades of political repression in the seventies and eighties coincided with the rise of organised labour in South Africa. The early seventies saw massive illegal strikes; in 1973, 230 000 man days of labour were lost which was a dramatic trend for South Africa at that time. Simultaneously, labour movements among black workers began burgeoning.

Given the already large labour surplus in the South African economy and the prior hostility to trade unions among employers, one would have expected labour repression on a massive and sustained scale. Indeed, the nascent unions and the members of the progressive intelligentsia that assisted them were powerfully repressed for a while.

Yet by the late seventies the Wiehahn Commission, supported by a number of large corporations, proposed far-reaching labour reforms on the assumption that a legalisation of black trade unions would institutionalise and therefore moderate industrial conflict and ameliorate political conflict by stabilising the working class. This may have been a valid assumption for the longer term but whereas the sixties and seventies saw an annual average loss of just over 20 000 man days per annum (excluding abnormal years), the annual average for the eighties jumped to over 600 000.

My own calculations based on available statistical information show that over the period from 1970 to 1990 (20 years) real industrial wages increased by 158%. Calculations by Rudolph Enz in 1988, in which the purchasing power of wages (for a conventional basket of goods and services) were compared across most industrial and industrialising countries, showed that even lower skilled construction and textile wages in South Africa were by then almost twice as 'high' as the average purchasing power of such wages in fourteen economies in the middle stages of industrial development (typically Far Eastern, Latin American and Southern and Eastern European economies). South Africa had, by international standards, ceased to be a low wage economy (Enz, 1988).

The statistics show that at the same time as wages were increasing, labour productivity and employment opportunities were decreasing:

- Compared with the 158% increase in real earnings between 1970 and 1990, the productivity of labour increased by a mere 9 per cent, despite an increase in the capital output ratio of over 30 per cent.
- Sadie (1992) calculates that if one discounts the increase in the capital-labour ratio, output per worker declined between 1974 and 1990 by no less than 24 per cent.
- A study by Welcher (in Sadie, 1990) among 587 firms showed that excluding the highly capital intensive firms for which labour costs were a marginal factor, the perceived inefficiency of labour and the strength and militancy of unions had led to capital intensification as a conscious decision by management.
- Sadie estimates that by the year 2005, there will be between 9,8 and 11,6 million potential workers in excess of the formal labour requirements; more than a doubling of the estimated number of 5 million outside the formal sector in 1990.

A future government, therefore, will find it difficult to avoid putting pressure on the labour movement to attempt to secure wage restraint and industrial discipline in order to increase the rate of employment. More of a future government's supporters will be unemployed than employed in the formal sector. The Gini coefficient of inequality within the black community was already ,62 in 1991, not much lower than our overall coefficient of ,65 to ,68, according to Andrew Whiteford (*Weekly Mail*, 31 July to 6 August 1992:19), making intra-black

The organised labour movement is more powerful and militant in South Africa than anywhere else outside of the developed West

A future government will find it difficult to avoid putting pressure on the labour movement to secure wage restraint and industrial discipline

The stage is set for a political struggle, at least over economic policy, between the ANC and the worker movement whether they are in alliance or not

inequality comparable with the most unequal societies in the world.

Yet the unions will not accede to such pressures readily. It has become quite clear that both Cosatu and Nactu (National Council of Trade Unions) leaders are more than fully aware of the danger of being sidelined or supervised by a future government. Since 1990 they have resolved to retain independence of political movements on the one hand while seeking to maintain strategic alliances on an equal basis with political parties on the other. In February 1991, the union and civic leader, Moses Mayekiso, asked: '... If unionists won't lead the ANC, who will?' (*Weekly Mail*, 15 February 1991).

One of the various reasons for the breakdown of the Convention for a Democratic South Africa (Codesa) was the disaffection of unionists in the ANC Alliance. Cosatu has a clearly greater capacity to organise on a mass basis than the ANC alone; note the relative success of the 3 and 4 August 1992 worker stayaways compared with the relative failure of the ANC's protest marches earlier in the same mass action ('Marches Flop', *The Star*, 27 July 1992).

The cost of a high wage policy will most certainly be that of increasing general inequality among the constituencies supporting the ANC-SACP-Cosatu alliance

Thus the stage is set for a political struggle, or at least a struggle over economic policy between the ANC and the worker movement in the future, whether they are in 'alliance' or not. Certainly, the unions will press for policies based on higher wages and high growth, but World Bank evidence (*World Development Report*, 1991) shows a clear relationship between general income inequality and low growth. The cost of a high wage policy will most certainly be that of increasing general inequality among the constituencies supporting the ANC-SACP-Cosatu alliance, at great cost to economic development.

Some dimensions of this problem become apparent from the results of a nationwide, representative, personal interview-based survey conducted between January and August 1992 (Schlemmer and Stack, forthcoming). Some findings bearing on the issue are presented in Table 2.

The very brief summary of evidence in Table 2 shows what most people suspect; namely that unemployment overshadows other economic issues, including the issue of wage rates. In a new South Africa the expectations appear to be more sharply focused on employment creation than on wealth increases. Among people who are

unemployed and seeking work and who have Standard 6 or less (constituting 65 per cent of unemployed) there seems to be a polarisation in regard to wage expectations. Nevertheless, nearly five out of ten such unemployed people would take work at less than R500 per month, which is well below what unions would accept as a living wage.

These few results are merely suggestive, but they illustrate the very severe dilemma, if not the conflict, which any party representing black interest and which is exposed to trade union pressure, is likely to experience in the future.

TABLE 2
PERCEPTIONS OF WAGES, EMPLOYMENT AND OTHER PROBLEMS

The two most serious problems facing people like you in South Africa:

• Unemployment	44%
• Violence	42%
• Housing/accommodation	23%
• Poverty and starvation	18%
• Political issues/apartheid	17%
• Low wages, underpaid	12%
• Poor education	12%
• Poor economy/inflation/tax	9%
• Social problems	6%

In a new South Africa when everyone can vote, which of the following would you expect will happen:

• Everyone will have jobs	58%
• New factories and industry	86%
• Blacks will become wealthier	40%

Proportion of people with Std 6 or less, unemployed and seeking work willing to take employment at:

• less than R500 per month	46%
• R500 to R700 per month	18%
• R700 and over per month	36%

Sample: 1 642 African respondents, 1992
Fieldwork: Market and Opinion Research.
Source: Schlemmer L and L Stack. Jhb: Centre for Policy Studies, 1992

Mode of Transition

It has frequently been observed that conflicts over symbolic issues, like language, religion and national symbols, are more difficult to resolve than conflict over material resources. The latter can be the subject of bargaining over re-allocation or sharing. Quantitative arrangements can deliver relative rewards and curtail losses. Symbolic conflicts, on the other hand, can all too easily develop on 'all or nothing' or 'zero-sum' quality. Such conflicts can become predicated on the assumption of victory or defeat.

The struggle against apartheid in the sixties, seventies and eighties, for understandable reasons, developed a powerful symbolic quality. Apartheid, quite correctly, was seen by its opponents as a total system akin to institutional slavery. An approach, a mentality was established which was concentrated on the 'abolition' of apartheid and its effects.

The struggle against apartheid therefore became more ambitious than a struggle for reform, for increased rights for blacks or for greater economic justice. It aimed at the destruction of an entire system and its replacement by another system; in other words for transformation. Anything less than this would be a concession to a system which, in the view of most people in liberation movements, would have no right to exist. The ANC journal, *Mayibuye*, in its August 1992 issue, has termed it a struggle between 'democracy and modified apartheid'. It is accompanied by the expectation that there will be a 'transfer' of power as opposed to a compromise or sharing of power.

This view contrasts sharply with the government approach to transition. From the outset, State President FW de Klerk and his administration have stated quite unambiguously that some continuity with the past would have to be maintained in an interim or transitional period. Hence the government position has been that major principles for the 'buffer' period would have to be secured in a formal contract for the sharing of power and even for a transitional constitution which would specify joint or multi-party participation for a period. The breakdown of the Codesa Two talks in May 1992, occurred in part because of the underlying conflict of views about the *mode* of transition.

The morality of the demand for a 'transfer' of power is one thing. The realism of this demand is something else, however. One could argue that a successful transition requires a trade-off between existing patterns on the one hand and the demands for their elimination on the other. It assumes that if there were no expectation of some continuity with the past, *the transition would not be occurring* because the empowered white constituencies, backed by coherent security agencies and a civil service would simply not permit it.

The view supporting continuity is easily confused with the motive of continued racial privilege. While that is most certainly a component of the view, it is not the only

motive, however. A more analytically-based reason would be that certain existing structures of authority and management in both the public field and the private economy, *relatively speaking*, have the experienced personnel, expertise, and financial resources to manage and maintain complex public organisation and private investment, and that their summary removal would damage everyone's interests, not only their own. Hence the need for a trade-off between transformation and continuity.

Aside from these considerations, Mr de Klerk may not have the freedom to capitulate. While the referendum in March 1992 obtained a more than two-thirds endorsement from the white electorate to continue negotiations, this endorsement was most certainly not for a hand-over of power. In a nationwide opinion survey conducted by *MarkData* (HSRC), just before the referendum, this author found rather sobering sentiments among South Africans (see Table 3):

**TABLE 3
OPINIONS ON INTERIM GOVERNMENT**

The following proportions of people wanted or were prepared to accept an *interim government as soon as possible*:

Whites	14%
Indians	24%
Coloureds	24%
Africans	51%

The following proportions of people considered that control of the security forces should either be vested in the interim government or retained by the present State President, FW de Klerk:

Control of Security Forces	FW de Klerk	Interim Government
Whites	44%	21%
Indians	45%	40%
Coloureds	60%	21%
Africans	32%	42%

Note: The missing percentages were people who did not answer because they did not want an interim government.
Source: Schlemmer L. 'Codesa and the People', *Information Update*, March 1992. Pretoria: Human Sciences Research Council.

White, Indian and coloured people by no means accepted that a shift of all critical powers should occur once an interim government is established. The results shown in Table 3 indicate quite clearly that, in terms of any mandate which the present government might enjoy, it is fairly heavily bound to retain a substantial share of executive authority for the foreseeable future.

Conflicts over symbolic issues, like language, religion and national symbols, are more difficult to resolve than conflict over material resources

The breakdown of the Codesa Two talks in May 1992, occurred in part because of the underlying conflict of views about the mode of transition

The opposition forces never fully confronted the possibility of having to negotiate with a government which retained powerful leverage and coherence

The debate about political change in the eighties was too widely polarised between parties and movements which made unrealistic assumptions on both sides. The progressive opposition to apartheid never fully confronted the possibility of having to negotiate with a government which retained powerful leverage and coherence, and was therefore unlikely to capitulate. The government on the other hand, did not confront the difficulties of selling compromise and power-sharing to political activists whose core perception was the total illegitimacy of the current power establishment.

As a consequence one may ask how stable an eventual compromise will be. Compromises are always assumed to be 'second-best' options. For majorities among non-Africans, and for a majority of activists in the ANC alliance, however, a power-sharing compromise will be a highly problematic third-best option or worse.

Expectations of Settlement

The same problem in broad terms is evident in the more widely discussed and anticipated conflict between the demands of a political settlement involving compromises between major socio-economic and political elements, and black expectations.

In another nationwide survey, conducted by MarkData (HSRC) in July 1992, various questions were posed relating to future social and economic expectations. For each of a number of benefits, respondents were asked whether they would demand it, want it but not demand it, dislike it but not resist it, or fight it and resist it. A selection of the results are reflected in Table 4:

The government did not confront the difficulties of selling compromise and power-sharing to political activists who saw them as totally illegitimate

In order to illustrate the problem, only data for Africans and whites are presented, since so-called coloured and Indian respondents tended to give replies between those of Africans and whites. Furthermore, only the polar extremes of 'demand' and 'resist' are presented:

The few selected results in Table 4 illustrate the scope of the problem. Although not all issues seem likely to generate great conflict (almost no blacks seem to demand expropriation of property) the other issues display the extent of the polarisation between emerging expectations and vested interests.

The issue is in a sense summed up by one result from the survey by Schlemmer and Stack (forthcoming, 1992) referred to in Table 2. The 1 642 African respondents were asked whether they agreed or disagreed with the following statement:

The main task of a new government is to make sure that we can all live like whites:

- agree 81%
- disagree 17%
- undecided 2%

Admittedly this is a single item and was part of a range of items in a scale, and it is very easy to agree with the statement, but the suggestion in the item reflects a great deal of popular sentiment. It is a simple but compelling example of what apartheid in the past has created; namely the perception that white wealth and black disadvantage are dominantly the result of government policies and as such can be altered by different government policies.

No doubt more rapid progress towards racial equality will occur in the future, but no amount of social engineering is likely to

**TABLE 4
DEMANDS FOR AND RESISTANCE TO SOCIO-ECONOMIC CHANGE IN A NEW SOUTH AFRICA**

	Africans	Whites		Africans	Whites
Whites in civil service should be retrenched to make way for blacks:			Government to provide all poor people with houses even if taxes have to be raised:		
• demand	46%	2%	• demand	58%	11%
• fight and resist	4%	76%	• fight and resist	2%	30%
Whites and other more affluent people should be more heavily taxed to provide welfare for the poor:			Farms, houses and property of all people protected from dispossession/expropriation by a new government:		
• demand	50%	3%	• demand	39%	80%
• fight and resist	4%	62%	• fight and resist	3%	8%
All unemployed people to be provided with work by a new government:					
• demand	71%	22%			
• fight and resist	6%	25%			

Source: For full results see *Information Update*, Pretoria, Human Sciences Research Council, September 1992.

deliver politically visible results in the short or even in the medium term. The United States is one example of the persistence of racial inequality despite a plethora of anti-discrimination legislation: white and black family income inequality since the sixties have tended to remain very roughly constant at best.

Polarisation by Race

It goes without saying that apartheid cast South African politics in a mould in which there was stark polarisation in political support patterns according to race. In fact, until not so long ago it was not permitted by law for mixed political parties to exist.

In the latter years of the eighties it seemed as if the racial mould of political support patterns could crumble. The United Democratic Front not only began to propagate consistent non-racial values and goals but was also supported by a range of dominantly white liberal organisations like the Black Sash, the Five Freedoms Forum and others. The Democratic Party became a non-racial organisation and many hopes for the emergence of a truly multi-racial 'middle ground' associated with the DP were cherished.

After the unbanning of the ANC and the SACP, it seemed probable that the ANC would attract support from well beyond its traditional African support base. Prominent ANC and SACP personnel, and members of the National Executive, were non-Africans, perhaps to a disproportional extent.

The benefit of cross-racial political parties for the prospering of democracy in South Africa's future is or should be obvious. Representative democracy depends for its effectiveness on interest-based and policy-oriented voting.

Categories of political association which are not 'pragmatic', in this sense, but which are based on blood, heritage, religion or symbolic culture tend to be associated with rigidity in political support patterns. Elections become a form of census-taking, with the major implication that potential floating votes, and the value of political competition, are reduced. Democracy thus becomes the basis of conflict rather than healthy competition. Democracy loses its mission to represent on the basis of policy choice, becomes degraded, and eventually can be destroyed by the instinctive 'primordial' conflicts which leaders have to attempt to accommodate.

Against this background it is instructive to consider recent patterns in support for the two major contending parties, the NP and the ANC, both of which today are committed to non-racialism (see Table 5):

TABLE 5
POLITICAL SUPPORT ACCORDING TO RACE: 1991 AND 1992

WOULD VOTE FOR:	MAY 1991	OCT 1991	JULY 1992
	%	%	%
ANC-SACP:			
• Africans	46	68	56
• Indians	8	8	4
• Coloureds	3	7	11
• Whites	1	3	1
NATIONAL PARTY:			
• Africans	3	6	7
• Indians	27	52	59
• Coloureds	47	53	62
• Whites	56	49	53

Source: Quarterly HSRC Information Update series of nation-wide polls.

The results in Table 5 reflect a rather formidable line of political division which has in a sense re-emerged between the majority and the three minority racial categories. Support for the ANC-SACP among non-Africans is minimal and support for the NP among Africans is hardly higher. In terms of these results, which appear to be fairly consistent in broad terms, non-racialism has not made a significant political breakthrough. Other results tend to soften the impression, however. In the study by Schlemmer and Stack, (see Table 2), respondents were asked whether they felt 'close to', 'in between' or 'distant from' the various political parties. These results reflect somewhat less polarisation:

TABLE 6: INTENSITY OF POLITICAL SUPPORT
Percentage of respondents feeling 'close to' the two major parties

FEEL 'CLOSE TO'	NATIONAL PARTY	ANC-SACP
	%	%
Africans	35	56
Indians	44	23
Coloureds	40	7
Whites	42	1

Fieldwork: Market and Opinion Surveys. Sample: 3 500+
Source: Schlemmer L and L Stack. Jnb: Centre for Policy Studies, 1992.

While the results in Table 6 on which party voters would vote for are very similar to the findings in Table 5, the degree of 'closeness' felt to political parties reflects more racial overlap. What is particularly noteworthy are the relatively high proportions of Africans who feel 'close to' the National Party and the roughly

The benefit of cross-racial political parties for the prospering of democracy in South Africa's future should be obvious

Acceptance of the rules of political competition amount to a kind of unwritten 'social contract' which exists in stable democracies

one-quarter of Indians who have sympathy for the ANC-SACP alliance.

Nevertheless, the broader pattern is clear the ANC is dominantly based in the majority racial category and the National Party is almost equally dominantly based on support among minorities. Whether or not it will or should be openly acknowledged by politicians, the two major parties, and others as well, appear to be based on categories of identity rather than on class or other interests.

Electoral contests will have an unfortunate connotation of race competition, whether openly debated as such or latently experienced. Accusations of attempting to revive apartheid are likely to be part of election rhetoric for a long time. This will not enhance the country's prospects of achieving the kind of acceptance of election outcomes which a stable democracy requires. Legitimate demands by minorities for safeguards and special provisions to enhance their possibility of participation in executive government, which are generally seen as a strengthening of democracy elsewhere in the world, are likely to be labelled as 'neo-apartheid' and discredited by majority-based parties.

This, indeed, has already occurred in the current debate about federalism. A form of government which is almost universally experienced as a system which strengthens democratic participation is viewed with a kind of political paranoia by large segments of the ANC and the PAC. South Africa's debate about regionalism and federalism has been turned into theatre of the absurd by these unjustified associations with the old system of apartheid.

In this review I have covered a small range of important issues of conflict or problems of policy choice and political management which will face a new majority-based government. Some of the same kind of problems in the rest of Africa have placed intolerable stress on governments and great strain on the governability of societies. These issues have prompted the African scholar, Meddi Mugenyi, to question the applicability of normal representative democracy in Africa. He terms it 'maximalist' democracy and poses the question of whether Africa can afford anything more than 'minimalist' forms of democracy (1988:178).

It seems quite clear that South Africa will carry the structure of its history with it into the new phase of open politics. As

elsewhere in divided societies, the institutions of a new democratic dispensation are going to be heavily stressed by youth alienation, by strong and contradictory demands from organised labour and the unemployed, by a persistence of racial divisions in South Africa's political life and by an ongoing disagreement about how South Africa's transition should occur.

These stresses will not necessarily prevent negotiation and even the securing of some kind of political settlement through negotiations. The political agreements, however, will have to stay afloat in a sea of strong and contradictory demands and perceptions. The question is: will South Africa's political agreements and thereafter the fragile general democracy which will be established, be able to survive the stress of the more basic conflicts? South Africa is too highly politicised a society for democracy to be directly qualified as Mugenyi has suggested above.

Throughout the world, democratic stability seems to depend on an underlying acceptance of the rules of political competition by most interest groups in a society. It could be described as akin to a very rigorous game of soccer, rugby or cricket, in which no matter how ruthless the competition, the underlying rules of competition, the game itself, are more important than any single victory or defeat. The essential concept of a 'loyal' opposition illustrates the requirement. It is precisely this underlying acceptance of the 'rules of the game' which will be placed at risk by the problems reviewed in this essay.

There may be no solutions to the problem, except perhaps one. Acceptance of the rules of political competition amount to a kind of unwritten 'social contract' which exists in stable democracies. This social contract lies deeper than the constitution; it exists in the voluntary constraints which political leaders set upon themselves.

For this reason it is essential in South Africa that the launching of our new democracy be accompanied by a period of multi-party participation in government in which a broad tradition of policy can be established which limits mutual destruction. The much vaunted Economic Forum, once fully established, might be a model of this process. South Africa's first period of new government should perhaps be a multi-party forum for the reconstruction of our society. In this way the rules for our future political game might well be crafted. **IPQA**

REFERENCES

- Enz R. 'Prices and earnings around the globe'. Zurich: Union Bank of Switzerland Vol108, 1988.
- Hart T et al. *Sudafrika: Friedlicher Wandel*, Munchen-Mainz Kaiser-Grunewald, 1978.
- Sadie JL. 'Unemployment in South Africa: its nature and origins', *Journal of Studies in Econometrics* Vol16/No1, 1992: 13-33.
- World Bank. *The Challenge of Development*. World Bank Report 1991. New York: Oxford University Press, 1991.
- Mugenyi M. In *Democratic Theory and Practice in Africa*, (eds) Waller Oyugi et al. London: Heinemann, 1988.

Hamlet without the Prince

The Codesa Impasse

David Welsh,
Professor of Southern African Studies,
University of Cape Town

A fundamental schism over constitutional principles led to a dramatic deadlock at the second plenary session of the Convention for a Democratic South Africa in May 1992. Ongoing political crises have since hampered the resumption of negotiations between the leaders of the two dominant power blocs, the National Party and the African National Congress. This overview provides an insider's perspective of the motives, stances and objectives of the main adversaries who are participating in the country's great constitutional debate.

When State President FW de Klerk made his historic speech on 2 February 1990, in which he announced the unbanning of the African National Congress, the Pan Africanist Congress and other organisations and indicated his intention to negotiate a new constitution, he was not speaking on behalf of a government on the brink of overthrow. To be sure white rule had weathered heavy storms in the 1980s, with the rise of militant movements in the townships, seemingly endemic civil unrest and violence, and tightening screws of international isolation. But Mr de Klerk was not in the position that Ian Smith, leader of the illegal Rhodesian Front government of the former Rhodesia had been in at the Lancaster House Constitutional Conference in 1979.

Smith spoke for a regime that was essentially up against the ropes, haemorrhaged by a serious guerrilla war, strangled by sanctions, and, as he saw it, betrayed by South Africa and the United States. Lancaster House was fundamentally about the terms of capitulation. Mr de Klerk, on the other hand, led a government that remained formidably strong, and in no serious danger of being more than inconvenienced by the armed struggle waged by the ANC's *Umkhonto we Sizwe*. Most sober observers, expecting Mr de Klerk's reputed conservatism to ensure that he continued a holding operation, doubted that minority rule would be terminated in much less than 20 years.

In truth, though, South Africa's contending forces had locked themselves into a

stalemate in the course of the 1980s: neither of the principal antagonists could decisively defeat the other - but continuation of the conflict in its existing form could inflict untold damage on the society, and perhaps make impossible the resurrection of a reasonably prosperous and democratic state.

One of those historic conjunctures occurred sometime in 1989 or early in 1990 when the two major leaders, FW de Klerk and Nelson Mandela, mutually recognised the deadlock and agreed to negotiate a new and inclusive constitution. In a letter of remarkable force and dignity, written while he was still in prison, Mandela urged the then State President, PW Botha, to put aside his prejudices about the ANC and negotiate a political settlement. It was urgent, he said, because of the 'civil strife and ruin into which the country was now sliding'. Mr de Klerk told Parliament in May 1991 that continuation of the National Party's policies would have brought South Africa to 'an absolute impasse'.

The stalemate rested upon two facts: The government retained formidable coercive power, but it had plummeted into a crisis of legitimacy. The ANC had achieved substantial support domestically and internationally but its only available strategies, 'mass action', armed struggle and the international sanctions campaign, were insufficient to topple the government, other than perhaps over a long period and at horrendous cost in terms of life.

These considerations are an important background to the initiation of the

Codesa was not to be a forum in which the terms of surrender were negotiated, but one in which two equal participants and a host of minor players would seek common ground

Simultaneous negotiation of a constitution, a cease-fire, and an election campaign are probably not mutually compatible activities

Convention for a Democratic South Africa (Codesa) in December 1991. It was not to be a forum in which the terms of surrender were negotiated, but one in which two roughly equal participants (and a host of relatively minor players) would seek to find common ground.

To modify von Clausewitz's dictum, Codesa was the continuation of war by other means. Secondly, the inception of a negotiating situation would be accompanied by an attempt to reach what in effect was a cease-fire: the cessation of MK's activities, de Klerk's efforts to reorientate the police away from their historic role as the cutting edge of the enforcement of apartheid, and the (so far futile) attempt to eliminate the apparently endemic civil violence. Thirdly, since it became apparent fairly soon after 2 February 1990 that the first democratic election was somewhere in the offing, the first shots (in some cases literally) in the election campaign were fired.

Whether the simultaneous negotiation of a constitution, and a cease-fire, as well as the running of an election campaign are mutually compatible activities, remains to be seen. What is beyond doubt is that the combination has posed strain on the fragile negotiation process at Codesa.

Talks about Talks

From the time of the ANC's unbanning until October 1991 the major players debated the most appropriate mode of conducting formal constitutional negotiations, while normalisation of political life proceeded. The ANC's view had crystallised in the Harare Declaration of 1989, which spelled out demands for a series of broad constitutional principles, proposals for creating a climate conducive to negotiations, and guidelines to the process of negotiation. The precise mechanism for drawing up a new constitution was to be left to inter-party negotiations, but the ANC soon came to adopt the constituent assembly as the most suitable process. It would be elected by universal suffrage and would adopt the constitution by a two-thirds majority.

Since the commencement of the period of normalisation the NP had been adamant that all parties 'with a proven basis of support' (the key phrase) should be entitled to participate in constitutional negotiations. It rejected the idea of a constituent assembly, maintaining that this would be

putting the political cart before the constitutional horse. Basically its fear was the possibility that a party might emerge from the election for a constituent assembly with a decisive majority and would thereby have a blank cheque to write its own constitution. In effect, constitutional issues that were to be negotiated would be prejudged by the election. This issue was never resolved in the pre-negotiation period and it continued to dog Codesa throughout its deliberations and was instrumental in causing the failure of Codesa Two in May 1992.

Despite serious disagreements on a number of issues (and the temporary breakdown of talks about talks in April 1991), the ANC and the government slowly edged towards agreement on the need to hold a multi-party conference. In this agreement lay the origin of Codesa. The agreement, however, concealed profound differences over what Codesa's functions were to be. As far as the ANC was concerned Codesa's task should be to draw up the general constitutional principles that should be embodied in a new constitution, to negotiate the establishment of an interim government, and to agree upon the modalities of the election of a constituent assembly.

As far as the NP government was concerned, it originally envisaged Codesa as an open-ended process, anticipating that it could agree upon the composition, functioning and decision-making process of the actual constitution-making process and the broad principles of a new constitution. Agreement on such principles, former Minister of Constitutional Development, Dr Gerrit Viljoen, told Parliament in May 1991, could enable the actual constitutional negotiating process 'to get started with more confidence and in a more favourable psychological climate in the knowledge that there are not only differences but also a significant degree of consensus'.

During the talks-about-talks phase it appeared that de Klerk and Mandela had built up a good working relationship. There were rocky patches but on the whole they respected each other's personal integrity. Moreover, in the formal meetings between the government and ANC delegations that led to the signing of the Groote Schuur Minute (2 May 1990), the Pretoria Minute (6 August 1990), and the DF Malan Accord (12 February 1991) difficult issues had been resolved by compromise, namely agreements to amnesty political prisoners, to permit the return of political exiles, to suspend the armed struggle and to embark

upon peaceful negotiations, and to end violence and intimidation. These agreements were hopeful portents, suggesting that political 'enemies' had now become merely political 'opponents'.

The stage reached appeared to conform to William Zartman's account of pre-negotiation (1989):

Pre-negotiation is a purposive period of transition that enables parties to move from conflicting perceptions and behaviours (unilateral attempts at solutions) to cooperative perceptions and behaviours. Where they once saw only an enemy, bound on undoing its opponent and untrustworthy in any joint efforts (and behaved accordingly themselves, thus justifying a similar perception on the part of the opponent), by the end of the period they have to be able to see an adversary who is nonetheless capable of cooperative behaviour and of some trust (and to reflect such characteristics themselves). Where each party regarded the problem with a winning mentality ... by the end of the transition they must shift to a conciliatory mentality ...

Insiders & Outsiders

The delegations to Codesa One assembled at the World Trade Centre, near Jan Smuts Airport in Kempton Park on the morning of 20 December 1991. Each of the 19 parties and governments represented was allowed eight delegates and five advisors.

The South African government was represented separately from the National Party, although the same principle was not applied in the case of the homeland governments (independent or otherwise). Numerically, the great majority of the parties came from the homelands and from the tricameral Parliament (both of the bigger parties in the House of Delegates, the Labour Party from the House of Representatives, and the NP and Democratic Party from the House of Assembly). Extra-parliamentary organisations like the Natal and Transvaal Indian Congresses (NIC/TIC, which constituted a single delegation) and the SA Communist Party were closely aligned with the ANC.

Codesa One was largely a symbolic occasion, consisting in the main of set speeches by each of the parties. Only the monumental public row between de Klerk and Mandela, which arose out of de Klerk's

CODESA'S DECLARATION OF INTENT

The clauses of the Declaration of Intent signed in December 1991 at Codesa One were broad, committing the signatories 'to bring about an undivided South Africa' free from discrimination, and to set in motion the process of drawing up a new constitution that would ensure, inter alia:

- ⇒ *that South Africa will be a united, democratic, non-racial and non-sexist state in which sovereign authority is exercised over the whole of its territory;*
- ⇒ *that the Constitution will be the supreme law and that it will be guarded over by an independent, non-racial and impartial judiciary;*
- ⇒ *that there will be a multi-party democracy with the right to form and join political parties and with regular elections on the basis of universal adult suffrage on a common voters' roll; in general the basic electoral system shall be that of proportional representation;*
- ⇒ *that there shall be a separation of powers between the legislature, executive and judiciary with appropriate checks and balances;*
- ⇒ *that the diversity of languages, cultures and religions of the people of South Africa shall be acknowledged;*
- ⇒ *that all shall enjoy universally accepted human rights, freedoms and civil liberties including freedom of religion, speech and assembly protected by an entrenched and justiciable Bill of Rights and a legal system that guarantees equality of all before the law.*

Furthermore the signatories agreed that the present and future participants in Codesa should be entitled to put forward 'any proposal consistent with democracy'.

criticism of the ANC for its refusal to disband its military wing, *Umkhonto we Sizwe*, and Mandela's angry response, enlivened what were otherwise tedious proceedings. The row, which was quickly patched up, at least served to demonstrate that reports of a cosy relationship between the ANC and the government, averred by some of the ANC's left-wing critics, were untrue.

The highpoint of Codesa One was the signing by 17 of the 19 organisations of a Declaration of Intent (see box) that committed them to a democratic system of government. Since Codesa, although funded by the state, was not a body created by statute and, obviously, had no law-making function, the signatories committed themselves also to drafting legislation, in cooperation with the South African government and homeland administrations, that would give effect to the agreements reached in Codesa.

The two participants who declined to sign the Declaration of Intent were the Inkatha Freedom Party and Bophuthatswana. IFP leader, Chief Mangosuthu Buthelezi, was already angered by Codesa's refusal to seat a delegation led by the Zulu King and,

CODESA'S WORKING GROUPS Terms of Reference

The Working Groups began their allotted tasks in February 1992. Each of the 19 organisations participating in Codesa was allowed representation by two delegates and two advisors per Working Group, which meant, in turn, that the individual Working Groups consisted of 76 people. Their principal assignments were:

Working Group One

To create a climate for free political participation and define the role of the international community.

Working Group Two

To formulate general constitutional principles and the constitution-making body/process.

Working Group Three

To devise transitional arrangements, interim government and transitional authority.

Working Group Four

To resolve the future role of the Transkei, Bophuthatswana, Venda and Ciskei states (the 'independent homelands').

Working Group Five

To establish time-frames and assist in the implementation of Codesa's agreements.

To modify von Clausewitz's dictum, Codesa was the continuation of war by other means

accordingly, declined to attend Codesa. He believed (reportedly on the advice of an American adviser) that the first clause of the Declaration (see box) precluded a federal constitution, which is the core element in Inkatha's proposals. On behalf of Bophuthatswana, President Lucas Mangope insisted that since it was a sovereign state any possible future reincorporation would first have to be ratified through the homeland's existing constitutional machinery.

The parties at Codesa One also agreed upon an administrative structure, standing rules of procedure and, thereafter, the terms of reference for five Working Groups that would carry forward the negotiations (see box).

The achievement of Codesa was not inconsiderable: in, say, 1988, few sober analysts would have predicted that a mere three years later consensus could have been reached on the terms of the Declaration of Intent, broad though they were. Moreover, while the parties and organisations at Codesa differed enormously in terms of their representativeness, it was reasonable to assume that collectively they represented at least 80% of the future, inclusive South African electorate.

On the ultra-right the Conservative Party declined to be a participant, on grounds that the Declaration precluded the right to self-determination on which CP policy for a white homeland was ostensibly based. On

the left the Pan Africanist Congress (PAC) and the Azanian People's Organisation (Azapo) also declined invitations to participate, both insisting that the only appropriate mode of constitutional change was by means of an elected constituent assembly through which power would be transferred to the people. The PAC demanded also that any constitutional forum be held at a neutral venue outside South Africa, under neutral auspices.

A question to be raised concerning non-participants in any constitutional negotiations is whether they have sufficient leverage to thwart or undermine a settlement - as the Reverend Ian Paisley's militant Protestant followers rapidly destroyed the 'power-sharing' experiment in Northern Ireland in 1974.

Certainly, in early 1992 the NP was becoming increasingly uneasy as a string of CP by-election successes appeared to indicate large-scale (white) voter disenchantment with de Klerk's initiatives. The thumping win by the CP in the Potchefstroom by-election of 19 February, after de Klerk had declared this to be a 'barometer' of white sentiment, prompted the decision to hold a (white) referendum on 17 March 1992, in which a resounding majority of 68.8% voted to accept continuation of the negotiation process initiated on 2 February 1990. As will be shown below, the referendum was to have significant consequences for the Codesa process.

As far as the PAC and Azapo are concerned, surveys of black political preferences have repeatedly suggested that their combined level of support is small, probably not much more than ten per cent. But, apart from the questionable reliability of the polls, the PAC in particular has seemed a likely beneficiary of support that could shear away from the ANC in the event of its making significant concessions at Codesa. Both the CP on the right, and the PAC on the left are classic manifestations of the phenomenon, common in ethnically divided societies, of 'ethnic outbidding', i.e. attacking more moderate ethnically-based parties for alleged compromising with ethnic rivals. The major parties at Codesa were aware of these possibilities, and the ANC, moreover, was acutely conscious that its radical, younger constituency would oppose compromises that diluted the ANC's stated principles.

Codesa's Power Blocs

The parties at Codesa One had agreed upon rules of procedure that incorporated the idea of 'sufficient consensus', which was never fully defined. The implication, however, was that since 'complete consensus' (or unanimity) was unlikely to be attained, at least on all issues, and since simple majorities (or 50% plus one) were inadequate, 'sufficient consensus' must suffice, it being defined in the standing rules as 'when consensus is of such a nature that the work of the Convention (i.e. Codesa) can move forward effectively'. While the full ramifications of this notion were never fully tested, in practice it came to imply that sufficient consensus had been attained when the ANC and the NP/South African government (and to a somewhat lesser extent, Inkatha) had reached agreement.

These were clearly the major players, and it was unrealistic to suppose that the process could move forward without their agreement. The unwieldy nature of the Working Groups was partly mitigated by the rapid emergence of distinctive blocs, whose component members tended to agree on the same principles:

- The ANC-inclined bloc included its long-standing allies, the SACP and NIC/TIC, together with the Transkei and Venda governments, and other homeland parties, the Inyandza National Movement of KaNgwane and the United People's Front of Lebowa.
- The Labour Party from the ('coloured') House of Representatives also sought to

align itself with the ANC bloc.

- The government/NP-inclined bloc included Solidarity and the National People's Party from the (Indian) House of Delegates and several homeland parties, Dikwankwella (QwaQwa), Intando Yesizwe (KwaNdebele), the Ximoko Progressive Party (Gazankulu), and the Ciskei government.
- The Inkatha Freedom Party was for the most part aligned with the government/NP bloc but took an independent stance on a number of issues.
- The Democratic Party (DP) remained independent of the blocs, and often played a successful role in mediating differences.

It was difficult not to sympathise with the ANC's occasional caustic jibes at the unrepresentativeness of many of the parties, which strengthened the argument for an electoral clearing-house that would conclusively determine who the significant players actually were. It was also probably the case that the presence of so many homeland-based delegations gave the proceedings more of a regionalist cast than might otherwise have been the case. Many of the homeland and tricameral politicians, with exceedingly small support-bases, obtained good livings (and the prospect of comfortable pensions) from apartheid creations, as the ANC was wont to point out in accusing them of reluctance to move decisively towards the ANC's version of a democratic order.

Working Group Tasks

Space precludes an exhaustive analysis of the course of negotiations in each Working Group. Brief summaries are provided below of the principal assignments and significant agreements reached in Groups One, Three and Four (Group Five remained largely inactive since working on its brief awaited agreements in the other groups), and a fuller description is given of the breakdown in the pivotal Group Two.

□ National Peace Accord

Working Group One reached extensive agreement on what became known as 'levelling the playing field'. Much of the agreement concerned the more effective implementation of the National Peace Accord of September 1991. Another important principle was the requirement of political neutrality of, and fair access to, state-controlled and statutorily-instituted media and the establishment by statute of

The ANC defined Codesa's tasks as to draw up general constitutional principles, to negotiate an interim government, and to agree upon a constituent assembly

The NP envisaged Codesa as an open-ended forum to discuss the composition, function and decision-making in the actual constitution-making process

The Codesa proposals for an interim transitional executive are of Byzantine complexity

an independent, neutral body to regulate the telecommunications sector. Agreement was reached also on the composition and control of the security forces, which, it was recommended, should be placed under the control of interim/transitional governmental structures.

□ *Transitional Executive*

The main achievement of *Working Group Three* was to reach agreement on a Transitional Executive Council (TEC) with a multi-party character, and vested by statute with executive powers to enable it 'to prepare for and to facilitate the transition to a democratic constitution ... and in particular, the achievement of a level playing field and a climate favourable to free political participation and the holding of free and fair elections'.

The TEC was to be empowered to stop the government from proceeding with any bill, proclamation, regulation or action which, in its opinion, would have an adverse impact on the transition. Apart from an Independent Election Commission and Independent Media Commission, a series of sub-councils would function below the TEC and report to it, their decisions being subject to the TEC's confirmation or amendment. Four sub-councils were envisaged, covering, respectively, Regional and Local Government, Finance, Law and Order, Stability and Security, and Defence. The possibility of sub-councils covering Foreign Affairs and Elections was mooted but not decided upon.

The TEC was to be appointed by the State President on the recommendation of Codesa and would consist of at least one member from each of the governments or administrations (including provincial administrations) who had committed themselves to comply with the TEC's decisions, and at least one member from each participating organisation at Codesa. The sub-councils would be similarly multi-party in character, the members being appointed by the State President on the recommendation of the TEC. Agreement was reached that the TEC and the sub-councils would try to take decisions by consensus, failing which 'at least' 80% would be sufficient. Appeals could be made by minority interests to the Independent Electoral Commission for adjudication.

These proposals were of Byzantine complexity. They complied with the South African government's insistence on constitutional continuity since they provided for checks on, but not the

replacement of, the existing executive; they provided also, at least embryonically, for a power-sharing interim government.

□ *Reincorporation of TBVC*

Working Group Four (including Bophuthatswana) reached consensus on the reincorporation of Transkei, Bophuthatswana, Venda and Ciskei (TBVC). Its key point of agreement (on which Bophuthatswana reserved its position) was that the people of the TBVC states should fully participate in the transitional arrangements and the constitution-making process, including elections. The agreement stated: 'Their participation will be arranged in such a way that their votes in a national election shall signify support for or rejection of reincorporation. The results of such an election shall constitute a sufficient test of the will of the people'.

□ *Constitutional Principles*

The agreements reached by these three Working Groups represented a considerable achievement, but their effective implementation depended crucially on *Working Group Two* reaching agreement, and this was not to be. The delegations to this Group included some of the big guns of South African politics: Gerrit Viljoen, Cyril Ramaphosa, Colin Eglin, Joe Slovo and Ben Ngubane. Its two-fold terms of reference, however, complicated its activities since, with the approach of Codesa in mid-May 1992, it was obliged to put aside its deliberations on constitutional principles and focus on the issue of the constitution-making body/process.

Progress on the constitutional principles assignment was painfully slow and inconclusive. The fact that it met only for one or two days a week (with a break as the referendum approached) meant that it was impossible to sustain momentum. (Some future negotiating forum should learn from this experience that negotiation must be a full-time activity.) The experience of Working Group Two also laid bare Codesa's basic limitation: it was more of a clearing house than a constitutional negotiating forum.

Stalemate in Negotiations

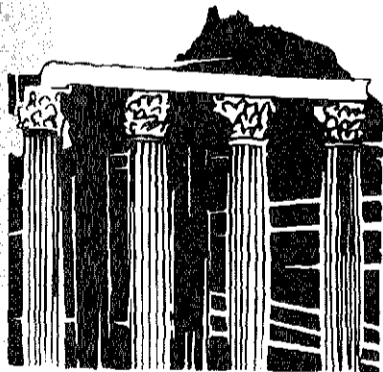
Right from the start the ANC and its allies insisted that Working Group Two should concern itself only with general constitutional principles, and not details. Only an elected constituent assembly could do that. When a principle became a detail

The ANC and its allies insist that Codesa should concern itself only with general constitutional principles

(or vice-versa) was never made clear. Unlike other Working Groups, it met only in plenary and these sessions invariably took the form of individual party's making submissions, usually in the form of written documents that were read out by a member of the delegation, followed by questions, ostensibly for the purpose of elucidation. Contrary to what might be supposed, there was not much vigorous debate on constitutional principles *per se*. Debating points were often cunningly concealed in questions, but formal quasi-parliamentary debates were largely absent.

In spite of these limitations, widely differing positions were immediately apparent. The South African government, the IFP, the DP and several homeland delegations adopted a vigorously federal stance in the sessions that dealt with the balance between central, regional and local government. The ANC and its allies, however, favoured 'a unitary system with some federal characteristics' (to quote one of its delegates).

Lengthy debates concerned whether the word 'fiscal' should be included with 'legislative' and 'executive' in describing the powers that were appropriate to each level. The ANC maintained that 'fiscal' was subsumed under 'legislative', since budgets were passed by law. There was agreement - of a kind - that the powers, duties and functions of each level of government were to be entrenched in the constitution, but even so the question as to whether South Africa should have a federal or unitary constitution was not conclusively decided.



Even more inconclusive was the debate on the effective participation of minority parties. This raised the fundamental issue at Codesa and, indeed, of the entire constitutional debate: should South Africa's future political system be 'majoritarian' in character, or should it provide for 'power-sharing'? Obviously the ANC and its allies favoured the former, and the NP government and its allies favoured the latter.

The issue was not resolved, with Working Group Two having to content itself with a bland statement that: 'A new constitution shall provide for effective participation of minority political parties consistent with democracy'. But the minutes added that this principle does not imply or reject constitutional prescription for the participation of minority political parties in any executive structure of government; simple majoritarianism, or veto powers by minority political parties on any issue.

It is true that Codesa's original Declaration of Intent provided a bedrock of important constitutional principles which were regarded as 'areas of commonality' upon which Working Group Two could build. The difficulty was - and is - that general principles are capable of widely differing institutional expression. Nelson Mandela has frequently demanded 'an ordinary democracy': but what is 'an ordinary democracy'? Is it the 'winner-take-all' majoritarian system of British-derived systems, or the more consensual systems of Europe in which coalition government is the norm? Both system-types have respectable pedigrees in democratic theory, but which is more appropriate for a divided society such as South Africa remains a matter for analysis and debate.

Having recorded only limited progress on its first assignment, Working Group Two was then obliged to defer further deliberation of constitutional principles and turn its attention to the question of a constitution-making body. Essentially the same issue of 'majoritarian' versus 'consensus' cropped up in a slightly different guise, and not only prevented this Group from reaching consensus, but ultimately shipwrecked Codesa Two, convened some five months later in mid-May 1992.

Ostensibly the failure of Working Group Two turned on a question of the percentages that an elected constitution-making body should require for the adoption of a new constitution; actually, the decisive factor was the widening gulf of mistrust between the government and the ANC.

The ANC had consistently demanded an elected constituent assembly that would write the new constitution; the government rejected this proposal, and insisted on the maintenance of constitutional continuity. It did, however, somewhat shift its ground and accept that a parliament elected under an interim constitution drawn up by Codesa

The decisive factor in the collapse of Codesa was the widening gulf of mistrust between the government and the ANC

The ANC had consistently demanded an elected constituent assembly that would write the new constitution

Constitutions reflect rather than alter power relationships

should serve also as a constitution-making body. The catch was that this proposal was based upon the NP's convoluted proposals for a 'power-sharing' system. Not only would there be a 'collective presidency', consisting of representatives of the biggest three to five parties in the lower house, but also a senate in which regions and minority parties would be accorded highly inflated representation - the 'House of Losers', as Joe Slovo termed it. Both Houses of this interim parliament would be involved in the making of the final constitution.

Missed Opportunity

In the flurry of last-minute negotiations on the eve of and, indeed, on the very day of the opening of Codesa Two, relations between the government and the ANC deteriorated dramatically. With the utmost reluctance the ANC had agreed to push its 66,6% figure up to 70% and to require that amendment of the Bill of Rights required a 75% majority. The government (reportedly at the behest of some of the homeland governments) now insisted that a 75% majority be required also to amend relations between the central and regional governments.

At the last minute, as other delegations and dignitaries milled around waiting for Codesa Two to get started, the government withdrew its insistence that the senate be involved in the constitution-making process, in exchange for acceptance as a general principle that a senate with co-equal legislative power to the lower house be enshrined in the final constitution. For its part the ANC now demanded that a deadlock-breaking mechanism be inserted into the constitution-making body, and suggested that, if after six months, a draft constitution had not been agreed upon, the draft accepted by most would be submitted to a referendum in which 50% plus one would be sufficient to ratify that draft.

At this point Working Group Two fell apart in disarray, and Codesa Two proceeded like the proverbial Hamlet-without-the-Prince. Subsequently, the ANC revoked all the concessions it had made and reinstated its original demand for a constituent assembly.

Why did all of this happen? The ANC believes that it was nearly trapped into accepting an interim constitution that would have been difficult, if not impossible, to amend. *De facto*, the interim constitution, drafted by Codesa, would have become the final constitution. In the bitter

recriminations that ensued the ANC argued that the NP government was trying to spin out the interim phase as long as it could, believing that time was on its side. The NP had become cocky, even arrogant, after its referendum success, and showed to inclination to go out of power. Almost certainly there is some truth in the latter contention, even though it overlooks the fact that right from and including his speech in February 1990 de Klerk has consistently reiterated that he stands for power-sharing and not 'majoritarianism' that would give the winning party control of the decisive central site of power in a unitary system.

The government has developed visceral suspicions of the ANC as a movement that has succumbed to what Donald Horowitz has called 'the hegemonic temptation'. Its negotiators are convinced that the ANC did not want a settlement in Working Group Two, preferring to take the issues back to the streets in the hope of obtaining by 'mass action' what it could not obtain by negotiation.

On the other hand, the government missed a golden opportunity by not accepting the ANC's concession of a 70% majority in general, and 75% for the Bill of Rights. As an acute DP analysis observes:

We could have been well on our way to elections, interim government, greater stability and an improved economy. But the NP were too greedy, arrogant and shortsighted to recognise a marvellous offer when they saw it. They pushed for a 75% majority being necessary to change the central/regional government relationships, and the wheels came off the whole process.

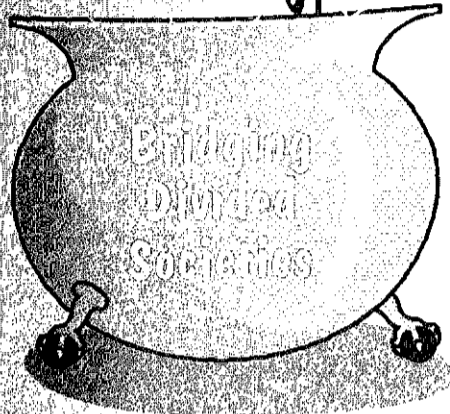
It is no part of this review to review developments subsequent to Codesa Two, nor to speculate about how the stalled negotiating process can be restarted. In a wise observation Adam and Moodley (1986) say that 'Constitutions reflect rather than alter power relationships'. The same insight holds good for Codesa, which grew out of the deadlock which the combined sagacity of De Klerk and Mandela had recognised. Mutual recognition may be the first step in negotiating a way out of the deadlock but, as the Codesa experience has shown, it may not be enough. **IPQA**

REFERENCES

- Adam H and K Moodley. *South Africa without Apartheid: Dismantling Racial Domination*. Cape Town: Maskew Miller Longman, 1986.
Democratic Party. *The Future of Codesa and the Negotiating Process*. Cape Town, 1992.
Zartman, W. 'Pre-negotiation: Phases and Functions'. *International Journal*. XLIV, 2, 1989.

Mutual recognition may be the first step in negotiating a way out of the deadlock but, as the Codesa experience has shown, it may not be enough

THE MELTING POT



Citing the report on intergroup relations by the Human Sciences Research Council, Lijphart (Cited in Schrire, 1990:2) states:

The political ordering of intergroup relations according to the original apartheid model has reached an impasse, and constructive relations cannot be developed further along these lines.

The genesis of intergroup relations according to the original apartheid model, was that South Africa is a society of nations each with its own distinct culture where race is not the governing principle. There is very little evidence of a shift from this original position. There is, therefore, a white nation, a nation comprising the descendants of people of Indian extraction, a nation of 'coloureds' and ten different nations of indigenous Africans. This formation, according to the classical apartheid model, makes it difficult for the different cultures as the principal determinants of nationhood to co-exist within one polity. Hence South Africa was to be carved up into independent geographical units corresponding to the 'nations' except that Indians and coloureds would only have the political but not the territorial component.

That the model developed into a political and an economic albatross is now history. What is significant, however, is that its creations still haunt the present attempts at a political settlement in South Africa. The Convention for a Democratic South Africa (Codesa) is as equally a product of apartheid as it is the outcome of the struggle, by the popular forces, for democracy.

Dr Paulus Zulu, Maurice Webb Race Relations Unit,
Centre for Social & Development Studies, University of Natal

Are ethnic, racial and cultural identities in South Africa immutable ingredients of political conflict or do they mix into a melting pot for the new integrated society? This overview evaluates the three major reform strategies - the consociational coalition of elites, the integrated non-racial society, and the gradualist 'divide and reform' model. A concluding section comments on the implications of civil violence, non-participation and withdrawal for the Codesa negotiations.

Two Pluralist Models

Some experts on South Africa have adopted the concept of a plural society with implications of inherent and natural divisions. First under Verwoerdian and later reform apartheid, notably a number of politicians in the state apparatus have adopted an uncritical use of the concept of a plural society as if the elements in the plurality are preordained and given. Also, solutions proposed by international authors on plural societies, notably Lijphart and Huntington, presuppose an inherent rather than a socially engineered conflict situation in South Africa.

The concept of divided societies is predicated on the notion of pluralism and particularly on a pluralism of the conflict model. The conflict variant of pluralism assumes that societies organise around specific natural attributes or variables such as race, ethnicity, religion and language, etc. These attributes then constitute a culture which serves as a uniting bond within societies so organised.

Since the attributes around which organisation occurs differ from society to society, the emergent culture constitutes the basis of pluralism or differentiation. Society, therefore, consists of numerous sub-cultures, each distinct enough to stand on its own and unwilling to lose its identity. The conflict element is a product of economic forces acting on the natural synergy where the various cultures have to compete with one another, especially for resources.

In his analysis of pluralism in colonial societies, Furnivall adopts the conflict variant and argues that the development of a market economy without a common culture forces members of the plural society, particularly the indigenous ethnic

Codesa is as equally a product of apartheid as it is the outcome of the struggle, by the popular forces, for democracy

Divided societies are reconcilable through systemically developed strategies of human intervention

Three solutions to the South African political problem have been advanced: the consociational, the reformist and the integrative

groups, to shed their traditional culture without finding new bonds except as *homines economici*. However, ethnic membership remains the only persistent bond to the extent that occupational roles are allocated on the basis of ethnic background. While the indigenous culture, except ethnicity, disintegrates, the colonial elite remains compact and culturally homogeneous (Cited in Bekker, 1978:7).

Furnivall's explanation poses a few problems. In the first instance it is not clear why only the indigenous culture, except ethnicity, should disintegrate while the colonial culture remains intact. Secondly, Furnivall pays no attention to the other sub-systems of the social system besides the economic. For instance, he conveniently omits the impact of religion in the evolution of a common set of values, an omission which begs the question whether his explanation is a rationalisation of domination of the colonised indigenous societies by the colonial elite.

The other variant of pluralism, the democratic model, assumes that society consists of a number of intermediate structures or institutions: religious, economic, cultural, political etc., and that these institutions play a mediatory role between individuals and the state as the supreme regulator or sovereign body in this instance.

The plurality of intermediate institutions creates cross-cutting group affiliations as well as avenues for individual self-expression. Not only does this prevent coincidence in the lines of cleavage should these exist, but it also creates safety valves for the realisation of individual leadership talent thus broadening the terrain for healthy competition. In this way pluralism constitutes the basis for fair competition and consequently, promotes consensus as opposed to conflict.

My thesis in this essay is that the variables which constitute a society's culture or sub-cultures shift with changes in the material and ideological conditions in the society. There are no immutable properties in societies, which either comprise discontinuities in the social structure or crumble at the whim of social engineers to produce a homogeneous society. In short, divided societies are reconcilable through carefully thought of and systemically developed strategies of human intervention, mainly because individuals within societies have an inherent propensity for self-preservation.

Basically, three solutions to the South African political problem have been advanced: the consociational, the reformist and the integrative. Each of these solutions is premised on a particular view of the nature of South African society.

Consociationalism and reform are predicated on a plural society where the cleavages or the divisions are too sharp to allow for a non-racial integration. On the contrary, proposals for integration assume that there are sufficient elements in the society to facilitate a *modus vivendi*, especially in the public or political domain. The central question is how divided is our society? And what are the basis of the divisions?

□ *consociational model*

Consociational democracy as the concept has become known was first advocated by Lijphart on the basis of the European experience in Switzerland and to an extent in the Netherlands (Lijphart, 1977). Its major premise is proportionate power-sharing where segmented societies represented by their elites access the centre of power. Lijphart's preconditions for consociational democracy are:

- a grand coalition of elites;
- mutual veto over competing group interests; and
- proportionate allocation of key positions in the government and civil service.

Consociational democracy presupposes self-reliance among the constituent groups. Adam refers to this self-reliance as 'institutional completeness', i.e. spatial concentration with sufficient population ratios where the groups wield sufficient socio-political clout (Adam and Moodley, 1986).

Critics of consociational democracy in South Africa base their arguments on two factors:

Firstly, contrived group membership where the constituent parts, for instance, the homelands, or for that matter the 'coloured' population, are not necessarily distinct organic entities with a common history that is exclusive to each 'cultural group' as stated by government policy and some homeland leaders. Of the attributes or elements that constitute a culture, homelands share a common history of exclusion from the political centre. There are two main language groupings, Nguni and Sotho, which unite rather than divide almost eighty-five per cent of the homeland populations, besides Tsonga and Venda

both of which derive to a large extent from the two main groupings.

In terms of religion an overwhelming majority of Africans (74%) are Christians whereas even during the pre-Christian era, all traditional religions were predicated on ancestral veneration with similar rituals across all the ethnic groupings. Coloured people share the same language as the white Afrikaners and share the Christian religion with the rest of Christian South Africa.

Secondly, the history of political resistance to domination transcends ethnic or for that matter racial lines. Symbols of resistance are national rather than racial or ethnic. A proposed solution that ignores or attempts to sidestep the primacy of the liberation movements, and by inference their ideology and policies, is bound to encounter resistance from the disenfranchised as well as the liberal establishment within white ranks.

Further problems of consociational democracy pertain to the nature of the sub-groupings. The complicated formulae for group membership as proposed in the Natal/KwaZulu Indaba in 1986 demonstrate the practical problems of contriving group identities. Besides the political problems of group identities, economic factors subject consociational democracy to an even harder test.

In South Africa political boundaries and economic capability do not coincide. At present none of the homelands is economically self-sufficient, nor are the provinces for that matter. The uneven distribution of wealth and economic capacity within South Africa places the regions at the mercy of the central state. Any modifications to the central state in favour of the regions would entail sacrifices on the part of the economically stronger regions such as the Pretoria Witwatersrand-Vereeniging (PWV) area which lays the golden egg.

Coincidentally, the same PWV region makes up the ethnic melting pot where coexistence among the various segments, be these racial or economic, belies territorial separation besides the former Group Areas Act. If the social history of this region is anything to go by, fears of ethnic conflict diminish with experience (the present violence has very little to do with ethnic cleavages in spite of pronounced allegations to this effect). The juxtaposition of individuals as groups has an integrative rather than a centrifugal

effect. Soweto, the largest of the African townships in the country, has developed a common language and a common political culture.

□ *integration model*

Despite the history of racial separation, together with the power relations predicated upon race, Adam and Moodley feel that 'several factors unique to the South African situation suggest that the dream of a relatively democratic society has a better chance of being realised in an integrated South Africa than elsewhere' (1986:196). The authors feel that the principal reason for this lies in the crude choice of 'dominate or be dominated' (*Ibid*).

In the long run, Adam and Moodley feel that as a group, whites would benefit from non-racialism since it is the only policy that may prevent racial domination:

Comparative race relations research has frequently discovered that when members of groups encounter one another in new situations, the boundaries between them are likely to be overcome if they compete on an individual basis with one another; conversely the boundaries will be strengthened if they compete as groups. (Ibid:197)

Leo Kuper maintains that the process of change in segmented societies can take two forms: first, at the individual level where change is gradual and non-disruptive; or second, at the collective level where confrontation is often inevitable.

Kuper alludes to the process of 'individuation':

where individuals, through certain of their roles, become detached from the original racial matrix and enter into new relationships across racial lines, creating new interracial social structures, formal and informal. In terms of culture, it is a process by which individuals come to share many of the basic institutions as well as a common language. (1974:142)

South Africa offers a theatre where respective dramas on the process of individuation are played, e.g., a predominantly Christian religion, a common economy with a shared consumer culture, a common though segregated education and lately sport. In all these spheres, contact is on an individual rather than on a group basis.

While sufficient sociological factors

The history of political resistance to domination transcends ethnic or for that matter racial lines

The present violence has very little to do with ethnic cleavages in spite of pronounced allegations to this effect

Competition for resources is structured along racial lines and a non-racial democracy threatens racial privilege

support an integrated society in spite of the painful history of separation, the position of the disenfranchised offers sufficient evidence of reconciliation to dispel fears other than the loss of privilege from the white ruling elite. White resistance to integration has mainly centred on the 'lowering of standards' which in a number of instances amounts to the loss of a race-based preferential treatment under the apartheid laws. Admittedly, the same laws have constrained the capacity of Africans to compete evenly on the open market but affirmative action policies and the sheer determination to succeed have demonstrated that once freed from legal and institutional constraints, disadvantaged individuals are capable of overcoming past handicaps.

However, in spite of the positives for integration a number of factors present difficulties in the implementation of a non-racial democracy. Firstly, South Africa has a painful history of racial prejudice and attitudes will not change overnight. (The racist right demonstrates a dangerous militancy, particularly because it is also well-armed and has access to explosives.) Secondly, competition for resources is structured along racial lines and a non-racial democracy threatens racial privilege. However, South Africa has sufficient resources if properly exploited. It is mainly the apartheid policies which have hampered a full realisation of the country's potential.

□ *reform model*

Huntington alludes to 'the inherent instability of the existing South African combination of a quadri-racial society with a uni-racial polity ...' (1981:11). In his thesis, race provides the main divide and he locates the central problem as racial domination where there is an asymmetry between society and the polity. The implications are that since race is immutable, nothing can be done at this level, so the only possible intervention is at the level of the polity.

However, Huntington finds that neither the official attempts by the government to create 'separate freedoms' as the apartheid policy attempted to do, nor the alternative non-racial proposition can work; the first because it would create a tri-racial society with a tri-racial polity, and the second because it assumes that South Africa is a society of individuals and not a society of racial communities. Huntington maintains that the latter obtains and adds a moral relevance to it where he quotes van Dyke as

saying: 'communities, particularly ethnic or racial communities, also have moral claims and rights ...' (*Ibid*:13).

Basing his argument on the racial and historical situation, Huntington criticises the non-racial alternative on the grounds of incongruencies between the political and the economic spheres. He argues that at the political level, the proposition guarantees an African majority; but that at the economic level, the application of strict meritocratic principles will disadvantage the African majority unless a policy of affirmative action and compensatory benefits is applied.

As a solution to the impasse, Huntington proposes a strategy which he refers to as 'decompression' and consists of a series of reform initiatives (*Ibid*:16). What is crucial in decompression is that there is no fixed public agenda. In fact, Huntington asserts that 'the reform process may also require at times substantial elements of duplicity, deceit, faulty assumptions and purposeful blindness' (*Ibid*:21). There are, however, central pillars to the process of decompression:

- *political leadership* with a high order of political skills, capable of capitalising on opportunities as well as commanding trust from followers. Huntington believes that the polarisation between the left and the right in South Africa presents the National Party with an opportunity to play this role;
- *gradualist strategies*, based on the 'two steps forward, one step back' principle. Here the reformer does not make a commitment to an open agenda but simply makes sudden changes on individual issues at a time. Huntington calls this the Fabian-Blitzkrieg strategy.
- *timing of reforms*, which should be made from a position of strength. The period of implementation of reforms should be gradual and long enough to allow time for the next phase;
- *concentration of power*, which is essential for successful reform to materialise, particularly because reform may bring with it a measure of violence either from rising expectations or from a threatening erosion of privileges;
- *selection and sequence of reforms*, which are pivotal to success. In South Africa, the reconstitution of the political system will have to include reform initiatives to enable Africans to compete favourably in the educational and economic spheres.

The reformer does not make a commitment to an open agenda but simply makes sudden changes on individual issues at a time

• *reform coalitions* - in South Africa, Huntington feels that a common value base exists among specific elements of the white establishment, i.e. politics and business as well as within certain elements in the black middle classes.

Grand Coalition

A coalition of groups formed within the above segments would facilitate and uphold reform initiatives. But strong opposition would come from both the apartheid civil service (threatened by the possible loss of privilege) and the aspirant black radicals. A response to this might be a policy of *divide and reform* which is necessary in order to build and strengthen a reform coalition. 'Conceivably, the continued fragmentation among black groups and the rivalry among black leaders could be used by an appropriately minded government to enlist some measure of black support for the reform process' (*Ibid:23*).

A variant of decompression or co-optive reform has been in operation in South Africa during the late 1970s to the end of the 1980s. The 'gradualism' encompassed the political, economic, educational and social spheres. Concrete examples would include the tricameral constitution of 1983, the relaxation of segregated education, the legal recognition of African trade unions and open central business districts, and the abolition of the Group Areas Act and the Mixed Marriages Act. More recently, the unbanning of the ANC, the PAC, the SACP and other organisations were hailed as the turning point in South African political history which made Codesa possible.

One of the achievements of reform apartheid was the differential incorporation of elites into structures of political power on an 'own affairs' basis and on terms determined by the regime as the co-opting agent. The problem with this strategy is that it created a grand coalition of elites without the elites.

Despite success in creating an administrative base, the incorporated elites neither had the material nor the ideological capacity to satisfy the basic needs of the masses. The limited material resources they administered and dispensed created a system of patronage where the benefits were also limited. Their failure to deliver the goods and the ideological influences of the politicised sectors led to their rejection by the masses who referred to them as 'representatives of an illegitimate regime'.

The recent Bisho shootings of protest marchers in the Ciskei again demonstrated that the state-sponsored elites have to resort to force in order to elicit compliance.

The present culture of violence is partly a product of co-optive reform and partly the outcome of revolutionary attempts to wrest control from a regime conceived, by the majority of the people, to be illegitimate.

One of the consequences of forming reform coalitions, as Huntington advocates, might be to divide and reform: 'Continued fragmentation among black groups and the rivalry among black leaders could be used by an appropriately-minded government to enlist some measure of black support for the reform process' (*Ibid:23*). The problem with this proposition is that the divisions and rivalry among black groups are taken as preordained and given.

Successive governments ruled Africans as a common group and no distinct regional or ethnic groupings mobilised against white rule on any significant ethnic 'ticket'. Liberation movements such as the ANC and the PAC organised on a non-ethnic or non-racial basis. It was the National Party that created and rewarded politicised ethnicity in order to sustain it. Cleavages which arise out of this form of social engineering are, therefore, not natural but contrived, hence the rejection of the reforms which were products of this form of political manipulation.

Towards Reconciliation

What is the significance and potential of the Convention for a Democratic South Africa (Codesa) in terms of promoting reconciliation in our divided society? (Also, see Welsh's preceding review.)

Codesa has taken a leaf from each of the consociational, integration and reform strategies discussed above. Firstly, as a process, it has borrowed from Huntington's decompression strategy. Secondly, delegates to the convention comprise the elites from the various groupings - the fact that delegates are not elected gives the convention the makings of Lijphart's grand coalition of elites. Thirdly, the convention is reminiscent of Adam's proposed 'commission of experts' (1990), who represent all the relevant interest groups and draft a constitutional proposal which can then be put to a referendum. (A successful plebiscite then puts the constitution into operation.)

Rivalry among black leaders could be used by an appropriately minded government to enlist some measure of black support for gradual reform

The present culture of violence is partly a product of co-optive reform and partly the outcome of revolutionary actions

What South Africa needs in the immediate present is a government of national unity

There are a number of positives for Codesa. The first and most significant is that as a process it is irreversible despite inevitable temporary setbacks and hurdles. Secondly, the inclusiveness of Codesa (notwithstanding the refusal of the extreme right, the Conservative Party and its allies, as well as the Pan Africanist Congress and the Azanian People's Organisation on the left) facilitates consensus on a broad scale, thus minimising the danger of marginalisation of some groups. Thirdly, Codesa has created space for both political brinkmanship as well as for mutual understanding of historical and ideological antagonists. It is precisely the creation of this space which is critical to the resolution of conflict in the present and in the future.

Codesa is not without problems which are inherent in the South African social structure and reflect the struggle for power and supremacy in the period of transition. The most serious of the problems is that of violent conflict, particularly the violence in the African community, for which there are numerous explanations. The government and the media largely attribute it to the inherent animosity among African ethnic groups. However, there is sufficient evidence of large-scale violence in Natal, within one ethnic group, to dismiss this assertion. Further, in spite of the existence of ethnic sections in the townships on the Witwatersrand, no evidence of violence between these groups has been recorded. The violence has always been mainly between hostel dwellers and township residents.

The second explanation is that the violence is an outcome of the struggle for power between state-sponsored organisations, mainly the Inkatha Freedom Party, and the extra-parliamentary opposition, chiefly the African National Congress. The evidence from events in Natal and in the Witwatersrand demonstrates that this explanation is partly true. The taxi wars in the Western Cape and the brutal killings of commuters in the trains on the Witwatersrand, however, call for further explanation.

The third assertion is that the violence is a result of the operation of 'third force' elements, i.e. dissidents in the security establishment: the police and the military. There is certainly enough evidence to support this claim - the activities of the now disbanded Civil Co-operation Bureau and a number of court cases where members of the police have been implicated, as well as evidence presented to the Goldstone

Commission implicating 'hit squads' trained either by Inkatha or the KwaZulu administration. The scale and magnitude of the violence, however, call for further explanations.

Fourthly, there is the assertion that the collapse of the apartheid structures has left a vacuum where new forces have competed for control, and in turn this has resulted in the present violence.

Analysis of both the anatomy and progress of the violence demonstrates that all the four explanations are valid to some extent. One central problem obtains, however. In the final analysis the responsibility for the security and physical safety of a country's citizens lies with the government of the day, and blame for failure to uphold this sacred duty cannot be apportioned to outsiders. The government has failed both in practice and in rhetoric to uphold this responsibility and herein lies the rub.

Huntington refers to divide and reform as at times a recommended strategy to achieve change. Evidence of partisanship by the government, through the actions of its security apparatus, towards its own created structures, indicates that divide and reform is still part of its strategy. Whatever the case, this has negative implications for Codesa. In a sense we are witnessing co-optation revisited.

The second problem in Codesa is the refusal to participate by segments from both the right and the left of the political spectrum. This problem reflects the realities in South Africa, the existential anguish of minority groups fearing submersion by numerically powerful neighbours. In a country where group identity and group privileges have constituted the normative order the right has real fears. Also where human sacrifice has become part of the philosophy of life, the left has reasons to feel that 'the struggle' has been sacrificed in Codesa. Either way, Codesa will have to address these problems.

Bridging a divided society is a multi-dimensional process. There are political, sociological and economic processes which if not appropriately addressed have the potential to wreck the ship on its course to co-existence and peace. What South Africa needs in the immediate present is a government of national unity, and Codesa has the potential to produce this provided the will to survive prevails in our divided society. **IPA**

REFERENCES

- Adam H. 'Towards a Democratic Transformation', in R Schrire (ed), *Critical Choices For South Africa: An Agenda For the 1990s*. Cape Town: Oxford University Press, 1990.
- Adam H and K Moodley. *South Africa Without Apartheid: Dismantling Racial Domination*. Cape Town: Maskew Miller Longman, 1986.
- Bekker S. 'Pluralism and Conflict Regulation'. Paper Given at the Annual Conference of the Association of Sociologists in Southern Africa, 1978.
- Huntington S. 'Reform and Stability in a Modernising Multi-Ethnic Society'. Paper Given at the Biennial Conference of the South African Political Science Association. Johannesburg: Rand Afrikaanse University, 1981.
- Kuper L. *Race, Class, and Power: Ideology and Revolutionary Change in Plural Societies*. London: Duckworth, 1974.
- Lijphart A. *Democracy in Plural Societies: A Comparative Exploration*. New Haven: Yale University Press, 1977.
- Lijphart A. 'Electoral Systems, Party Systems and Conflict Management in Segmented Societies', in R Schrire (ed), *Critical Choices For South Africa: An Agenda For the 1990s*. Cape Town: Oxford University Press, 1990.
- Zulu PM. 'The Politics Of Co-optation and Of Non-Collaboration'. PhD thesis, Durban, University of Natal, 1990.

Civil Society

arises the

Phoenix

Jean Copans, University of Picardie,
Dominique Darbon and Veronique Faure,
Centre for African Studies, University of Bordeaux

Political exclusion in the apartheid era led to the emergence of social movements which operated parallel and independently of the central state. From the local to national levels, these groups have mobilised civil society around a wide range of politicised causes such as housing, basic services, transport, development and culture. To assist democratisation in South Africa, two political anthropologists propose ways to unify the divided realms of state and society in order to re-establish negotiated channels and norms of political action and expression.

For many observers of South African politics, the normalisation policies undertaken by President FW de Klerk since 1990 and the results of the March 1992 referendum indicate that the democratic process is now seriously underway and that the country's problems will, despite hurdles and setbacks, probably be resolved given time. This point of view is, however, limited to reforms of the constitutional framework which do not take the country's underlying social structure and social movements into account in any way.

The systematisation of apartheid policies since the 1950s has resulted in major social disintegration (displaced populations, migrant workers, economic and cultural exclusion, etc.) and the marginalisation of a growing segment of the population (the unemployed, squatters, homeland residents, illiterates, etc.).

New, previously unknown, forms of social solidarity and social expression have emerged in South Africa. Apartheid has led to a dissociation of state and society, transforming society into a loose entity of social movements which will be very difficult to control or adapt to a new system of government. In brief, there is a serious rift in the logic of state and society in South Africa.

The normalisation of relations is taking place between the representatives of weakened, but in no sense defeated, social movements (which can be very obdurate political negotiators). One of the crucial issues in the elaboration of a new social contract in South Africa is whether constitutional negotiators and party leaders will be capable of articulating the new institutions in terms consistent with the many types of political discourse articulated by the organisations of civil society.

A social contract does not unite a predetermined state structure with a group of isolated individuals. It is, rather, a form of bureaucratic organisation which can be adapted to a great many different social and political currents, while remaining entwined in an extremely dense network of interactions. We must comprehend the vitality inherent in social networks which operate peripherally to or, rather, within the margins of state channels, in order to focus on the real issues of democratisation facing South Africa.

For the last fifteen years at least, the notions of civil society and political culture have played an increasing role in the analysis of the performance of political regimes, particularly in the African continent. A similar interest in non-state or

Apartheid has transformed society into a loose entity of social movements which will be very difficult to control or adapt to a new system of government

The state has become an atrophied apparatus with technocratic power but little ability to assert itself within the broader society

non-institutional structures and forms of social intervention is also developing in South Africa. While this country, however, has organisational capabilities unparalleled in the rest of the continent, socio-political integration remains, to a great degree, compromised by the historic opposition between society and state.

State vs Society

The apartheid regime was created and developed through the exclusion of the largest parts of society, namely, the black sector which was excluded from all effective institutional participation in public life (or peripherally associated through the tricameral parliament); white non-Afrikaners, who were largely excluded from pertinent decision-making; and those economic, political and social elites of all races who were excluded because they were not members of the ruling party.

Alienated from society and channelling national resources for its own benefit, the South African state became an atrophied apparatus with ever increasing technocratic power but little ability to assert itself within the broader society.

Excluded from political participation, the organisations of civil society have learned to operate in parallel, as an alternative force asserting initiative within and beyond the margins of the state. Apartheid's ultimate deadlock can, to a large extent, be explained by this ominous combination of institutional capability undercut by socio-political division. In the reform period, it will be important to re-integrate the civil society and the state.

Since the early 1970s, South Africa has experienced the rapid development of different types of organisations which are involved in all kinds of social activities and forms of expression. The fact that these organisations emerged despite being excluded by the apartheid state demonstrates the vitality of the social processes at work. Like the legendary *Phoenix*, a host of modes for social and political expression, repressed, infiltrated and manipulated by the state, have proved capable of rising from the ashes by shifting their political objectives, coming ever closer to the basic social structures.

As the state endeavoured to consolidate apartheid, the social initiatives to escape its grasp increased, sapping its power to act. One of the most astounding aspects of

South Africa for a foreign observer in the 1970s-1980s was the capacity of social organisations, ever increasing in number, to make political statements on the margins of the state and in defiance of its orders.

Physical repression has led to:

- the appearance of new forms and new objectives for social mobilisation (e.g., the Black Sash, End Conscription Campaign, Parents Detainees Committees, etc.);
- the emergence of new *loci* and forms of political expression (funerals, churches, public transport, theatre, the *toyi-toyi* dance, prayers, magical rituals, music and literature, witchcraft); and
- the multiplication of social *Phoenixes* such as mass movements.

The process of taking a critical distance from the state has continued, even within semi-institutionalised bodies, such as white employer associations or religious and university institutions. This reached its symbolic culmination in that frozen moment in history, i.e., the meeting in Lusaka between business leaders and the ANC, in verbal provocations by Archbishop Tutu in public defiance of the authorities, and in the statement by the former leader of the then Progressive Federal Party, Frederick van Zyl Slabbert, on the futility of trying to reform the regime through involvement in state structures.

The development of employer, trade union, university and civic associations involving nearly all spheres of social activity has made it possible to propagate a discourse competing with that of the state. This political discourse has served to marginalise the state even further. These social organisations differ greatly in their structure, their ideology and their degree of involvement in decision-making at state level, in such a way that civil society may be perceived as manifold and multi-form. However, these different components of civil society are still rather uniform in one way at least; they have also been created if not in direct opposition to the state, then at least on its periphery.

The increase in the number of organisations based on divergent interests is a phenomenon which has been extended even further under the denationalisation policies. For instance, a civic association can act simultaneously as a representative for local interests, a projection of a national political movement, an exponent of ethnic and community demands, and an example of a malaise within a specific social group. Thus

social organisations which can address several types of issues simultaneously (political, trade union, national, regional, local, ethnic and community) are constituted, which tolerate wide-ranging and often contradictory forms of expression, such as negotiation and compromise or intimidation and violence.

Social fragmentation creates extremely complex popular modes of political action in civil society. Their social and political claims take multiple and specific forms. They operate under extremely different conditions and use a great many social channels, such as:

- modern social organisations (e.g. trade unions, political parties, professional and social lobbies);
- modernised traditional structures (e.g. ethnic associations and parties, movements by traditional chiefs); or
- community organisations (e.g. civic associations, residents' rights groups).

An entire range of social codes pervades South African civil society. Until recently, these social organisations had neither been identified as political actors nor taken into consideration by the state apparatus. Whether based on a deliberate state strategy to exclude them from the political arena or the tendency of these groups to exclude themselves by marginalising state structures, the result is the same. Their actions are easily transformed into active violence, because of state repression and because the popular modes of political action are the product of accelerated social exclusion.

Thus, splintered, marginalised and extremely complex, South African civil society has formed itself into a delinquent society capable, in its passive resistance and innovative capacity, of opposing the state, of dismantling its local manifestations, but in no way capable of reorganising it or replacing it.

The entire issue of democratising the regime - and no longer just normalisation - rests on the ability of the state and of civil society to reconcile and to articulate their divergent political practices. This, in turn, means recreating modes of social management, so that they are both competing and complementary. The reintegration of civil society should be inscribed within a new South African state which every political organisation capable of acceding to power has vouched to support.

In stressing the active role played by civil society in challenging apartheid, observers have been concerned with the question of how to reintegrate the society's marginalised populations. South Africa's economic resources and budgetary constraints will not enable this reintegration to take place for some time, which will maintain the economic and social marginality of a large part of the population in the interim. This situation makes it even more necessary to reconsider the many popular modes of political action which can relay state action or serve, at least partially, as an alternative, thus ensuring against any outbreaks of social instability.

Political Culture

After forty years of apartheid and ten years of daily experience of civil disobedience, South Africa's social movements have gained real expertise, albeit inadequate, in social management. Alternative forms of housing management, social control, political mobilisation, and combinations of economic and financial interests have developed to such an extent that these organisations are capable of imposing themselves as inevitable interlocutors in current state political and economic institutions.

Whether these forms of action are sufficiently structured and consistent to express real capacity for contributing to political and economic development remains to be seen. The conditions under which these organisations arose make it uncertain whether they, with the exception of a few cases such as the trade unions, are capable of generating autonomous and sustained action. Their insertion into the larger networks (United Democratic Front, Mass Democratic Movement, Patriotic Front, and regional federations) has ensured them a certain level of cohesion, although the disbandment of the UDF and the withdrawal of the churches from direct political debate, has deprived them of two important venues for socialisation: one organisational and political, the other, ideological and ethical.

The political culture of the civil society, as well as that of the bureaucratic apparatus, are not necessarily fully compatible with the way a democratic regime should operate. However, grafting state action onto these bases for socialisation and mobilisation should make it possible to integrate previously marginal groups into the legitimate political sphere and to modify

Until recently, the social organisations had neither been identified as political actors nor taken into consideration by the state apparatus

Civil society is capable of opposing the state, of dismantling its local manifestations, but in no way capable of reorganising it or replacing it

The political culture of the civil society and of the bureaucratic apparatus, are not necessarily fully compatible with the way a democratic regime should operate

If integrated into forms of participation in state decision-making, the structures of civil society could become an active political as well as economic force

the way in which the bureaucratic apparatus operates. (The ANC in exile experienced the regenerative and destabilising impact this development can have, when it became the target of acid criticism from its internal wing, which acted differently, according to different political principles.)

The endeavour to ensure that all forms of political socialisation conform to a predetermined model incarnated by the state can only incur huge social costs in terms of repression, lost opportunities, marginalisation and wasted resources. The criteria selected should be based on compatibility, to ensure the mutual coexistence of popular and institutional modes of political action. This approach would automatically exclude incompatible forms of social expression, such as violence, intimidation and intolerance which can only be combatted in the medium term by implementing a social and political programme of education.

Some examples of compatibility management are easily identifiable and can be traced back to the social actions of some organisations with links to the business world. The new interest in economic or financial informality on the part of employer organisations and finance companies, for instance, to finance certain housing expenses or supply certain types of goods and services to the black business sector, bears witness to the recognition by established institutions of other modes of social intervention and their social efficiency.

New Symbiosis

The rapid development of multi-level negotiations between a host of civic associations which have succeeded in the stone-by-stone dismantlement of the black local authorities and other government-sponsored administrations, demonstrates that other forms of action and expression can be integrated into the state decision-making process. This process of reorganisation on the local level, based on coexistence and acceptance of government authorities and their technocratic style of management, on the one hand, and of non-bureaucratic modes of social action and organisation which do not conform to special legal statutes, on the other hand, well illustrates the potential for the reintegration of civil society and the state.

Historically, unity has become an enduring political myth. South African society is in reality extremely stratified and fragmented, with this plurality having an effect on all social organisations. However, South African society like the South African state is already mixed in terms of culture (arts and myths), law and modes of political action. Messianic politics, charismatic leaders, communitarian nationalism, the laager mentality, the culture of violence and redemption are elements which are equally common to all social groups which constitute the state and the society.

Integrating different popular modes of political action into a negotiated whole has increased the potential for both divisiveness and sectarian identification, however. The many multiple dialogues which result may eventually serve to reinforce the collusion between the state and the society, and prevent the creation of any form of permanent coalition of interests.

If integrated into forms of participation in state decision-making, the structures of civil society could become an active political as well as economic force, while relaying state action to the population. This presupposes, on the other hand, that the state accepts it has to deal with differences and the development of action in parallel to its own. The Wiehahn Report and the consequences of black trade union recognition illustrate very clearly the costs and advantages, for both the society and the state, of imbricating different modes of political action in the industrial sphere.

Undoubtedly, part of civil society will refuse to convert, keeping with modes and norms of political action which are incompatible with the future state system. Thus, tension will remain high and may only be transformed dynamically by the redeployment of all forms of political action by the rest of civil society. If a new state/society symbiosis cannot be reconstituted in South Africa, civil society and its many organisations will not be able to act as safety valves against explosive pressure from widespread social demands.

A new constitutional make-up, in spite of its sophisticated management of the complex balance of interest groups required in a pluralist society, will be incapable of making any guarantees if it is not consistently supported by action to reorganise modes of political action and to reintegrate civil society and the state. **IPDA**

ECONOMIC

M O N I T O R

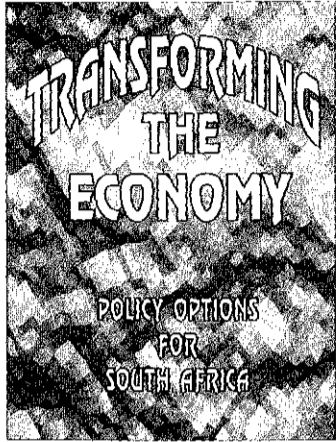
INDICATOR

S O U T H A F R I C A



THE BAROMETER OF SOCIAL TRENDS

A new paperback from
Indicator South Africa



With a preface by Thabo Mbeki
dedicated to the memory of Simon Brand

It covers the key debates on post-apartheid policies which took place between South Africa's leading economists at seminal colloquia convened between 1989-1992 in Lausanne, Paris, Bellagio, Cape Town and Johannesburg.

The final choice of economic policies is clearly not merely a matter of academic interest. It will have a direct impact on the life of most South Africans. The policy debate must not remain the preserve of economists and specialists.

This book is intended for the businessman as much as for the academic, for the student as much as for the professional, for the shop steward as much as for the director of companies.

Transforming the Economy: Policy Options for South Africa.
Edited by Graham Howe and Pieter le Roux.
Indicator SA, September 1992.
Format: 170x235mm, 288 pages, paperback. ISBN: 1-874897-37-9

- I would like to order **Transforming the Economy: Policy Options for South Africa** @ R38,50 for local orders (incl VAT) or US\$30 for foreign orders (airmail delivery)
- I would like to subscribe to Indicator SA @ R165 local (incl VAT) or US\$150 (incl airmail post), giving me four quarterly reports per annum plus special reports such as *Transforming the Economy*

Title Initials Surname

Postal Address

.....

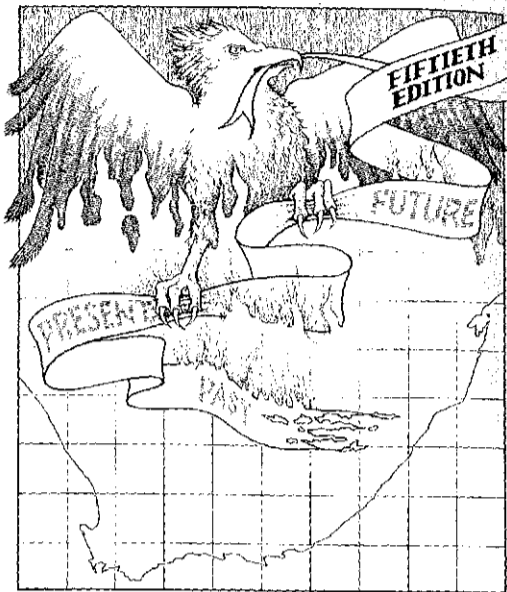
.....

..... Code

Tel Fax

Cut out and send this coupon to:
Indicator SA, University of Natal, King George V Avenue,
Durban, 4001, South Africa
Please make all cheques payable to UNIVERSITY OF NATAL

VOLUME NINE NUMBER FOUR SPRING 1992
INDICATOR
S O U T H A F R I C A



THE BAROMETER OF SOCIAL TRENDS

**Development
Southern
Africa**

Development Southern Africa is a quarterly journal published by the Development Bank of Southern Africa. The main aim of the journal is to promote research and discussion on development issues relating to Southern Africa. Contributions include articles on all fields related to development, with the emphasis on the reporting of original research, as well as viewpoints, conference and book reviews, and research notes.

Subscription rates:

- For subscribers in Southern Africa
R30 per annum (including postage)
- For subscribers outside Southern Africa
US \$30 per annum (including surface postage)

To subscribe, please send your payment to:

Co-ordinating Editor
Development Southern Africa
PO Box 1234
Halfway House, 1685
South Africa
Tel: (011) 313-3911



ECONOMIC OUTLOOK 1981-1992

Professor Mike McGrath and Professor Merle Holden,
Department of Economics, University of Natal, Pietermaritzburg and Durban

OVERVIEW

This review of economic trends covers the period in the South African economy between 1981-1992 during which far-reaching changes occurred in the social, political and economic spheres.

Major changes in the world environment in the early years of the 1980s gave rise to the emergence of the international debt crisis in 1982, the restoration of price stability in the major industrial economies between 1981-1984, and the rise of protectionism in international trade. The South African economy was adversely affected by the severe recession in the industrialized economies, the declining gold price during 1981/82, increasingly militant trade unions and recurrent drought conditions. Domestic political events and overseas perceptions of these events also impinged adversely on South Africa's international financial and trading relationships, as disinvestment and sanctions pressures intensified in the early 1980s.

Business and consumer confidence in South Africa was adversely affected by the changing political and economic environment, influencing propensities to consume, save and invest.

The scope for choice in the direction of macro-economic policy was severely constrained by South Africa's debt crisis of 1985, and by the resolution shown by the South African Reserve Bank to repay foreign debt in terms of scheduled agreements with international creditors. In order to repay foreign debt, the South African economy was forced to sustain surpluses on the current account of the balance of payments, while the level of domestic absorption was constrained by restrictive monetary and fiscal policies.

The growth of the South African economy had slowed after 1975. It was followed by a period of collapse in the growth rate in the 1980s and the early years of the 1990s. Gross Domestic Product (GDP) had grown by 4% per annum in the 1950s, 5,5% per annum in the 1960s and 2,9% per annum in the 1970s. In the decade 1981-1990, economic growth collapsed to 0,6% per annum.

Income Trends

The dramatic decline in the growth of GDP had calamitous consequences for the growth of employment and incomes per capita. In the non-agricultural sectors of the economy between

1981-1991, total employment increased by a mere 1,6%, adding 83 000 new jobs in total to employment, while over three million new workers entered the labour market. However, in spite of increasing unemployment, real wages increased by 0,7% per annum over the decade 1981-1990. Real per capita incomes in South Africa had grown by 3% per annum in the 1960s and 1,8% in the 1970s, but fell by 1,2% per annum during the 1980s.

On a sectoral basis the real output of the mining, manufacturing and construction sectors contracted between 1981-1991 with negative growth rates of 1,3%, 0,8% and 2,3% per annum respectively. Annual growth rates in excess of 2% per annum of the real output of electricity, financial, personal and government services were recorded over the same period. The share of the mining industry in total GDP contracted from 15,1% to 12,6%, and the manufacturing share of GDP contracted from 26,1% to 22,8%. Conversely, the total share of government services in GDP increased from 45,1% to 50,6%.

In the early 1980s the bargaining power of black workers had been strengthened by the recognition of non-racial trade union membership, and union membership mushroomed after 1981. In 1981 African trade union membership was some 300 000, but by 1985 this had grown to 680 000, and then to 968 000 in 1990. In 1985, 390 work stoppages had been reported, with 680 000 working days lost, which represented a ten-fold increase over the 1979 level in lost man days. In the year 1990, there were 885 strikes involving 2 729 884 lost man days.

The economy had entered the decade with vast racial inequalities in incomes. The white share of personal income accounted for some 58,1% of the total, and the ratio of white:African per capita income stood at 8,9:1 (van der Berg, 1991).

At the end of the decade, notwithstanding the negative real growth of the per capita income, the disparities in racial incomes had narrowed further, with the ratio of white:African incomes per capita standing at 8,4:1 in 1990, and the white share of income falling to 52,6%. The disparity in white/African wages had started to narrow in the 1970s, as can be seen from Tables 1 and 2. This trend was sustained in the 1980s, even in the years in which African real wages were falling. The narrowing of the wage gap contributed to the continuing reduction in the inequality of racial per capita incomes.

Table 1
Wage Disparity Ratios and Real Wage Growth by Race 1980 - 1990

Wage Disparity Ratios				
	1970	1980	1985	1990
Mining				
White : African	20	5,9	5,3	-
White : Indian	3,8	2,4	1,9	-
White : Coloured	5,0	3,2	2,9	-
Manufacturing				
White : African	5,9	4,3	4,0	3,4
White : Indian	4,0	3,1	2,8	2,4
White : Coloured	4,2	3,7	3,4	3,2
Construction				
White : African	6,7	5,3	4,8	4,5
White : Indian	2,3	2,0	1,7	2,0
White : Coloured	2,9	3,3	3,9	3,1

Table 2
Growth Rates of Real Wages

	1981/85	1986/90 ¹
Mining		
African	-0,14	-
Indian	0,33	-
Coloured	-0,83	-
White	-1,77	-
Manufacturing		
African	0,81	0,64
Indian	1,38	0,68
Coloured	0,58	-0,07
White	0,04	-0,76
Construction		
African	1,15	-1,45
Indian	1,50	-2,84
Coloured	1,02	-2,02
White	-0,16	-1,59

Source : Estimated from South African Labour Statistics 1991 and Statistical News Release PO242,1.

Note

¹ Wage rates by race are unavailable in the mining sector from 1986 onwards.

The Business Cycle

During the period from 1981 to the present, the South African economy experienced three downward phases and three upward phases:

- a downward phase from September 1981 to March 1983;
- an upward phase from April 1983 to June 1984;
- a downward phase from July 1984 to March 1986;
- an upward phase from April 1986 to September 1989; and
- a contracting phase from October 1989 until the present.

The average duration of the upward and downward phases of the business cycle from 1960 to 1986 were

30 months and 19 months respectively. In the 1980s the amplitude of cyclical movements in the economy was increased, with shorter upward phases, and longer recessions. The duration of the upward phase in 1983/84 was 15 months, only half as long as the average of the upward phases of the earlier period. The duration of the downward phase in 1981/83 was 19 months whereas the downward phase in 1984/86 was 21 months, which was slightly longer than the downward phases of the earlier recession (van der Walt, 1989).

The current downward phase has now been in progress for close to three years. This is more than double the length of the cyclical downswings in the 1960-1986 period.

Increases in the price of gold triggered all the upswings in the 1980s but the price of gold was on a secular downward trend, which accounted for the increasing duration of the downswings and contributed to the increased volatility of the South Africa economy.

Investment & Savings

The rate of investment is a crucial determinant of the level of incomes and the rate of economic growth, since investment is a component of current expenditure which in itself creates income through a multiplier process. Investment also adds to the capital stock of the economy, thereby creating the productive capacity for future economic growth.

In the South African case the performance of investment over the 1980s has been a source of great concern. The economic and political shocks of the 1980s caused gross fixed investment to decline in constant 1985 prices from a level of R33 757 million in 1981 to R23 646 million in 1991, representing a 30% decrease. The share of fixed investment in GDP decreased from 29,8% in 1981 to 19,8% in 1991.

At the same time, falling per capita incomes, and falling levels of profit, slow redistribution from whites to blacks (which on average will have lowered the average propensity to save), and behaviour based on inflationary expectations, had caused domestic savings to contract from 28% of GDP in 1981 to 20% of GDP in 1991.

Whereas depreciation allowances had contributed 57% of gross savings in 1981, the declining importance of personal and new corporate savings caused depreciation allowances to increase to 84,5% of total savings by 1991. When depreciation is taken into account a mere R6 980 million in new investment took place in 1991, representing only 2,6% of GDP. The falling propensity to invest is the result of the recessionary conditions, and political uncertainty, and substantially increased levels of investment will not occur until political stability is assured.

POLICY TRENDS

During the 1980s there were times when the application of monetary and fiscal policy reinforced each other in terms of their effect on the economy, and other times when they appeared to be diametrically opposed. This section of our review traces these developments and suggests possible reasons for this phenomenon.

When the windfall gains arising from the high gold price of 1980 spilled over into a real appreciation of the exchange rate and a rise in the rate of inflation, monetary and fiscal policy was accommodating. Yet during the downturn which followed the decline in the price of gold, the Minister of Finance was convinced of the need to curb inflation despite rising unemployment.

The rate of inflation was 14,7% in 1982 - only slightly below the 15,2% registered for the boom year of 1981. Money supply growth of 17% and falling interest rates indicated that monetary policy remained quite lax. Yet, fiscal policy was directed at reducing inflation and improving the balance of payments. The actual budget for 1982/83 displayed a deficit amounting to 2,2% of GDP while the Minister budgeted for a 2,3% deficit for 1983/84 at the expense of the civil servants whose salaries were frozen for that year.

During 1983 monetary policy was accordingly tightened with a rise in interest rates to levels considered to be unprecedentedly high, with real rates of approximately 8%. However, the demand for money remained high for despite the high cost of borrowing, by June 1983 the money supply (M2) stood 22% higher than in mid-1982. Nevertheless, the rate of inflation moderated and fell to 12,4% by June 1983. During February 1983 the exchange rate was unified and the decision was taken to float the Rand, permitting better control of the money supply.

Although the state had rejected the use of expansionary fiscal policy in the 1983/84 budget, as it turned out, because of unanticipated expenditures on drought relief and other unavoidable outlays, expenditures rose by 18,7% exceeding the budgeted level by over 80%. As this expansionary budget was financed from bank credit it accounted for the large increases in the money supply during 1983 despite the high interest rates.

Inflation & Interest Rates

Following the mini-boom of 1983/84 the rate of inflation once again increased to an annualised rate of 14,8%. The goals of the 1984/85 budget were to contain government expenditure while increasing revenue from income taxes and the increase in the General Sales Tax (GST). It was also hoped to create favourable fiscal conditions which would enable the

Reserve Bank to control the money supply. During this period monetary policy was seen to and did originate in the Treasury, and therefore the 1984/85 deficit was planned to amount to 2,9% of GDP.

After having freed the exchange rate and liberalised exchange control, the Rand depreciated as the price of gold fell during 1984. To curb this depreciation and reduce inflation, stricter monetary and fiscal measures were adopted in August 1984. The Reserve Bank raised its rediscount rate causing the prime interest rate to increase from 22% to 25%. Hire purchase regulations were tightened and government undertook to slow the increase in government spending.

Unfortunately, given that government spending was already well over target, public sector cost-cutting of R650 million would only decrease the amount by which expenditures would exceed the original estimates! Therefore, the burden of the downward adjustment which had taken place in the economy had been borne by the application of monetary policy and, in particular, by high interest rates.

The high interest rates of 1984 also led to a capital inflow on the balance of payments as borrowers went offshore in search of a cheaper source of finance. As most of this borrowing was on short term it contributed to increasing the short run proportion of the foreign debt and made South Africa vulnerable to refusals to roll over the debt.

During the downswing of 1984/85 the level of employment fell, yet the rate of inflation actually accelerated. Despite high interest rates the money supply increased by an annualised 28,9% in November 1984. The Reserve Bank was seen to defend itself by referring to the observed decline in the velocity of circulation. However, when adjusted for this decline in velocity, the money supply still increased by 23,2%, which placed pressure on the price level.

The Budget for the year 1985/86 was therefore planned to be highly deflationary with plans to decrease real government expenditure and raise taxes to contain the deficit to 2,2% of GDP as compared with the 3,4% of the previous year. Since 1980 overspending by the government (the excess of actual expenditure over budgeted expenditure) had contributed towards increasing the deficit as a percentage of GDP. For example, in 1984/85 such overspending amounted to 2,3% of GDP. At this time it was hoped that the new Minister of Finance, Barend du Plessis would be able to exert fiscal discipline on the spending of departments, discipline which his predecessor had been unable to apply.

The two most negative aspects of the 1985/86 budget related to the level of unemployment and taxes. The

tax burden had been increased by 20%, taking the rate of GST to 12%. In combination with the introduction of a 7% surcharge on income taxes it raised South Africans into the ranks of the highly taxed. Meantime the level of unemployment had risen, adding to the level of social tension in the already explosive township situation. The limited coverage of the social security network without any attempt to alleviate the lot of the growing poor exacerbated these tensions.

Watershed Year

1985 proved to be a watershed year for the economy and set the course of macro-economic policy for the next five years. The severe real depreciation of the Rand, capital flight and the declining price of gold which culminated in the debt crisis of September 1985 meant that for the foreseeable future South Africa of necessity had to generate a surplus on the current account in order to effect the transfer of resources implied by continuing capital outflows.

Nevertheless, the last few months of 1985 were characterised by a progressive relaxation of monetary policy in the form of a dramatic decline in interest rates with the prime interest rate declining from its high of 25% to 15,5%. With inflation running at 17%, the economy had entered a phase of negative real interest rates. Hire-purchase regulations were eased, the loan levy was repaid in time for Christmas and government expenditure was increased. As 1985 drew to a close priority was given to stimulating employment rather than reducing the rate of inflation. It is not surprising that policymakers took this stand for at this point the townships were in flames and on display on televisions around the world.

On the other hand, the budget for 1986/87 was described as mildly stimulatory with a deficit estimated to amount to 2,7% of GDP. Questions as to the capability of government to stick to budgeted expenditures remained in the face of yet another expenditure overrun of 7% for 1985/86. In this 1986/87 budget expenditures on job creation and training were included (R235m) and expenditure on infrastructure and housing for blacks (R631m). At the time it was questioned whether these amounts were anything more than token given the effects on urban population of the scrapping of influx control and population growth. However, while reductions in personal income tax of R1 210 million were an attempt to alleviate the effects of fiscal drag in 1985/86, the concerns of the poor with GST at a level of 12% were not addressed.

For the first time, money supply targets were introduced as part of the budget and it was hoped that these would provide early warning of government use of the banking system as a source of finance. During the first quarter of 1986 the rate of growth in the newly-defined broad money supply (M3) fluctuated around low levels of 10,6% to 13,1%, despite the decrease in short-term interest rates to a level of

14,5% for the prime rate. In January and March 1986 M3 was consistently below the lower limit of the target range set.

During 1986 the low level of economic activity ensured that the required surplus on the current account was achieved, and monetary and fiscal policy were directed at attempting to lift the economy out of the doldrums and address the problem of unemployment. Inflation meanwhile remained stubbornly high at 17%.

During the last quarter of 1987 it was the rising price of gold which finally stimulated the economy, and as it entered an upswing of moderate proportion interest rates rose a half percentage point. By early 1988 concern was expressed at the ability of the economy to continue to generate the required current account surpluses. The first initiative to deal with this problem was taken by the Reserve Bank when it reduced the target rate of increase in the broad money supply from 14-18% to 12-16%, and increased the bank rate from 9,5% to 10,5%. Fiscal policy was also broadly supportive when the public sector borrowing requirement was reduced from 5,8% in 1987/88 to 4,9% in 1988/89.

Despite these measures domestic demand rose, causing the Reserve Bank to raise its bank rate further to 11,5% with the prime rate following to 15%. In August 1987 concern over the balance of payments led the Reserve Bank to further increase the bank rate to 12,5% and the prime rate to 16%. The 10% import surcharge was replaced by a differential system with surcharges ranging from 0% to 60%. Hire-purchase regulations were also tightened. Overall macro-economic policies were directed at lowering the rate of growth of domestic demand in order to dampen inflation, repay foreign debt and avoid a rapid depreciation of the Rand.

In 1988, despite the increases in interest rates the money supply increased by 26%. (By November the prime interest rate had risen to 18%.) Experience during the 1987/88 upswing was similar to the 1983/84 upswing in that the increase in the price of gold was followed by increases in real government expenditure and increases in interest rates. Concern with rising inflation and balance of payments considerations then led to the monetary brakes being heavily applied, which coincided with the decline in the price of gold and exacerbated the subsequent decline. The combined effect of the variability in the price of gold and unstable macro-economic policy had a decidedly destabilising effect on the economy.

Beginning of Recession

The year 1989 marked the start of the longest running recession in South Africa's economic history. Yet during that year the prime rate rose to a high of 21% as concerns arose with capital outflows triggered by higher interest rates internationally. Furthermore,

control over government expenditure continued to elude policymakers.

Despite the continued recession the Reserve Bank remained of the opinion that their mission was to stop inflation which they saw as no more difficult than curbing increases in the money supply. This would enable them to protect both the internal and external value of the Rand. It is interesting that by 1990 the Reserve Bank had been able to attain a measure of independence from the demands of central government to reduce interest rates. At the same time during the first six months of 1990 government had been able to exert a measure of control over its spending. Compared with the same period in 1989 it had been able to reduce its real expenditure by 7.5%.

The 1991/92 budget also gave little indication of stimulation to the economy, although the introduction of Value Added Tax (VAT) did create uncertainty as to the final stance of fiscal policy. Initially, it was planned to introduce the VAT at 12% but this was then lowered to 10% after a groundswell of public opposition. It was estimated that the deficit would accordingly be increased from 3.2% to 3.8% of GDP. With poor growth in the economy the actual deficit for 1991/92 amounted to 4.3% of GDP.

Performance on the inflation front was disappointing. The inflation rate in 1990 was just less than 15%, accelerating to over 15% in 1991 as the effects of the Gulf War and the introduction of VAT were felt. Nevertheless, during 1991 monetary policy eased. The broadly defined money supply averaged 11.8% for the first quarter of 1992 continuing the decreasing trend which had commenced in 1991, while interest rates were eased slowly downwards. Fiscal policy in the face of the continuing recession was seen to be mildly stimulatory with a planned deficit of 4.5% of GDP. Unfortunately, the effects of the drought have also added to the rate of inflation, negating in a sense the actions of the monetary authorities.

Given the present depressed state of the economy the appropriateness of continuously curbing inflation whilst unemployment soars has been questioned. We have shown that during the 1980s macro-economic policy in South Africa has been destabilising when interacting with the changing gold price. Certainly, expansionary monetary and fiscal policy at the time of a rising gold price has and will continue to result in inflationary pressures.

Policymakers have been faced with a dilemma when the price of gold has fallen: inflation and recession and substantial political and economic costs to the reduction in the rate of inflation. It is also clear that fiscal and monetary policy have at times been at loggerheads. The new Minister of Finance, Derek Keys, is also aware of this problem and has undertaken to restrict spending as his predecessors had hoped. Whether he will be more successful remains to be seen.

Irrespective of economic ideology a consensus appears to be developing in South Africa, namely that macro-economic policy should be applied conservatively. We may be prepared to accept a little more inflation in order to stimulate jobs but none of us could tolerate the macro madness that was experienced by the Latin American type economies of the 1970s and 1980s. The increasing independence of the Reserve Bank from the Treasury augurs well for the application of monetary policy. Nevertheless, as the pressures on the exchequer are unlikely to abate in the future the capacity of the economy to be taxed will be stretched to the limit. Wealth, land and capital gains taxes remain as future sources of revenue.

Trade Policy

The 1980s saw substantial shifts in trade liberalisation and reform as measured by the World Bank. Despite these changes, until 1990 the orientation of the economy remained firmly inwardly focused, dictated to by the needs of an apartheid-driven state beset by economic sanctions.

Moderate trade liberalisation occurred in the early 1980s with the gradual replacement of quantitative restrictions with equivalent tariffs. Aside from some agricultural products, quantitative restrictions have all but been phased out. Nevertheless the orientation of the economy was towards import substitution with incentives strongly biased towards production for the domestic market at the expense of exporters. Export performance of manufactured goods during this decade was accordingly poor.

A major stimulus to exports occurred over the period 1984/85 with the severe real depreciation of the Rand. This depreciation led to buoyant export performance for the rest of the decade and provided some ammunition to observers who felt that bias against exports was of no consequence to the performance of exports. However, in addition to the effect of the real depreciation on exports during this latter period the South African economy was also for the main part depressed and producers were encouraged to export that part of their output which could not be sold locally.

The introduction of the General Export Incentive Scheme in 1990 went part of the way towards redressing the bias against exports. Furthermore, the structural adjustment programmes of 1988 in motor vehicles, clothing and textiles gave direct encouragement to export. This encouragement which has been given to exporters will have moved the South African economy closer to 'neutrality' by reducing the bias against exports. However, the degree of fraud discovered in both schemes makes one wonder as to the real extent of their real effectiveness.

At present discussion revolves around whether further trade reform should occur and how it should

occur. The government has received the comprehensive report from the Industrial Development Corporation (IDC) which suggests a lowering and simplifying of tariffs combined with the phasing out of the General Export Incentive Scheme (GEIS). Minister of Finance Derek Keys apparently remains convinced of the benefits of the GEIS but also may favour tariff simplification and reduction.

Whichever way trade reform goes it is critical that the changes are credible. This may be impossible for the present government to assure, however. As the sustainability of any policy will remain questionable until there is a change in government, it may be advisable to postpone implementation until that time, or until South Africa is drawn into the resumption of the Uruguay negotiations.

PROSPECTS

Since the unbanning of the African National Congress (ANC) in 1990 considerable attention has been given to debating several ANC draft economic policy documents. Proposals for nationalisation, the taxation of wealth, redistribution of land ownership and breaking up of the large conglomerates have all been placed on the national agenda. These debates are briefly reviewed here.

The engine for renewed growth in this economy will be the increased demand which flows from programmes that increase output, particularly through expenditure on social infrastructure and through stimulating expenditures on basic consumer products (presumably also through increased levels of transfer payments).

The ANC's proposed programme is described as 'Growth through Redistribution' or 'Inward Industrialisation'. It is claimed that this programme will move the economy away from the production of manufactured luxury commodities, and lower the propensity to import within this growth framework. The need for the promotion of exports is recognised, as is the need to use land efficiently for the production of food.

While there is likely to be very general sympathy towards the ANC's economic goals, there is cause for concern about the detail of many policies which are proposed.

A large role is proposed for government intervention, and privatisation of services is opposed. The lessons of the past decade on the development front are still not acknowledged. There is an ever present danger of a degeneration of such a growth experiment into chaos through chronic inflation, or balance of payments problems.

The experience of the Latin American economies with redistributive policies in the post-war period highlights some of the dangers of the types of policies being proposed. In Chile attempts to revitalise the economy from 1970-1973 by raising aggregate demand led to bottlenecks, and prices soon started to rise even when excess capacity existed. Investment also failed to increase when investor confidence was lacking. Investment declined as short-run output increased, undermining the prospects for long-run growth of output. When economies are approaching supply capacity there is a short-run trade-off between growth and wages, and real wages must be

constrained to allow for the growth of investment. Wage restraint will be particularly important in the public sector.

Latin American governments, influenced by structuralist economic analysis, underestimated the importance of the external sector and the balance of payments. Their autarchic development strategies prevented the growth of manufacturing exports and curbed import levels, thereby starving their economies of essential capital and intermediate inputs. By allowing excessive growth of expenditure, they encouraged rapid growth in internal demand and inflation. The changes in the structure of demand, following from income redistribution, raised the demand for basic manufactures and food. When these goods were in inelastic supply, prices soared.

These lessons show that, if the ANC policy of 'Growth through Redistribution' is to succeed in South Africa, strict fiscal and monetary discipline will have to be applied. Real wage growth for workers in the formal sector must be linked to the growth of productivity.

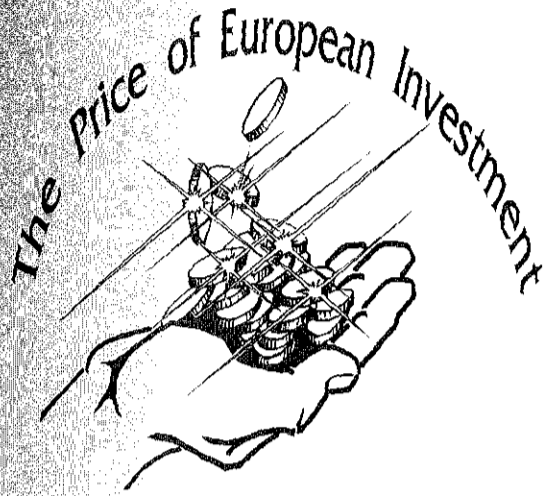
There are also proposals to interfere with the capital and money markets to direct finance to critical development needs. The South African economy suffered from excessive regulation of the markets for loanable funds in the era before the De Kock Commission. A return to controls over these markets would be likely to impede economic growth.

While there has been a softening of the approach adopted in recent ANC economic policy statements, the tone remains strongly interventionist. Taken as a whole, the ANC economic policy statements do not convey a message which is likely to provide the basis for attracting foreign investment or stimulating domestic confidence. It is now time for economists and businessmen to discuss in detail the cost and benefits of this approach with the ANC, with a view to eventually working out a set of policies which will put the economy on a path of redistribution through growth. **IDPA**

REFERENCES

- van der Berg S. 'Prospects for Redistribution of Primary and Secondary Incomes in the Transition to Democracy'. Paper presented to the Economic Society of South Africa Conference, Stellenbosch, October 1991.
- van der Walt BE. 'Business Cycles in South Africa during the period 1981 to 1987'. *South African Reserve Bank Quarterly Bulletin*, March 1989:33-42.
- South African Reserve Bank Quarterly Bulletin* (various issues)
- Indicator South Africa* (various issues).

Investment Trends



South Africa's complex history has resulted in the establishment of close political and economic ties with leading members of the European Community (EC), in particular with Britain and Germany, and, to a lesser extent, France, Italy and the Netherlands. Today, the future of these relations is as dependent on South Africa's own potential as on its capacity to integrate into regional and international networks. South Africa may be able to play a key role in the reconstruction of economic and trade relations between Europe and the rest of Africa.

The EC is South Africa's leading trading partner (with US\$4 740m in exports and US\$7 174m in imports in 1989, out of a total of US\$22 220m and US\$16 949m respectively), while Britain, Germany and France alone represent over half of foreign investments in South Africa. Britain, Germany and Italy rank among the country's five main trading partners while the first two countries, with France, are among its five main creditors. Moreover, the EC has a presence in the form of financial aid which, granted mainly to non-governmental organisations, amounts to R200m annually.

Despite the close ties between decision-makers and the interest shown by politicians and investors, South Africa's importance to its European partners should not be over-estimated. South Africa provides just two per cent of EC imports, which represents a small share of EC financial commitments, and it remains marginal in terms of bilateral trade with each of the twelve member states of the EC.

International sanctions, applied to varying degree by each EC member state, have resulted in a realignment of South Africa's trading partners. Thus, the partial

Dominique Darbon,
Centre for African Studies, University of Bordeaux
& Antonio Santamaria, University of Madrid

In the post-sanctions era South Africa re-enters a changed world economy characterised by new markets, economic alliances and spheres of interest. This evaluation of South Africa's prospects of attracting new foreign investment looks at European perceptions of risk and profit factors in our domestic economy in comparison to Eastern Europe and other developing economies. The authors also consider South Africa's capacity to play a revitalised role as Europe's gateway for trade and staging-post for development aid to the rest of Africa.

disengagement of British firms and, to a lesser degree, French and Dutch firms, has been countered by an increase in the number of German firms established in the country.

The extreme diversity of political attitudes of EC member states on the South African issue explains their differential application of sanctions. Even those sanctions determined by joint EC action, particularly coal and steel imports, were only partially applied. None of the European export credit guarantee institutions decided to terminate contracts they had signed with South Africa. Charge increases, when they were implemented, were minimal and never of great importance when compared, in particular, to the stricter US policy.

Overall, the more limited nature of European sanctions, particularly in comparison with comprehensive US sanctions, has reinforced the presence of some EC states in South Africa in the longer term. Nevertheless, the period between 1985-1987 was, in effect, marked by an appreciable decline in international commitments and trade with South Africa, including Europe.

In contrast, the early 1990s has witnessed a trade redeployment, led, especially, by a very dynamic German presence (20 per cent of total South African imports and 324 companies with over 25 per cent German capital in 1991), and also by Great Britain and, to a lesser extent, Italy. Companies which did not disinvest are proving to be better placed to gain from the country's international reentry as they benefit from existing structures, market shares and immediate returns on their new investments.

The normalisation of EC-SA economic, commercial and financial relations within

Trade relations are as dependent on South Africa's own potential as on its capacity to integrate into regional and international networks

The final decision on whether to invest depends on how European investors and political leaders perceive the South African risk factor

the context of the political normalisation undertaken by South Africa is reflected in the lifting of international sanctions, Denmark's decision not to apply EC economic sanctions on South African gold, steel and iron, and, more recently, the end to France's embargo on coal imports. Renewed investor interest is expressed in the many foreign trade delegations, the discussions between European and South African economic and political leaders, and, as in the case of Italy, the ratification of official bilateral agreements of economic cooperation.

The final decision on whether to invest, however, depends, in the last resort, on how European investors and political leaders perceive the South African risk factor, and on the economic opportunities which will arise in the post-apartheid era.

That South Africa continues to be considered a low financial risk/high profit area is borne out by the fact that the country's debt is rated highly on the secondary loan bank market. The lifting of economic sanctions and the March 1992 referendum results have made it possible to reissue credits to South Africa. The South African government obtained new loans from private German, British and French banks in 1990 and 1991. Moreover, some South African public corporations, including the electricity parastatal, Eskom, have received credits arranged by banks from these three nations.

South Africa's financial reliability has already encouraged large European banks to set up South African offices and even to buy stock in local banks, for example, *Societe Generale* (France) in the International Bank of Johannesburg. The country's re-entry into international money markets is further exemplified by the successful Deutschmark 300m Eurobond loan through *Deutsche Bank* (which was rapidly raised to Dm 400m), and the ECU 250m loan managed by *Paribas* and the Swiss Bank Corporation. This type of issue should increase with the lifting of the Graam Amendment which has excluded South Africa from World Bank loans and, above all, from less burdensome debt refinancing.

The country's low debt situation, its capacity to repay, the relatively 'diversified' nature of its economy, local technical expertise, the development of a structured financial sector and the existence of companies capable of assuming partnerships in possible local investments,

contribute to the country's very favourable international image. The local economic infrastructure, the potential of the domestic economic resources and the opportunities for developing the under-exploited domestic market, attract EC investors, who continue to place the South African risk far below that of the ex-USSR, Czechoslovakia or other Eastern European bloc countries.

The development of economic relations (direct investments in South Africa in particular) remains subject to three main constraints: the assessment of the country's economic future, the evaluation of the politico-economic future, and the capacity of each EC member state, as well as of the European Community, to intervene in a new market as the restructuring of Eastern Europe is in full swing.

Ameliorated Risk

In all European countries, South Africa benefits from favourable *a priori* consideration by financial and business decision-makers. South Africa is commonly perceived to have a Western-style economy despite its extremely disparate economic structure, little diversified production, strong capital concentration, low productivity and limited domestic market. Moreover, intense lobbying by certain South African organisations set up throughout the EC, assisted by European decision-makers and promoted by European expatriates in South Africa, further increases interest in the country.

Prospective investors remain prudent, however, faced with South Africa's limited market, financial constraints, weak international competitiveness in the manufacturing sector (-15 to 25 per cent in relation to EC products, including transport), low labour productivity, and very heavy taxation on company income. In all likelihood, eradicating apartheid will lead to a rapid expansion of the domestic market over the short-term and stabilise production costs (improved workforce quality and increased productivity against wage increases), all of which will help to overcome investor caution.

A basic level of security is required, however, to attract direct investment in a country which is undergoing a particularly complex negotiation process, involving economic concessions and increased state intervention in the economy. Apart from the large multinationals capable of on-site

The economic infrastructure, domestic economic resources and opportunities for developing the under-exploited domestic market, attract EC investors

large investment and of managing the entire product processing and marketing phase, direct investments will not, in the short term in any case, be systematically encouraged.

At this stage, the South African market will primarily attract economic partnerships in the form of investment in the capital of a local partner. Participation levels will undoubtedly remain limited so that local companies are still able to obtain credit facilities from the South African Reserve Bank. The appeal for foreign investments ultimately will require a reorganisation of the investment assistance system and a redefinition of national industrial policy priorities once the negotiation process has been concluded.

Capital injections and joint ventures will provide the technology and financial transfers needed to increase product value locally, providing access to domestic and regional markets as well as to the foreign markets controlled by European partners. The proliferation of joint ventures between large European and South African companies demonstrates that this type of association is now very much in vogue.

Capital partnerships and associations are developing rapidly between South African and European companies or through the international redeployment undertaken over the last few years in Europe and North America by the Anglo American, De Beers and Rembrandt Corporations. These arrangements make it possible to link activities in several markets simultaneously, in particular, in tourism, harbour management and transport, agricultural processing and marketing, chemicals and pharmaceuticals, and the provision of urban infrastructures. These areas are linked both to the foreseeable expansion of the South African domestic market and anticipated economic extension into Southern Africa.

Calculated Risk

A more harmonious development of political normalisation would certainly improve South Africa's image. But European decision-makers remain relatively uninformed about short-term stumbling-blocks, crises and political developments. Most importantly, their perception of the negotiation process leads them to believe that the creation of a democratic power structure will not imply a considerable change in economic policy.

Compared with the countries of Eastern

Europe or with other African countries, South Africa, with its economic and financial infrastructures, and its close ties to the Western capitalist system, appears to be a low risk area. Moreover, the gradual evolution of the ANC's economic options, the economic power of the white South African multinationals, as well as Nelson Mandela's moderate position (as expressed in the Davos world economic forum and in Copenhagen), can only help to reassure potential European investors.

Paradoxically, the ambiguous position of some of South Africa's own companies often creates uncertainty abroad. The actions of South African multinationals, which have diversified their capital and undertaken massive disinvestment over the last ten years to meet their own objectives of risk distribution, express apprehension about the future. The decline in real gross domestic fixed investment (-11 per cent from the fourth quarter of 1989 to the third quarter of 1991) and the low GNP productive investment ratio (18 per cent) discourages investors who seek safe long and medium-term direct investment. Why should foreign companies take risks where local companies are hesitant to do so?

For the leading European companies investing abroad is a plain profit-seeking exercise, which brings South Africa into intense competition with Eastern European countries. South Africa's economic strength and capacity to attract Western European investment will depend on the progress of the political and economic transformation presently occurring in Eastern Europe.

Although both South Africa and Eastern Europe have valuable raw materials, mineral deposits and production capacities, it appears that the latter region benefits from a much bigger potential market, much better educated manpower and infrastructures, and finally, from closer cultural and geographical ties to Western Europe. Furthermore, the emphasis on European integration and pan-European ideology increases the comparative attraction of Eastern Europe.

South Africa could benefit from the present political instability and destructive internal ethno-nationalisms in Eastern Europe. The EC does not know how to handle these political uncertainties nor how to deal with these impoverished countries whose economic systems are on the verge of collapse. EC member states do not wish to be dragged into explosive and unprofitable situations which could magnify their

Capital partnerships and associations are developing rapidly between South African and European companies or through international redeployment

South Africa's capacity to attract Western European investment will depend on the progress of the political and economic transformation in Eastern Europe

South Africa could benefit from the present political instability and destructive internal ethno-nationalisms in Eastern Europe

conflicting international interests. Finally, the lack of political stability and efficient decision-making structures, particularly in the ex-USSR, will delay investment decisions and give South Africa more time to play its part of the game.

New Alliances

The consolidation of the interest aroused by South Africa among European investors will depend also on current developments in the EC and the resources of each of its member states.

The creation of a large protected single market could marginalise South Africa as it is not a party to the Lomé Convention/EC Agreements. It will most likely not become a full member of African, Caribbean, Pacific (ACP) arrangements in the short term. A single market could make South African products even less competitive. In contrast, progress towards European standardisation would be to South Africa's advantage, which, as one of the few underdeveloped countries with competence in this area, could serve as a leader for the ACP countries.

The presence of massive German and British direct investments is the best guarantee of the development of economic ties between the EC and the South Africa. Although South Africa's potential is relatively insignificant by comparison with the EC's economic weight, South Africa could benefit over time from its intermediate position between an integrated Europe, Asian countries searching for new markets, and an African continent emerging from economic marginalisation.

South Africa's political normalisation since 1990 has given new impetus to trilateral cooperation projects, for the most part developed in the 1960s by the French Gaullist leaders. This programme to 'develop partnership between South Africa and France for the development of Africa', remains French policy, and has become a primary factor in future international economic action.

The European Commission has, over the last years, been engaged in a vast study to assist in economic regionalisation in Africa, expressed in the African coalition programme. The EC is already considering the integration of South Africa into the southern region as a means towards more efficient management of aid allocated through the Southern African Development

Coordination Conference (SADDC). The World Bank also aims to make South Africa a locus for the centralisation and management of international aid. For the last two years, negotiations have been underway with the Development Bank of Southern Africa to transform it into a World Bank agent for the management of special project funds allocated to the region.

The reintegration of South Africa into international organisations already permits companies to tender for projects financed by international aid for development programmes benefiting other African nations. Given its specific know-how and the relatively lower cost of a less sophisticated technology better adapted to local demand, South Africa could rapidly come to play an important role in these tenders. Associations of European (or other) and South African economic interests in lodging these tenders should increase rapidly in the 1990s.

These types of projects could well develop in partnership with German interests in Southern Africa and, above all, with French interests in French-speaking Africa. The withdrawal of European companies from Africa could facilitate the establishment of old trilateral projects with French companies providing financing, marketing and political networks, South African companies the technical work, and African countries labour and raw materials. The mutual interest shown by banks and some French-speaking African businessmen in South Africa, often supported by French-African networks, already illustrates this trend.

This trilateral programme, however, will not develop rapidly, at least in the short term. South Africa will undoubtedly benefit to a large extent from aid from international organisations, in particular from the EC to other African countries. But South Africa's ability to attract substantial European investments will depend on success in restructuring its own economy, especially its domestic market, and also on the struggle for influence that the Europeans, Japanese and Taiwanese are entering into, in a region which promises to become increasingly attractive to the Asian axis.

South Africa's economic future rests less in the creation of a regional power base than in its capacity to integrate into existing economic alliances (EC or Asia/Asian Rim zone) where, up until now, it has remained on the sidelines. **DP/A**

South Africa is an intermediary between an integrated Europe, Asian countries searching for new markets, and a marginalised African continent

A New Community of Nations

The term 'economic community' can be used to mean virtually anything. It has no strict definition in the economic textbooks but is used in Europe to describe the form of organisation established by countries moving towards closer economic integration. This may take one of four forms: a free trade area, a customs union, a common market or, at its highest level, an economic union.

Some might argue that the existing institutional arrangements in the region, namely, the Southern African Customs Union (SACU), Common Monetary Area (CMA), Southern African Development Co-ordination Conference (SADCC), and Preferential Trade Area for Eastern and Southern African States (PTA), already in effect mean that there are communities of nations in the region. But it is one thing to sign an agreement or treaty and quite another to be able to participate substantially - in both SADCC and the PTA some countries lack a political commitment and some are so economically devastated that they are not active participants. The SACU and CMA not only are technical agreements but also include South Africa so that, for political reasons, they have not engendered a feeling of community among their members.

For a community of nations to arise in Southern Africa, the future nature of economic relations as well as the institutional arrangements will have to be examined very carefully. What eventually emerges, however, cannot be divorced from the region's experience to date in cooperation and integration.

Quite apart from being in a common customs and monetary area with the small neighbouring states, South Africa is a signatory to a number of agreements - multilateral, bilateral, sector-specific and project-specific - which promote cooperation. However, its economic relations with the region have been influenced by two factors, namely, a fear of dominance and apartheid. Even after the latter disappears, the former will remain.

Professor Gavin Maasdorp,
Director, Economic Research Unit, University of Natal

The nature of future economic cooperation in Southern Africa has led to various calls being made for the establishment of an 'economic community' or 'common market' in the region. However, it is not always clear whether these calls are for a common market in the classical sense or whether they are merely in favour of freer trade and some vague form of economic cooperation. What are the prospects for a 'community of nations' in Southern Africa in terms of building closer economic relations (whether through cooperation or integration or both) with all the countries involved playing an active role?

Although it has only one-third of the population of the sub-continent, South Africa has three-quarters of the region's GNP and its per capita GNP is almost two-and-a-half times that of the regional mean. Put another way, its GNP is three times that of the SADCC countries while its per capita GNP is seven times that of the mean for SADCC countries. The fear of South African dominance has existed for many years, and was in fact one of the main causes of the failure of various attempts at economic integration with Northern Rhodesia (Zambia) and Southern Rhodesia (Zimbabwe) between 1910 and the 1950s.

In addition to SACU and the CMA, the other scheme for economic integration in the region centred around the then Rhodesias and Nyasaland (Malawi). This initiative collapsed in a welter of political bickering in 1963.

Criteria for Success

According to conventional theory, only countries which are at roughly similar levels of industrial development, have competitive industrial sectors, and have the potential to develop complementary industrial sectors, should join together in an economic integration arrangement (Viner, 1950; Wonnacott and Lutz, 1989). Southern Africa rates poorly according to these requirements because of the extent of South Africa's economic dominance.

Other conditions which need to be met if economic integration is to succeed are (Hazlewood, 1980):

- a supranational authority should be established with real powers to make governments of member countries implement its decisions;
- all member countries should perceive that they are gaining from the arrangements;

Economic integration may take one of four forms: a free trade area, a customs union, a common market or an economic union

- attention should be paid to overcoming the tendency of manufacturing industry to polarise in the most industrially advanced country of the grouping;
- governments should be prepared to cede some of their sovereignty to the supranational authority; and
- member countries should be in broad agreement on economic systems, i.e., integration cannot succeed between market and centrally planned economies; and political differences within the grouping should be containable.

The question, then, is whether these conditions can be satisfied in Southern Africa. There has been some systemic convergence among SADCC members in recent years, with the region's hitherto socialist-inclined countries all having moved towards economic liberalisation.

The policy inclinations of a post-apartheid government in South Africa, however, are not so clear cut, and it is possible that the country could move in a direction opposite to that of the rest of the region. Should that happen, South Africa might have to be excluded from a post-apartheid regional grouping. Overall, though, political relations in the region should be relatively free of tension with apartheid out of the way. The political signs would be favourable for integration but could it be made to work? Or would cooperation be preferable?

These questions can be answered only by identifying alternative possibilities for each regional organisation, and assessing the effect of these possibilities on the other regional groupings.

Whither SADCC?

The Southern African Development Coordination Conference (SADCC) was established in 1980 with nine members - Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe. Namibia became the tenth member in 1990. The objectives were to reduce the perceived dependence of the region on the outside world (especially South Africa) and to promote and coordinate regional cooperation in development projects.

SADCC today has no doubt that post-apartheid South Africa will become its eleventh member and accept its declared principles of mutual benefit,

interdependence and equity. This view seems to contradict the very rationale for SADCC's establishment - if it was perceived to be dependent on South Africa in 1980, and the degree of dependence has not diminished to any significant extent since then, on what grounds does it now feel able to accept South Africa into its fold? Some commentators feel that SADCC was established primarily for political reasons (Hawkins, 1992) and that, once South Africa ditches apartheid, the glue that held SADCC together will disappear and so too will the institution (Vale, 1991). There is also growing scepticism about its performance, donors apparently feeling that project implementation would be quicker if projects did not go through SADCC (*Market South East* 5, 1991).

South Africa, of course, could be absorbed without any particular difficulty into SADCC's present institutional structure; since SADCC is not a trade organisation, there should be no adverse effect on its present members. Whether South Africa would have much to gain is another matter; perhaps it could gain just as much by bilateral or multilateral sectoral agreements with its neighbours. However, membership might have an important symbolic value - as a token of solidarity and of appreciation for the support of the frontline states in the 'liberation struggle'.

Since 1991, SADCC has had to face up to the implications of political change in South Africa. With apartheid being discarded, the very basis of its existence began to be questioned, and the organisation was fighting for survival. It accordingly began to consider proposals for moving away from project cooperation to trade integration (SADCC, 1991). This would involve implementing measures such as the reduction of tariff and non-tariff barriers to intra-SADCC trade, greater coordination of external tariffs, promoting freer movement of capital and people, and creating regional infrastructural authorities and a development bank.

In taking this path, however, SADCC runs a risk of overlapping with the PTA. The potential for serious tensions between these two groupings has often been pointed out (Anglin, 1982) and doubts have been expressed about the need for, and the practicability of, the long-term coexistence of two such organisations. The duplication of functions is a source of concern to the business sector and donors, and there have been some indications of a move of donor support away from SADCC to the PTA.

Member countries should be in broad agreement on systems, i.e., integration cannot succeed between market and centrally planned economies

SADCC is concerned about this; the PTA continues to expand its membership and its mission is to promote trade, whereas donors see less urgency in funding SADCC as South Africa changes politically (*Financial Gazette*, 30/11/90).

Both organisations are now aware of the need for rationalising efforts towards integration. Indeed, the PTA, at its annual 'summit' in January 1992, called for a merger with SADCC. It seems that the PTA believes that there should be a single organisation under a new name promoting economic integration in the region and taking over the projects of all existing organisations. In contrast, SADCC points to the fact that the Abuja Treaty acknowledges five regions in Africa, separating the eastern and southern blocs, and argues that the SADCC region should be free to move more rapidly towards a regional common market than the rest of the PTA countries (SADCC, *op cit*).

If the SADCC countries were to break away from the PTA and form a separate trade grouping, the issue of its relations with the SACU countries would require resolution. One possible scenario would be for the present SACU countries to hive off so that SADCC would be left with six member countries, in which case it might wish to include Zaire and possibly Madagascar and Mauritius. Such a grouping might be tempted to form a free trade area or customs union, but Zimbabwe's industrial dominance would be a danger.

PTA Prospects

After years of negotiations, the Preferential Trade Area for Eastern and Southern African States (PTA) came into operation at the beginning of 1983. The present membership is 18 countries - Angola, Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Rwanda, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. Zaire is expected to become the nineteenth member and will be followed by Namibia. Botswana has not joined the organisation.

A preferential trade area may be regarded as a preliminary step towards economic integration. The PTA has a list of commodities on which member countries are expected to eliminate all tariffs on intra-PTA trade by 2000, i.e., it hopes to become a free trade area by then.

Many observers have stated that the PTA is an unwieldy grouping. They query what Djibouti, Somalia and the Sudan have in common with Southern Africa since there are no historical links, politically or economically, of any consequence. A division of the PTA into eastern and southern blocs, therefore, might well be more economically rational.

A major issue for the PTA is the possible accession of post-apartheid South Africa. The PTA in 1990 stated that it looked forward to South Africa becoming a member. But Zimbabwean dominance is clearly resented by some of the other countries, and South African membership would magnify the problem of domination many times over. Firms both in Kenya and Zimbabwe have already voiced their fears. The Secretary-General of the PTA, however, has pointed out that, as a *quid pro quo* for South African membership, the organisation would want agreements with Pretoria regarding trade, investment, technology, sectoral cooperation, and assistance both for weaker countries and for the private sector, i.e., the accession of South Africa should not frustrate the development of existing member countries (Wa Mutharika, 1991).

South African government officials and businessmen as well as the ANC have expressed the desire that the country join the PTA. But could South Africa not gain as much merely from a normalisation of political (and hence economic) relations?

Despite sanctions, South Africa's exports have found their way into almost all African countries, indicating that its goods are competitive in terms of price and quality. These exports would undoubtedly be boosted by open and direct trade with Africa, as indeed would the procurement of raw materials from Africa, but it is not at all clear that membership of the PTA is necessary in order for this to happen. On the contrary, it is possible that South Africa might gain little in the way of any additional increase in exports from membership, and that these gains could be at least partially offset by the institutional costs which would arise.

The question of compatibility between PTA and SACU membership would also have to be resolved. The provisions of the PTA Treaty and the SACU Agreement conflict, and Lesotho and Swaziland have been unable to grant reciprocal concessions in the PTA because South Africa and Botswana would not agree to preferential

South Africa could gain just as much by bilateral or multilateral sectoral agreements with its neighbours

A preferential trade area may be regarded as a preliminary step towards economic integration

In any economic integration scheme the wealthier countries are taxed in order to aid the poorer

treatment for their imports from PTA countries. The dilemma was solved by a special Protocol to the Treaty which allowed them a transition period in which to phase out gradually the preferences accorded under the SACU Agreement. Officials in these two countries hope that the Protocol will be extended indefinitely - something which seems possible since the PTA realises that the SACU and CMA represent an advanced stage of economic integration towards which it itself wishes to move, its aim being to form part of a full continental economic and monetary union by 2025. If the PTA is successful, it could merge with the SACU/CMA at an appropriate stage of its evolution.

SACU/CMA Reforms

These two arrangements have been in operation, formally or informally, for a century or more, and are best discussed in tandem.

The Southern African Customs Union (SACU) covers South Africa, Botswana, Lesotho, Swaziland and Namibia (BLSN), and is the only economic integration arrangement in the sub-continent. It provides for the duty-free movement of goods and services among member countries and for a common external tariff against the rest of the world. Revenue is shared among member countries according to a formula which includes a raising factor of 42 per cent to compensate BLSN for being in a customs union with a more developed and industrialised economy. The amounts thus calculated are then adjusted by a stabilisation factor so as to ensure a reasonably consistent rate of revenue for BLSN.

Monetary arrangements were not formalised until 1974 when Lesotho, Swaziland and South Africa signed the Rand Monetary Area (RMA) Agreement, Botswana electing not to join. The RMA Agreement was superseded in 1986 by the Trilateral Monetary Agreement (TMA) which established the Common Monetary Area (CMA), but in March 1992 the TMA was replaced by a Multilateral Monetary Agreement (MMA) following the accession of Namibia as a formal member of the CMA. The main provisions allow for the mobility of capital among member countries and the application of common foreign exchange controls. Since 1986 parity in exchange rates between the currencies of member countries has not been required.

A central question concerns the importance for the smaller countries of being in the customs union. The BLSN countries clearly consider their membership of the SACU to be important otherwise they would already have withdrawn. Even the fact that the renegotiation of certain aspects of the Agreement, initiated by them in 1981, has still not been concluded, has not been sufficiently serious to induce them to leave. The case of Namibia is different: for practical reasons it was obliged to join the SACU when it became independent in 1990, and it requires time to evaluate its position. The costs and benefits of membership are difficult to measure accurately, and the BLSN countries have been so closely linked to South Africa for so long that no-one wishes to be the first to break ranks. Whereas the consequences of leaving are unclear, those of membership by and large are known.

Another question concerns South Africa's gains. Ironically, it is South Africa which seems to have the most difficulty with the present Agreement, its apparent problem stemming from the fact that the BLSN countries receive 20-25 per cent of the revenue pool. Pretoria now feels that it cannot afford to compensate them by the same factor as in the past, but its view is coloured by the fact that it has used the SACU as the mechanism for transferring revenue to its four so-called independent TBVC states (Transkei, Bophuthatswana, Venda and Ciskei) which are not internationally recognised. As far as the BLSN countries rightly are concerned, that is South Africa's own internal affair.

In any economic integration scheme the wealthier countries are taxed in order to aid the poorer. In the SACU compensation is necessary because South Africa has a captive market of over five million people (the SACU market takes 15 per cent of all South African exports by value, mainly manufactured goods), and its protective tariffs and quotas have often not been in the interests of the BLSN countries which also have to yield some of their fiscal sovereignty.

A post-apartheid government might share roughly similar views to the present one: it may be so preoccupied with the issue of raising sufficient public revenue that it might also wish to reduce the revenue flows to BLSN. The BLSN countries appreciate the revenue problems which the new government in Pretoria will face. But if compensatory revenue transfers are to be scaled down, they would have to be offset

A post-apartheid government may be so preoccupied with raising sufficient public revenue that it might also wish to reduce revenue flows to neighbours

by measures to enhance the economic development of the SACU area. For BLSN, issues which would then require attention are: the time lag in revenue payments; improved mechanisms for negotiation, perhaps requiring the establishment of a permanent supranational body; and improved provision for industrial protection especially against South African dumping.

If the SACU were to be downgraded to a free trade area (or even a preferential trade area) or terminated, South Africa would probably be affected least. It might lose some exports of capital goods in the event of termination, although this would not necessarily be the case because of time and transport cost advantages. In fact, South Africa might gain from downgrading since it would not lose revenue through compensation.

The BLSN countries, in contrast, would have a more difficult task in these scenarios. They would have to establish their own tariff systems and expand their customs administrations. If the imposition of tariffs on South African goods were to lead to higher prices prevailing in these countries than in South Africa, smuggling would become a major problem. The borders are porous, policing would be costly and the loss of revenue could be significant. Lesotho would be in a particularly difficult position because of its location, being entirely surrounded by South Africa, and it is doubtful whether it could survive economically. For reasons that will be given below, downgrading or termination are not options for Lesotho.

These difficulties could be obviated if a free trade area were to replace the customs union, but the countries would have to agree on rules of origin in order to avoid trade deflection (defined by Robson as 'a redirection of imports through the country with the lowest tariff for the purpose of exploiting the tariff differential'), and there would be no common revenue pool or revenue-sharing formula so that the BLSN countries would lose revenue.

The Alternatives

Alternatively, the SACU/CMA could be upgraded to a common market or an economic union. Between them, they already offer what is close to a common market for South Africa, Lesotho, Swaziland and Namibia. Of the additional requirements for a common market over and above those for a customs union,

freedom of capital movement largely exists within the CMA. All that would be required, therefore, to convert the customs union to a common market for those four countries is to provide for the free mobility of labour (which, of course, already moves on a significant scale but mainly on a contract basis under the migrant system). It might be possible to persuade Botswana to join a common market, but to do so it would have to join the CMA so that capital could be freely mobile between itself and the other countries.

The benefits of being in a common market as opposed to a customs union would vary from one country to another. Lesotho is unquestionably the one which would benefit most from being in a closer form of integration with South Africa as it clearly cannot hope to employ more than a small fraction of its labour force. For South Africa, a common market would be problematic. It already faces a considerable challenge in creating jobs and supplying its own rapidly growing African population with housing, education and health services. Now it would have to cope with an influx of perhaps 0,5 - 0,75 million low-income migrants from Lesotho. Whether this would be politically acceptable in post-apartheid South Africa is questionable, and there might well be strong political pressures on the new government to phase out foreign labour.

The SACU could also be taken all the way to the top of the integration hierarchy, i.e., to an economic union. The additional elements required to turn a common market into an economic union are common monetary and fiscal policies. The CMA provides the basis: could the countries agree on a unified currency and common central bank with common interest rate policies? This would in fact mean reverting to the situation which obtained prior to the Rand Monetary Area Agreement in 1974, with the exception that BLSN countries would now be represented in the (preferably independent) central bank and in policy making. The Multilateral Monetary Agreement would presumably become redundant and the CMA would be subsumed into the economic union.

Mozambique, Malawi and Zambia apparently have expressed in private an interest in joining the SACU. It is not clear what their reasons are, but perhaps they note the great contrast in economic standards (and especially the availability of goods and foreign exchange) between the SACU/CMA countries and the rest of

There might well be strong political pressures on a post-apartheid government to phase out foreign migrant labour

The additional elements required to turn a common market into an economic union are common monetary and fiscal policies

There are many possibilities concerning the future form of economic integration or cooperation in the sub-continent

Southern Africa. However, South Africa could not afford to apply the compensation factor to these countries which thus would have to be brought in under different conditions - the revenue-sharing formula would apply only to the smaller countries, and the focus in the Agreement would be on mechanisms for mutual development.

Today, SACU is increasingly being seen as a possible building block for Southern African integration. Stoneman and Thompson (1991), for instance, see a possibility of the European Community offering South Africa membership of Lomé (or something similar) in exchange for concessions to the SADCC countries in transitional arrangements during their entry into an expanded SACU. These concessions would include the protection of industry in order to avoid some of the negative effects of the present Agreement. The transition would take the form of bilateral trade agreements and escalation clauses towards membership of a free trade area and then full SACU membership. A similar type of association agreement could be devised between the SACU and PTA, working towards the formation of a free trade area between the groupings and later to the gradual assimilation of individual PTA countries into the SACU.

Successful trade integration requires a convergence of economic policies and monetary management

On the monetary side, whether or not the CMA could accommodate countries which are short of foreign exchange and have accumulating debts and widely diverging inflation rates is debatable. It has recently been suggested, however, that non-CMA countries which wish to maintain fairly stable exchange rates for their currencies against the Rand could be granted associate membership of the CMA (Harvey and Hudson, 1992). The wide divergence of inflation rates makes full monetary cooperation in Southern African not feasible at present. As with trade integration, perhaps the best way to proceed is on an incremental basis with individual countries joining a monetary agreement as and when the economic circumstances and political willingness to give up their right to finance budget deficits by money creation allow.

Policy Convergence

There are many possibilities concerning the future form of economic integration or cooperation in the sub-continent. Decisions of this nature invariably have a political content, and the process, especially that of integration, is usually a slow one as the

experience of the European Community has shown. The mood increasingly is to move away from grandiose plans to pragmatic, achievable arrangements.

Successful trade integration requires a convergence of economic policies and monetary management as well as currency convertibility. Although there is greater agreement now on economic systems and policies, some economies are in such poor shape that they will take years to turn around.

What can be done, then? First, bilateral and multilateral agreements on energy, water and transport services would reduce revenue-flow imbalances and increase interdependence between South Africa and its neighbours. Second, if there is any merit in greater integration perhaps it should proceed not on a grand geographic scale but among economies which are ready for it. The Southern African Customs Union and Common Monetary Area could be the core but they would need a Secretariat and some renegotiation. An association agreement with other countries could then be devised, with individual countries joining the core group as and when they are ready. This might be the best way for a new community of nations to evolve in which there are net benefits for all. **IPQA**

REFERENCES

- Anglin D. 'SADCC vs PTA: Competitive or Complementary Approaches to Economic Liberation and Regional Cooperation in Southern Africa', paper presented at the Annual Meeting of the African Studies Association, Washington, DC, 1982.
- Harvey C and D Hudson. 'Post-apartheid Regional Financial and Monetary Cooperation', paper delivered at seminar in Uppsala, May 1992.
- Hawkins A. 'Economic Development in the SADCC Countries' in G Maasdorp and A Whiteside (eds), *Towards a Post-Apartheid Future: Political and Economic Relations in Southern Africa*. London: Macmillan, 1992.
- Hazlewood A. 'The End of the East African Community: What are the Lessons for Regional Integration Schemes?' in CP Potholm and RA Fredland (eds), *Integration and Disintegration in East Africa*. Lanham: University Press of America, 1980.
- Maasdorp G. *Regional Economic Groupings in Southern Africa: Cooperation or Integration*. London: Research Institute for the Study of Conflict and Terrorism, 1992.
- PTA. 'Final Communiqué of the Tenth Meeting of the Authority of the Preferential Trade Area for Eastern and Southern African States', Lusaka, 30-31 January 1992.
- Robson P. *The Economics of International Integration*. London: George Allen and Unwin, 1980.
- Southern African Development Coordination Conference. 'SADCC: Towards Economic Integration'. Gaborone: SADCC, 1991.
- Stoneman C and CB Thompson. 'Southern Africa After Apartheid: Economic Repercussions of a Free South Africa'. Briefing Paper, *Africa Recovery*, No 4, December 1991.
- Vale P. 'A Case for Baskets?' in *The Watershed Years*. Johannesburg: Leadership SA, 1991.
- Viner J. *The Customs Union Issue*. New York: Carnegie Endowment for International Peace, 1950.
- Wa Mulharika B. 'Framework for Relations Between the Preferential Trade Area and Post-Apartheid South Africa', paper delivered at African Leadership Forum, Windhoek, September 1991.
- Wonnacott P and M Lutz. 'Is There a Case for Free Trade Areas?', *Economic Impact*, No 69, 1989.

RURAL & REGIONAL

M O N I T O R

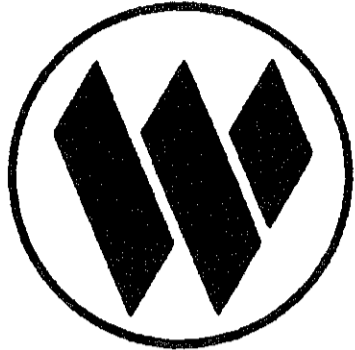
INDICATOR

S O U T H A F R I C A



EVERYMAN'S
NEEDS

THE BAROMETER OF SOCIAL TRENDS



WOOLTRU

committed to
the Future of South Africa.

WOOLWORTHS TRUWORTHS TOPICS makro



STARCKE
ASSOCIATES

The econo-political
resource.

PO Box 87094 Houghton 2041 Johannesburg
South Africa
Telephone (011) 646-9370

**COST
EFFECTIVE
ADVERTISING ...**
NU FOCUS BRINGS RESULTS

A well-read
national
and international
quality magazine

Your advertisement could reach
8 500 engineers,
nearly 2 000 lawyers, 2 800 medical
doctors, 4 000 people with science degrees,
and thousands of others . . .

and that's only in South Africa. In fact, *NU Focus* goes
to about 210 000 readers.

Shouldn't they be seeing your ad? You have four opportunities
each year: Summer, Autumn, Winter, and Spring. You are
assured of strictly-controlled ratio of advertising to editorial material.

For information and bookings, call Media Services on
(031) 291942 or fax (031) 296969.

NU FOCUS

A University of Natal publication

The Wretched of the Earth

Simon Bekker and Catherine Cross, Centre for Social and Development Studies
Norman Bromberger, Department of Economics, University of Natal

In 1991, the South African government scrapped the 1913 and 1936 Land Acts. These Acts had fragmented the rural regions into racially defined land parcels, restricting control over access, utilisation and exchange of land to specific race groups. Simultaneously, the government proposed a new land policy by way of a White Paper on Land Reform. In the rural areas, this policy framework aimed to deracialise access to land and to establish individual title to (and thereby a market in) land. The result of these government actions has been to launch a national debate on the future of rural South Africa.

Rural South Africa comprises two distinct sectors, each of which shares common economic and social characteristics. The first sector is found in the rural areas of the country's ten 'homelands', the other encompasses privately owned and state land located in the four provinces. In the second sector, most of this land is farmed commercially or set aside by the state for conservation or recreational purposes.

Viewed from an economic perspective, communities living in rural homeland areas may be described as displaced urban settlements: there is no viable rural economy and rural households depend for their livelihood on family members involved in urban activities and on state financial support. Viewed from a social perspective, on the other hand, attachments to this 'rural way of life' figure prominently among reasons given for continuing to live in these areas.

The bulk of South Africa's agricultural production flows from commercial farms in the four provinces. These enterprises are owned by a small group of (predominantly) white farmers who employ large numbers of black and 'coloured' farm workers who often live with their families on these farms.

Over the last decade, a combination of external factors have led to a deterioration in the viability of, and quality of life in, both rural sectors. The effects of resettlement, of increasing dependence on urban-based incomes, and of welfare needs not met by homeland administrations has been the lot of most rural homeland communities. In the commercial agricultural sector, the increasing debt burden and effects of severe periodic droughts have led to increasing redundancies and bankruptcies.

In this overview, we will analyse this rural predicament in three ways. First, a demographic and socio-economic profile of rural communities will be developed. Subsequently, the nature of agriculture and of civil society in these communities will be discussed. We will then conclude with some ideas about South Africa's rural future.

Demographic Trends

In 1985, there were some 33 million people living in South Africa. Close to three quarters (73%) of this population was black; for the one quarter who were other than black, the vast majority lived in urban areas. In fact, only 8%, 5%, and 18%, respectively, of those people classified as white, Asian and 'coloured' were rural dwellers, living in the 'common area' of the country, outside the homelands.

For the black majority, on the other hand, approximately one half (48%) lived in rural areas. Most of these rural dwellers (70%) resided in the ten homelands of the country; the rest most often as farm workers on white-owned farms in the common area.

The distribution of rural homeland dwellers is not uniform. On the eastern seaboard, a large majority of Transkeian residents (85% in 1989) are rural, as is the case in the northern homelands of Venda (83%), Gazankulu (75%), and Lebowa (66%). In Bophuthatswana and KwaZulu, the proportion is about 50%, a lower rural ratio resulting from the large urban settlements located within the Pretoria and Durban functional regions. In the four other homelands of QwaQwa, Ciskei, KaNgwane and KwaNdebele, a majority of residents live in 'functionally urbanised' communities.

In the last decade, there has been a deterioration in the viability of, and quality of life in rural South Africa

In the homelands, access to basic welfare services - potable water, energy, health, education and housing - has been inadequate and wretched

Rural homeland communities represent a population most in need of welfare support, and least able to participate in its delivery

These rural homeland communities share common demographic and socio-economic features:

- fertility rates are much higher than in urban areas;
- male-female ratios are significantly below par;
- average population densities are four times those in the common area;
- household incomes depend almost completely on earnings of exported labour and on state pensions and civil servant salaries; and
- homeland agriculture (other than for a limited number of large agricultural schemes) contributes a minuscule amount to household incomes.

In these homelands, access to basic welfare services - potable water, energy, health, education and (in urban areas) housing - has been inadequate, and in many cases, wretched. These regions of South Africa, in fact, may be characterised as most in need of welfare and as least able, administratively and financially, to meet these needs. Though some improvements over the last five years are apparent, the need remains very large.

Rural communities in these homelands typically carry the heaviest burden: sources of water and energy are often inadequate and are located far from homesteads; health indicators such as infant mortality and malnutrition consistently score worse in rural communities; and urban bias in educational programmes is virtually universal. In short, rural homeland communities represent a population most in need of welfare support, and least able to participate in its delivery. The burdens thus imposed on these communities are largely borne by women.

In the common area, there are today between five and six million rural residents - predominantly breadwinners and their families - living on farms owned by less than 60 000 South African farmers. The farm worker communities are black except in the western and south-western Cape where they tend to be predominantly 'coloured'. The size of this agricultural worker community has been diminishing since the 1960s due to mechanisation of farming operations and the government's policy during the 1970s and 1980s of homeland resettlement. There is a significant element of off-farm employment and a remnant of labour tenancy.

Farm labourers and their families are dependent upon the farmers. Thus, in the

absence of effective policy, access to welfare services depends largely on individual farmer attitudes. In the area of education in particular, access is generally wretched: it is estimated that eight out of every ten farm labourers are illiterate and schools for children are inferior to those in the homelands. In like measure, few training facilities and opportunities are available for these agricultural workers.

Projections for the period 1985 to 2000 suggest that the rural component of South Africa's population will increase in size by some 1,8 million people. This increase will probably take place largely in those regions presently designated as homelands, not on agricultural land in the presently designated common area. Future land reform policies will probably not - in the short term - significantly change this rural spatial distribution.

As a proportion of the total population however, this rural component will decrease: from some 37% of the total in 1985 to some 30% in 2000. These trends are illustrated in Figure 1 which shows the geographic distribution of South Africa's population. As a result, population densities in the presently designated homeland areas will probably double whilst those in the common area will only increase by a factor of some 30%.

By using these demographic trends, it is tempting to sketch a simple 'gravity flow' picture of the migration process in South Africa: people leave rural areas for peri-urban areas or small towns, and subsequently leave those areas for the metropolis where they tend to remain in a fixed abode.

The reality is probably much more complex. There is increasing evidence that many families do not follow the one way flow from rural to urban. Assumptions that 'retarded urbanisation' was due in the main to (now defunct) ideological factors such as influx control are being questioned. A complex set of circulatory migration streams - between rural and urban areas as well as within urban areas - is emerging.

These streams appear to be fashioned by a number of factors: household survival strategies balancing rural and urban advantages; increasing costs attached to life in urban informal settlements; push factors associated with communal conflict; and cultural attachments to land. As the anti-urban apartheid policies of the South African government are laid to rest, the

promise of an improved and stable urban-industrial quality of life does not seem to be emerging. Though more and more black South Africans live in urban areas, the rewards associated to rural roots, to ties with rural kin, seem particularly tenacious.

Agriculture

There have been particular macro-economic influences at work during the last decade (and a half) in the South African economy which have affected both the performance of commercial agriculture and the incomes and welfare of households practising small-scale agriculture in the homelands. On the one hand, these effects represent human distress; on the other hand, some of them at least are part of a change taking place in the structure of South African agriculture towards something more rational.

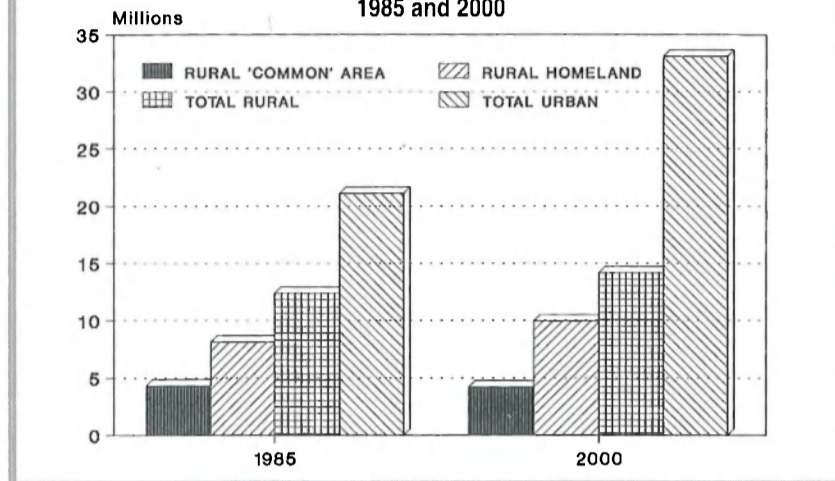
The foremost influences contributing to a difficult macro-economic environment for agriculture include:

- the dramatic slowing of the growth-rate of Gross Domestic Product (since the mid-1970s) - from a long-run average of 4% per annum (higher in the 1960s) GDP decreased to a little over 3% in the 1970s and to about 1% pa in the 1980s, with negative growth since 1989;
- the significant population growth rate of above 2% pa for some decades;
- the trend of production in general which has become more, rather than less, capital-intensive;
- the slow-down in GDP has had severe employment implications - by the end of the 1980s it was reported that only 14% of new entrants to the labour force (50 000 out of 350 000) was being absorbed productively by the formal sector;
- sustained inflation at 15% pa and high nominal interest-rates; and
- the marked depreciation of the exchange-rate, with serious cost implications for an industry with a significant import bill.

□ commercial agriculture

First, the slow growth of aggregate income has constrained the growth of consumption - and since agricultural output has continued to expand (6,9% pa for 1980-89 as against 3,3% pa for consumption) production surpluses have grown. These trends have put further pressure behind the already substantial body of opinion that advocates a dismantling (or at least a

Figure 1: Geographic Distribution of the South African rural population 1985 and 2000



modification) of the structure of subsidy, price-support and market-regulation which has underpinned the development of the industry since the 1930s. Already there are clear signs that commercial agriculture is facing a more competitive environment than it has been accustomed to.

Secondly, given high interest rates, a decline in the terms of trade (input prices have grown faster than those of outputs) and the incidence of a long drought-cycle, debt has escalated and bankruptcies have assumed serious proportions.

Thirdly, given considerable differences in market-experience between different farm-sectors, marked regional diversity in activity-patterns and climate, and a heavy concentration of resources and output among about a quarter of larger farming enterprises, differentiation has become very marked.

Fourthly, as noted already, large numbers of farm-workers and their dependents live on commercial farms, but their numbers have been declining since the mid-1960s - at the same time as real wages rose, most clearly during the 1970s when some agricultural sectors, such as the sugar industry, experienced competition from mining for rurally-based labour.

At the end of the 1980s as alternatives have faded and the market distortions favouring the employment of capital by farmers have been reduced, it seems as though the long reduction of farm employment is slowing and may even be going into reverse (1,13 million in 1981 and 1,37 million in 1987). The wage situation is not so clear. It seems (amongst other things) that differentiation in farming outcomes is being reflected in further differentiation in the wages and living conditions of farm-labourers.

Macro-economic trends have affected both the performance of commercial agriculture and the incomes and welfare of households practising small-scale agriculture

Average real incomes of rural dwellers in the homelands have declined substantially in the 1980s

□ *homeland agriculture*

A simulation study of incomes in the homelands for the period 1960-80 proposed that they had risen substantially (in percentage terms) from low levels and that this increase was shared by households located down most (80%) of the income distribution scale. Fundamentally what lay behind this increase was the growth in earnings and remittances by migrants (and commuters) and in transfers (especially pensions). This tendency was reinforced in the 1970s by the major (positive) shock to the South African labour market which came from the switch from external to internal sources of black labour supply on the (then) booming gold mines. Real wages paid to black miners, most of whom were rurally-based, increased four-fold.

Some of this flow of increased real remittances went into local agriculture - at least in the form of increased cattle-herds. For instance, we know that cattle imports into Lesotho increased markedly during these years.

If one now asks what the implications of the major macro-economic shifts of the 1980s have been for rural dwellers in the homelands it is difficult to avoid the conclusion that average real incomes must have declined. (Since overall per capita incomes for the general population have been falling it is not easy to think of good reasons why the rural homelands should not *at least* have experienced this average trend.)

What of homeland agriculture in a context of falling real incomes and increasing unemployment? Since agriculture is not fundamentally market-oriented but aimed at own-consumption it is not likely to be affected in the same way as commercial agriculture - though its vulnerability to drought may be at least as marked. It is conceivable that the reduced opportunities for off-farm employment and the reduced purchasing-power over retail sources of food-supply will have led (or will soon lead) to increased inputs of labour-time into small-scale agriculture. We do not know for certain, and we do not have any measures of the scale of the tendency if it does exist.

What we can say is that homeland agriculture has been influenced in the last decade or so by interventions - firstly, by state (and parastatal) development agencies and, secondly, by organised commercial agriculture and agricultural-processing interests (the sugar industry in particular).

'Separate development' required (at least in principle) economic growth in homeland areas and, given the available options, growth had to commence with agriculture. Plans for radical tenure-changes and land-redistribution to 'full-time farmers' were vetoed. 'Betterment' schemes which involved physical re-planning of land-use with the intention of making possible improved small-holder farming practices, both arable and pastoral, seem to have had little positive impact on output - and a strong body of opinion believes their effect has been negative.

The central and homeland governments seem in the 1970s and 1980s to have placed faith in large agricultural projects and farmer-settlement schemes. Production increases have been substantial, but in general the projects have been loss-makers and of course the benefits have been limited to small numbers of rural households.

Against this background there seems to have been a convergence of opinion (pioneered at the Development Bank) that Farmer Support Programmes (FSPs) are what is required to facilitate the emergence of more productive full-time and part-time farmers. The emphasis is not on physical planning but on the provision of 'agricultural support services' - credit, fertiliser, seed, other short-term farm requisites, medium and fixed capital assets, marketing services, extension services, research activities, training and infrastructure. In 1991 there were Development Bank loans for 23 FSPs being implemented in different areas and by different agents.

The FSPs converge with the one clear success story in the promotion of smallholder homeland agriculture in the form of sugar-cane growing in KwaZulu and (on a smaller scale) KaNgwane. The SA Sugar Association founded a revolving credit scheme in 1974 for small growers, and companies were set up to supervise and participate in mill-area expansion projects.

Loans carried quotas with them and entry to the schemes involved linkage to a sophisticated marketing system. From 4 000 growers in the early 1970s the number grew to 33 000 by the end of the 1980s, to 38 000 recently and there are expectations that it will grow by a further 15 000 over the next five years. The production total of 250 000 tons in the early 1970s has increased to over two million tons and is now about 10% of the industry's total. In KwaZulu average plots under

sugar are small, incomes are small (average R2 400 gross in 1990/91) and for the most part involvement is part-time; but the system works in the sense that it has generated increased output, income and some employment.

What remains to be seen is whether the FSP approach can achieve the successes of sugar without, at this stage, guaranteed (or regulated) markets and in the face of oversupply in some staple industries.

A Cold Wind

What has been the response of civil society in the black rural areas to these economic and demographic pressures? The impact of changes in demography and economy has varied across the range of rural constituencies. These include the populations of the homelands, the farmworkers and labour tenants, and also paying tenants and informal occupants on unused farms.

For the people of the rural areas broadly, the impact of urbanisation has been like a cold wind, and approximates asset-stripping. Following the abolition of influx control, rural population pyramids for the 1990s graphically reflect the loss of young able-bodied educated workers, leaving relict populations of old people without the demographic assets needed for support. This process has been significantly accelerated by drought.

Some of the most marginal areas of the homelands appear to be experiencing net out-migration, stripping the communities of personnel needed to operate both local enterprise and local government. In areas disorganised by urbanisation and/or undergoing net out-migration, households centred on abandoned women or old people appear to be increasingly common. Few such households maintain significant assets in land or livestock, and many have little access to outside wage support.

□ *white farm crisis*

On white farms, the labour force is differentiating as agriculture itself differentiates. Workers in the profitable and progressive Cape fruit industry have become relatively well paid in the 1990s, and often receive substantial benefits in housing and services, with sugar, mixed farming and other sectors ranging away from this standard. In maize-growing regions of the northern interior, retrograde pay and conditions prevail on marginal

farms. As debt and drought bite harder in the 1990s, labour tenancy is reported to be spreading again as farmers offer workers land in lieu of competitive wages.

Consequences for the farm household are significant. Even with abysmal formal pay rates of R20-30 per month, access to a land base for labour tenants, as well as for unpaid tenants or informal occupants, can provide space to mobilise larger families and accumulate savings in livestock. Such old-style family households based on extended kin can build up a substantial asset base in housing stock, livestock holdings, urban network connections and migrant workers.

The evictions and continuing shedding of labour from white farms caused by the white farm crisis have impacted severely on such households. Families forced to move wind up in rural towns or in the severely overcrowded homelands. With the loss of its land base, the extended family loses its livestock and housing assets, breaks up and sheds its component units. The capacity to pool and deploy labour are lost along with access to viable stockgrazing and most of the household's food production option.

The reverse applies for households of salaried farmworkers in most commercialised sectors, where the farmowner provides housing rather than land as the central job benefit while the worker is employed. The high cost of housing (up to R25 000 in the Cape) limits house size and cuts down the size of family able to live together, sometimes resulting in split households with the remaining members boarding with relatives in homelands or in town. The household economy here is brittle. Salaried farmworkers as individuals are better paid and much more mobile (approximating a labour elite) but many have less flexibility and a lower margin of support in their household economy than landholding families living in the homelands.

□ *homeland poverty*

For the homelands, dependence on urban wages has not changed but cash flows appear to be becoming increasingly marginal in outlying areas. Levels of unemployment have increased drastically over the recession years of the 1980s and early 1990s and fewer rural families now seem to receive cash remittances from urban workers.

Levels of return are also dropping. While researchers in the early 1980s could assume

Urbanisation has been like a cold wind, stripping rural areas of their scarce manpower and other assets

Levels of unemployment have increased drastically and fewer rural families now seem to receive cash remittances from urban workers

The deep-rural areas appear to be losing ground even while urban wages have risen in absolute and relative terms

some 20-30% of the earnings of migrant workers would be remitted to families in rural areas, recent Urban Foundation estimates assume reduced remittance levels of 10%. At these levels, the deep-rural areas appear to be losing ground even while urban wages have risen in absolute and relative terms. The present economic relation of the deep-rural regions to the urban wage market then looks desperately precarious.

Closer to the job market, the homeland commutation regions bordering the cities are continuing to accumulate population and are still doing relatively better in economic terms. Although final figures are not available, pilot research results in KwaZulu suggest that weekly commuters may contribute as much as 40% of their earnings to their peri-urban families.

It follows that rural income distributions are increasingly skewed, reflecting general poverty and a small elite. The gap between households receiving wage income and those which do not is widening, and the peri-urban districts continue to draw away from the outlying deep-rural areas.

One countervailing trend is apparent in pension payments. State old-age pensions have risen steeply since the early 1980s and now approach R300 per month, making up nearly 40% of total household income in some areas. In an old-age rural economy staggering under drought and unemployment, pensions are the only income source standing between continued poverty and real disaster for a vast number of families.

There is some evidence that pensions have begun to help capitalise recipient households' struggling agricultural efforts, as well as to alleviate the position of older female-headed families. Accordingly, the most vulnerable group in rural society may be not female-headed households in general, but the families and children of younger women abandoned by husbands or lovers.

Difficulties may arise in sustaining the currently high levels of rural pensions. At present, a very large share of the total welfare budget of rural areas is being paid to approximately 4% of the rural population in the form of pensions, and resistance is rising in government circles to continuing this flow of transfer payments. If the currently high levels of pensions are reduced, however, households which are severely disadvantaged will be totally

exposed to the consequences of falling remittances and rising unemployment.

As in the 1970s, the rural elite tends to be made up of salaried employees of homelands governments. Rural differentiation has also been increased by state agricultural projects during the 1970s and 1980s, which have taken land away from communities and used it to benefit small numbers of elite clients. The process has tended to leave the majority worse off than before.

□ *agricultural returns*

For the deep-rural homelands, home agricultural production is not taking up the slack. In the 1990s only some 5-10% of rural households have any agricultural earnings in cash. For the remainder, staple crops, milk, and poultry production still account for a significant percentage of household support where households are able to continue them, but arable returns are marginal.

During the last ten years drought has cut into the investment of rural families in both arable and stock farming. During the past season, many families in dry interior areas did not plant at all. Herds of large and small stock are being inexorably drawn down as more and more rural families are forced into desperation sales and slaughtering, leaving families with little or no savings as hard times continue.

Agricultural risk runs very high in terms of the costs of plowing, fertiliser and other inputs. When crops fail, this money is a total loss. Few households can afford to risk cash cropping. Families in the homelands are unable to reach the outside commercial produce market, and lack the necessary capital and infrastructure to obtain profitable returns. Agriculture continues to serve more as an emergency backstop to household wages than as an income source.

In this high-risk environment, families with cash income from wages are able to capitalise household food production to some extent, but the poor and destitute are held to traditional production techniques on exhausted soil. Even with adequate rain, they continue to obtain very low yields. Agricultural labourers on working farms are sometimes better off here: some food crop farmers still assist families of staff with plowing and/or with inputs, though this practice seems to be waning as crop farming is increasingly integrated into the world market.

Pensions are the only income source standing between continued poverty and real disaster for a vast number of families

All of these questions revolve around the incendiary issue of rural land.

□ *land hunger*

The agricultural collapse of the homelands is often blamed on the system of communal tenure. In the present black-occupied rural areas, private and 'communal' tenure interpenetrate with a complexity that is not generally realised. Legal tenures only provide underpinnings and are frequently disregarded - actual land exchange systems are defined by practice and turn into informal tenures wherever people 'on the ground' can escape state control.

Land tenure in the homelands is generally considered to be 'communal'. The reality, however, is that the legal tenure systems are mainly state-designed, with betterment implemented on tribal land and Trust tenure, incorporating betterment, on Trust land. Both systems are bureaucratic, not traditional, and depend on centralised allocation of land by government officials.

State tenures are underpinned by a control agenda which is inflexible and discourages initiative. This centrist and technicist approach forbids people exchanging land among themselves at need. The result is a total lack of incentive which undercuts even subsistence farming. With these types of tenure system, landlessness (for arable land) is often higher than 50%.

'Communal tenure', as it is usually seen in the sense of land managed by communities where betterment is not implemented, nonetheless still survives. In South Africa, communal tenure actually means decentralised individual land holdings passed down in family lines. It persists in some tribal areas, where the chief does not actually allocate most land unless he oversteps his traditional authority (which regularly happens under present legislation).

Communal tenure also occurs on black private land bought either by individuals or by groups. On these properties, tenure tends to operate as a *de facto* communal system of folk practice within a shell of private ownership. Similar systems are likely to occur on white privately-owned land as well where the owner leaves land distribution to farm tenants or informal occupants.

With this tension between state control and community rights, land is scarce and black-owned private land is hardly ever sold. There is no actual market for rural

black land other than the informal property rights systems which occur in areas nominally under communal tenure but located close to urban areas. Informal tenures competing against state tenures have adapted to prevailing conditions - they are flexible, workable and accessible - but they are also semi-clandestine and often institutionally weak. At present, informal land markets and temporary transfers of rights to land do not meet all needs for arable, residential or grazing land.

Further new alternatives are emerging where former freehold communities (removed from their land by the state) are now attempting to reoccupy their old land and reestablish themselves. It is difficult to predict what new land systems will emerge. The overall scope of black demands for the return of land is not yet clear, and it is also not clear what system(s) can best make land productively available.

At present, after assigning Trust land to the provinces, the state is signing some Trust land over to homeland governments, arguing that the only likely alternative is violence over unused land. This approach opposes black demands for the return of land at a community level. In attempting to support its clients and escape a contentious situation, government may be running a greater risk of explosive confrontation. Uncertainty over the future of land tenure directs attention to the institutional question and issues of local government.

Rural Civil Society

The urban conflict in South Africa dates to the mid-1980s, and has proved contagious. It has spread outward in waves into rural areas but has also met local-level violence in its advance, with witch killings in the northern Transvaal, outright political and resource conflict in Natal and a spate of attacks on white farmers. The latest series of incidents are associated with veldfires believed to have been set deliberately in the Cape and Natal, destroying some white farms, killing inhabitants and driving farmers into town.

These are basic indications of the rising force of rural frustration and anger, as well as the crisis of legitimacy in rural local government structures. Outbursts of frustration are fanned by prospects of political change and the desire for land reform and redistribution. The political violence has resulted in the expansion of killings, but the conflict also relates to a

With the tension between state control and community rights, land is scarce and black-owned private land is hardly ever sold

With political change in sight, rural civil society in South Africa is at a point of violent disintegration

Outbursts of rural frustration are fanned by prospects of political change and the desire for land reform and redistribution

Rural civil society is also attempting to rebuild itself, establishing new modern-style structures with legitimacy

general unravelling of the authority structures of civil society.

The violence is in part an attempt at social cleansing, reflecting the frustrated energy of rural society as directed towards rural authority structures other than white farmers. Tribal authorities were reorganised by the state in the 1960s and 1970s and modelled on colonial indigenous institutions in such a way as to provide local administrative control. Tribal authorities operate with minimal training, a lack of bureaucratic capacity and unclear goals, but are expected to act like the government institutions of the modern nation-state.

Tribal authority personnel, including chiefs and bureaucrats and their associates, have taken on elite status by exercising control over rural resources (especially land). Their present legitimacy varies, but overall their prestige is in steep decline due to perceived failures to provide development, maintain services and control conflict, as well as to emerging open competition with the ANC and other opposition groups. Most now lack a mission-driven set of goals and popular support, which often leads to despair and nest-feathering, as well as to attempts to enforce allegiance through the withholding of bureaucratic resources such as permits and authorisations.

In a partial countercurrent, rural civil society is also attempting to rebuild itself, establishing new modern-style structures with legitimacy. These include development committees and civics, as well as other voluntary organisations addressing perceived problems. As they try to maintain authority in the buffeting of the transitional period, some tribal authorities have been accused of suppressing such alternate voluntary organisations. These voluntary bodies sometimes clash with tribal authorities, but in other cases work effectively together with them. Where it occurs, such cooperation is a welcome sign.

Conclusion

Rural homeland residents, on average and when measured in terms of both per capita GGP and state old-age pension payments, have been doing significantly better toward the end of the eighties than over the previous twenty years. More value than earlier, in terms of goods and services produced within the homelands, and in terms of transfer payments, is presently available. The dilemma appears to be that

this value is not equitably redistributed within rural homeland communities. Poor and very poor rural households receive little 'trickle-down' from homeland elites and from external sources.

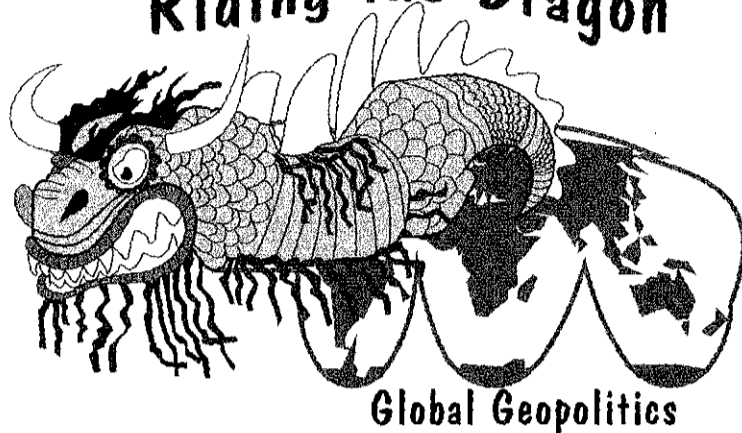
The way around this dilemma may be found by freeing up productive opportunities for, and improving on the capacities of, rural black households. The former include staple food cropping and livestock production for subsistence, occasional cash-cropping linked to market outlets, building and house maintenance, a series of domestic activities (fetching firewood, water, gardening and animal husbandry) together with a variety of 'off-farm' activities in both the informal as well as formal sectors. The latter include the improved use of household division of labour, of household assets (land, cattle, networks), of credit worthiness, and of the mobility of potential workers.

Two of the major stumbling blocks to this strategy are the cycles of violence in the country, and the massive barriers erected by the present nexus of severely restricted access to land and inadequate rural local government. In the common area, commercial agriculture is shifting toward a more competitive and rational form of production. Numerous farm-worker families are being forced off farms and often have no choice other than to seek a future in small rural towns (in both the common area and in homelands). Policy regarding welfare is urgently required for those who remain. For those who leave, opportunities to create a new life in these small towns is paramount.

Finally, at the national level, two barriers remain. Firstly, within homelands and in the common area, rural communities have regularly been treated by the state as junior partners in the distribution of resources. Urban bias has become common policy, and, in some circles who urge a 'cities first' approach, common wisdom. The privileged treatment of white farmers over the past fifty years simply underlines the presence of this barrier.

Secondly, rural life and rural production have also regularly been treated by the state within two closed and unrelated sectors: the homelands and the common area. As a result, production opportunities for small black farmers have remain limited, and opportunities to accumulate land assets minimal. Both forms of discrimination must go in order to slow down the disintegration of rural life in South Africa. **IPQA**

Riding the Dragon



Global Geopolitics

Daniel Bach and Michel Cahen
Centre for African Studies, University of Bordeaux

The end of the Cold War and the difficulties encountered in the GATT negotiations have tended to accelerate the tendency to consolidate international economic relations around three large blocs, Europe, South-East Asia and North America. Nowadays, the capacity of nations to integrate into regional networks seems largely to determine their prospects for development and even for survival in terms of world economic trends.

Global institutions with regulatory powers capable of controlling ordered development towards an unbounded world economy do not yet exist. Regional integration is a form of progress compatible with the historical stage at which nationalism is superseded by an association of regionally-grouped nations where they may still express their interests directly.

Is Africa, which has been peripheral to this integrative process, condemned to become one of the 'blind spots' of the world system as described by the geographer, Olivier Dollfus? This question is particularly relevant in Southern Africa in view of the three-tiered integration which, to a great degree, remains to be instituted, i.e., on a domestic level, within the sub-region, and in relation to the world system.

IMF Constraints

South Africa is a semi-industrialised country which is characterised by an absence of competitiveness, industries that are relatively closed to the exterior and a preponderance of raw material exports. These features mean that it cannot be categorised among the newly industrialising countries such as those of South-East Asia.

If South Africa is clearly more developed than most African states, it is, nevertheless, a third world country with more affinities to Mexico or India than to the four Asian 'little dragons' which have long been exemplary models for South African businessmen. South Africa saw fit to ignore its inclusion in the third world for so long that sections of the white elite now seem to be somewhat traumatised by the rediscovery of the seams of utter poverty and decay in their country.

South Africa's capacity to reinsert itself into the extra-African international networks will, however, largely determine its development prospects. Relations with the Asian-Pacific Rim countries developed considerably through sanctions-breaking activities over the last ten years. South Africa might also prove capable of acting as a broker for North America and Europe, still the country's foremost trading partners, while providing a launching pad for access to the Southern African market.

Before such a scenario can become a reality, a thorough reorganisation of the South African economy will be necessary. Structural adjustments will be required in a context which, owing to the rising expectations of the black population, has become a sensitive issue and may constitute a key constraint. The black population, largely excluded from the benefits of growth during the years of prosperity, will find it difficult to accept structural adjustment measures at the very time when a new political deal is being negotiated. Time, however, is pressing and decisions cannot long be postponed, while the country's Gross National Product (GNP) growth rate remains much lower than its population growth rate.

The capacity of nations to integrate into regional networks seems largely to determine their prospects for development in terms of world economic trends

South Africa's capacity to reinsert itself into the extra-African international networks will largely determine its development prospects

The transition from a strategy based on import substitution to an export-oriented approach was checked in the 1980s by apartheid constraints and mounting international sanctions. Although sanctions are being lifted this should not be considered a panacea, for, as far as economic management is concerned, financial conditions originating from the IMF and the World Bank loans could generate constraints which are surprisingly heavy. This is particularly so if the 'growth through redistribution' option proves to be a source of heavy budgetary and balance of payment deficits.

Bureaucratic Costs

South Africa remains as heavily dependent on a mining rent devalorised by the end of the Cold War as on unfavourable price developments on world markets since the early 1980s. Today, South Africa produces less than 35% of the world's gold, against 80% in 1970. After having increased from US\$ 40 to US\$ 850 an ounce between 1980 and 1988, gold prices have steadily declined, falling to below US\$ 350 by mid-1992.

This dramatic decline in mining revenues has clearly played a decisive role in the collapse of costly attempts to organise South Africa's social fabric along racial lines. In this respect, attention should be drawn to the following two trends:

Firstly, through the resource transfers inherent in apartheid policies, the homogenisation of the two main sections of the white community was promoted. A *quid pro quo* was established between those who enjoyed political power (Afrikaners since 1948), and those traditionally in control of economic power (the English-speaking population).

Secondly, the rise in gold prices made possible the financing of territorial exclusion of the black population; through social engineering, relations between other 'groups' ('coloureds' and Asians) and the white community were also codified in a hierarchical framework so as to ultimately benefit the interests of white supremacy.

Over the years, the territorial definition of apartheid became a source of increasing financial constraint because of the impossibility of resettling populations in deprived regions of the geographically scattered 'homelands' (KwaZulu is the product of a mosaic of over 80 disjointed

territorial areas). To the need to heavily subsidise the homeland's bureaucratic apparatus was added the cost of relocating industries to peripheral areas, which resulted in increased production and operating costs directly linked to maintaining the apartheid system.

Over the last forty years, promoting development on the basis of apartheid has made South Africa the most bureaucratized state of any of the world's nations claiming adherence to the free market. The country counts more than fifteen national education ministries, and approximately sixty marketing boards responsible for organising and regulating trade in agricultural products. A post-apartheid government will be obliged to implement a policy of deregulation and adjustment to the international system at the very time when a new domestic political deal will generate rising expectations of resource redistribution.

Policy options are made even more complex by the apartheid system's territorial inscription which has acquired some degree of social legitimacy over the years. While it was implemented through fire and steel, the territorial translation of apartheid also involved the build-up of bureaucratic networks for the distribution of resources which legitimised its existence in the eyes of certain social actors: e.g., civil servants, homeland political personnel, real or so-called traditional chiefs, and labour employed in the decentralised companies, all of whom would be seriously affected by an eventual dismantling of the homelands.

Through the interruption of what has become, for many, a source of income, a brutal end to the fiscal transfers from the central government to the homelands would jeopardise the survival of redistribution networks and risk effects as devastating as the structural adjustment policies experienced by some third world countries. In short, apartheid policy has developed a socio-ethnic basis over the years which future South African leaders will be unable to ignore.

Regional Experiment

Many hope that South Africa will be able to mobilise sufficient resources so as to compensate for the decline in direct foreign investments in the domestic economy and the dilapidated condition of a number of countries in Southern Africa. In reality,

Apartheid has made South Africa the most bureaucratized state of any of the world's nations claiming adherence to the free market

current trends indicate a greater propensity towards more asymmetrical relations in the region due to the magnitude of the domestic poverty confronting South Africa itself.

Prospects for normalising political relations between the new South Africa and its neighbours is already upsetting the precarious equilibrium between the large inter-governmental organisations currently responsible for promoting cooperation or integration in the region. While inter-state integration has come to a standstill elsewhere in Africa, Southern Africa is emerging as an area of experimentation with regard to its potential to relaunch new economic arrangements.

Reintegration in South Africa requires re-examining the politics of today's sub-regional landscape (relations between the SACU/CMA, the SADCC and the PTA) but also, and more profoundly, an evaluation of the best approach to regional economic cooperation or integration. (See article by Maasdorp in this edition.)

The Southern African Customs Union (SACU) and the Common Monetary Area (CMA or Rand zone), organised around South Africa, are the most integrated monetary and customs zones on the continent; more modestly, the objective of the Southern African Development Coordination Conference (SADCC) is *de facto* the promotion and coordination of foreign aid to projects of regional scope; lastly, the Eastern and Southern African Preferential Trade Area (PTA), aims more ambitiously at creating an economic community drawn from the European experience, in consonance with the Lagos Plan of Action.

The full range of instruments of regional cooperation is thus currently present in Southern Africa. These arrangements raise the classic problems of economic integration, namely:

- the imbalances due to the unequal capabilities of partners (a problem raised in the Economic Community of West African States (Ecowas) over Nigeria's size and resources), which the PTA would experience were Egypt and South Africa to join;
- the range and means of financing redistribution so as to promote integration (one of the key reasons for the initial success of the francophone Communauté des États de l'Afrique de l'Ouest (CEAO) over Ecowas' free trade approach); and
- the methods Southern Africa has to

debate for constructing integration - through the market (PTA), through currency (Rand zone), or through a more sectoral coordination (SADCC).

Readjustments are already underway. During the 1980s, the SADCC and the PTA coexisted relatively harmoniously in their *modus vivendi* which was based on a functional specialisation which amounted to task rationalisation. The SADCC was concentrated, with relative success, in sectoral coordination operations based on international funding, while the PTA undertook to construct a vast market-based integrated community in the region.

The disturbance of this pattern partly originated in pressure exerted by financial donors in 1990. The absence of interference which had, up until then, allowed different organisations to coexist peacefully came to an abrupt halt in 1990 when the SADCC announced an 'adjustment of the SADCC plan of action away from the discrete project by project approach to a coordinated/integrated sectoral and macro-policy analysis and planning'. South Africa seemed to be on the verge of being legitimated in its aspirations to regional leadership.

A conflict of jurisdiction with the PTA was unavoidable in the long run. In February 1992, it resulted in the PTA Council of Ministers obtaining an injunction obliging the SADCC to regroup its activities.

One Utopia to Another

In any of these scenarios, South Africa has a good chance of either contributing to consistency or exacerbating the inconsistencies of any plans for reshuffling the geopolitics of regional integration in Southern Africa. It should be noted that the policies of the frontline states, including the most radical, were particularly utopian in two respects.

While the frontline states were still claiming their adhesion to socialism, they never expressed any alarm over South Africa being the most developed and capitalist-oriented regional power. South Africa was challenged only in so far as it was an apartheid state. Competition with its manufactured products and, more so, with its know-how (notably in intermediary technologies and the service sector) was hardly taken into consideration when plans for its reintegration into a pacified Southern Africa began to be drawn.

A post-apartheid government will implement a policy of deregulation at the very time when a new political deal will generate rising expectations of redistribution

Southern Africa is emerging as an area of experimentation with regard to its potential to relaunch new economic arrangements

The SADCC states have long desired the adherence of their powerful neighbour once it acquires democratic credentials

A dynamic of international integration has the potential to transform South Africa and Southern Africa

Despite official statements, Mozambican planning (elaborated by Soviet experts!) has always adhered to the principle of consolidating economic ties with South Africa. Thus, heavy investments in the Maputo harbour were given the go-ahead, as were plans to improve the railroad towards the hinterland, despite the fact that such projects would only be profitable if South African merchandise was transported. Thus, since colonisation, Mozambique's dependence on its neighbour, far from diminishing, has been increased by a strategy clearly espoused by the Maputo authorities. Certain projects co-financed by South Africa feature in the SADCC project list.

A second myth concerns the supposedly irreconcilable opposition between SADCC objectives and South African interests. To be sure, SADCC originated from a reaction to the Consas (Constellation of Southern African States) project and, as such, could be viewed by South Africa as a hostile institution. In reality, as South African power was never homogeneous, certain circles became immediately aware of possible SADCC contributions, from whence came recurrent appeals for cooperation, and even, at times, the direct transformation of the SADCC into Consas. (For example, the Nkomati agreement reached between South Africa and Mozambique on 16 March 1984.)

South African military aggression against Angola and Mozambique, and even Zimbabwe and Zambia, was often only distantly related to the existence of the SADCC, even though, as in the case of Mozambique, there was a clear desire to destabilise the Beira corridor. Characteristically, support given to Renamo was never envisaged by Pretoria to be a project aimed at bringing it alone to power.

Not the least of paradoxes in a new South Africa is that the SADCC has a good chance of becoming a channel in a South African plan for the region which may be strongly reminiscent of Consas (except on the question of legitimising the homelands which is no longer an issue).

Increased Dependence

It should come as no surprise that some of the SADCC states have long desired the adherence of their powerful neighbour once it acquires democratic credentials. In the guise of a discourse of 'interdependence', they seem to be gambling on increased

dependence as a godsend, hoping to benefit from a situation comparable to that from which the SACU member states benefited as *quid pro quo* for their benevolence toward South Africa. Herein, no doubt, lies the substance of the new utopia.

South Africa will be obliged to carry out a structural adjustment policy while simultaneously responding to the explosion in current domestic demand for consumer goods and investments which are not immediately productive (education, health, etc.). Should this occur, South Africa's capacity to invest in the region and to export massively to its neighbours will evolve over a much longer period of time. Some scenarios even envisage the establishment in Mozambique of former Rhodesian or Portuguese colonists now resident in South Africa.

A return to peace in Southern Africa will permit the service economy of Mozambique (harbours, railways, emigration to the mines) to open towards the hinterland, and Zimbabwe, Namibia and Zambia may not, or no longer, have the political desire to incite their private or public entrepreneurs against using the South African routes. It may be a long time before the Zambia-Malawi-Mozambique rail junction finds the necessary capital to be fully rehabilitated. Under current circumstances, who would even consider building a railway along a north-south axis in Mozambique?

Perhaps limited in terms of heavy investment and export capacities, South Africa's presence could, however, become more aggressive in the sale of expertise and short-term credit concessions. It could become a formidable competitor for countries exporting services and intermediate technology, such as Portugal, Brazil and even Italy, which all have a strong presence in Mozambique.

South Africa is confronted with a multifaceted challenge that must be met innovatively: national integration requires original solutions when confronting the unprecedented legacy of apartheid, while regional integration presupposes establishing a *modus vivendi* with neighbouring countries, some of which are in a state of deep economic ruin.

Ultimately, in considering the politics of regional integration, we must return to a dynamic of international integration which has the potential to transform South Africa and Southern Africa in the long-term. **IPAA**



Rebuilding the Rural Economy

What are the options for rural transformation in South Africa? What will be their impact and implications for the broader society in terms of opportunities and costs?

Within the rural economy, there are many potential opportunities for the millions of disenfranchised, dispossessed and marginalised poor South Africans. There is a real danger that a failure to seize the opportunities that exist as well as to recognise the costs and constraints will result in the continued development of an unproductive welfare economy in these areas. This will not only impose heavy long-term costs on the productive economy but it may also hamper the achievement of social and political consensus on future development strategies; which, in turn, may undermine a successful transition.

The challenge of rural reconstruction must therefore be to maximise the benefits to the broader society without abandoning those who, in the course of many decades, have been marginalised on the periphery.

The most important issue of rural policy will be the future of the rural poor - especially women. It is on their integration into productive society that policy must focus. The key question is the feasibility of socio-economic programmes to improve the quality of life of the rural poor and to provide them with access to opportunities within the rural domain. The extent to which such programmes are feasible will have substantial implications for the broader programme of transformation.

First, we face the need for an understanding of 'rural' South African reality. To this end, it is helpful to look at three of the major dimensions which characterise rural South Africa, namely racial, economic and functional division.

Masiphula Mbongwa and Mike Muller, Centre for Policy Analysis, Development Bank of Southern Africa

The challenge of reconstructing the rural economy cannot be separated from the broader problems of reconstruction which South Africa faces in the post-apartheid era. The key transformations will occur in areas of the economy other than the rural domain. The significance of the rural transition will lie in the extent to which it will support - or hamper - transition in other areas of the new nation's economic and political life.

Rural Divisions

The racial division of the rural land into white and black rural areas has defined and determined the rural economy. This division stems from the division of the country into white and black South Africa in this century.

Table 1 reveals the disparities between the two rural areas. Developed rural areas with 29% of the total rural population had 84% of the total farmland. In consequence, the population density of developing rural areas is 78 times greater than that of developed areas.

Table 1: The racial division of South African farmland, rural population and farmland density

	Total	Developed Areas (White)	Developing Areas (Black)
South Africa ('000 000 ha)	119,60 (100%)	102,26 (85,50%)	17,34 (14,50%)
Farmland ('000 000 ha)	99,17 (100%)	83,06 (83,75%)	16,11 (16,25%)
Rural population ('000 000)	18,40 (100%)	5,30 (28,80%)	13,10 (71,20%)
Farmland/person (ha)	5,40	15,70	0,20

Source: DBSA, 1990a; Weiner et al, 1989.

The use of 'developed' and 'developing' (see Table 1) to describe land divisions is an unhappy compromise. The distinction between 'white' and 'black' areas, on the other hand, while descriptive of the present situation will become increasingly unhelpful in the future; 'commercial' and 'small-scale' suggests that small-scale is not commercial; the use of 'small-scale' or 'subsistence' would also imply that agriculture was the major economic activity, which in most homeland rural areas it is not. The most accurate distinction might still be between 'white' South Africa and the homelands but that again, is likely to prove unhelpful in the future.

The *economic division* of rural South Africa by major economic features coincides closely with the racial division described above as shown in Table 2. Points of particular relevance are that the production orientation of the two sectors is towards different objectives; that average farm size, productivity and income in developed areas is relatively large; and lastly, that the developed areas have benefitted disproportionately from government budgetary assistance and transfer payments.

Table 2: Division of rural areas by principal economic features

Feature	Developed Areas	Developing Areas
Average farm size (ha)	1 300	1 (arable)
Average farm income	R70 050	R141
Share of gross marketed output (%)	96	4
Average productivity (Rand/person/pa)	R1 298/119ha	R65/34 ha
Share in Farm GDP (%)	90	10
Share of budgetary assistance (%)	64,6	35,4
Share of transfer payments (%)	97	3

Sources: Brand et al, 1991; Van Zyl and Van Rooyen, 1990; Vink and Kassier, 1990.

The disparities between developed and developing areas are matched by disparities within both rural areas. Table 3 reveals that:

- 22% of farming units (0 - 99 ha) owned 1% of the land and earned 8% of net income - their share was 11% of capital investment and 8% of debt.
- 27% of farming units (1 000 - 4 999 ha) owned 42% of the land, earned 48% of net farm income, accounted for 36% of investment and 36% of the farm debt.
- The top 6,4% of farming units (5000+ ha) owned 42% of the land, earned 16% of net farm income, spent 7,5% in capital investment and incurred 10% of farm debt.

Notable, however, is that Table 3 conceals land, output, scale and income disparities between and within different farming systems and agro-ecological regions.

Table 3: Disparities in developed rural areas, 1988

Grouping	Area	Farming Units	Net Income	Capital Spending	Farm Debt
Ha	%	%	%	%	%
0 - 99	0,76	22,04	8,65	11,30	8,14
100 - 499	5,86	27,80	14,50	24,45	25,50
500 - 999	9,16	17,04	12,81	20,52	20,33
1000-4999	42,25	6,69	48,25	36,60	35,90
5000 +	41,96	6,43	15,79	7,53	10,13
Total	100,0	100,0	100,0	100,0	100,0

Source: Agricultural Survey, 1988:2

Table 4 reveals that of the 87% of households in the homelands, more than half a million have neither arable or grazing land rights, while more than a million operate below subsistence level. Only about a quarter of a million households are small and large commercial farmers.

Table 5 shows the *functional division* of South Africa in terms of the roles of developed and developing areas within the rural economy which are so different as to be virtually incomparable.

These distinctions underscore the fact that developing areas perform essentially a welfare function: providing for the needs of the un- and under- employed as well as for migrant workers and their dependents. Originally, this function of facilitating social reproduction was related to subsistence land use. Today, however, this welfare mechanism functions increasingly through budgetary transfers - both public and private - rather than through local exploitation of natural resources.

The principal source of rural income today is either remittances, state budgets or direct welfare payments such as pensions rather than subsistence production. There is still some subsistence benefit that comes from the exploitation of natural sources of water and energy (although the use of these has in many areas long surpassed any level of sustainability) as well as a contribution to food needs. At a household level, it can be argued that the essential benefit from settling in more remote rural areas is the low-cash cost platform from which welfare transfers and rudimentary social services such as education and health care can be accessed.

The extent to which developing rural areas actually fulfil a welfare role can be gauged from the structure of homeland economies where the welfare use of rural space is fully developed.

Thus formal government welfare expenditure (education, health, social welfare) in the six Self-Governing Territories (SGTs) is 56% of Gross Geographical Product (GGP). The average for Transkei, Bophuthatswana, Venda and Ciskei (TBVC) and the six SGTs is 42% - compared with 12% for South Africa (and 13% for an 'average' developing economy according to the World Bank's Development Reports). These estimates should be higher since they exclude budgetary transfers for transport, energy and water subsidies which in most cases are

Table 4: Households in the developing areas by category, number and per cent

Household Category	No	%
Resource-poor	562 000	31
Small-holders	1 030 000	56
Small-scale farmers	238 000	13
Commercial farmers	30 000	0,2
TOTAL	1 833 000	100

Source: Bembridge, 1986:77-85.

best characterised as welfare transfers. The argument is further supported by the low values of homeland agricultural production, broadly defined - around 10% of their GGP (DBSA, 1991).

Policy Opportunities

Options for rural reconstruction will be determined on the one hand by the opportunities presented by available productive resources (social and natural) and on the other, by the social, economic and political constraints on the organisation of their exploitation.

Given the grossly unequal distribution of access to natural resources in South Africa, it might be expected that political constraints on the use of these resources will be most acute. It is however necessary to consider the capacity and availability of the natural resources and the extent to which they represent an opportunity to provide for the economic integration of the marginal, rural poor.

Before opportunities can be investigated, it is necessary to give some scale to the policy objective, to indicate the size of the marginalised, rural poor, population. This is derived from the figures presented above which suggest that in the homelands there are 1,8 million households, 87% of whom do not have access to sufficient arable land or grazing to reach subsistence levels.

It is this group, together with a proportion of the 5,3 million farm workers and their families who currently live in marginal circumstances in white farming areas, for whom a rural restructuring policy should be designed to benefit.

□ agricultural production

In reviewing the opportunities offered within South Africa's rural economy for the currently marginalised poor, we turn first to agricultural production. In this context, it is important to underline the relatively limited contribution of agriculture to the core

economy, which is a function of the limited resource base on which it depends.

Agriculture contributed only 4,1% to Gross Domestic Product (GDP) in 1991; this contribution has declined steadily from over 11% in the early 1960s. This figure perhaps understates agriculture's importance since it also accounts for around 10% of formal employment and nearly 10% of the value of exports. There are also important off-farm linkages.

While there are possible sources of growth for agriculture - notably in providing domestic food requirements as well as supplying certain niches in specialised export markets - there are also constraints.

In ideal regional economic relations, South Africa's interests would be best served by encouraging the agricultural production of our neighbours. They are better endowed in natural resource terms. This should, all things being equal, allow them to compete effectively on our domestic markets. There are also sound reasons in terms of South Africa's future trade and industrial development to encourage agricultural imports from our neighbours since trade in agricultural products is one of the few avenues open to them to help redress current trade imbalances.

□ natural resources

The natural resource base must be regarded as a second area of opportunity rather than as a constraint. There are nonetheless limits to the extent to which agricultural activity can provide for the productive integration of the large group of economically marginalised South Africans who currently live in the rural areas.

There are limits to the extent to which agricultural activity can provide for the productive integration of the large group of economically marginalised rural people

Table 5: The division of the major functional roles between developed and developing rural areas

Item	Developed Areas	Developing Areas
Farming Objective	Market	Subsistence
Farming Type	Full/Part-time	Part-time
Farming Activity	Primary	Secondary
Food	Net exporters	Net importers
Labour Source	Labour market	Extended Family
Labour Market	Net buyers	Net sellers
Use of Land	Production/Trade	Security/Welfare
Land Tenure	Market sensitive	Market insensitive
Land Tenure Form	Private/Freehold	State/Traditional
Income Source	Farm/Off-farm	Off-farm
Active labour	Surplus	Deficit
Marketed Goods	Produce/Land	Labour
Social role	Economic	Cultural/Welfare

Land reform would have to involve massive redistribution to provide for the full integration of the rural poor into the economy

These figures must be set against the needs of 1,8 million rural households in the homelands, 5,3 million farmworkers and their dependents. Caution is necessary since these are aggregated figures and conditions vary region by region. Specifically, livestock options need to be further investigated. They however demonstrate a key point: if the goal is to provide sufficient land to provide the main source of income for a household, land reform would have to involve massive redistribution to provide for the full integration of the rural poor into the economy.

A recent study commissioned by the World Bank (unpublished) has reviewed the extent to which the black rural population could benefit from the redistribution of land in white rural areas (see Table 6).

There is now less need than before for small local service centres for farming communities whose owners' needs are best served in larger centres to which they now have easy access. The poor farm workers in the commercial farming areas have smaller radii of access; they are thus the natural clientele for smaller service centres. The reduction in their numbers (one of the more dramatic elements of demographic engineering in the 1980s) has inevitably further compromised the future of small rural towns.

The prospect of new farming and settlement patterns is thus one which could be of great significance in these rural areas although it should be noted that the number of people who can be employed in services will depend on the incomes of those who

Table 6: Opening land access for blacks in developed rural areas

Arable Land/ Resident (ha)	Households ('000s)			Farm System
	25%	50%	75%	
0,20	2 234	4 467	6 701	Current homeland
0,60	745	1 489	2 234	Part-time subsistence
1,0	447	894	1 340	Minimum full-time income

Source: World Bank Report, 1991.

The revitalisation of rural towns is another area of opportunity presented by a process of land and agricultural reform

Even if half the developed rural areas were to be transferred on an equitable basis to the rural poor, only a minority would benefit if sufficient land was allotted to enable them to earn an income above the poverty line.

It should be noted also, that land reform will be conditioned by the profile of the availability and distribution of resources within black rural households. Such a profile will impact on the decision-making of households regarding their priorities of investment spending, production orientation and thus life choices. It does not follow that access to land will automatically change the resource base and life choices of all rural households. Resources and power constraints may place some households outside a land reform programme.

□ **revitalised towns**

The revitalisation of rural towns is the third area of opportunity presented by a process of land and agricultural reform. The decay of the existing small towns can arguably be linked to two processes, the increased capital intensity of agricultural production linked with the improvement in rural transport infrastructure.

patronise them. These towns have existing infrastructure which could be adapted to meet changing needs (Ardington, 1989). Such developments are dependent on the prior resolution of the problems of providing access to land, opportunity and support services for the displaced rural poor. Until this is resolved, the rural towns will become centres of rural destitution in their own right as the displaced farm labourers gather at points of access to minimal services and welfare distribution.

□ **industrial growth**

The prospects for industrial decentralisation are relevant to opportunities within a transformed rural economy. There will surely be political pressure from newly empowered interest groups to bring 'jobs to the people'. What is at issue are the practical prospects of meeting such demands.

Policy responses will necessarily be limited by the realities of a core economy which is already relatively uncompetitive but enjoys a well developed infrastructure offering obvious agglomeration benefits. Recent trends in government policy have been to de-emphasise the attempt to induce decentralisation and instead to allow

location decisions to be guided by industrial needs. At the same time, emphasis has been placed on providing incentives for different regions to develop their own areas of competitive advantage in other sectors (including agriculture) (DBSA, 1990b).

The turnabout in decentralisation policy is a measure of the failure of some decades of intense effort. It is thus difficult to be optimistic about future prospects in an economic climate which is considerably less favourable.

The discussion of opportunities for a decentralisation of industry to rural areas should however differentiate between those that are resource based and others. In the case of resource-based industry, it must be noted that agriculture and forestry linked production is limited by the underlying production of the sector.

In the developed sector, these linkages are already well developed. Consider, for instance, the sugar, wine, paper, pulp and fruit industries. While opportunities undoubtedly exist, it would be rash to ascribe too great a potential to the growth of these sub-sectors, given the constraints on the underlying agricultural production.

What needs to be investigated is the scope for a transformation in the technological base of existing and future resource-based industries which might allow more of the rural poor to be accommodated into these activities. Thus it has been suggested that maize milling, currently a very capital intensive and concentrated activity could with benefit be decentralised into smaller units. In other major sub-sectors such as sugar and forestry, such options may not be practicable.

Any transformation in the population structure of the productive rural areas will open opportunities for business activity. The level of service activity will necessarily be dependent upon income levels in the rural community, hence the importance of establishing a rural community soundly based in productive activities.

□ *tourism and conservation*

A final area of opportunity for the development of rural economy is tourism based upon nature conservation activities. This is undoubtedly important in large areas of the country. Experience in other African countries suggests however that success will be dependent on the extent to which the local rural community can itself benefit from such development.

For historical reasons, South Africa begins with the disadvantage of acute population pressure for economic and natural resources adjacent to some of its prime conservation areas. In areas such as the Eastern Transvaal, it will clearly not be possible to provide economic integration for the large populations bounding on the greater Kruger Park complex solely through tourism and conservation related activities. The success of such activities may be determined by the extent to which rural transformation manages the economic integration of these communities elsewhere.

Policy Constraints

While there are significant opportunities within the rural areas for a significant proportion of the marginalised rural poor to engage in productive activities, it would appear that the resource base is insufficient to provide for the income needs of the majority. There will thus be a need to maintain existing welfare safety nets. The political realities of transition will probably also demand that attention be given to improving the quality of social services available in rural areas.

The costs of providing for the continued provision of welfare needs will have to be set against the financial and political costs of attaining access for the rural poor to land for both productive purposes and for residential use. In this context, the dynamics of the 'political market' for land reform is critical.

□ *provision of services*

Current experience is that commercial farmers can meet much of their physical infrastructure needs for shelter, water and energy supply and so on, using their own resources. Service provision becomes a burden on the state where the communities involved either do not have the financial means to serve their own needs or where factors such as overcrowding require the provision of bulk infrastructure at a scale which cannot be financed locally.

In this context, it is important to emphasise that the cost of providing social overhead capital (physical infrastructure together with the schools, health services and resources to run them) is considerably higher in dispersed rural areas than in more concentrated settlements. Consideration will therefore have to be given to the wisdom of supporting such needs in communities which lack productive resources or other income sources. Some

The political realities of transition will probably demand improving the quality of social services available in rural areas

The costs of providing for welfare needs will be set against the costs of attaining access for the rural poor to land

One of the challenges will be to achieve a balance between ongoing welfare transfers and investment in sustainable development

The current government risks alienating its natural constituency if it enforces a rural reconstruction programme

authors (Naude and Naude, 1992) have gone so far as to suggest selective 'disinvestment' from such areas.

□ *welfare transfers*

If the developing rural areas currently serve an extensive 'welfare' function, one policy priority must be to reduce the number of the able but unemployed poor who depend on welfare transfers. This is why a focus on potentially productive opportunities is a first priority. Until such time as there is access to gainful employment for all, there will however be a need for some form of social safety net to protect people from destitution. The position of particularly vulnerable groups such as female-headed households will need special attention.

Such safety nets can be formal social welfare systems or informal networks of community support. Whichever route is taken - and in most countries there are usually elements of both to be found - the welfare transfers represent a cost to the economy. This cost may prevent urban residents from building their own houses or it may prevent government from initiating house building programmes.

The need to support the pool of unemployed will inevitably limit opportunities for reconstruction. (The opportunity this situation presents to engage in useful public works programmes depends on the possibility of carrying out such programmes in areas with long-term potential.) One of the more difficult challenges to be faced during the transition will thus be to achieve a balance between ongoing welfare transfers and investment in sustainable ongoing development.

□ *socio-political constraints*

From the data presented here it is clear that the main constraints to rural reconstruction in South Africa lie in the developed rural areas. Land ownership, as shown above, is the primary source of power and influence. Through land social forces in the developed rural areas are connected to a vast and influential network of intellectual and academic institutions, credit institutions, agricultural bodies, government agencies, political parties, business, rural and urban communities.

The opposition of social forces in the developed rural areas, because of their organisational capacity, articulation of their interests, financial resources and their political contacts, is thus likely to extend far beyond its small numerical strength. Its active revolt is bound to impact on a greater

number of people in the rural and urban areas: black as well as white, foe as well as ally. This currently makes it very difficult for the government to risk alienating its natural constituency by enforcing a rural reconstruction programme - including land reform - that benefits the rural poor.

The extent to which a present or future government will be willing to take this risk will depend on the price of a politically acceptable reform programme relative to the costs of maintaining the increasingly expensive *status quo* described above.

□ *financial constraints*

The severity of financial constraints on the rural reconstruction process will depend on the type and scale of the programme implemented. This will, in turn, be dependent upon the state of the domestic and international economy, the extent of success or failure in redirecting current resource allocations within the rural economy, and the degree of opposition from affected social groups.

If, considering land redistribution alone, a rural reconstruction programme focused mainly on the top 13% of black rural households in Table 4 and offered them one hectare per capita, then this would require 12% of land from developed areas.

Since these households are already active in agriculture, this programme would add limited financial and institutional costs and constraints. It could thus be implemented by existing institutional structures and financed mainly by redirecting existing budgetary funds. Such a programme would generate less potential opposition from existing social groups in the developed rural sector.

Its overall impact would, however, be marginal over the majority of black rural households. It would be seen as continuing the dominance of the existing rural interests. It would thus be unlikely to win broad credibility and support.

On the other hand, a reconstruction programme which focused on the poorer 56% and sought to redistribute one hectare to each household - would require over 50% of the developed rural land and would cover 1.3 million people. This programme could also cover the top 13% of households.

If a market-based approach was used to acquire land for such a programme, the costs may be prohibitive. In addition,

opposition from vested landowning social interests within the developed rural sector could be significant. Such a programme would require, in addition to the raising of new funds and redirection of present budgetary allocations to the rural economy, major reform of institutions in the sector. It would certainly meet with general approval from the majority of black rural households - although urban interests might be affected by productivity and price changes.

Another programme may combine the two possible programmes outlined above with a heavy welfare component which would cover the first category of black rural households. Without clarity about the nature of the welfare package, it is difficult to ascertain the exact constraints of that scenario. Its cost will be compounded by the fact that it will not yield significant productive returns, although the quality of life of these resource-poor households could be improved. In political terms, it would however meet more closely the needs of both constituencies.

Toward Transformation

A detailed examination of the processes by which transformation will be achieved are beyond the scope of this article. Some pointers are perhaps helpful, however.

Firstly, given the acute distortions in the rural economy, it is clear that planning interventions are going to be crucial, as much to build a consensus for action as to identify appropriate strategies. It will be necessary for planning to occur within wide boundaries which include both white and homeland areas. An approach with too limited an horizon will fail to encompass sufficient resources to meet the overall goal of integrating rural people into a sustainable, productive economy.

The requirement that planning for rural development be done within broad boundaries lies at the heart of the apparent contradiction in current South African politics. This sees the extra-parliamentary groups espousing policies which emphasise democratic and participative processes with implied decentralisation despite their overall centralist approach, while a decentralist approach is promoted by a government historically noted for its centralist and *dirigiste* tendencies. At issue is of course the question of the extent to which planning options are allowed to include a reallocation of resources between different groups.



Secondly, there is a related need to develop institutions of rural governance in support of rural reconstruction. In the housing policy work of the De Looer Commission, a critical contribution was the pooling of information on expenditure in the sector by different organs of government. The resource identified represented the state's available budgetary capacity - which could then be redirected through policy measures. As important was the identification of related financial flows such as transport subsidies, which could be redirected given new housing policies. Similar work in agriculture and rural financing is urgently needed.

Thirdly, it is widely if not generally accepted that mechanisms will have to be put in place to facilitate the transfer of land - and opportunity - to the large, currently marginalised population. This will require mechanisms not just to identify and transfer the land but to support production on it. The political sensitivity of the issue has meant that little progress has been made in developing such mechanisms, in part because of the difficulty in facilitating the first step, the transfer of land. This will require urgent attention if sound policy approaches are to be developed.

The scope for reconstructing South Africa's rural economy is limited both by the resource base, by the inertia of vested interests and by the availability of financial resources to either facilitate a market-based transfer or to maintain and develop existing welfare structures in the less productive homeland areas.

The extra-parliamentary groups espouse policies which emphasise democratic and participative processes with implied decentralisation

Resource constraints suggest that only a minority of the existing rural population can be accommodated productively in agricultural activities

To achieve the consensus for more effective use of public funds, new approaches to development planning will be needed

Necessary changes in the structure of farming in the direction of smaller units and more labour-intensive approaches may occur. To what extent these will be of a scale sufficient to change the countryside demographic structure and, incidentally, provide some revitalisation of the economy of small rural towns, will be determined by land reform, agricultural reconstruction and macro-economic policies.

Innovative Policy

Resource constraints suggest that only a minority of the existing target rural population can be accommodated productively in agricultural activities on a full-time basis. The proportion that can be so accommodated will be determined by our ability to design mechanisms to allow them access to the land. White landowners are unlikely to be willing to relinquish their land for less than what they perceive to be a fair market price - which no government could meet on any large scale. As a consequence, the extent to which new entrants will gain access to the land will depend on the development of innovative approaches both to land acquisition and land use.

It may be expected that rural households which have invested in homeland settlements will, as a first step, seek to use any new political leverage they may gain to bring services and economic opportunities to existing communities. The arguments against wholesale decentralisation driven by government policy will remain as strong in the future as they were in the past.

Given these considerations, it would appear that the majority of the poor rural population will, in the short to medium term, remain dependent on external welfare transfers (both private and public). The need to maintain public welfare transfers will place obvious burdens on the state. There will also be a need to monitor carefully the impact of economic trends in the core economy on private transfers (remittances) given their continued importance in the rural economy.

Over and above the need to maintain existing welfare transfers, the continued dependence of rural communities on external sources of support will impose clear limits on the extent of improvements to social services within budgetary constraints. Where welfare transfers and social service expenditures reduce the funds available to facilitate the transfer of

productive resources and development in other sectors, the whole transition will be handicapped.

It is thus suggested that, to avoid the creation of long-term dependency, consideration will have to be given to the desirability of selective disinvestment from those areas where occupation is not sustainable. This will only be possible if productive opportunities and/or safety nets are available in other locations, which highlights the fact that prospects for rural transformation depend largely on the fate of the broader economy.

To achieve the consensus for more effective use of public funds, new approaches to development planning will be needed. These will have to be sufficiently participative to ensure that rural communities both understand and accept the options open to them. The boundaries for development planning will also have to be broader than at present if significant opportunities are to be identified for the majority of the rural poor.

This highlights the final conclusion. There are great differences between conditions in the 'developed' and 'developing' rural areas and, in consequence, there will be a need for different policies and strategies of rural restructuring. These will however have to be carefully coordinated if an integrated development process is to occur. The guiding vision will have to be the achievement of a rural economy in which all South Africans who live in rural areas can be part. IDPA

REFERENCES

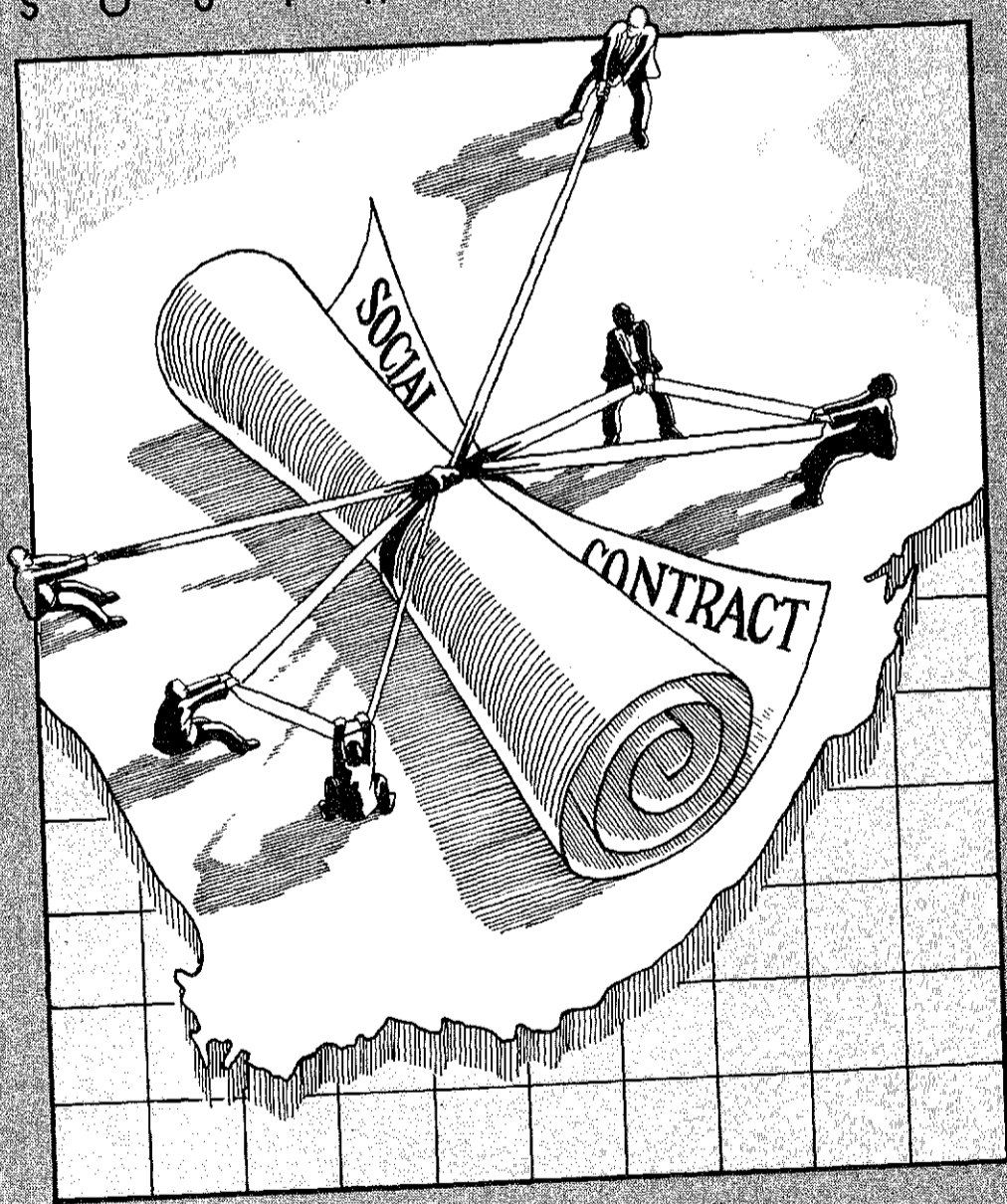
- Agricultural Survey, 1988.
- Ardington EM. *Rural Towns and Basic Needs*, Rural Urban Studies Unit, CSDS Working Paper 20. Durban: University of Natal, 1989.
- Bembridge TJ. 'Characteristics of progressive small-scale farmers in Transkei', *Social Dynamics* 12(2), 1986: pp77-85.
- Brand S et al. 'Agriculture and Redistribution: A growth with equity approach', DBSA, 1991.
- Development Bank of Southern Africa (DBSA). 'A regional profile of the Southern African population', 1990.
- DBSA. 'Report of the Evaluation of the Regional Industrial Development Policy', 1990.
- DBSA. 'An Overview of the Gross Geographic Product (GGP) of the Development Regions of South Africa 1970-1989', Centre for Information Analysis, 1991.
- Naude AH & SD Naude. 'Opportunities for Transport to Play a Sustainable Development Role in South Africa', in (Proceedings), Annual Transportation Convention, Pretoria, 1992.
- Van Zyl J and J Van Rooyen. 'Agricultural production in South Africa', Paper presented at IDASA Rural Land Workshop, 1990.
- Vink N & WE Kassier. 'Agricultural Policy and the South African State'. Paper presented at IDASA Rural Land Workshop, 1990.
- Weiner et al. 'Land Use, agricultural productivity and farming systems', Unpublished DBSA Research, 1989.
- World Bank Report. 'South African Agriculture', Unpublished, 1992.

URBAN

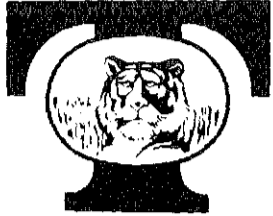
M O N I T O R

INDICATOR

S O U T H A F R I C A

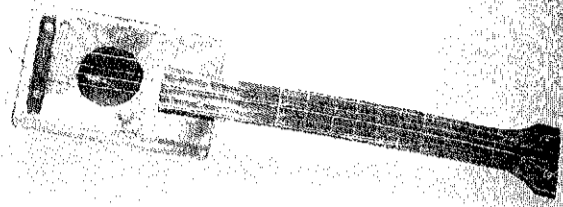


THE BAROMETER OF SOCIAL TRENDS

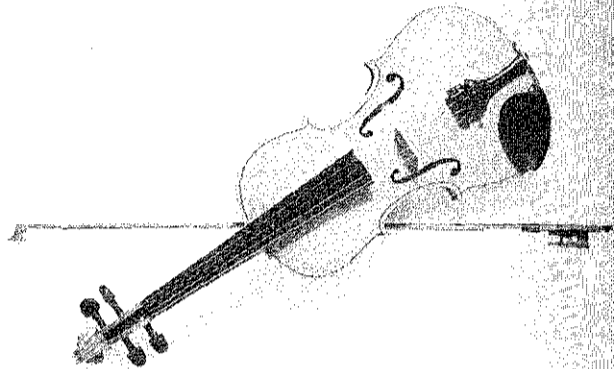


TIGER OATS

THE FUTURE
IS
EVERYONE'S
BUSINESS



You might
think they are worlds apart



Ingenuity. Craftsmanship. Universal qualities.
Like the talents that bring people together in appreciation of
creative excellence. JCI invests time and money enhancing these
qualities in people from all walks of life.

Johannesburg Consolidated Investment Company Limited.



JONSSONS

Oh, the sweet
taste of success.



After days, perhaps weeks of fruitless searching, there's nothing quite like the excitement of striking pure, sweet water. Today, water borne disease added to drought makes pure, clean water the most valuable commodity in Kwazulu. That's why the S.A. Sugar Association in co-operation with the Kwazulu government inaugurated and administers a Fund to provide the people of Kwazulu with the water they so desperately need for their development.

If you would like to share the sweet taste of success with them, send your donation to The Kwazulu Water Development Fund, c/o S.A. Sugar Association, P.O. Box 507 Durban 4000.



Retrospect

Ann Bernstein,
Executive Director: Urbanisation,
The Urban Foundation



Millions of people live in close proximity and exercise numerically disproportionate political and economic influence in South Africa's growing cities. The following review of the key issues of urbanisation and urban policy of the 1970s and 1980s identifies the critical issues that face the cities in the 1990s. The author concludes that in the search for national solutions, the country's critical challenges must primarily be defined and dealt with at the metropolitan level.

The 1990s will witness the historic transformation of South African society away from white political control. The extension of citizenship and the expansion of the franchise to all South Africans will result in a radically different society from the one we have all come to know. What kind of society we become, the nature of the values and institutions that will predominate, and how much freedom ordinary citizens will have, are some of the key unknowns in this unfolding process of change.

A society in which all citizens vote will *not* guarantee that poverty will be eliminated, that prosperity will follow or be more widely distributed, that ordinary people will have increased control over their own or their children's lives, or that public resources will be used to the benefit of all South Africans. It is in the unfolding debate and conflict over the nature and process of constitutional change, the content of the policies and institutions that replace apartheid law and structure, the structure of the South African economy and the way in which social development is conceived, implemented and managed, that the most important questions about the future will be resolved.

Although there appears to be an increasing national consensus around the notion of a non-racial and democratic society, this rhetorical 'umbrella' in fact hides a number of fundamental differences between the many interests and groups in South Africa. These differences will be played out in almost every area of transition and the broad field of development will be no

exception. In each case debate will ultimately centre around at least six fundamental areas. These are:

- the role, size and powers of the state (central, regional and local);
- the accountability of elected representatives and appointed officials;
- the power, independence and scope of non-governmental activity;
- the freedom, rights and responsibilities of the individual;
- the nature, shape and rules of access of the South African market system;
- the ways in which the country will perceive and enact its role as a Southern African and international political and economic player.

How these issues will be resolved will determine not only what kind of a society a non-racial South Africa will be, but whether or not we will be able to cope with the development needs of a rapidly expanding, urbanising and democratising society. Meeting the development challenge (i.e. the need for jobs, houses, schools, services at a scale and at a pace that provides sufficient a hope for the future) is the base upon which the attempt to build a democratic society truly free of discrimination will rest.

Among the tough sequence of demands that the society faces, stability is necessary for economic growth. However, that stability can only be attained if we have an inclusive society governed by the rule of law. What this means is that the kind of national accord we really need must be one that extends further than only the 'big three' national players (business, organised labour and the state) and includes sufficient

Meeting the development challenge is the base upon which the attempt to build a democratic society truly free of discrimination will rest

All three of the country's challenges - democracy, development and economic growth - come together most forcibly in the cities

Our success or failure as a nation will be tested most fully in the country's cities, particularly its largest metropolitan areas

representation by ordinary South Africans for them to form a bedrock of support, hope and stability as the society works towards a better future.

Thus South Africa in the 1990s will face three great challenges: the transition to a sustainable democracy; a return to economic growth; and the achievement of socio-economic development on scale. The overarching imperative can be described as the need for the first democratic government to devise and implement sensible economic and social policies able to deliver sufficient hope and material improvement to enough individuals, households and communities to sustain a democratic system of government, stability and popular support.

All three of the country's challenges - democracy, development and economic growth - come together most forcibly in the cities.

It is undoubtedly true that South Africa's future is an urban one. Our success or failure as a nation will be tested most fully in the country's cities, particularly its largest metropolitan areas. This statement should not be misunderstood, however. The fate of rural South Africa is very important. Over twelve million people live in non-metropolitan communities today. The country's capacity to feed itself in the future will be determined according to how we deal - substantively and symbolically - with the complex interrelated issues of agricultural policy, rural reform and the creation of an expanding class of rural black land owners and producers.

Apartheid's Blinkers

The period 1976-1990 can be defined at the one end by the outbreak of the 'Soweto school-children's rebellion' and at the other end by the release from prison of Nelson Mandela and the unbanning of black political parties inside the country. Within this unfolding national drama, urban issues and policies both contributed to and underwent their own dramatic evolution and transformation.

It is possible to identify three overlapping but separate core themes and phases that characterised the urban policy debate in this period. The irreversibility of black urbanisation; where and how that urban growth should occur; and finally who should make the decisions on urbanisation policy and urban issues:

↳ irreversible urbanisation

The first theme was initiated after 1976 when the debate on the irreversibility of black urbanisation was opened up within the white establishment. In this debate a core pillar - perhaps the central tenet - of the apartheid ideology came under fundamental attack as the rigid Verwoerdian approach to the presence, conditions and future of black people living in urban areas began to disintegrate. In its place there emerged initially a hesitant and eventually a full acceptance of the permanence of black people in the 'white' urban areas of South Africa. This reversal of the previous ideology and approach culminated in the President's Council Report on Urbanisation (1985), the government's White Paper on Urbanisation (1986) and finally, the Abolition of Influx Control Act in 1986.

The Abolition Act repealed the formidable array of laws and regulations that curtailed the movement of black South Africans in urban and rural South Africa. It is important to remember that there was nothing inevitable about this step. Another possibility discussed at the time was the extension of influx control to all citizens, albeit on a (theoretically) non-discriminatory basis. Instead, influx control for South African citizens was unambiguously abolished and the 1979 Rieckert proposals, supported in part by the 1985 President's Council recommendations of 'approved accommodation' or a plot of land as a requirement for movement into the city, were rejected.

The abolition of influx control meant that black South Africans were no longer divided by the law into urban 'insiders' and rural 'outsiders'. It was now possible for families to legally live together in the cities; migrant workers and commuters until 1986 excluded from full participation in a free labour market now had access with all other workers to economic opportunities. In part the Abolition Act repealed the complex legislative structure governing the entry of black South Africans into urban areas, their presence, employment and residence therein, and their removal therefrom.

There is one major caveat to the abolition of influx control - without doubt the most important far-reaching and genuine reform of the 1980s - and that is the issue of citizenship. The government linked abolition of influx control and the consequent freedom of movement to South African citizenship, but when Transkei, Bophuthatswana, Venda and Ciskei

(TBVC) 'took independence', some nine million black South Africans lost their South African citizenship. The 1986 Restoration of South African Citizenship Act enabled some of these people to reclaim their South African citizenship, but only if they could prove 'permanent residence' in South Africa. The authorities estimated that some 1,75 million people would qualify for the restoration of their citizenship, which means that the government's intention was to restore citizenship to less than one-fifth of the people who lost it.

In summary, while some 14 million black South Africans acquired a new freedom of movement through the abolition of influx control, some six to nine million TBVC citizens who cannot prove rights to permanent residence in the Republic of South Africa, were placed in a position of considerable uncertainty and perhaps greater disadvantage than before as regards access to urban jobs and housing.

□ *urban growth patterns*

The second theme - the substance of which was always inherent in the debates on the abolition of influx control and with its demise became more clearly isolated in the political and policy spotlight - was characterised by a complex debate over a multi-faceted issue: where and how should black urbanisation take place?

The apartheid policy has always had a number of important sub-components. A central theme through the entire package of legislation and policy was the need to control, limit, divert and redivert black settlement and population growth away from 'white' areas and particularly the cities and towns.

Throughout the 1970s and particularly the 1980s the traditional policies of separate development came under attack and increasing strain as the realities of a modernising, urbanising and industrialising society railed at the bounds of the ideological strait-jacket designed to limit these developments. The key components of apartheid included:

- homeland development and urban growth supported by the regional industrial decentralisation policy;
- the controls over the movement of TBVC citizens coupled with the remaining restrictions on the development of housing in the 'white' urban areas;
- constraints on economic growth and the spatial expansion of the large

metropolitan areas which, in turn, linked into both the decentralisation and urban deconcentration policies geared towards points chosen to buttress the homeland policy rather than regional development;

- the Group Areas Act and other legislation which confined black settlement, economic development and the use of facilities and resources to restricted, isolated parts of the large and small urban areas;
- the forced removals policy; and
- the two Land Acts and homeland consolidation, all of which combined to exclude black ownership and occupation from the bulk of the South African land area.

All these policies influenced where and how urbanisation took place in the country. The effect of the overlapping, intertwined structure of apartheid was *not* to prevent most urbanisation, but to distort its form, influence its location and disguise its magnitude.

By mid-1990 some fundamental shifts had taken place in government policy with regard to the *where* and *how* of urbanisation. In 1990 the Abolition of Racially Based Land Measures Act repealed the Group Areas Act and the 1913 and 1936 Land Acts; a significant shift had taken place on regional development policy; the forced removals policy had been halted and the homeland consolidation programme was not yet dead but only slowly and haltingly limping along; and government housing policy for urban areas had changed radically. The latter policy shift could be seen in the identification of new land for settlement in the cities, together with a different and more positive approach to shack removals and planned informal settlement (although the commitment to actively building and encouraging a more compact city was still only rhetorical).

□ *policy decisions*

The third theme that characterised the urban policy debate can be summarised in the core question of 'who decides on urbanisation policy'? Logically and preferably this fundamental issue should have been defined, discussed and resolved at the outset, but the political realities of South Africa meant that it was seldom directly confronted. Instead it was allowed to lurk in the background among all the urban policy questions of the period.

The question of the locus of decision-making was a central theme at a

A modernising, urbanising and industrialising society railed at the bounds of the apartheid strait-jacket

The effect of apartheid was not to prevent urbanisation, but to distort its form, influence its location and disguise its magnitude

How best do we think about cities and regions to encourage faster and more equitable economic growth and national development?

number of different levels. At the individual level, work-seekers, breadwinners, wives and spouses challenged the dictates of authorities. This was seen on a massive scale in the defiance of the pass laws before their repeal; in the creation of shelter in unauthorised locations and in unauthorised ways; in the creation of jobs and employment without official permission; and in the illegal occupation of 'white' housing in the inner-city areas by black South Africans.

At the community level there was a growing and insistent demand for community participation in the decisions being taken concerning particular communities and their future. Examples include community resistance to forced removals or shack demolition and subsequent initiatives in formulating proposals for community directed development initiatives or *in-situ* upgrading as an alternative; communal occupation of unauthorised land; and the creation of community-wide informal services, urban planning and representation.

At the level of local government, the 1980s in particular witnessed the abject failure of the government imposed black local authority system. The cause of this failure was rooted in a complex mix of political legitimacy and financial viability coupled with a widespread mobilisation campaign against unpopular, ineffective and corrupt institutions. And finally at the national level, the demand by all national black political organisations for the franchise implicitly raised the question of decision-making relating to South Africa's urbanisation strategy and ultimately who had the right to govern; *inter alia* with respect to the political, policy and financial questions inherent in how the country responded to urban growth.

In terms of urban policy, the period 1976-1990 can be seen as one in which the racial and apartheid 'blinkers' - which prevented people from seeing and accepting the realities of large-scale urban growth - were removed from the statute books. Hitherto most debates on urban issues had to be framed in a manner that would persuade people to see and accept the realities and to understand that racially discriminatory legislation and policy attitudes were not only grossly unjust but also an obstacle to practical responses to the growing urban crisis. With apartheid's demise and the freeing up of the political process, South Africans could start to tackle the enormous challenge of the cities.

What is the best way to reconcile strong local and city government with national policies and approaches?

Strategy for the 1990s

In the 1990s South Africa's cities will face a range of accumulated challenges all operating at different levels and in different ways. We will need to resolve the place of the cities in national development strategy; the role of the cities in South Africa's new negotiated constitution; the way in which urban development will be financed; how we will manage and govern the urban areas; and how we will deal with the injustices of South Africa's past. I will briefly deal with each of these areas in turn:

□ *developing the city*

The apartheid ideology included a particular approach to the cities and their role in national development. In essence this was a negative, centrally controlled approach. As South Africans grapple with a potentially exciting and more democratic future we will need to clarify certain critical issues. These will include:

- the role of the cities and their contribution to national economic growth - how can this be promoted and how does this approach affect the management, government and financing of South Africa's urban areas?
- the interaction of the cities and the country's rural areas - how should this relationship best work and how does one best ensure healthy urban and rural development throughout the country?
- what role should cities play in a new pluralistic democracy and how do we balance the power of the city governments and urban interests with the need for strong political representation of all sectors of South African society?
- what is the role of the country's metropolitan areas in the boundary definition and functioning of new development regions for South Africa and how best do we think about cities and regions to encourage faster and more equitable economic growth and national development?

□ *constituting the city*

In a new South African constitution what powers should the metropolitan areas, cities and towns be given? What is the best way to reconcile strong local and city government with national policies and approaches? The constitutional questions facing the cities can be unpacked at both national and urban levels:

Firstly, at the national level we will need to choose how much independent power the cities and towns will have; how that power

will relate to the regions; and how all levels of government (central, regional and local) will interact with each other.

Secondly, at the urban level the structural issues for the cities include the nature of the local franchise and whether special interests should have extra representation (e.g. squatters, women, business, etc.); the form that new racially integrated city governments will take - both the metropolitan and smaller local authorities underneath them and also the less explored question of the nature of such city governments, e.g., a strong elected mayoral system or a dominant managerial system of government; how the boundaries of new localities will be decided and according to what criteria.

What new institutions of urban government are required, and what is the most appropriate way to deal with the old institutions? A key question here concerns the Regional Services Councils and their future role or demise.

A central constitutional and political issue concerns the inter-relationship between local level negotiations and national level processes dealing with constitutional and other issues. How do we encourage both without undermining or unnecessarily complicating either? Are the national negotiations sufficiently cognisant of the needs and concerns of the cities and towns?

□ *financing the city*

One of the key causes of South Africa's present urban crisis is the abject failure of the government to provide an adequate formula for the financing of local urban government and urban development. A key question therefore concerns the revenue aspects of urban financing:

How will new non-racial cities raise revenue and how will the society as a whole fund the tremendous demand for urban services and facilities? What priority should the urban allocations of resources have in the national budget? Who is thinking strategically about the different sources of urban finance and how best these should work together, be transformed (and rationalised if necessary), institutionalised and evaluated?

Finally, how are we going to transform the culture of boycotts and non-payment for generally inadequate services into a sustainable approach linking service provision, payment and democratic accountability?

□ *managing the city*

The largest and most important challenge facing the cities concerns the substance of urban management. How should we respond to the enormous need for jobs, services, shelter and a range of needs for millions of South Africans? Urban management must be thought of in a number of different components:

Firstly, there are the questions at the level of central government - should we have a national urban policy and if so what is its desired content, and how should it be implemented and evaluated? Do we need a single Ministry of Urban Affairs?

Secondly, there are the policy and institutional issues at urban level. For example, how do we encourage local economic development and what is the role of local and regional authorities, special development bodies, private sector developers, trade unions, community groups and so on? What is the best strategy to deal with the national urban housing crisis and how can we deliver results speedily and at the requisite scale of demand and affordability? What can we learn from the international experience of service provision and how does this fit with South African realities? How do we ensure community participation and growing empowerment in the process of urban development? How do we re-integrate South Africa's functionally and racially divided cities so that we can gain the benefits of urban expansion and not just the disadvantages?

Thirdly, we need to develop a vision for South Africa's cities individually and collectively. What kind of cities should we aim to build and how do we achieve that vision? For example, if we look at Johannesburg, what kind of future vision do we have:

- Will Johannesburg/Soweto continue to be a city dominated and controlled by the policies of the central government *or* a dynamic independent self-governing city able to make the biggest possible contribution to the country's political, economic and development challenges?
- Locally, will Johannesburg/Soweto be the 'cash cow' for the urban elite (both black and white) *or* the leading instrument of greater growth, equity and participation for the greater PWV and all its citizens?
- Nationally, will Johannesburg/Soweto maintain its informal position as the country's leading city (economically, interracially, culturally, politically) *or*

What new institutions of urban government are required, and what is the most appropriate way to deal with the old institutions?

How do we ensure community participation and growing empowerment in the process of urban development?

Dramatic progress in South Africa's cities is critical for the country's economic, political and constitutional future

decline as a city troubled with sporadic urban unrest, uncontrollable crime and inadequate social services?

- Regionally, will Johannesburg/Soweto come to be seen as a vast sprawling, inadequately managed 'third world' disaster or a dynamic, competitive leading city for the Southern African region?
- Internationally, will Johannesburg/Soweto continue to be seen as 'a declining secondary city in the world urban hierarchy' or can it become Africa's leading world city?

What is the current vision for each of South Africa's cities and is it bold enough? What is the vision for the future economic growth and role of the cities in the national, regional and international economy? What is the vision for how we will deal with the economic development needs of the urban population? Where are the targets the cities are aiming to achieve with respect to health, education, transport, jobs and amenities?

□ *understanding the city*

The fourth aspect of urban management concerns a number of specific urban issues that we have hardly started to understand let alone address. They would include:

- Who are the poor and vulnerable in our cities and how do we ensure that urban management policies address their needs and provide them with new opportunities and hope for the future?
- Is it true that most policies and programmes - without necessarily intending to - always discriminate unfairly against women and deny their fair share of opportunity and access? How do we start to remedy this?
- What can South Africa learn from the inner-city experience of many other developed and developing countries? What are the real issues - as opposed to the political and racial camouflage about standards in our cities - and how do we address these issues in ways that are democratic, practical, economically viable and ensure an improving quality of life for all urban dwellers?
- Why is so little attention being paid to the major problem of security - of property, of person - for urban dwellers in all parts of the city? How do we tackle this issue that is so central to both the quality of people's lives and the essence of a democratic social system?
- We need to know a great deal more than we do about the extent and nature of the different types of migration in the urban

areas. Where are people coming from in the surrounding areas, in the wider region and in the continent; are they intending to be oscillating migrants or permanent urban dwellers?

- What are the consequences of different types of migration for urban policies and also for rural and regional policy?
- What is happening to the South African family, its structure, values and role in society? As an institution the family has been undermined by two major trends of our past - the migrant labour system and its attack on the black family; and the 'ungovernability' strategy which attacked parental authority and other forms of discipline and stability in black communities.
- What do we learn from the United States 'underclass' experience that is relevant to South Africa and how does this affect welfare and development policy for the future?

Past and Future

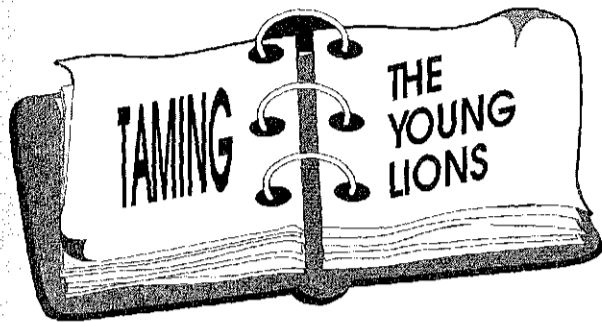
The final issue concerns dealing with the past. In a country with a history of gross injustice against very large sectors of the population, how does a new government deal with historic injustices and what does this mean for the cities? In urban South Africa we will need to deal with the injustices of the Group Areas Act in particular if we are to move forward. How do we best do that in a way that facilitates future development and does not absorb disproportionate resources?

The challenges facing South Africa's cities in the 1990s are daunting. If the political commitment to make a difference can be found, then it is possible to achieve significant progress. At all times we will need to focus on four common themes: the *priorities* for development action; the *capacity* that must be created and expanded for success; the two questions concerning *delivery* - how and for whom; and the *accountability* of all decision-makers in the development process.

Dramatic progress in South Africa's cities is critical for the country's economic, political and constitutional future. Success will require courage, leadership and the will to act on all sides. The right balance will need to be found between idealism and pragmatism, efficiency and equity and, most importantly, between democracy and delivery of a better future for all urban dwellers. **IPQA**

The right balance will need to be found between idealism and pragmatism, efficiency and equity, and between democracy and delivery

Education Trends



Dr Ken Hartshorne, Consultant, Centre for Continuing Education, University of the Witwatersrand

Any post-apartheid state would have at least to start work with whatever educational system the present schizophrenic apartheid order bequeaths. (Bill Nasson, 1991)

In terms of secondary schooling in South Africa the 1980s are a key period in determining the legacy of post-apartheid education. In the period of transition in the 1990s, changes and modifications are taking place as the state attempts to win greater legitimacy at the same time as protecting white interests. The consequences of reformed apartheid education will therefore also have to be considered in discussing the transition to a post-apartheid unitary education system.

South Africa has not been given a 'clean slate' on which to write educational reforms. An education system is a working organism, and cannot be brought to a stop while fundamental adjustments are made, as to a machine. It has to be kept going in the interests of the children and young people it is supposed to serve. It is in the interests of no-one to destroy it completely. Changing from one kind of system to another is therefore likely to be a messy process, uneven and time-consuming, but punctuated by key policy moves that become the 'markers' of fundamental change.

The 1980s opened with the apartheid education system close to collapse. The centre of gravity of protest had moved to the Cape and much nearer to parliament, with parents, teachers and the private sector all, for various and differing reasons, demanding that something be done about the situation. The Cillie Commission report on the 1976 Soweto conflict had been published, and it was clear that government was required to defuse a very dangerous and growing confrontation.

The outcome was the HSRC de Lange Committee of Investigation into Education, which started its work in August 1980 and reported at the end of July 1981. Whatever its imperfections, which were largely the result of it being the first, albeit limited, political negotiation in the field of education, its report injected into the area of education policy a number of powerful and topical ideas. Among these were the principles of equality of opportunity and of standards, of fairness and justice, flexibility and openness, participation, involvement and negotiation. It also recommended a single, non-racial education system, with regional operating departments, and made a strong plea for increased attention to career (technical) education.

In spite of its limitations, which came from its dealing with the 'reform' of the existing apartheid system and not with the possibilities of change within a democratic constitutional arrangement, the de Lange Report did raise expectations in black communities. These were to be dashed by the 1983 government White Paper on education, the tricameral constitution from which Africans were excluded, and the 1984 education legislation which entrenched segregated schooling in the new rhetoric of 'own affairs' and the slogan of 'equal but separate'. In education what came into being was a policy 'mish-mash' which is characterised by contradictions and uncertainties, in which an attempt has been made to achieve two conflicting and irreconcilable objectives: to reform apartheid education through progress towards equality, but simultaneously retain and reinforce the 'Byzantine ethnicity' of segregated 'own affairs' education.

In the education arena the effect of this ambiguous response to the de Lange recommendations by the government was a renewal of protests and resistance in the schools during 1984-1986. Protest in this period was more intense than before and had a stronger political tone than had been the case from 1976-1980. The levels of anger, frustration and violence in the high schools in particular rose steeply. It was in this period that the fundamental disintegration of the learning environment and the breakdown of authority and discipline in the school system, whether pupils were in school or not, became endemic features of the education scene.

By the end of 1985 the 'tactics of refusal', the rejection of the school, accompanied by violence and intimidation, had become so all-pervading in the urban areas, that the schooling system was in real danger of becoming a wasteland.

The tactics of refusal became so all-pervading in the urban areas, that the schooling system was in real danger of becoming a wasteland

How could the energies and idealism of youth be directed into more productive strategies within the schools?

Policy Struggle

At this point, adult community, parental and educational interests, realising that schools, however tragically flawed, were still needed, began to take steps to try to re-direct the anger, frustration and exuberant energy of the 'young lions of the struggle'. What was seen to be needed was a more careful, strategic reconsideration of positive alternatives to the existing system; how to capture and change at least some parts of it; and how the energies and idealism of youth could be directed into more productive strategies within the schools, rather than being dissipated in the further pursuit of the refusal strategy of 'liberation before education'.

The initiative was taken by the Soweto Parents Crisis Committee in December 1985, and out of this flowed the National Education Crisis (later Coordinating) Committee (NECC), which became one of the major actors in the education struggle from early 1986. In practice it became the education wing of the United Democratic Front (UDF), and the idea of 'people's education', which it was to propagate, an attempt to give up-to-date educational substance to the Freedom Charter of the ANC.

Against the government's exclusive, multi-racial reformed apartheid policy, the NECC became the champion of an alternative view of education as inclusive (for all the people), non-racial, non-sexist and democratic. The NECC has been criticised for its lack of organisational capacity and failure to bring down people's education to the level of practice, particularly in the late eighties, but its major achievement was to articulate a democratic alternative to the ruling state

education ideology. The benefits of this are beginning to be seen only in the transitions of the nineties.

The state's response to the developments in the years 1984-1986, and then to the end of the eighties, was twofold, reflecting the essential contradictions of its policies. In order to protect 'own affairs' ideology and practice, as attempts at the co-option of teachers and youth leaders failed, the state had to resort to bannings of individuals, restriction of organisations and a strategy of violent repression. This was particularly so from 1986 onwards. However, at the same time, it continued to pursue its attempt to reform apartheid education, and to make it more efficient and 'more equal'.

In 1986 the state introduced the Ten Year Plan for educational financing, with the stated intention of implementing the 'equal but separate' policy, by achieving parity in per capita costs over an undefined period. True, government had to abandon this plan after three years because of the state of the economy. It was not able to sustain an increase in total education expenditure of 4,1% per annum (in real terms) without exceeding 20% of the national budget, which seems to have been adopted as the ceiling. Nevertheless, from 1986 onwards, white education began to get a smaller share of 'the cake' and the disparities between white and black per capita costs were drastically reduced. In 1980, for example, the ratio was 10:1, but by 1990 it had been reduced to 5:1.

Between 1985 and 1990, the white education share of the total education budget (excluding Transkei, Bophuthatswana, Venda and Ciskei) was reduced from 55,7% to 41,7%. In the same period spending on black education

TABLE 1: SECONDARY SCHOOL ENROLMENTS 1980-1990

YEAR	STD 6	STD 7	STD 8	STD 9	STD 10	TOTALS
1980	255 920	212 359	177 581	84 964	43 086	773 910
1981	271 712	221 888	181 246	94 073	56 920	826 839
1982	295 326	237 660	194 583	112 383	72 501	912 453
1983	317 902	256 635	227 205	112 634	86 873	1 001 249
1984	344 367	280 234	243 852	131 804	96 365	1 096 622
1985	371 623	304 543	250 604	159 140	107 022	1 192 932
1986	394 530	320 899	264 402	183 779	127 515	1 291 125
1987	461 008	355 784	282 653	217 644	157 274	1 474 363
1988	497 837	403 619	318 728	250 443	191 399	1 662 026
1989	529 489	433 007	357 994	281 334	218 983	1 820 807
1990	563 568	467 129	383 286	319 917	270 724	2 004 624

Sources: Annual Surveys, SA Institute of Race Relations; Annual Education and Manpower Production, Bloemfontein; Research Institute for Education Planning, University of the Free State.

(excluding TBVC) rose from R1 586 million to R5 346 million. In spite of economic difficulties and a decrease of 6% in total education expenditure (in real monetary terms and in relation to increasing enrolments) in this period, nevertheless government pressed on with its 'equal but separate', reformist apartheid strategy.

It was the secondary sector of black education that made the greatest demands on the increased funding available and gained the major material benefits. Expenditure on the primary sector in the period 1985-1990 as a percentage of the total budget, decreased from 50% to 46% in the Department of Education and Training (DET), and from 61% to 52% in the education departments of the six self-governing homelands. The major reason for this was the explosion in black secondary school enrolments reflected in Table 1. Between 1980 and 1990 these increased from 773 910 to 2 303 904 (three-fold), while Std 10 numbers went up from 43 086 to 270 724 (over six-fold).

While most of the additional funding therefore had to be directed towards the extreme pressure of numbers, nevertheless some improvements in quality were also achieved. The teacher-pupil ratio was reduced from 1:36 (1980), 1:33 (1985) to 1:31 (1990), while average class size was reduced from 54 (1980) to 41 (1990). In 1980 the Std 10 enrolment represented 20,1% of the Std 6 enrolment of five years previously, whereas in 1990 it represented 68,6%. Because of high repetition rates in Std 10 this is a very rough measure, but it does show a marked tendency to improvement in retention rates in the secondary school.

In addition there was also an improvement in the quality of school buildings, and in facilities such as laboratories, although the shortage of classrooms remained. Textbooks and stationery became much more widely available, and by 1990 the DET alone was spending about R80 million on these items in secondary schools. While all these improvements fell far short of achieving parity, or indeed of coping with the needs of black education, it has to be recognised that significant material reforms were put in place. Between 1985 and 1990, in real money terms, per pupil spending on black pupils increased by 42%, while that for white pupils fell by 21%.

Table 2 shows that in the important area of teacher qualifications there were also marked improvements in the eighties:

TABLE 2: QUALIFICATIONS, SECONDARY SCHOOL TEACHERS : 1980, 1985, 1989 (excluding TBVC departments)

	NO.	%	NO.	%	NO.	%
NO PROFESSIONAL QUALIFICATIONS	2 209	14,3	3 692	14,7	3 590	9,4
PROFESSIONALLY QUALIFIED, and with						
Std 8	3 681	23,8	1 223	4,9	629	1,6
PTC and SC/M	4 387	28,4	8 254	32,9	6 093	16,0
Jnr Sec TC	2 963	19,2	6 012	24,0	4 517	11,9
3-year T Dip			3 432	13,7	17 315	45,5
Incompl. Degree	998	6,5	#	#	#	#
Degree	1 198	7,8	2 466	9,8	5 942	15,6
TOTALS	15 436		25 079		38 086	

Notes : * 3-year diploma introduced subsequent to 1980
Change in method of presenting statistics : included in previous categories.

Source : DET Annual Reports for 1980, 1985 and 1989.

- While professionally unqualified teachers increased in numbers from 2 209 (1980) to 3 590 (1989), nevertheless as a percentage this was a reduction from 14,3% to 9,4%.
- Qualified teachers in the two lowest categories were not only reduced in numbers, but as a percentage of the total fell from 52,2% to 17,6%.
- Teachers with at least a three-year diploma (the minimum officially-recognised standard) rose from 14,3% of the total to 61,1%.

These are not inconsiderable gains, but they were offset by the poor quality of teacher training, a general lack of effect on quality in the classroom, the illegitimacy of the schooling system and the breakdown of the learning environment, so that these statistics bear little relationship to what was happening in the schools.

It is clear from the senior certificate/ matriculation results shown in Table 3 (see over page) that, by the end of the eighties, a position of stagnation had been reached. In the last three years, 1989-1991, six out of ten candidates, a total of 442 000 young people, having survived the struggle to stay in school, but with no certificate to show what they have achieved, have gone out into a world of unemployment and alienation. Little is being done (and that by non-governmental organisations) to re-train them, re-direct their ambitions and rescue them so that they can become productive members of society.

Black secondary schools, particularly, but not only, in the urban areas, entered the nineties within the context of the 'interregnum', described by Gramsci as that period in which the old authority is dying, and the new has yet to be born. Neither the

The improved statistics bear little relationship to what was happening in the schools on the ground

Youth, now the victims of 'the struggle', remain frustrated, resentful of any authority, and largely beyond the control of student organisations or political leaders

The teaching profession has not yet been able to set an example of reconciliation and cooperation that could exert a powerful moral influence on youngsters

state, nor the countervailing democratic forces, have enough authority to maintain more than a stalemate.

The Stalemate

The legacy of the eighties continues: the 'boycott generation' is still with us, as recent events in schools in the Pretoria-Witwatersrand-Vereeniging (PWV) region have shown; the learning environment continues to deteriorate and crumble before our eyes; youth, now the victims of 'the struggle', remain frustrated, resentful of any authority, and largely beyond the control of student organisations or political leaders.

Political negotiations stumble along, and at the adult level a vibrant and exciting education debate, with much promise for the future, is taking place; but on the ground, in the secondary schools, the crisis worsens and the educational morass becomes even more difficult to penetrate. The situation has also been exacerbated by political conflict between Inkatha and the ANC, and by the recent ANC policy of mass action which has drawn in student and youth organisations, with an inevitable spill-off in the secondary schools.

The low level of teacher morale, the lack of 'authentic' authority, and the more direct trade union approach of an organisation such as the SA Democratic Teachers Union (SADTU), reflected in 'chalk-downs', teacher stay-aways and the difficulties of achieving recognition by the DET, have also contributed to increasing uncertainties in the schools. Organisationally, teachers remain divided, with any understanding between the major players, SADTU and NAPTOSA (the National Professional Teachers Association of SA), far from being reached. The profession itself, therefore, has not yet been able to set an example of reconciliation and cooperation that could exert a powerful moral influence on youngsters in the secondary schools; nor is it exerting the influence that it should on planning and policy issues for the medium- and long-term future of South African education.

At the secondary level a major issue has become what is to be done about the further education and training of those who have 'dropped out' of school or, having completed secondary schooling, have left the system without a formal qualification of any kind. It is clear that for many young people of secondary school age the school is no longer the most effective learning

environment. This group are having a powerful influence on what is going on in the schools, not only directly through intimidation and violence towards those in school, but also because they are an everyday reminder, as it can easily be perceived, of the futility and irrelevance of schools which are a precursor to unemployment and life on the streets. What is the use?

Attempts at short-term solutions, through mechanisms such as the Joint Working Group, the Education Delegation, meetings between the NECC and the DET and so on, do not appear to have had any significant impact on secondary schooling on the ground, largely because of the complete unacceptability of present structures to parents, teachers and students. The DET in particular is in a 'no-win' situation, and even positive, well-intentioned attempts at improvement are rejected.

The burden from the past is too heavy, and until it disappears there is little likelihood of any new beginning being made in secondary schooling. That is not to say that there are not individual schools, where because of the cooperation of parents, teachers, students and civic associations, the rebuilding of the learning environment is taking place. But they are exceptions, as well as hope for the future. It is a tragic reality that little can be done in present circumstances, except perhaps to continue to improve the material conditions under which secondary schooling is operating. In a sense that is what the government is doing as it continues to cut back on expenditure on white schools in an attempt to maintain its slow progress towards parity of per capita expenditure.

The major educational issues, however, have not yet been placed on the formal political agenda, and the serious setbacks to Codesa experienced in June 1992 are likely to delay this development even further. In the meantime, however, both government and the extra-parliamentary groupings are preparing seriously for the time when formal education negotiations begin; government through the 'discussion documents' on the Education Renewal Strategy (ERS) and a Curriculum Model for South Africa (CUMSA), while, on the other side, the broad education debate is beginning to crystallise around the NECC's National Education Policy Investigation (NEPI). All these initiatives are giving considerable attention to the problems of and issues in secondary education in a future dispensation.

TABLE 3: SENIOR CERTIFICATE/MATRICULATION RESULTS
BLACK FULL-TIME CANDIDATES 1980-1991

YEAR	ENTRIES	MATRIC		SNR. CERT		TOTAL PASS		FAILURES	
1980	43 237	6 447	14,9%	16 203	37,5%	22 650	52,4%	20 587	47,6%
1981	57 529	6 803	11,8%	22 220	38,6%	29 023	50,4%	28 506	49,6%
1982	70 241	7 005	10,0%	26 954	38,4%	33 959	48,4%	36 282	51,6%
1983	82 449	8 128	9,9%	31 687	38,4%	39 815	48,3%	42 634	51,7%
1984	86 191	9 727	11,3%	32 219	37,4%	41 946	48,7%	44 425	51,3%
1985	82 815	9 958	12,0%	28 741	34,7%	38 669	46,7%	44 116	53,3%
1986	100 012	13 460	13,5%	38 150	38,1%	51 610	51,6%	48 402	48,4%
1987	150 119	24 597	16,4%	59 601	39,7%	84 198	56,0%	65 921	43,9%
1988	187 123	30 685	16,4%	75 500	40,3%	106 185	56,7%	80 938	43,3%
1989	209 319	21 357	10,2%	66 153	31,6%	87 510	41,8%	121 809	58,2%
1990	232 977	18 044	7,8%	66 270	28,4%	84 314	36,2%	148 663	63,8%
1991	284 680	29 729	10,4%	83 448	29,3%	113 177	39,7%	171 503	60,3%

Sources : Annual DET Reports, Hansard and 'Education and Manpower Development', Nos 1-11, Research Institute for Education Planning, University of the Orange Free State.

Common Ground

While the politicians falter, disregard their commitments and struggle for power, in the education arena there is a slow clearing of common ground from which to work, among those whose first concerns are the children and youth of this country. Not all would agree with what constitutes this 'common ground'. There are differences of emphasis and motive, and much remains to be done in 'clearing the undergrowth', working at detail and planning 'how' to do what needs to be done, but it would be tragic to underestimate what has already been achieved.

The common ground, for example, is a general acceptance of the need for a single, non-racial education system serving a non-racial, democratic social and political order. Further, that within this unified system, education should be delivered on a regional basis, with the people of the region exercising their democratic rights of decision-making both at this level, and at local and school levels. Other important areas of policy debate include:

□ consensus issues

There is much to clarify in the area of the governance of the education system, and in the balances and checks between centralised and regional authority. There is almost unanimous support for compulsory schooling, ranging from government's apparent commitment to seven years to the ANC's goal of ten years. There is also general support for the concept of equality of access, opportunity and standards, but differences of approach to redress and 'affirmative action'. There is an overall acceptance of the need to improve the quality of schooling, and in particular to

pay major attention to the teacher training system and the in-service education and development of the national teaching force.

□ curriculum

The area of curriculum is somewhat more problematic, in that while there is consensus on the need to make the school much more relevant, various interests have differing views on what constitutes relevance. This is perhaps particularly so at the secondary level, where the debate centres around the place of vocational education, a point taken up below.

□ finances

In the specific field of secondary education, government policy is clearly moving in the direction of making the costs of schooling a charge against the parents. Rightly, the ANC and other interest groups are concerned that this will result in the perpetuation of discrimination, in that poor parents will not be able to afford these costs. They, and others, would argue for junior secondary schooling being free and compulsory, and for the state to ensure that, at the senior level, poor children are given financial support.

□ non-formal training

Nearly all interests are beginning to realise that the school alone will not be able to cope with what is needed at the secondary level, and that there has to be a strengthening of state and private sector support for (young) adult, non-formal education and training outside of the school. What will be important for the future is that this should not create a dual education system, in which the economically privileged stay in school, while the others are offered inferior provision.

The major educational issues have not yet been placed on the formal political agenda of Codesa

The common ground is a general acceptance of the need for a single, non-racial education system serving a non-racial, democratic order

Teachers, parents, pupils and civic organisations in various parts of the country are beginning to take the task of reconstruction in hand

□ *certification*

The links between the formal and non-formal will have to be both strong and flexible, allowing for mobility and transfer back and forth. One of the implications of this is that there will have to be an acceptable, effective, nationally-based system of certification establishing equivalence between standards in the formal and non-formal sectors. Attention will therefore have to be given to methods of assessment and examination at the major exit points from school (Std 7/8 and Std 10) and equivalents in the non-formal sector.

School-leaving certificates will have to reflect what the pupil has achieved and what he/she is capable of doing, rather than continue to be influenced by universities that are interested rather in probing what the candidates do not know. Their demands should be met in some other way. There will be place for cumulative assessment, with the judgment of teachers playing a greater role than at present, and also, particularly in the non-formal sector, a more extensive use of 'modules of learning'.

□ *three tiers*

In the curriculum sphere there is general agreement that there has been a grave neglect of vocational and technical education. The official documents, still tending to look at this from the point of view of employers, economic growth and manpower, suggest a three-stream approach at the senior secondary level - 'generally-oriented', 'vocationally-oriented' and 'pre-tertiary vocational' (out of school) education.

In contrast, there is a considerable body of opinion, taking a broader societal view, that would opt for a more comprehensive model in which all pupils would take a common curriculum, with limited options, and all would be given an understanding of the technological environment and the world of work. Vocational skills, as such, would be a matter of intensive training after leaving the formal school. The task of the latter would be to provide a sound platform of language, science and mathematics on which these and other skills could be built.

Vision & Reality

A major area that is receiving much more emphasis than is apparent in the official CUMSA document is the responsibility of the school itself to contribute towards the creation of a democratic society. This is not

just a matter of subject-content, although it is important that pupils should have knowledge and understanding of humankind's long struggle towards the democratic ideal. It has also to do with the type of governance of and in the school, the style and methods of the teachers, and above all the extent to which pupils are involved in their own learning and development.

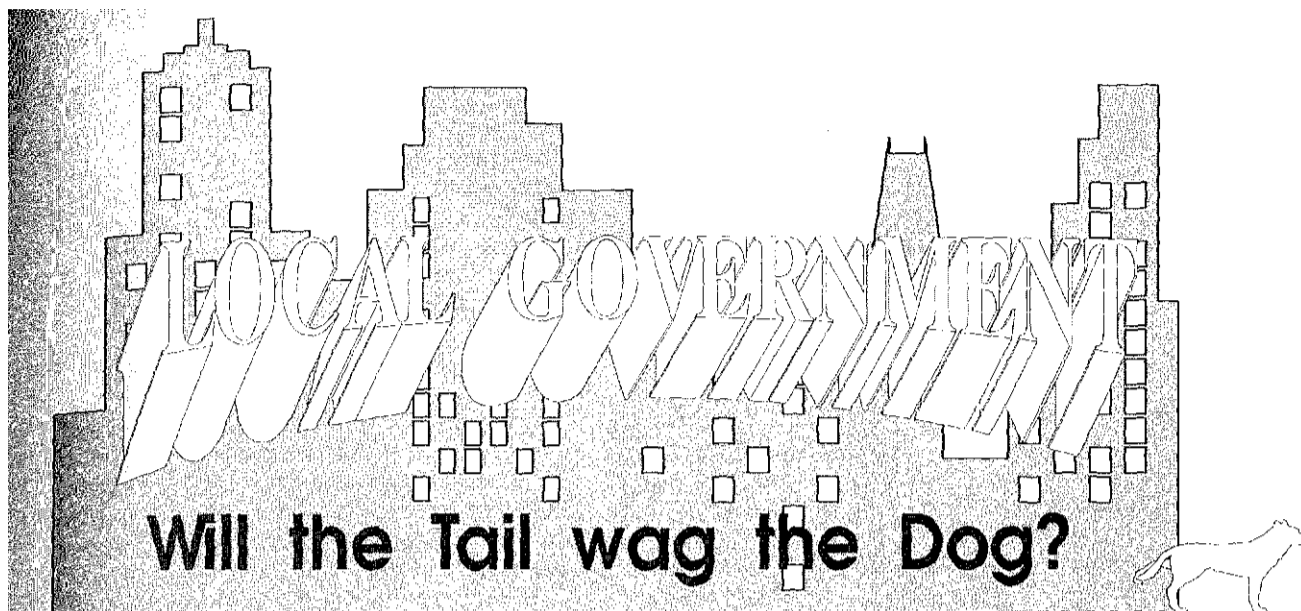
The secondary school needs to become a much less autocratic, authoritarian, teacher-centred and competitive place. Our young people need to learn to think creatively, solve problems together and develop democratic values of cooperation, tolerance and respect for others. If this does not happen, the best structures in the world will be of little value.

These are the kinds of 'vision' of the future of secondary education that are beginning to emerge. Against these are the realities: the failure to reach political understandings, the escalation of violence, the state of the economy, the limitations of the tax base which reduce the possibilities of achieving effective changes, all of which are contributing to a deepening of the present crisis in secondary education as well as constricting plans for the future.

Yet, even within this daunting scenario there are the hopeful signs: the schools and teachers that amid the chaos are remaining true to their purpose and achieving creditable work; the teachers, parents and pupils, who together with civic organisations in various parts of the country, are beginning to take the task of reconstruction in hand; the historic education conference at Broederstroom in March 1992 at which codes of conduct for pupils, teachers and parents were drawn up, and where responsibilities as well as rights came under scrutiny; and the massive NEPI investigation, which, in general, has managed to stay on course and has provided a model of democratic, cooperative action by a wide range of individuals and organisations in the field of education, that politicians would do well to take seriously when they come to making decisions. **IPQA**

REFERENCES

- Hartshorne K. *Crisis and Challenge - Black Education 1910-1990*. See ch3:73-85, and ch4:88-109. Cape Town: Oxford University Press, 1992.
Nasson B. 'Remaking Apartheid Education', in AM Micou (ed), *South Africans Speak II* (Discussion Forum Presentations 1990-1991). New York: Institute of International Education, 1991:17-27.



*Richard Humphries and Khehla Shubane,
Centre for Policy Studies, Human Sciences Research Council*

The outlines of a future urban or local government policy in South Africa are already emerging in present policy debate and through the constraints of the old apartheid system. The resolution of policy will thus not have to await formal agreement of the transitional mechanisms to a majoritarian government before it can take shape at the hands of a new administration. Two urban policy specialists discuss the differing policy options for local government restructuring in terms of the needs and divisions between South Africa's metropolitan, urban, homeland, small town and rural areas.

All groups and actors with an interest in the transformation of local government policy are already presenting preferences and debating the options presented by their opponents. Some actors are participating in the negotiations process underway in the many local negotiation forums established in various towns. Thus a future local government policy is likely to emerge partially out of the views already being advanced by the various parties and movements.

The National Party (NP) and the African National Congress (ANC) are the most important protagonists in the debate about alternative local government or urban policies. Their views have dominated the policy debate because, in different ways, these views have informed the actions of large numbers of people, municipalities or civics, in their day-to-day activities.

The NP government, on the one hand, formulates and decides on the policy parameters within which the existing local government system works. Its direct influence on the majority of white

municipalities - that is those controlled by the National Party - is particularly important in structuring the ways in which local negotiations in NP-controlled towns should proceed.

The ANC, on the other hand, has had a massive influence within civic associations, the principal opponents of the existing forms of local government. The debate around unilateral restructuring is just one such example of the common ground between the ANC and the civics on local government policy.

However the NP and ANC are not the only parties involved in the policy debate. The civics, despite the close links between them and the ANC, have, it is arguable, focused more attention on the need for local government transformation than either the NP or the ANC. It was the civics who in the 1980s defined the area of local government as a specific area of focus and protest. By challenging the exclusion of blacks from urban citizenship, civics focused attention on local government as a key area of interest for actors outside of government.

By challenging the exclusion of blacks from urban citizenship, civics focused attention on local government as a key area

The civics also played an important role in introducing and popularising critical policy positions and options, some of which now enjoy widespread acceptance among virtually all stakeholders in local government debate. The notion of a single tax base between white and black sections of the urban community was also introduced into policy debate and thoroughly popularised by the civics.

Over the last two years consensus has gradually been emerging on key policy issues for a new local government system. Creating non-racial forms of local government, metropolitan authorities and a single tax base for functionally united parts of towns are examples of this consensus. This agreement would suggest that once the national transition is back on track then it should be relatively easy to implement these policy positions.

Of course, major differences of emphasis and policy positions on other issues still exist between the major groups. These tensions are in part to do with the failure of the negotiations process to produce a mutually acceptable political solution in the country. In addition, there are constraints imposed by the spatial or geographic environment as well. For example, creating a single tax base will not be easy in local authorities which may be functionally united but which are separated by considerable geographic distance.

In another sense a future urban policy is already embedded or constrained by some of the existing forms and structure of the apartheid city. No matter how determined some groups might be to overturn past policies, the consequences of these policies will remain for a substantial period. Thus overcoming some of the defining characteristics of the apartheid city may not be easy - the placing of the urban poor and working classes on the edges of the urban areas, at a relatively long distance from their place of employment, is one such issue. Despite agreement on the need to increase population densities in formerly white group areas, or on the need to reduce commuting distances for black workers, these objectives may be harder to achieve than is expected.

One of the greatest challenges of the transition and post-transition period will be to construct an overarching local government policy which caters for the wide range or hierarchy of local government contexts which exist in the country. Three aspects or contexts will be

mentioned here.

The first is the socio-economic or developmental differentiation between urban areas - that is between wealthy, large metropolitan areas and small, poorer rural towns. The second is to overcome the various consequences of urban fragmentation (service delivery, institutional, financial, etc.) which the homeland policy introduced to large numbers of urban areas across the country, but more especially in Natal and Transvaal. The third context is that of so-called tribal authorities within the various homelands.

Each of these contexts, it could be argued, tends to involve different urban developmental and political dynamics which ought to be reflected in differing local government institutional frameworks or parameters in these areas. These aspects are discussed in turn.

Metropolitan Policy

Despite fairly consistent arguments by the larger cities for a form of metropolitan government, South Africa has never experienced metropolitan government - in other words no fundamental distinction has been drawn between the form and powers of local government applicable in urban areas, regardless of their size.

These larger areas tended to have virtually the same relationship to the provincial authorities as did the smaller local authorities. Until their abolition in 1986 the provinces were responsible for monitoring the functioning of the white local authorities.

Although Regional Services Councils (RSCs) were introduced partially to meet some of the concerns associated with the advocates of metropolitan government, they too make no effective distinction between metropolitan or rural areas and the functions of the RSCs.

In present debate in South Africa on the future of the metropolises two major policy issues have been raised. The more conventional issue is whether the large concentration of population and the complexities and need to supply a variety of services to residents in what is an effectively integrated area requires an institutional structure which covers the spatial boundaries of the metropolis.

The influential World Bank, in its two recent reports on urban policy issues, also

Non-racial forms of local government, metropolitan authorities and a single tax base for functionally united towns symbolise the new consensus

argued for metropolitan authorities (World Bank, 1990; 1991). While it noted that metropolitan wide tasks could be performed by at least four different levels of government machinery, it argued that the strengths of the metropolitan option were 'its capacity for self-contained responses to city needs' and 'a coordinated and strategic style of managing urban growth'.

This involves not only the re-amalgamation of white towns and neighbouring black townships, which were single administrative entities before the introduction of administration boards, but also the combining of hitherto separate (white) local authorities within the metropolitan area. In some senses this latter attempt to reduce urban institutional fragmentation will prove more difficult than the first issue.

This is so since there is no history of common municipal citizenship between adjoining white towns. They also fear the loss of financial resources which would then be utilised within the wider region, especially in the larger townships often historically associated with the core city in the metropolis.

The boundary of the metropolitan authority will be a fiercely contested issue. In the case of the Central Witwatersrand, for example, will Randburg, Roodepoort, Germiston and Alberton, amongst others, be incorporated in the same authority as Johannesburg and Soweto? The other metropolitan areas also have similar satellite towns within their functional area.

The second issue (at least in South African debate) is an extension of the above. It raises the question of whether the degree of wealth and economic development found in the metropolis should ensure these areas a distinctive institutional structure or political standing with powers and functions even wider than that of usual metropolitan governments.

South Africa's metropolitan areas dominate the economy. The four areas - the Pretoria/Witwatersrand/Vereeniging (PWV), Cape Peninsula, Durban/Pinetown/Pietermaritzburg, and the Port Elizabeth/Uitenhague complexes - produce 64 per cent of the Gross Domestic Product (RSA, 1991:26). It should be noted though that the definition of 'metropolitan' used to derive the above calculations is substantially wider than that associated in present debate with metropolitan government.



For example the PWV could be divided into as many as four metropolitan authorities while Pietermaritzburg is unlikely to be linked with Durban. However the economic dominance of these four larger regions is unlikely to be reduced substantially in the foreseeable future.

Perhaps the most well-known exponent of the idea of city regions is Peter Mansfield, the chairman of the Durban City Council's management committee. At a recent conference on federalism, Mansfield argued that the metropolitan areas of Johannesburg, Durban and Cape Town should be granted the same powers and responsibilities as those 'that will be accorded to other regional governments in a future South Africa' (Mansfield 1992:1).

Mansfield's justifications for proposing this policy include financial, demographic and management/redistributional issues:

- First, the budgets of his proposed city regions are likely to exceed many of those of the proposed regional authorities. Durban's budget of R2,7 billion 'is similar to that of the province of Natal and KwaZulu'.
- Second, the population of the Durban Functional Region (DFR) is approximately half of the combined population of Natal and KwaZulu.
- Third, the importance of the major metropolitan areas (in terms of the above points) 'points to the need to

At a recent conference on federalism, it was argued that the metropolitan areas should be granted the same powers and responsibilities as regional governments

To ensure economic redistribution from wealthy white municipalities to the poorer townships, requires a united political authority

guard against the rural tail continuing to wag the city region dog'. The city regions should not be dominated politically by the poorer rural areas, Mansfield argues.

Clearly, as Mansfield admits, a strict political division between a metropolitan region and its poorer and wider hinterland might 'pick the economic eyes out of South Africa's financial cake'. But this would surely only happen if the regions were to be granted powerful taxation and financing powers and could thereby 'lock up' their resources from poorer regions.

The case for establishing metropolitan authorities does seem assured, if only because there is broad agreement between the major parties that metropolitan authorities should be established. The ANC's motivations are driven largely by political motives - that to ensure economic redistribution from wealthy white municipalities to the poorer townships, a united political authority should be established over that large area.

To some extent the NP's motivations are similar. They accept that a redistribution of municipal finances has to take place to the townships but would clearly differ with the ANC over the extent to which it should take place. They also argue in favour of a two-tier metropolitan authority, presumably thereby hoping to dilute some of the political consequences of a single-tier metropolitan authority.

The NP accepts a redistribution of municipal finances to the townships but would clearly differ with the ANC over the extent thereof

Urban/Homeland Divisions

Perhaps the most under-analysed consequence of apartheid policies on urban areas has been its effect in the homelands, through the so-called 'Proclamation R293' towns. These are towns which were generated from the 1950s onwards to accommodate mostly the resettlement of persons from 'white' towns. They include urban areas, or commuter dormitories, such as Mdantsane (Ciskei), Seshego and Lebowakgomo (Lebowa) and a host of other towns often developed in Natal and the Transvaal across a nearby homeland boundary.

These areas never fell under the control of administration boards or later under the impact of the Black Local Authorities Act of 1982. The towns were in effect administered and governed by a central state department (the Department of Bantu Administration and Development and its

successors). Even when local government was made a responsibility of the self-governing homelands, autonomy for these towns was never implemented in any meaningful way. The results of this distinctively centralised pattern on urban politics in these areas (and hence on policy options towards them now) were varied.

Administration and politics in these towns was never affected to the extent that Black Local Authorities (BLAs) were by anti-tricameral opposition during the 1980s, marshalled by the United Democratic Front (UDF) and civics. Similarly rent boycott campaigns never had the impetus they did in BLA towns. In BLA towns the constraints of self-financing were finally exposed early in the 1980s but in the R293 towns the central government, via the relevant government department, continued to subsidise non-economic service charges without attempting to raise service charges substantially.

The abolition of the homelands, and the creation of new regional authorities, no matter how weakly endowed with functions, will have implications for these past homeland/non-homeland urban divisions. Clearly these urban areas will have to be integrated in some way with their former South African counterparts. The policy issues include the following:

First, in some areas, as in KaNyamazane (KaNgwane)/ Nelspruit, the rather substantial distances between these two urban domains raises the question of whether the functional inter-relationship between the two areas - linked by commuting and employment opportunities - ought to determine the spatial limits of a new local authority. Applying the one-city, one-tax base concept to these areas might be harder to do in institutional or representational terms than in strictly urban financial terms.

In other areas, however, the distances between these urban domains is less substantial and linking the two areas will be easier.

Second, to what extent will the central (or regional) government or the local authority be responsible for subsidising the uneconomic service charges in these areas? The deficits presently are the responsibility of the central treasury.

Obtaining accurate figures for these deficits would require a toothcombing of the budget. But they must certainly be

substantial. Figures for one R293 town near Pietermaritzburg (Natal) illustrate the extent of the financing deficit on service charges. Households pay R15 a month for services which cost in the region of R100 a month to provide; the service charges have apparently barely risen in the last decade.

In some senses this situation is equivalent to the bridging finance allocated by the central state to BLA areas hit by rent boycotts. Given that present government policy holds that bridging finance to the BLAs is only a temporary issue, one would assume that the same policy would also hold for the R293 towns. For its part the ANC has argued that central government assistance to urban areas will have to continue.

Rural Local Government

Not much research has been done on the institutional, service delivery and financial aspects of either small towns or rural local governments. *Small towns* refer to urban areas which have historically served predominantly white farming areas while *rural local government*, in this context, is taken to mean the tribal local authorities based in the homelands.

Although they operate in different contexts and with different functions both these forms of local government share common problems - namely lack of finance and expertise. In the case of the small towns this is largely a consequence of the migration of whites to the cities. Although this depopulation reached its peak a few decades ago, it has left these small towns with a limited tax base.

Although it is difficult to generalise about small towns across the country, it would appear that the depopulation has been greatest in the Cape and Orange Free State. Some of the policy issues posed by these small towns have been illustrated by the report of a committee of inquiry appointed by the Cape Provincial Administration (CPA) into the finances of small towns in the province.

The findings of the committee, more commonly referred to as the Malan Committee (CPA, 1990), can be distilled to two points:

- That although it was difficult to generalise about the financial problems of small towns, those with black or coloured residents faced (or would face) the most acute problems in the delivery

of municipal services to residents with the urban area, presumably on a one-city, one-tax base.

- That many small towns had limited expertise within their bureaucracies who thus found it difficult to manage financial and administrative issues. These towns were also unable to extend training programmes to their staff.

Its recommendations hinged on two points. First, that the present rural areas around these towns should be included in the municipal area. This was justified on the grounds that farmers and residents in these areas often utilised the facilities provided by the municipality but without having paid for them. Second, and perhaps more important, that a system of regional municipalities (*streeksmunisipaliteite*) should be introduced. The committee did not explicitly spell out what it had in mind by this system but it appeared to incorporate two elements - that of a move towards joint administrations between small towns within a region (however defined) and/or a reduction in the number of municipalities in the same region.

The first option appears to stress administrative amalgamation while leaving the representative component intact, while the latter would appear to envisage the abolition of both administrative and representative elements of a municipality. It is perhaps no accident that these proposals emanate from the Cape, given the distinctive system of rural local government which the province enjoyed through the divisional councils until 1986. These functions passed to the Regional Services Councils (RSCs), giving them a profile which RSCs in the rest of the country do not have.

In debate about local government policy options the circumstances and needs of small towns have generally been ignored. For obvious reasons debate has hinged around the admittedly enormous political, financial and service delivery problems of the large cities and metropolitan areas.

If one accepts that rural incomes are lower than those pertaining in metropolitan areas then the case for state aid to small towns would seem pressing; against this it might be argued that the costs of service delivery in small towns are lower than in the major urban areas, thus partially negating the disadvantages of lower incomes.

The functioning of homeland-based tribal local authorities has been complicated not

In debate about local government policy options the circumstances and needs of small towns have generally been ignored

Debate has hinged around the enormous political, financial and service delivery problems of the large cities

Should a regionalised political system be established, they - and not the central government - would have substantial powers over local government

only by their lack of expertise and independent sources of finance, but by their history as an important adjunct of the apartheid system. Their involvement in the homeland system probably exacerbates or clouds the resolution of some of the policy issues surrounding them.

For example, chiefs and other traditional leaders have played a key role in the functioning of the tribal local authorities, often at the expense of the local authorities achieving legitimacy amongst residents. This has led to suggestions that the authorities be reconstituted so that the chiefs are not entitled to automatic leadership positions in these authorities.

National Urban Policy?

Should a nationally coordinated or driven urban/local government policy be put in place after South Africa's transition to an inclusive democracy? At one level the answer depends on the constitutional structure which will emerge during the transition. Should a regionalised political system be established one could expect that the regional authorities - and not the central government - would have reasonably substantial powers over local government and urban policy matters within their region.

Should the cities fail to adequately cope with the problems of service delivery, the central government may intervene in local authority policy domains

At another level it depends on an understanding of what constitutes an 'urban' area (or a city). Is Johannesburg an urban area with the same needs as, for example, either Grahamstown or Smithfield? If they are not, would a nationally driven policy be able to accommodate any differences they might have?

It is conceivable that one of the dangers of attempting to create a national policy would be to lay the problems of the poorer towns at the door of the larger towns. The distribution of bureaucratic expertise between local authorities is one such example.

It is often argued that to overcome the lack of skilled manpower resources available to smaller local authorities, that a national municipal civil service commission should be established. Such a commission would group all municipal bureaucrats under the central body thereby allowing skilled

personnel from the larger towns to be posted to poorer, smaller towns. Although laudable in intent such a policy might, if pushed too far, reduce the capacity of the large cities to manage their own intricate problems.

Yet a national policy might very well be required to deal with the financial problems of all our urban areas. If one accepts that the largely self-financing model of property rates and user charging is insufficient to sustain the needs of our urban areas, despite moves towards a one-city, one-tax model, then central government assistance to urban areas would best be regulated by such a national policy. In other words, one of the possible needs for such an urban policy could be to structure financial assistance in a coordinated and fair way between contending urban areas.

Putting the finances of the cities on a proper footing is also crucial given the impact of past policies which have delayed urbanisation processes. This has already affected the ability of the cities and towns to cope with the initial stages of what is often predicted to be an extensive movement of persons to the cities, especially in the PWV core.

Should the cities fail to adequately cope with the problems of service delivery in a situation of rapid urbanisation, one consequence might well be that the central government increasingly intervenes in local authority policy domains. At its most extreme this could lead to a blurring of the distinction between the powers of central and the autonomy of local government.

Our cities are intricately bound up with the course of South African politics. In this sense it is extremely difficult to predict future policy approaches and options which might or should be employed towards our cities. But the broad parameters of future policy are already discernible.

REFERENCES

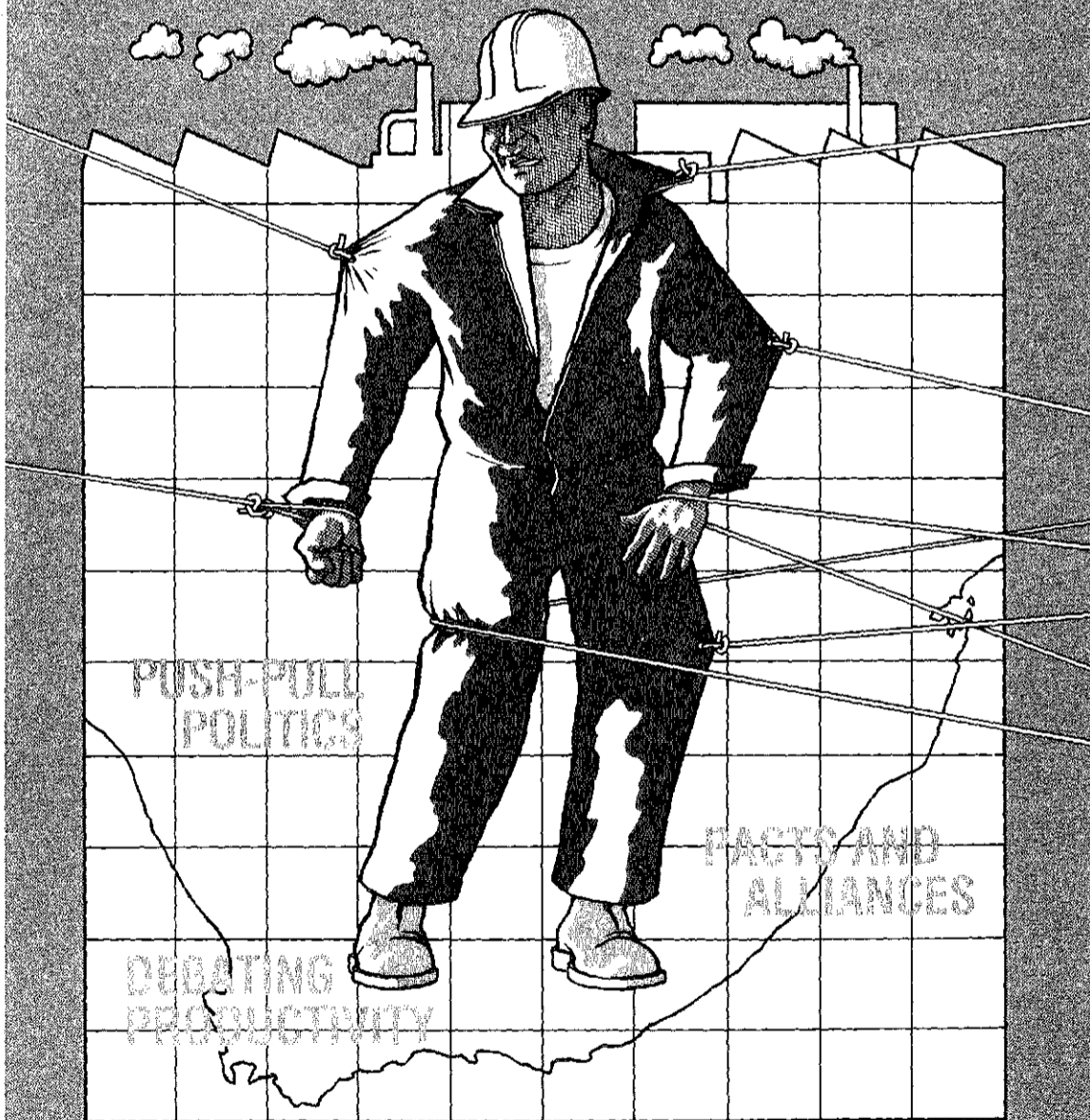
- Cape Provincial Administration. *Verslag van die komitee van ondersoek: finansies van plaaslike owerhede*. 1990.
- Mansfield P. Typescript copy of presentation to workshop organised by the Institute for MultiParty Democracy and the Centre for Policy Studies, Cape Town, 22 August 1992.
- Republic of South Africa. National Regional Development Programme Vol 1. Pretoria: Government Printer, 1991.
- World Bank. Urban Sector Reconnaissance Report. Washington DC, 1990.
- World Bank. Urban Sector Reconnaissance Report. Washington DC, 1991.

INDUSTRIAL

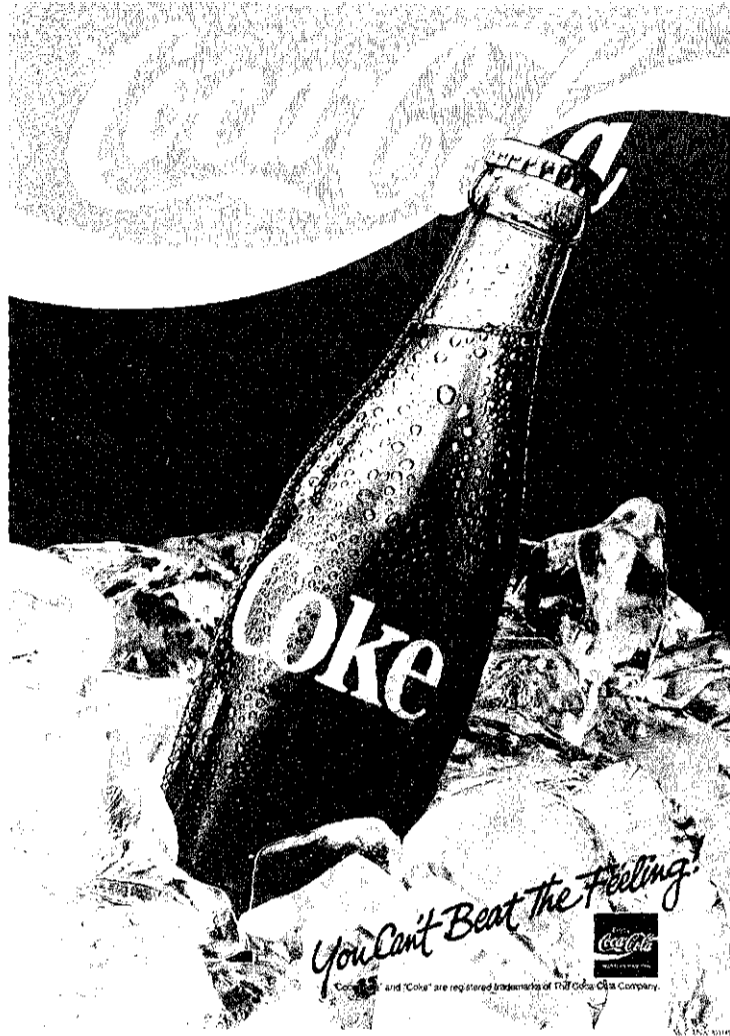
M O N I T O R

INDICATOR

S O U T H A F R I C A



THE BAROMETER OF SOCIAL TRENDS



OLD MUTUAL
A PROUD TRACK RECORD.

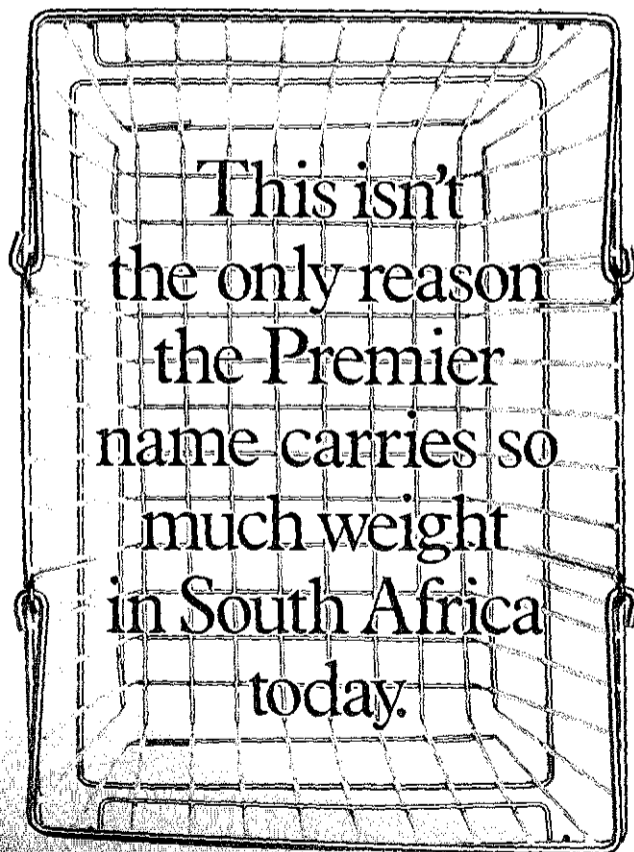
**Thinking ahead
for the benefit
of all our
members.**



YOUR ANCHOR IN LIFE

ESTABLISHED 1845.

Client funds under management
exceed R55 billion.



With leading brand names like: Snowflake flour, Iwisa and Impala maize products, Epic oil, Blossom margarine, Kraft margarine and dressings, Epol Pet Foods, Peck's Anchovette and Redro Fishpastes, Mama's pies, Nice 'n Easy Convenience Foods and Blue Ribbon breads to choose from; your shopping basket will certainly be loaded with premium quality Premier products.

Yet we at Premier go further than just maintaining the highest standards. Through several innovative programmes, we are constantly striving to improve upon them, allowing us to offer you even more value.

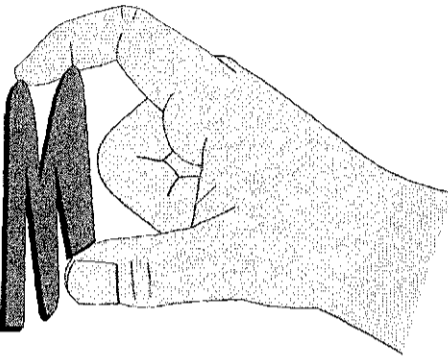
And we're not prepared to stop there either. Our commitment to raising standards extends beyond our products. At Premier, we are dedicated to upgrading conditions and creating new opportunities for our staff and the community as a whole.

Because there can only be one thing as important to us as the quality of food - the quality of life.

 **Premier
Food Industries**

THE LIMITS TO

LABOUR REFORM



Ian Macun, Department of Sociology, University of Cape Town

This review argues that despite the many positive changes taking place, industrial relations in South Africa are faced by a range of severe problems, perhaps even of crisis. These problems set real limitations on what will be achievable in the process of restructuring industrial life that is needed in order to meet local and international economic challenges. In briefly looking at the reform agenda for industrial relations in the 1990s, the author offers a few broad comments about the consequences of the past decade for future developments.

It would be a relatively easy task to devote a review of the 'Wiehahn decade' to the remarkable achievements made by both management and labour in the 1980s. Thirteen years have passed since the publication of the Wiehahn Commission's report on labour legislation in 1979. The culture of negotiation that emerged from the battles over union recognition of the early 1980s has altered industrial relations in quite fundamental ways as well as exerted a positive impact on the broader South African society.

It would also be appropriate to focus a review on the way in which achievements in industrial relations have been arrived at despite the repressive conditions prevailing in all areas of South African life. According to a recent report, South Africa remains the most unsafe place to carry out trade union activity. One indicator of this is the murder of no less than 47 trade unionists in this country between March 1991 and March 1992 (ICFTU, 1992).

In the context of the broader processes of political and social change in South Africa since February 1990 it would seem more appropriate, however, to reflect on the Wiehahn decade with a view to the present and future. It is no longer adequate to praise past and present achievements without, to

some extent, measuring these against their potential contribution to the restructuring of social and economic life in South Africa. To adopt such an approach would require a far more critical evaluation of the recent history of industrial relations and a greater degree of clarity regarding present conditions than is generally available in much of the literature.

The Wiehahn Decade

In many ways the changes that occurred in industrial relations during the Wiehahn decade have been momentous:

- a union movement representative of black workers has established itself in greater depth than at any other moment in South Africa's labour history;
- collective bargaining has become an accepted and widespread form of conducting industrial relations in key sectors of the economy;
- notions of fairness have become accepted in employment practices and the basic rights of many workers have improved;
- new institutions, such as the Industrial Court and the National Manpower Commission (NMC) have been established; and
- existing institutions, for instance, some

A regulatory framework is unlikely to ensure a stable industrial relations environment or a stable normative system

It does not affect the underlying inequalities which tend, constantly, to be a source of conflict and instability

industrial councils have in some cases changed their character in important ways.

To reach such a stage has clearly required change in power relations between state, capital and organised labour, change in attitudes and changed behaviour on the part of the many interest groups directly enmeshed in the social relations of industry.

What has been the end result of this turbulent decade of change in industrial relations? Broadly speaking, it is possible to view the changes as primarily resulting in the establishment of a regulatory framework for the governance of industrial relations. What has been set in place is a framework which is primarily legal or statutory in character, but which also contains important extra-statutory elements (such as the recognition agreement). The current framework embodies a great deal more formal rationality than was present in any earlier historical period and has introduced some sense of normative order into industrial relations. Thus, employers are obliged to bargain with representative unions, workers can no longer be dismissed or retrenched without some degree of procedural fairness and conditions of employment cannot be changed unilaterally.

The process through which this regulatory framework has evolved has been important. The Wiehahn reforms, while far-reaching in their ramifications, were nevertheless reforms imposed by the state and aimed at establishing formal control and order in the industrial relations arena. Throughout the 1980s, the state continually attempted to curb the power of the growing trade union movement through legislative intervention and through more directly repressive means. But, increasingly, it was through union-led struggles that the regulatory framework, both statutory and extra-statutory, came to reflect a more even-handed framework for the conduct of industrial relations and collective bargaining.

In evolving in this way, the regulatory framework has increasingly come to reflect, implicitly, the increased power of the union movement *vis-à-vis* employers and the state. The high point in this process was undoubtedly the accord between the SA Employers Consultative Committee on Labour Affairs (Saccola), the Congress of SA Trade Unions (Cosatu) and the National Council of Trade Unions (Nactu) which led to the promulgation of the revised Labour Relations Act (LRA) in early 1991. The

decision to amend legislation to reflect an agreement negotiated between employer and employee representatives effectively reversed the government's attempt to roll back previous union gains by amending the LRA in 1988.

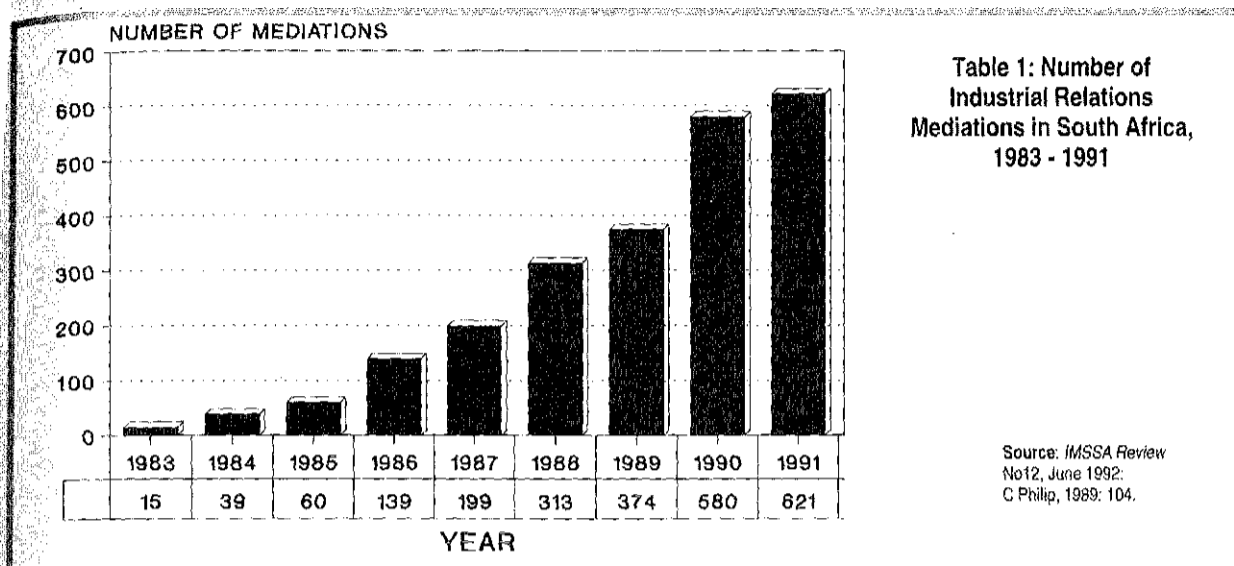
The present position is that the regulatory framework embodied in the Labour Relations Act has been substantially shaped through pressure exerted from below by the union movement. The important role of the union movement in the process of reform has strengthened the framework in that it has ensured greater legitimacy for the rules and procedures established.

Industrial Conflict

The establishment of a regulatory framework is, however, in important respects a limited achievement. Most importantly, a regulatory framework, irrespective of the process through which it is established, is unlikely to ensure a stable industrial relations environment, or a stable normative system. The framework established in South Africa is essentially concerned with a network of institutions, rules, procedures and practices which govern the interaction of capital and labour in the workplace. It does not, however, regulate the production and distribution of wealth in society and therefore does not affect the underlying inequalities which tend, constantly, to be a source of conflict and instability.

Nor does regulation of industrial relations necessarily affect the nature of the relationship between capital and labour. It allows for unions to exercise greater power in relation to management which have, in most cases, been forced to come to terms with unions as bargaining partners. South African industrial relations in the early 1990s can still be characterised as being highly adversarial in nature, i.e., a style of bargaining and management-labour interaction based on a deep conflict of interest on most issues. Adversarial industrial relations and collective bargaining can also be characterised by a short-term, low-trust perspective in which each side's strategies and tactics depend primarily on a changing balance of power.

There is a growing body of literature internationally and locally that suggests that there is a positive relationship between economic performance and non-adversarial industrial relations systems. The catchword is co-operation or a co-operative style of



bargaining. What this term usually refers to (or implies) is the existence of common interests between management and labour which outweigh particular conflicts and which entails a long-term, high-trust perspective in which neither side seeks to take advantage of short-term shifts in the balance of power. Internationally, it has been suggested that economies characterised by such co-operative management-labour relations adapt more easily to market and technological changes and are generally better able to deal with questions of change in economic and industrial relations.

Despite the reform in South African industrial relations during the last decade, there is little evidence to suggest that the relationship between management and labour has evolved to a point which would allow for the qualitative restructuring of management-labour interaction and perhaps, therefore, their ability to deal effectively with restructuring of industry.

Such evidence as is available would, in fact, suggest the opposite, namely the deterioration of the ability of management and labour to resolve differences and disputes via collective bargaining. There has been a significant increase in the number of recorded strikes in the period 1980 to 1990 (200 strikes in 1980 compared to 948 in 1990), with an average of 863 strikes per year for the period 1985-1990 (NMC, 1991).

Furthermore, the growth in the duration of strikes and the diversification in the reasons for strikes (other than wages), could suggest increased difficulty in resolving disputes across a broader range of contested issues. In other words, rather than becoming better at limiting the potential causes of conflict

and ensuring quick resolution of conflict, the parties would appear to have become less able to do so.

The spectacular growth in mediation (see Table 1) and arbitration no doubt also reflects an increased inability of the parties to bargain in good faith and reach appropriate compromises, without having to rely on third party intervention.

Figures for mediations shown in Table 1 show a 40-fold increase. The number of arbitrations has also risen dramatically, from 5 in 1984 to 212 in 1989. In 1990 there were 344 and in 1991, 430 arbitrations were conducted by the Independent Mediation Service of South Africa (IMSSA) (*IMSSA Review* No12, 1992).

Strategic Weakness

The steady growth in industrial conflict over the past decade could be seen as an indicator of an apparent inability of management and organised workers to change their relationships in the workplace. Evidence regarding the quality of industrial relations is very hard to come by and also suffers from possible problems of validity, but the perceptions of certain key actors cannot easily be discounted. According to a senior National Union of Metalworkers of SA (Numsa) official, South African management is still authoritarian, wedded to old-fashioned notions of tight, hierarchical forms of control over labour and unsophisticated in their economic policies. Very significantly, management is also said to be primarily orientated to short-term, profit-centred goals with little conception of long-term objectives and strategic investment (Bird, 1991).

Adversarial industrial relations involve a short-term, low-trust perspective where each side's strategies depend primarily on a changing balance of power

Economies characterised by co-operative management-labour relations adapt more easily to market and technological changes

These generalisations have been supported by a growing number of studies of key plants and industries which confirm in each case an inability by management to move beyond viewing labour as an adversary in relational terms and as a simple cost factor in economic and production terms (see, *inter alia*, Bethlehem, 1991; Natrass, 1991).

While it is customary to speak of the union movement primarily in terms of its strengths, it is becoming increasingly difficult to avoid the signs of strategic weakness emerging with respect to the major unions. These are primarily organisational problems relating to the increased centralisation of functions within unions and their federations. In the words of one national organiser: '... the "local" has become a function of the national, the passive recipients of national directives' (Marie, 1992). In addition, the ongoing difficulties faced by many unions in overcoming the constraints of scarce resources and limited skills have given rise to serious leadership problems and severe pressure on the shop-steward leadership.

Finally, while the growth of black trade unions during the past decade has been very rapid, this should be seen in the context of the low level of unionisation from which it started. Presently, there is a relatively high level of union density in the manufacturing, mining, wholesale and retail and transport sectors, but not in agriculture, construction, financial or public sectors. Furthermore, the severe economic problems confronting the manufacturing and mining sectors may well lead to a decline in the growth rate of unions in the future.

Rapid union growth has also generated its own set of demands for resources and skills which many unions have been unable to fill. In short, union growth in certain areas of the South African economy could be viewed as a contributing factor to the organisational problems faced by the union movement. Organisational and resource constraints and their associated problems have been evident particularly from the time of Cosatu's formation in 1986. They are also likely to be a continued factor facing unions attempting to expand their membership in unorganised sectors, while attempting to maintain and consolidate present membership levels in the highly organised sectors of the economy.

At the end of the Wiehahn decade, industrial relations in South Africa could thus be characterised by crucial areas of

weakness with regard to both management and organised labour. These are areas of weakness which may contribute significantly to the difficulty of establishing a stable and relatively peaceful industrial relations environment in the future.

Social Change

If this assessment of present trends appears very negative and, in certain respects it obviously is, then it clearly needs to be balanced by a brief review of the more positive developments that have been taking place within the political arena over the past two years.

The period of change usually identified with President FW de Klerk's speech to Parliament in February 1990, unleashed processes that hold out the potential for a more serious attack on social inequality in South Africa. Indeed, it could be argued that a key factor forcing the state to shift into a reformist mode was precisely the economic weakness and financial crisis that prevailed through much of the 1980s (see Hirsch, 1989). Recognition by all the major political players of the need to address economic problems clearly does not lead automatically to a lessening of social inequality. It is the simultaneous democratisation of the political process which suggests that economic policies orientated to improved social welfare and a more equitable redistribution of resources will become central to the political process in the future.

Within this context, it becomes possible to think of movement towards a relatively stable normative order in industrial relations. In other words, as the political process starts to reflect the concerns of the broader population, including the members of trade unions, it will develop a greater moral justification and thus enable the attainment of greater consensus in all areas of society, including the economic sphere.

In the words of the British sociologist, John Goldthorpe (1974:231):

... The advancement of social justice has to be seen not as some lofty and rather impractical ideal, the further pursuit of which must wait upon the attainment of such basic objectives as "getting the economy right", but rather as an important precondition of mitigating current economic difficulties.

It should perhaps be added that the current process of change in South Africa is

The severe economic problems in the manufacturing and mining sectors may well lead to a decline in the growth rate of unions

unlikely to lead to a situation, even in the long term, in which there will be complete consensus and therefore complete stability. The potential for conflict will remain so long as there are social factors generating this potential, for instance, hierarchical organisation in the workplace. But it does seem possible to envisage the existing patterns of inequality in South Africa becoming less arbitrary, less unjust and therefore more likely to receive some degree of acceptance from a wider section of the population.

Clearly this is not intended to imply that no change in industrial relations will be possible or effective prior to a political solution being arrived at in South Africa. There have been important new initiatives in the industrial relations arena over the past few years; at the *national* level, in the relationship between Cosatu and the government around the National Manpower Commission, at the *industry* level where the SA Clothing and Textile Workers Union (Sactwu) has negotiated a landmark restructuring initiative, and at the *company* level in experiments at firms such as Cashbuild, PG Bison and Nampak.

Perhaps the most significant area of change is taking place at the company level, where attempts have been embarked on to examine the values that management and workers adhere to and that govern their interaction. In addition to the examples referred to above, there have been a few relationship-building exercises at other companies aimed at reducing the distance between management and workers. These micro-level initiatives are important in that they, in various ways, aim to change the relationships in the enterprise in ways that attempt to go beyond collective bargaining and the traditional forms of management-labour interaction which are facilitated by a regulatory framework.

It has been argued that these experiments 'in value-sharing between superordinates and subordinates neglect the structural dimension of the employment relationship. They lead neither to power-sharing nor sustainable developments' (Douwes-Dekker, 1992). There may be some truth in this argument, although it could equally be argued that the neglect of the structural dimension of the employment relationship is understandable given that this dimension cannot be changed without macro-level, institutional modification - precisely the kind of change that becomes more likely once democratisation of the political process advances. The crucial point,

however, is that change in industrial relations needs to proceed at both the micro and macro level simultaneously and that economic life and the relations that govern it should be restructured alongside of the broader processes aimed at reducing social inequality.

The major challenge in the present is therefore ensuring that these processes of change are articulated in the programmes of government, management and organised labour. Present developments appear, at least to observers, to lack this articulation between micro and macro level change in both the relations and institutions of industrial life. For example, Cosatu appears primarily orientated to the national political arena and the establishment of highly centralised forums, employers appear more active at the company level and the government displays no clear initiative.

Prospects

In summary, the Wiehahn decade could be seen as a period in which problems in industrial relations were allowed to surface for the first time in South African labour history. Unionisation of black workers flourished and as it did so, the workers who flocked to the democratic unions were given a chance to act to change their working lives. Change it they certainly did, in many respects, but most importantly by ensuring that the laws, the rules and the procedures governing union-management interaction were shifted to reflect the power of the unions and to guarantee them the space in which to continue organising and negotiating.

But while allowing problems to surface, the past thirteen years have not shown much evidence of management-labour relations changing in such a way as to deal with some of the more fundamental issues confronting the parties. These issues concern both the economy and the political role of management and organised labour.

With regard to the economic crisis, it is clear that far-reaching change is required in many areas of production in order to contribute to economic growth. For change in the organisation of production to be feasible, however, industrial relations at the enterprise level will have to undergo restructuring on a wide scale. A potentially fruitful focus for restructuring would be in the area of industrial democracy, that is, concerning issues of the right of employees to participate in management and economic

Political reforms will enable the attainment of greater consensus in all areas of society, including the economic sphere

Cosatu appears orientated to the national political arena, employers appear more active at the company level and the government displays no clear initiative

Industrial democracy will have to be complemented by more overtly political roles of organised management and organised labour

decision-making beyond the scope of collective bargaining. For instance, effective answers to key micro problems, such as that of wage policy, will undoubtedly require change in the concepts of management structure, authority and control (Goldthorpe, 1974).

If industrial democracy is to become a meaningful issue on the industrial relations reform agenda, the 'ideological mind-set' of managers will have to change so as to create a situation in which workers are not afraid to question things and in which they are allowed to make changes. Equally, workers and their unions will increasingly have to concern themselves with the nature and organisation of production, as some have already started doing.

Furthermore, it may be necessary to reconsider forms of workplace organisation, other than the traditional union model, to ensure participation in the production process by non-union members or in multi-union situations. In this regard, critically revisiting the Wiehahn Commission's discussion of workplace organisation and decentralised collective bargaining may be appropriate, as well as looking to the international situation.

Industrial democracy is not without its problems and has in certain situations been limited by the market constraints operating on capitalist firms and by the limited resources that unions alone can mobilise within a firm. Advances in industrial democracy will therefore have to be complemented by more overtly political roles on the part of organised management and organised labour. Clearly, significant progress has been made already by Cosatu and Saccola in attempting to reach agreement on a Charter for Peace, Democracy and Economic Reconstruction and in beginning to work through national forums. If this process is carried through successfully, the chances of the state, management and labour addressing problems of social inequality in various areas, through a set of policies that carry legitimacy and consensus, will be vastly improved.

The wide-ranging and assertive political initiatives undertaken by Saccola at the national level, will clearly need to be matched at the enterprise level, both in the way that management view labour and also

by the extent to which workers are offered more tangible benefits and a more meaningful role. Equally, Cosatu's ongoing political role at the national level will increasingly need to correspond with organisational strength at the enterprise level.

Finally, to return to probabilities, it is likely that the conflictual and non-cooperative legacy of the past decade will continue to characterise industrial relations for a considerable period of time. At least it is now possible to contemplate South Africa moving into a new political era, one characterised by a more egalitarian restructuring of society that must profoundly affect the nature of industrial relations.

As it has become possible to identify new initiatives in the economic and industrial relations arena, however disparate and fragmented, so there are grounds for being optimistic about a more wide-ranging and sustained move from reform to restructuring of industrial relations. The conclusion reached elsewhere bears repeating here, namely that, 'Those who continue to defend and assert the old order will know only problems in a process that will remain an ordeal' (Nupen, 1970). **IPDA**

REFERENCES

- Bethlehem L. 'Productivity: the case of SAPP's Ngodwana Paper Mill'. *South African Labour Bulletin*, Vol 16/No 1, 1991.
- Bird A. 'Skills Development: a trade union perspective'. *IPM Journal*, October 1991. Johannesburg: Institute of Personnel Management.
- Douwes-Dekker L. 'In place of strife'. *Finance Week*, 18-24 June 1992.
- Goldthorpe J. 'Social inequality and social integration in modern Britain', in D. Wedderburn (ed), *Poverty, inequality and class structure*. London: Cambridge University Press, 1974.
- Hirsch A. 'The Origins and Implications of South Africa's continuing financial crisis'. *Transformation* No 9, 1989. Durban: University of Natal.
- IMSSA Review No 12. Johannesburg: Independent Mediation Service of South Africa, 1992.
- Innes D. 'Labour Relations in the de Klerk Era', in *South African Review* 6. Johannesburg: Ravan Press, 1992.
- International Confederation of Free Trade Unions (ICFTU). *Annual Review*, cited in *the Cape Times*, 23 June 1992.
- Marie B. 'Cosatu faces crisis'. *South African Labour Bulletin*, Vol 16/No 5, 1992.
- National Manpower Commission (NMC). *Annual Report 1991*, RP 46/1992. Pretoria: Government Printer, 1992.
- Nattrass N. 'No co-operation at Toyota'. *South African Labour Bulletin*, Vol 16/No 2, 1991.
- Nupen C. 'Collective bargaining realities in South Africa', in M. Anstey (ed), *Worker Participation*. Cape Town: Juta, 1990.
- Philip C. 'The Role of Mediation in Industrial Conflict Resolution', Unpublished MA dissertation, University of Cape Town, 1989.
- South African Municipal Workers Union (SAMWU). 'Racial Discrimination in the workplace: SAMWU workers speak out'. *South African Labour Bulletin*, Vol 16/No 5, 1992.



*Professor Valerie Møller,
Centre for Social & Development Studies, University of Natal*

Why is it so important that all South Africans should be happy and satisfied? International evidence suggests that the happiness and satisfaction perceived by members of society are a true reflection of good government and a healthy state of national affairs. Subjective indicators of well-being are telling signs of political robustness. Drawing on surveys conducted in the 1980s and 1990s, Professor Møller contrasts some significant findings on white and black satisfaction levels in contemporary South Africa.

What do indicators tell us about the social dynamics of society? First of all, social indicators are statistics that have significance for the quality of life. Western democratic societies regularly test the mood of the people to assess the level of well-being of the nation. Happy people are an indication of a healthy, normal society.

In South Africa, the state, until recently, failed to collect social indicators of happiness and satisfaction, which unlike the gross national product, literacy, and birth and death rates, measure relatively subjective or personal states of affairs. During the 1970s and 1980s, the task of social reporting and the measurement of subjective social indicators was left mainly to private social research organisations.

There may have been good reason for the apartheid state to avoid facing the social indicators test. The social reports of the 1980s were uncomfortable reminders that all was not well in South Africa. Social indicators sounded a forewarning of apartheid's demise: black South Africans were dangerously unhappy and dissatisfied.

Markinor, a commercial research organisation which had been monitoring socio-political trends since 1976, reported in 1981/82 that 'the least happy, the least

content and the most bewildered and confused population group are, no doubt blacks'. *Markinor* (1991:203) warned that:

There are many signs of growing restlessness and growing aggression among blacks, directed more and more against the all-embracing and all-determining white supremacy. Blacks want their place and designation in the South African society ... Whoever ignores or defies this need will be a target of potential conflict'.

In 1991 *Markinor* noted that blacks were still the least happy and content, and in fact, more so than ten years ago.

Trend studies of quality of life conducted in 1983 and 1988 (Møller 1989, see *Indicator SA Vol7/No1*, 1989) showed that not only were the majority of black South Africans dissatisfied with their lives as a whole, they were also discontented with almost all aspects of their lives. In contrast to whites, whose aggregate levels of happiness and satisfaction compared favourably with those achieved by people in other Western countries, blacks scored well below the mid-mark (see Table 1).

On the basis of this evidence one must assume that when South Africa reaches a state of normal affairs, black South

Table 1: Life satisfaction and happiness

Quality of life trend study (urban sample)

	Black		Coloured		Indian		White	
	1983 %	1988 %	1983 %	1988 %	1983 %	1988 %	1983 %	1988 %
Satisfied (very & satisfied)	48	32	81	77	89	77	89	82
Happy (very & happy)	53	38	80	83	88	83	93	92
Satisfied with 30 aspects of life (very & satisfied, average)	49	41	68	68	73	67	85	84

Source: Moller, 1989:44.

Markinor social value study (metropolitan sample)

	Black		Coloured		Indian		White	
	1981	1990	1981	1990	1981	1990	1981	1990
Satisfied (Average score out of 10)	5,8	5,5	7,3	7,6	7,1	7,5	7,5	7,7
Happy (very & quite)		52%		94%		74%		92%

Source: Markinor, 1991a: 19, 21.

satisfaction and satisfaction with various aspects of life as the expression of one's personality and hence a fairly stable trait.

So far the only systematic test of these explanations suggests that the picture may be more complex than previously imagined with some aspects of life being influenced from the top down and others by two way causation. Although individual predisposition to happiness and unhappiness is a good predictor of future perceived well-being, external factors also seem to be at play. An Australian study showed that levels of well-being were relatively stable over a longer period. Nevertheless, a quarter of the population indicated substantial satisfaction shifts (Headey *et al*, 1991). These results suggest that the notion of an immutable individual trait of happiness cannot be defended. Clearly satisfaction shifts in the population are both discernible and worth monitoring.

The same principle of relative stability combined with sensitivity to external influences appears to apply to the aggregate happiness of nations. When broad social conditions improve or deteriorate, the people's reported state of happiness responds accordingly.

Africans on aggregate will be happy citizens unlike in the apartheid past. Why is this so?

Personal Satisfaction

Quality of life researchers do not know exactly how people arrive at an overall evaluation of their personal state of affairs. The most common understanding is that life satisfaction is the sum of people's satisfactions with various aspects of their lives, e.g., their family, income, job, school, housing, leisure, local and national government (the so-called bottom-up explanation).

Recent comparative research (Michalos, 1991) has shown that aspirations (what one has compared to what one wants) and social comparisons (what one has versus what similar others in society have) are relatively strong predictors of satisfaction in most societies. Evidence from this research suggests, however, that for black South Africans equity considerations (what one has versus what one deserves) are also very significant.

Although most quality of life researchers have simply accepted the bottom-up explanation, some alternative models of happiness are debated. It is possible that people's general happiness may rub off on their assessment of various domains or aspects of their lives (the top-down explanation). A third explanation sees net

National Satisfaction

At the national level there is a limited understanding of how levels of happiness are initiated and sustained over time. What is known about the dynamics of aggregate life satisfaction suggests that there are at least two components at work. On the one hand levels of satisfactions of different societies are remarkably durable. However, over time gradual changes in levels of popular satisfaction have been observed which appear to reflect changing economic and political conditions.

In terms of their durability, life satisfaction and happiness are akin to a national characteristic which describes the nature of society. Happiness tells us about the distinctive historical experience of a people and its reactions to its circumstances. Ingrained in indicators of happiness and satisfaction are the life chances ascribed to a people born into a particular society at a particular time.

Happiness indicators reflect all the expectations, aspirations and frustrations of a society. Long periods of social and political stability may give rise to satisfied attitudes just as frustrated expectations may

Western democratic societies regularly test the mood of the people to assess the level of well-being of the nation

give rise to dissatisfied ones. These orientations may be transmitted from one generation to the next during childhood socialisation. It is thought that one's values tend to reflect the conditions prevailing during one's pre-adult years.

It has been observed that cultural factors tend to reinforce satisfaction and dissatisfaction. Societies appear to differ in the extent to which it is permissible or even desirable to express unhappiness and dissatisfaction with one's life. The strength of the norm seems to vary from one nation to another. In Europe, for example, the norm which inhibits complaints appears to be stronger in the North than in the South. Cultural norms of happiness serve to explain some of the discrepancy between objective conditions and public evaluations expressed in subjective indicators (Michalos, 1991).

Despite the durability of satisfaction and happiness, aggregate levels are not immutable. In comparative studies of developed and developing nations a fairly good fit has been found between fluctuations in life satisfactions and the economic experience of societies. Life satisfaction appears to respond positively to improved standards of living.

In addition, the group norm of satisfaction and happiness may also be subjected to change from within if the population composition of a given society changes. For example, in-migration into an area may introduce new expectations and experiences which will be blended with those of the settled group and registered in the aggregate satisfaction level. Shifts in group satisfaction due to demographic factors can be expected in societies characterised by rapid social change.

In South Africa, sampling procedures may require periodic updating to match new migration trends. *Markinor* recently added shack dwellers to its regular sample of township residents to retain the representativity of its urban black panel. The director of *Market Research Africa* notes that future gaps in aspirations between population groups may in part be attributed to purely demographic trends which indicate that the black population will continue to be youthful while the white population is ageing. It is to be expected that the age discrepancy will emphasise differences such as impatience and radicalism among the younger blacks and conservatism among the older whites (Corder, 1991).

In the light of the above review one can anticipate low levels of satisfaction and happiness among black South Africans. Relative to their white counterparts black South Africans have experienced depressed standards of living for many generations. Social deprivation, in itself, is sufficient explanation for low levels of subjective well-being. It is not surprising that the Soweto schoolchildren who experienced the 1976 civil unrest grew up to be the dissatisfied adults of the 1980s. A cultural propensity to dissatisfaction was formed, born of at least two generations of oppression under apartheid and a legacy of colonial paternalism before that.

In the South African case, it might also be argued that opinion surveys may have been one of the very few means of expressing grievances in a repressive society. Subjective indicators were perhaps more sensitive to the prevailing mood than other statistics.

The Soweto schoolchildren who experienced the 1976 civil unrest grew up to be the dissatisfied adults of the 1980s

Table 2: Socio-economic status and satisfaction

Quality of life trend study		Black		White			
		1983	1988	1983	1988		
		%	%	%	%		
Satisfied with ability to provide for family		51	32	87	89		
Source: Moller, 1989: 44.							
Markinor social value study, 1990		Black		White			
Satisfaction with financial situation (Average score out of 10)		3,8		6,6			
Monthly household income		R851		R3930			
Household members with no paid job		57%		33%			
Source: Markinor, 1991a: 98, 113.							
Urban black household trends		1975	1977	1983	1985	1987	1989
		%	%	%	%	%	%
Television in home		-	-	26	41	50	52
Electricity in home		16	17	29	42	45	52
Wall to wall carpet in lounge		-	-	-	16	26	31
Source: Market Research Africa, 1989: 29, 32, 61.							

Sustaining Democracy

Why is it so important for black South Africans to achieve higher levels of personal well-being? According to the political analyst, Ronald Inglehart (1988), life satisfaction constitutes a syndrome of positive attitudes towards the world in which we live. Life satisfaction has an important bearing on the formation and durability of democracy, which seems to result from a complex interplay of economic, cultural and institutional factors.

It is not certain whether higher standards of living promote life satisfaction or whether a positive outlook on life produces the right climate for economic growth

Table 3: The importance of social equity

1990 Markinor value study

	Black %	White %
Perceived unfair treatment in life	48	14
Equality relatively more important than personal freedom (agree)	51	15
People are living in poverty due to injustice in society (versus laziness, bad luck)	64	30

Source: Markinor, 1991a: 23, 118, 145.

According to this viewpoint life satisfaction is a requisite as well as a consequence of achieving the non-racial democratic society to which most South Africans aspire. There is no hope for sustaining democracy without adequate levels of life satisfaction: democratic institutions would be likely to flounder with low levels of satisfaction and trust.

South Africa's democratic aspirations alone make a very convincing case for monitoring social indicators. A fledgling democratic society neglects social indicators at its own peril. South Africa's social policy will be better served by knowing about differences in life satisfactions - how they vary cross-culturally among the many diverse groups which make up South African society, and over time - than by pretending that differences do not exist (*cf* Inglehart, 1988).

What are the prospects of black South Africans achieving life satisfaction? Judging from the international evidence it would be unreasonable to expect dramatic changes overnight. Even if a political settlement were achieved sooner than anticipated, the legacy of apartheid which created the disposition of black South Africans to voice dissatisfaction in response to their social condition, may prevent a rapid swing to satisfaction. The experience in the United States is sobering. Subjective well-being of blacks in the United States, according to social indicators for the period 1972-1985, has remained depressed despite changes of their social and legal status (Thomas and Hughes, 1986).

The link between the socio-economic conditions and life satisfaction appears to be crucial. Judging from the international experience, the importance of rising standards of living for improving levels of happiness cannot be underestimated - even if the 'chicken and egg' question remains

unanswered. It is not certain whether higher standards of living promote life satisfaction or whether a positive outlook on life produces the right climate for economic growth and stability.

In the South African case, if we consult the results from the quality of life trend study, satisfaction and happiness indicators are indeed sensitive to personal experience of better economic conditions. In 1983, higher income urban blacks - in spite of their political dissatisfaction - indicated higher levels of happiness and satisfaction than their less privileged brothers and sisters (Møller *et al*, 1984).

The social reports from the past decade shed light on factors that are related to happiness and satisfaction and point to future trends for the 1990s.

Socio-economic Status

Economic trends have had an immediate effect on the daily lives of all South Africans. Indicators of growth clearly point to an economic recession for South Africa:

- The gross national product has showed negative growth for several quarters.
- Over the past twelve years the bread price has increased by 553% - a loaf of bread which cost 19 cents in 1980 costs R1,29 cents in 1992.
- Although average incomes and material wealth of urban blacks grew during the past decade, *Markinor* indicators show that the income gap between white and black households had actually widened in 1990 (see Table 2).
- Unemployment rates are currently reaching the same levels as during the depression years. The National Manpower Commission estimates that there are 5,4 million South Africans out of work, up from two million at the last census.

Observers of black opinion note that blacks expect their standard of living to rise in the 'new' South Africa. Black dissatisfaction can be attributed to rising expectations in conjunction with poor economic prospects.

In South Africa, politics have always dominated the public arena. Critics have warned that finding a political solution for South Africa may be easier than redressing its economic woes: 'Codesa is for the boys, the economy is for the men' read a recent headline in *Race Relations News* (Vol54/No2, June 1992). If it is true that life satisfaction indicators dance to the tune

Table 4: Interpersonal trust indicators

1990 Markinor social value study		
	Black %	White %
You can't be too careful (vs. most people can be trusted)	65	67
Degree of trust (Average score out of 10)		
Own family	7,8	8,9
Friends	4,8	7,5
Neighbours	4,6	6,0
Members of own population group	5,7	5,9
Members of other groups *	3,5	3,9
South Africans in general	5,2	5,3

Source: Markinor, 1991a: 171, 173.
* Calculated average.

of the economic performance of a nation, fighting the economic crisis may well represent the greatest challenge for the future South Africa.

As noted earlier, equity considerations probably play an important role in black evaluation of life conditions (see *Markinor* indicators in Table 3). Observers of socio-political trends (Corder 1991; *Decision Maker* Vol2, 1991) note that equity is the dominant theme of the late 1980s and early 1990s and most likely will continue to dictate social policy under a new government.

Under the new dispensation blacks look forward to the dignity of being accorded equal rights, equal wages and equal treatment. Black South Africans have become more strident in their demands for their equal share of a diminishing cake. Evaluation in terms of the gap between 'what one has and needs' are rapidly being replaced by 'what one has and what one feels one deserves', whereby the latter may include compensation for deprivations and injustices of the past.

Low Trust

A serious obstacle in finding a political and socio-economic solution for South Africa may be low levels of trust. It is not without significance that the turning point in South African politics, leading to the release of Nelson Mandela from prison, was ushered in by public statements from both President de Klerk and ANC leader Mandela pronouncing their mutual regard and trust in each other's integrity.

Political analysts consider interpersonal trust and confidence in society's institutions to be a cornerstone of the democratic culture. They argue that the evolution and

persistence of mass-based democracy requires such supportive habits among the general public:

A sense of trust is also required for the functioning of the democratic rules of the game: one must view the opposition as a loyal opposition, who will not imprison or execute you if you surrender political power but can be relied upon to govern within the laws and to surrender political power reciprocally if your side wins the next election.
(Inglehart, 1988:1204).

The current wave of violence in the townships and the intensification of public debate about which party is to blame for each new violation of the National Peace Accord are rooted in the high levels of mistrust nourished by apartheid. Just as it will be difficult to modify the disposition towards social dissatisfaction among blacks, it will be equally difficult to nurture the seeds of trust which are essential for democracy to flourish (see Table 4).

Common Values

In the non-racial democratic society to which South Africans aspire, there will need to be some mutualities to bind together the diverse cultural groups which make up society. A set of common values may be essential for making democracy work in a plural society. Lifestyles and the values underlying them may become the battlegrounds for the future.

A serious obstacle in finding a political and socio-economic solution for South Africa may be low levels of trust

A set of common values may be essential for making democracy work in a plural society

Table 5: Socialisation indicators

1990 Markinor social value study		
Values to be encouraged in children		
	Black %	White %
Good manners	85	64
Tolerance and respect	65	51
Feeling responsible	44	55
Obedience	41	35
Determination, perseverance	29	41
Hard work	29	20

Source: Markinor, 1991a: 41.

MarkData, HSRC study
Values to be transmitted to children in the home

	Black %	White %
Good manners	89	50
Neatness	48	11
Honesty	34	71
Obedience	30	47
Responsibility	28	53
Patience	23	7
Religious faith	19	55

Source: Mouton, 1991.

The ideal of ubuntu, respect and tolerance for other people, may counteract many of the ills which currently plague ethnic and race relations

There are lessons to be learnt from well established multi-cultural democracies. Even people who dislike each other can achieve peaceful and productive co-existence if there is healthy respect for cultural differences and if people can relate to some common values.

Pre-adult socialisation is an important period for instilling lasting values in the new generation. Non-racial upbringing and co-education presuppose that parents subscribe to a similar set of values. The indicators produced in the social values studies conducted by *Markinor* and the Human Sciences Research Council (HSRC) in the 1980s are instructive on South African values (see Table 5).

Indicators suggest that white and black parents may have different ideas of what it takes to succeed in life. It is questionable whether the black emphasis on good manners and neatness will equip black youngsters to compete on an equal footing with their white counterparts in the industrialised society that South Africa has become. On the other hand, the ideal of *ubuntu*, respect and tolerance for other people, which seems to underlie many of the values which black parents wish to pass on to their children, may counteract many of the ills which currently plague ethnic and race relations in South Africa. Greater insistence on obedience on the part of black parents may be a reaction to the increased rebelliousness of youth and school boycotts.

The indicators in Table 6 also show that black and white adults have different notions of morality. Blacks generally have

Table 6: Moral values

1990 Markinor social value study

Morally justifiable behaviour	Black		White	
	1981	1990	1981	1990
Political assassination	2,1	2,8	1,5	2,1
Killing in self-defence	1,5	4,6	6,4	7,0

Source: Markinor, 1991a: 37.

Human Sciences Research Council value study

Morally justifiable behaviour	Black %	White %
Threatening workers who refuse to strike	26	7
Fighting with the police	37	16
Accepting a bribe	18	3
Buying stolen goods	21	4
Claiming benefits to which not entitled	41	15

Source: Mouton, 1991.

Table 7: Attitudes to Work

1990 Markinor social value study

	Black %	White %
Need to do a good job regardless of pay	30	63
See work as a business transaction	26	10
Pride taken in work done (workers only) 'a great deal'	51	84
Most important aspects of a job:		
Good pay	88	78
Opportunity to use initiative	20	50
Useful job for society	25	19
Not too much pressure	38	7
Job satisfaction (workers only) (Average score out of 10)	5,6	7,4

Source: Markinor, 1991a: 80, 83, 87, 92.

a more relaxed attitude towards anti-social behaviour and misdemeanours (*Markinor*, 1991a; Mouton, 1991).

Work Ethic

The link between the work ethic and happiness is tenuous to say the least. However, the economic prosperity of countries who today register above average happiness is thought to have been triggered by a positive attitude to hard work.

There are subtle indications that attitudes toward work may be shifting in South Africa. A 1986 poll conducted in the urban areas found the work ethic to be intact. Hard work was considered the most important ingredient for success in a job by both blacks and whites although a higher proportion of whites (73%) than blacks (59%) supported this view (*Research in Action* 1987, Vol84). In 1990 the *Markinor* trend study found that whites continued to express positive attitudes towards work as a means of personal fulfillment, while blacks saw work primarily as a means of earning a living (see Table 7).

The social indicators on work attitudes suggest that first and third World ambitions are likely to clash most seriously on the shop floor with whites exhibiting post-material motivations while blacks still subscribe to material ones. On the other hand, the possibility also exists that the economic recession may level the aspirations of black and white workers at the material level. In 1991, unemployment overtook race relations as the most important issue of the day for white urban dwellers (*Research for Action* 1991, Vol110).

Table 8: Political activism

1990 Markinor social value study

	Black		White	
	1981 %	1990 %	1981 %	1990 %
Actual and considered participation in political action:				
Attending lawful demonstrations	32	67	33	42
Joining in boycotts	31	69	23	33
Joining in unofficial strikes	*	45	*	8

* Only significant shifts over 5 percent shown
Source: Markinor, 1991a: 156.

Cultural Divide

There are some areas where the cultural divide has narrowed substantially during the 1980s. However, the convergence of black and white values regarding aggression and violence spells trouble for the democratic future of South Africa. During the period 1981 to 1990 increasing numbers of blacks and whites approved of the use of intimidation and confrontation for forcing their demands (see Tables 6 and 8). The current climate of civil strife and industrial unrest suggests that the trend persists.

On a more positive note, national pride has increased during the past decade. This attitude may be of great significance for forging a common identity for South Africans. The positive outcome of the current debate concerning appropriate national symbols - sporting colours and emblems, the new anthem and the new flag - gains importance in the light of these findings (see Table 9).

One of South Africa's leading conservationists has commented aptly, that

after all is said and done in the political arena, the country will still have to face its environmental problems. In order to survive economically and politically, South African will need to use its natural resources wisely. The gap between the material and non-material values of blacks and whites is evident in attitudes towards conservation. However, there are signs that where issues have an immediate impact on material well-being and equity sensitivities, black and white concerns tend to converge. Attitudes towards air pollution and emissions from coal are cases in point (see Table 10).

Furthermore, it is argued that blacks have been sparing in their use of resources in the past and therefore have the moral high ground regarding conservation. Anecdotal evidence illustrates the point. A music critic recently commented that Ladysmith Black Mambazo, unlike many pop groups of the 1990s, might be classified as the ultimate green group. Its eleven man line-up was simple and pure; the singers used no resources except themselves and they definitely improved the world with their singing.

The convergence of black and white values regarding aggression and violence spells trouble for the democratic future of South Africa

Table 9: National pride

1990 Markinor social value study

	Black		White	
	1981 %	1990 %	1981 %	1990 %
Proud of being a South African (very, quite proud)	53	87	*	93

* No significant shift from 1990
Source: Markinor, 1991a: 161.

1991 Market Research Africa urban survey

Identification in international sporting events:

	Home Language		
	Afrikaans	English	Nguni
Support for Springbok emblem	81	82	31
Support for South African flag	78	76	37

Source: Research for Action, 1992, No 111.

Table 10: Environmental concern

1990 Market Research Africa urban survey		
	Black %	White %
Concerned a lot about ecological conservation	32	58
Source: Research for Action, 1990, No106.		
1990 Value Study		
	Black %	White %
Support for movements:		
Human rights	76	42
Anti-apartheid	70	14
Environment	58	76
Womens rights	56	36
Concern for problems:		
Air pollution	62	71
Damages caused by burning coal	50	66
Source: Markinor, 1991a: 191,194.		

trends of the past years. There is also slightly less confidence in a happy future for all South Africans. On the whole, however, the signs are encouraging: optimism still prevails.

Where does South Africa go from here? We shall have to wait for the next social indicators update to find out when South Africans become the happy citizens they deserve to be. Widespread popular satisfaction will be the most telling sign that democracy has won the day in the 'new' South Africa of the 1990s. **IPQA**

ACKNOWLEDGEMENTS

Several research organisations supplied the source materials for this article. Acknowledgements go to Christine Woessner and Markinor, Johannesburg, for kind permission to reproduce indicators from their social value trend study. Thanks are also due to Decision Surveys International, the Human Sciences Research Council (MarkData) and Market Research Africa, for contributions to the database.

REFERENCES

- Andrews FM, M Bulmer, AB Ferriss, J Gershuny, W Glatzer, H-H Noll, JE Innes, DF Johnston, D Macrae Jr, J Vogel and M Ward. 'Whatever Happened to Social Indicators? A Symposium', *Journal of Public Policy*, Vol9/No4, 1989.
- Chamberlain K and S Zika. 'Stability and Change in Subjective Well-being over Short Time Periods', *Social Indicators Research*, Vol26/No2, 1992:101-117.
- Corder CK. *Scenario 2000: A Perspective of a Future South Africa*. Johannesburg: Market Research Africa, 1991.
- Decision Maker, newsletter. Johannesburg: Decision Surveys International, 1991.
- Headley B, R Veenhoven and A Wearing. 'Top-down versus Bottom-up Theories of Subjective Well-being', *Social Indicators Research*, Vol24/No1, 1991:81-100.
- Human Sciences Research Council. 'The Demise of Apartheid'. Pretoria, 1990.
- Inglehart R. 'The Renaissance of Political Culture', *American Political Science Review*, Vol82/No4, 1988:1203-1230.
- Market Research Africa. 'Today's Urban Black Household'. Johannesburg, 1989.
- Markinor. *The World Social Value Study: South Africa*. Johannesburg, 1991a.
- Markinor. *Socio-political Trends*. Johannesburg, 1991b.
- Michalos AC. *Global Report on Student Well-being, Volume I: Life Satisfaction and Happiness*. New York: Springer, 1991.
- Moller V. 'Can't Get No Satisfaction: Quality of Life in the 1980s', *Indicator South Africa*, Vol7/No1, 1989:43-46.
- Moller V, L Schlemmer and HG Strijdom. 'Poverty and Quality of Life among Blacks in South Africa'. Second Carnegie Inquiry into Poverty and Development in Southern Africa, Paper No6. Cape Town: SALDRU, University of Cape Town, April 1984.
- Mouton J. 'Public Opinion Polls and the Democratizing of Society', Conference Paper. Pretoria: Human Science Research Council, 1991.
- Research in Action (later Research for Action), newsletter. Johannesburg: Market Research Africa.
- Thomas ME and M Hughes. 'The Continuing Significance of Race: A Study of Race, Class and Quality of Life in America, 1972-1985', *American Sociological Review*, Vol51, 1986:830-841.
- Veenhoven R. 'Is Happiness Relative?' *Social Indicators Research*, Vol24/No1, 1991:1-34.

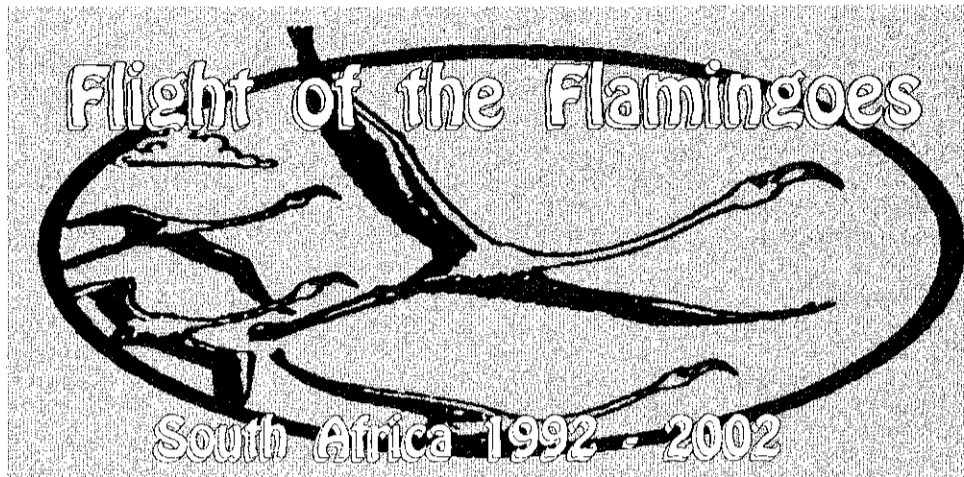
Prospects

If we ... realise that the true wealth of a nation is the health, happiness, intelligence, and content of every man and woman born within its borders ... then I think the future of South Africa promises greatness and strength ...
(Olive Schreiner, 1909)

Widespread popular satisfaction will be the most telling sign that democracy has won the day in the 'new' South Africa of the 1990s

How do South Africans see their future? Trend studies on confidence in the future suggest that the euphoria following the release of Nelson Mandela from prison in early 1990 has given way to a more sober view of the social reality (Markinor, 1991b).

South African reactions may be similar to other people in the world who have experienced sudden social upheaval at the beginning of the 1990s and are now preoccupied with building a new society. The trend indicators show that white expectations concerning standards of living are growing more modest and coming closer to those held by blacks. Characteristic for the reality phase is a slight dip in the positive race relations



*The Mont Fleur Scenarios
as written up by Professor Pieter le Roux
Institute for Social Development, University of the Western Cape*

South Africa in the 1990s appears to be locked into a vicious cycle of economic crisis, political instability and social disintegration. If these downward trends, reinforced and exacerbated by each other, deepen further, the immense problems that the new nation faces may well become insoluble by the end of the decade.

Pieter le Roux paints a picture of society in the four creative scenarios projected by the Mont Fleur research team: a non-representative alliance government (the ostrich scenario), a democratic government incapacitated by a long transition (the lame duck scenario), a macro-economic populist government (the Icarus scenario) and an inclusive democracy focused on socio-economic development (the flamingo scenario).

In the well-known sketch by Escher called *Day and Night*, whether one sees black birds flying to the left or white birds flying to the right depends on what image one focuses upon. The question of which of these points of view would be optimistic, clearly depends on the political bias of the observer!

In a similar vein, scenario planning is a powerful method for enabling the participants to escape from what scenario planners call their mental maps. Different people understand the present reality differently, and therefore have different expectations of the future. On one level this is merely a psychological phenomenon - optimists focus on the bright side of things, pessimists always see the dark clouds. On a more fundamental level the individual's understanding of reality depends on his/her entire *weltanschauung* (worldview).

Biological determinists, with a racial bias, reject the 'flight of flamingos' as a possible scenario - good government, it is claimed with much confidence, cannot be

established in an African country. Economic determinists, who believe that class conflict is the be-all and end-all, believe that there is only one story to tell - that of the hawks and sparrows. It is utopian to believe that we can fly together like the *flamingoes*; it is irrelevant to warn against the *crash of Icarus*. Determinists of whatever hue voice similar objections to scenario planning exercises in which there are different outcomes.

Scenario planning is based on the assumption that different visions of the future do matter. One can judge their realism, relevance and internal consistency but only after breaking out of one's own mindset or paradigm and becoming thoroughly familiar with other views of the future. And, particularly in the case of political scenarios, one of the explicit goals of presenting different scenarios is to challenge the mindsets of the audience - to open their minds to the possibility of other futures than the single possible future they usually believe in.

Catastrophes have befallen countries which had all the potential for success, simply because the key actors were prisoners of mental maps

In the case of broad political scenarios, the attempt to challenge one-track thinking is based on the belief that outcomes are also influenced, though not determined, by key actors' understanding of possible futures. The contention that the social sciences differ from the natural sciences because of the phenomenon of self-fulfilling and self-negating prophecies (Ryan, 1975), is thus implicit in the method adopted by scenario planners.

Mental maps must be challenged because they can undermine the true potential of a society. No-one can deny that great catastrophes have befallen countries which had all the potential for success, simply because the key actors were prisoners of inappropriate mental maps. At crucial stages, ideas, which do not determine outcomes often, are of crucial importance in determining the collective future of a nation (see le Roux, 1989:240-242).

Mont Fleur Scenarios

Scenario planning exercises have generally been the preserve of the establishment. During the past twenty years it has become one of the standard methods of forward planning of many business organisations. Political scenarios are far less common.

One need not be the prisoner of one's paradigm - scenarios of other possible futures are the key to a successful escape

In South Africa hitherto there have been two high profile scenarios concerned with broader political and economic issues. One of these was funded by the Anglo-American Corporation (See Sunter, 1987) and the other by Nedcor and Old Mutual. The *Mont Fleur* scenarios are, as far as the participants are aware, one of the first exercises of this broad scope in the world undertaken by a left-of-centre group.

The exercise was initiated by the author and by Professor Vincent Maphai of the University of the Western Cape. Other members of the core team included Trevor Manuel and Tito Mboweni from the African National Congress. Advocate Dikgang Moseneke, vice-president of the Pan-Africanist Congress, also provided advice on possible participants, even though he could not participate in the full exercise. All decisions were taken by consensus, including the decision to approach Adam Kahane, head of scenario planning for Shell International, as the facilitator.

It was, we were advised by the facilitator, important for the process to have a group in which there were diverse views. It was

partly for this reason that the core group decided to approach establishment business people. In addition, even though the academics, the political activists from different persuasions, the trade unionists, the women involved in social issues, the educationalists, those who had been in exile, and those who were members of civics, generally could all be considered to be left-of-centre, they brought a wide variety of experiences and perceptions to the exercise (see full list of participants: 119).

There is no doubt that the diversity of the group was an important contributory factor to the success of the exercise. It must be stressed, though, that the scenario process as such enabled most participants to break out of their traditional moulds. Thus the embryonic version of the *crash of Icarus* - a scenario in which a popularly elected government destroys the economy - was first told by a member of a liberation movement. And at least one of the first versions of the *flight of the flamingoes*, a scenario where South Africa takes off because of a popularly elected government implementing sustainable policies, was related by someone from the business establishment!

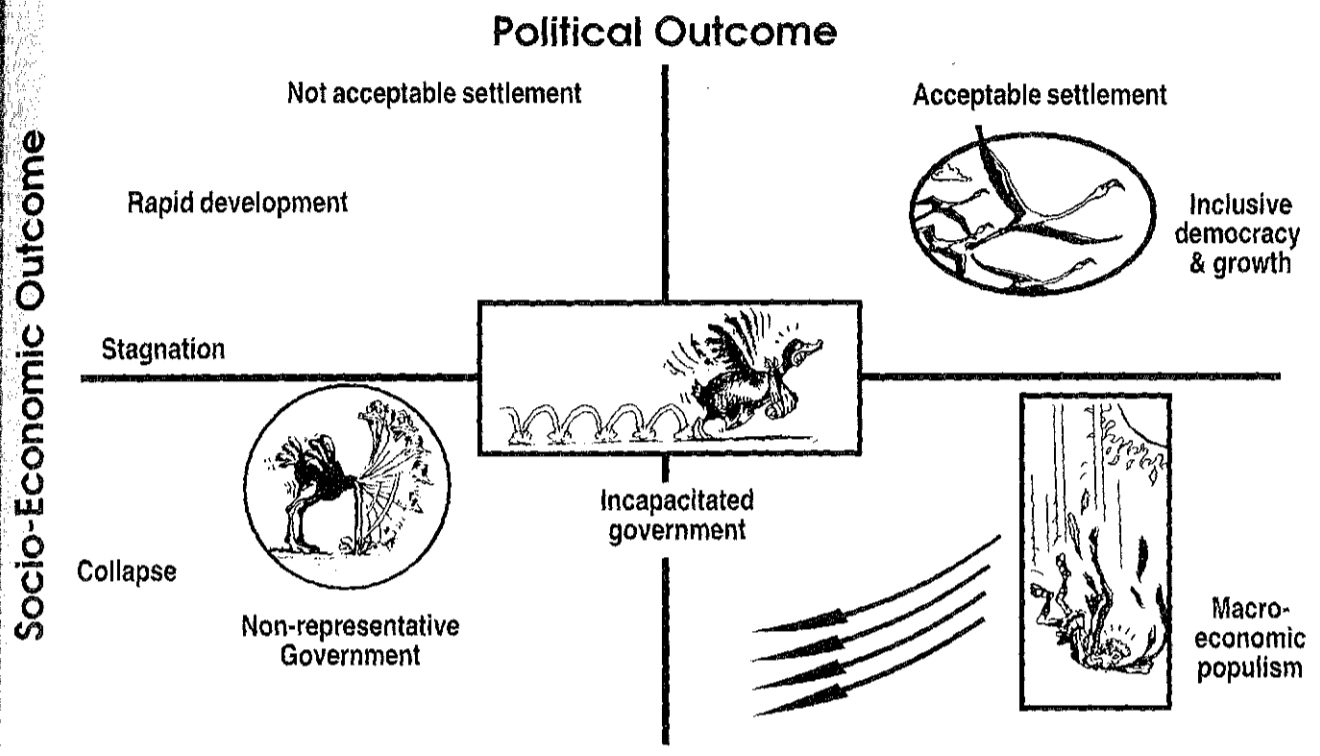
One need not be the prisoner of one's paradigm (see le Roux, 1983). A scenario planning process, rather than reading about scenarios, is the key to a successful escape. For this reason the facilitator argued that the process was as important as the product.

The scenarios were hammered out at a series of workshops which took place between September 1991 and March 1992, where they were formulated, tested and refined. Attention was subsequently focused on how to cut the scenarios back to their essential elements and how to make the findings accessible to a wide audience. The scenarios were released publicly for the first time in September 1992. (The scenarios are named after the Mont Fleur Conference Centre in Somerset West, Cape, where the workshops were held.)

The scenarios that were eliminated by consensus from the final list of nine included 'growth through repression' and 'the revolution revisited'. Given the balance of power between the different groups and classes in South Africa, it was agreed that a counter-revolution from the right would not put South Africa onto a successful growth path. Similarly it was accepted that a revolutionary overthrow of the present government, given the internal

FIGURE 1

FOUR POSSIBLE FUTURE SCENARIOS



and also the international balance of forces, was not possible within the decade.

The four scenarios (see Figure 1) - symbolised by images of the *ostrich*, *lame duck*, *Icarus* and *flamingo* - which were developed are stories about what might happen to South Africa during the next decade. They are not intended to be blueprints, but are possible futures which are put forward to stimulate debate about the future.

Vicious Cycle

In discussing the crisis in South Africa it was generally not attempted to reach agreement on the causes. Given the differences in the background of the team members it was realised that it would not be possible to reach consensus on questions such as whether race or class explains the history of South Africa best. However, it was not difficult to reach agreement on the nature of the crisis which South Africa had to deal with in the political, economic and social spheres.

It was concluded that the present political system lacks legitimacy, that there is a widespread mistrust of the security forces and the system of justice, and that a climate

of repression and intolerance is rife. Furthermore, there was consensus that the political crisis has been deepened by the escalating exploitation of ethnic and regional divisions, and by the collapse of many black local authorities.

In the case of the economic crisis, agreement was reached on the underlying phenomenon. The traditional growth path, based on primary goods exports, cheap labour and import substitution had become unsustainable. The technological revolution which favoured knowledge-intensive industries had turned the terms of trade against primary goods exporters. In this respect the problems faced by the South African economy were similar to those of countries such as Australia (see Dornbusch, 1991:45). In addition the massive political mobilisation, which gained momentum in the seventies, and the growth of trade unions, had undermined the cheap labour system.

Because of its historic growth path and because of the system of apartheid, the distribution of income in South Africa is among the most unequal in the world. The Gini coefficient is as high as 0,65 (Wilson & Ramphela, 1989:4). This legacy of the past worsens the political and social problems.

If trends should continue for another decade, most of the problems that South Africa faces will become insoluble

The economic crisis has led to economic stagnation and decline, which further exacerbates many of South Africa's social and political problems:

- The decline in the rate of investment has led to declines in the rate of growth in Gross Domestic Product (GDP).
- The growth rate in GDP, which was less than 1% during the period 1985-1990 (see Figure 2) has dropped to negative rates in 1992.
- Given an annual rate of increase in the population of well in excess of 2,5% there has, since 1975, been a declining rate of per capita income.
- Although there are almost half a million new entrants into the job market each year, there has not been any growth at all in the formal private sector jobs since the mid-1970s (see Gouws, 1992:28).

The social crisis partly has its roots in the economic and political crisis, but in its turn causes a further deterioration in the other spheres. Low rates of economic growth has led to increasing unemployment. Partly as a consequence of this trend, there has been a rapid rise in political and criminal violence. Furthermore, the education and health systems are severely strained and increasing numbers of the youth are totally

alienated. Add to this the collapse of rural communities, rapid urbanisation and rapid population growth, and it is clear, that the social fabric of South Africa is disintegrating.

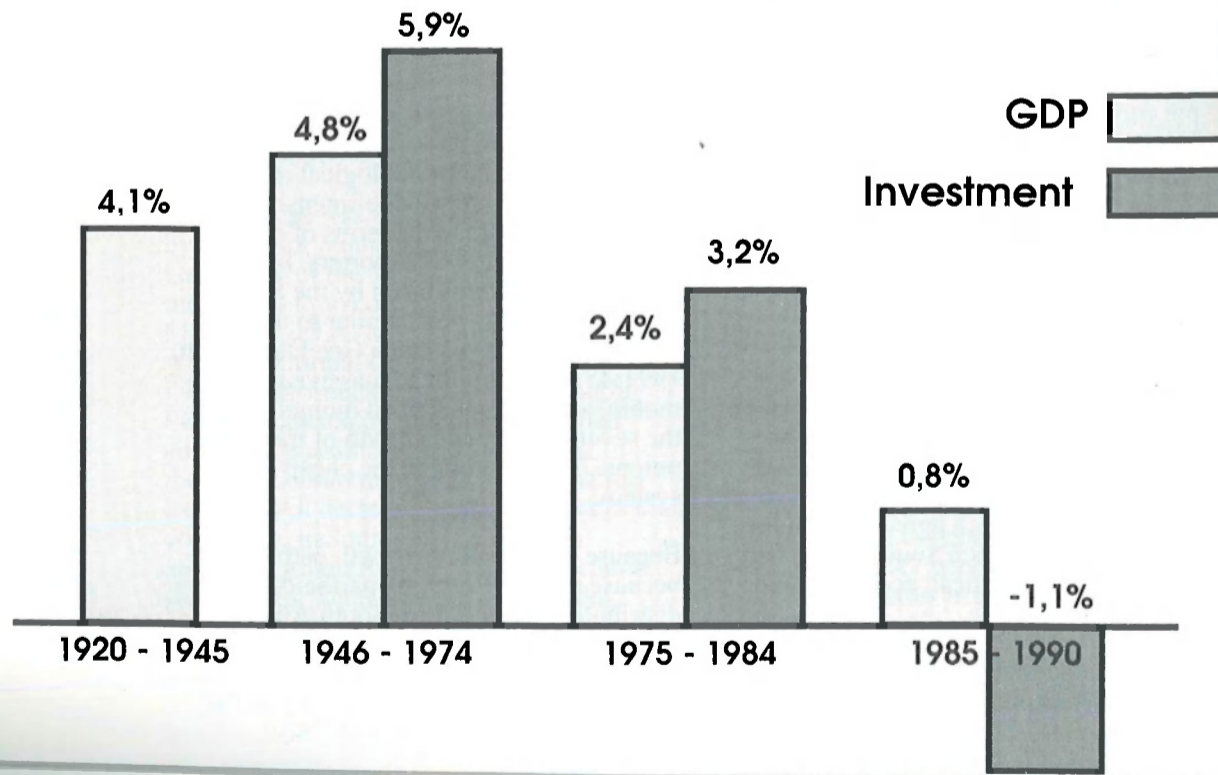
From the preceding analysis it follows that South Africa is trapped in a vicious cycle: political instability leads to but is partly caused by the economic crisis, which leads to but is also caused by social disintegration, which, in turn, leads to but is also caused by the political instability. The scenario team concluded that if these trends should continue for another decade, most of the problems that South Africa faces will become insoluble.

Future Paths

Negotiations, whether of a formal nature such as those in the mould of the Convention for a Democratic South Africa (Codesa) which were suspended earlier this year, or of a more informal nature, are on the table partly because significant groupings in all parties realise that the present trends might become irreversible if a settlement is not reached. The shifting balance of power internationally,

FIGURE 2

AVERAGE ANNUAL GROWTH RATES IN GROSS DOMESTIC PRODUCT AND INVESTMENT



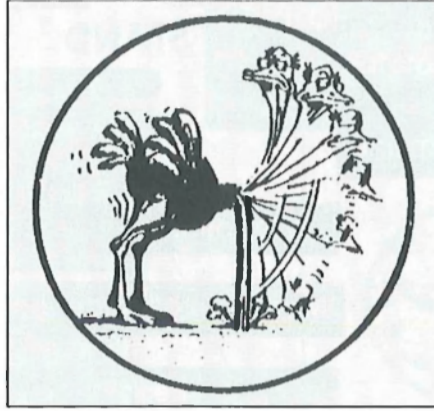
particularly the collapse of the Soviet Union, and the realisation that the present government cannot in the foreseeable future be overthrown militarily, are among the other reasons why many see the need for negotiations.

If one thinks of the possible future paths for South Africa, the degree of success or failure of political negotiations are thus the starting point:

- Firstly, even in March 1992, when optimism for a settlement was high, the prospects of a non-representative government, labelled the *ostrich* scenario, was an outcome which had to be taken seriously. (The ostrich was chosen, of course, because of the myth that it hides its head in the sand when danger threatens).
- Secondly, South Africa could be saddled with an incapacitated government in a *lame duck* scenario, because of transitional clauses negotiated as part of a political settlement.
- Thirdly, a popular government could, in its attempts to rapidly move away from apartheid, overstretch its resources to such an extent that it will come crashing down. This outcome is called macro-economic populism or the *Icarus* scenario. (In Greek mythology, Icarus, after escaping with his father, Daedalus, from the labyrinth of Crete, flew too close to the sun with his wings constructed from feathers and wax. The wax melted, and he fell to his death into the sea.)
- The fourth possible future the group considered to be realistic is called inclusive democracy and growth. The image of the *flight of the flamingoes* was chosen because flamingoes take off slowly and together and because they, eventually fly far and high. The group agreed that under present circumstances South Africa will not take off in a political or economic sense if all significant groups are not included.

These images were chosen in order to make fairly abstract political and economic concepts accessible to those who do not usually enter into academic discourse, with its undeniable tendency to obscure rather than enlighten. This approach, together with the decision to focus on the essential elements of each scenario (see Diagrams 1-4 in double-page fold) rather than detailed blueprints, has enabled the presenters of the

scenarios to engage in most interesting discussions with a wide variety of activists, including groups that usually shy away from abstract economic or political discussions.



Ostrich Scenario

The ostrich scenario (Diagram 1) foresees that there may be a stand-off at the negotiation table, with the government remaining inflexible and the liberation movements maintaining their bottom lines, under conditions where significant sectors of the international community consider the demands of the South African liberation movement to be too radical. Negotiations break down, and a so-called 'moderate' alliance government is formed, with a certain degree of tolerance from the international community. A non-representative government, with a good number of black participants, emerges.

Although large-scale sanctions are not reimposed, the economy remains in the doldrums because of the massive resistance by the liberation movements to the new constitution. This resistance leads to escalating repression and violence, and the negative business climate further worsens. This in turn leads to economic stagnation and decline. As a consequence, only very limited social delivery is possible. The crisis deepens. At the end of the day the government will probably be forced back to negotiations.

Other possibilities include a deterioration into a Lebanon-type of situation where different warlords control various regions, or, eventually, a successful national insurrection. However, these possibilities were given less weight than a return to negotiations, under conditions, where the downward cycle might have rendered many problems even more insoluble.

Negotiations are on the table partly because significant groupings realise that the present trends might become irreversible if a settlement is not reached

The degree of success or failure of political negotiations are the starting point for possible scenarios

THE MONT FLEUR SCENARIOS

DIAGRAM 1

OSTRICH SCENARIO

Non-Representative Government

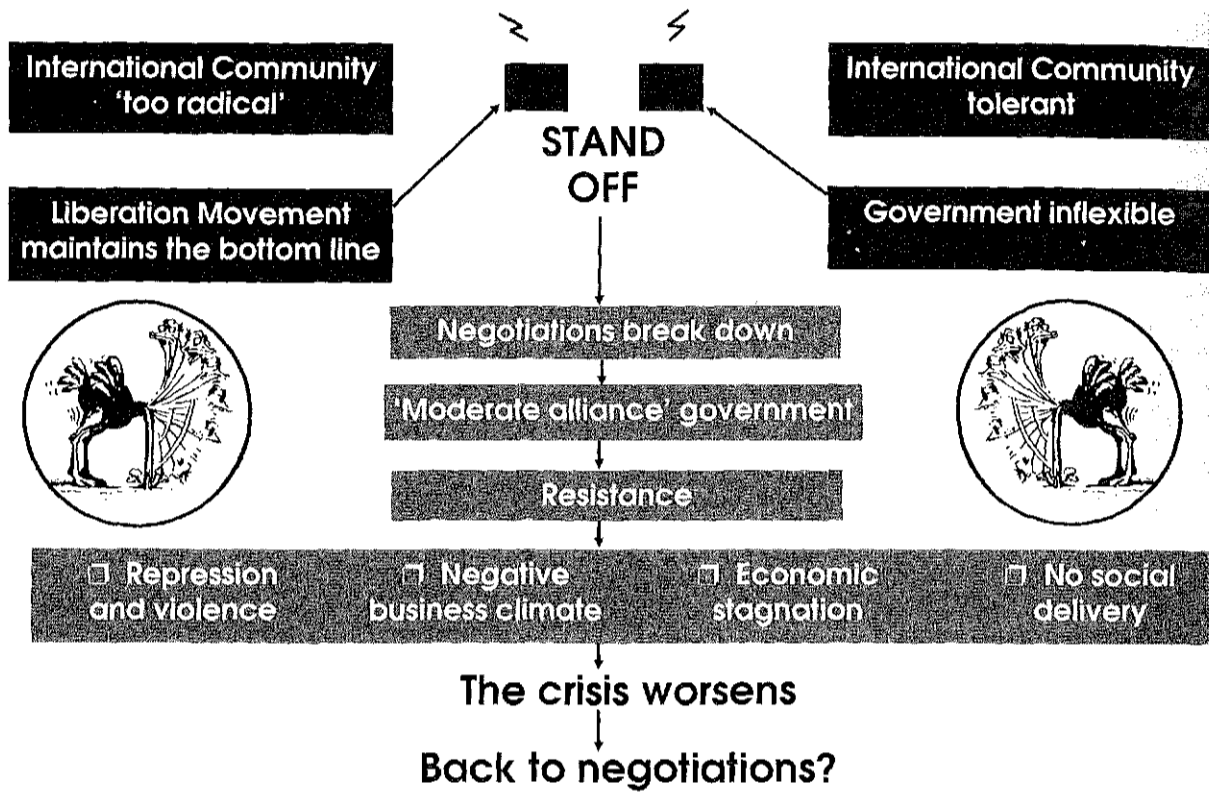


DIAGRAM 2

LAME DUCK SCENARIO

Incapacitated Democratic Government

LONG TRANSITION

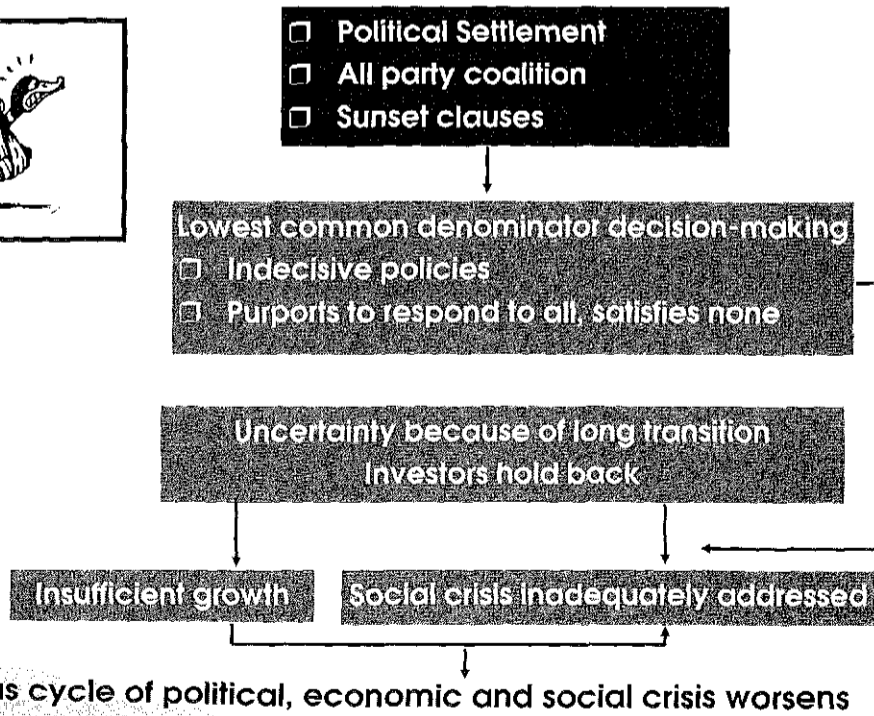
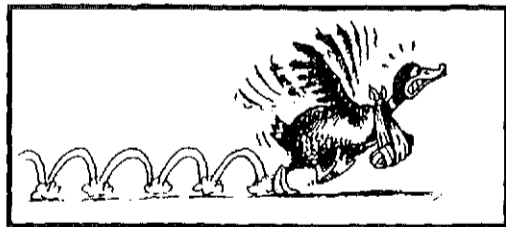


DIAGRAM 4

FLAMINGO SCENARIO

Inclusive Democratic Government

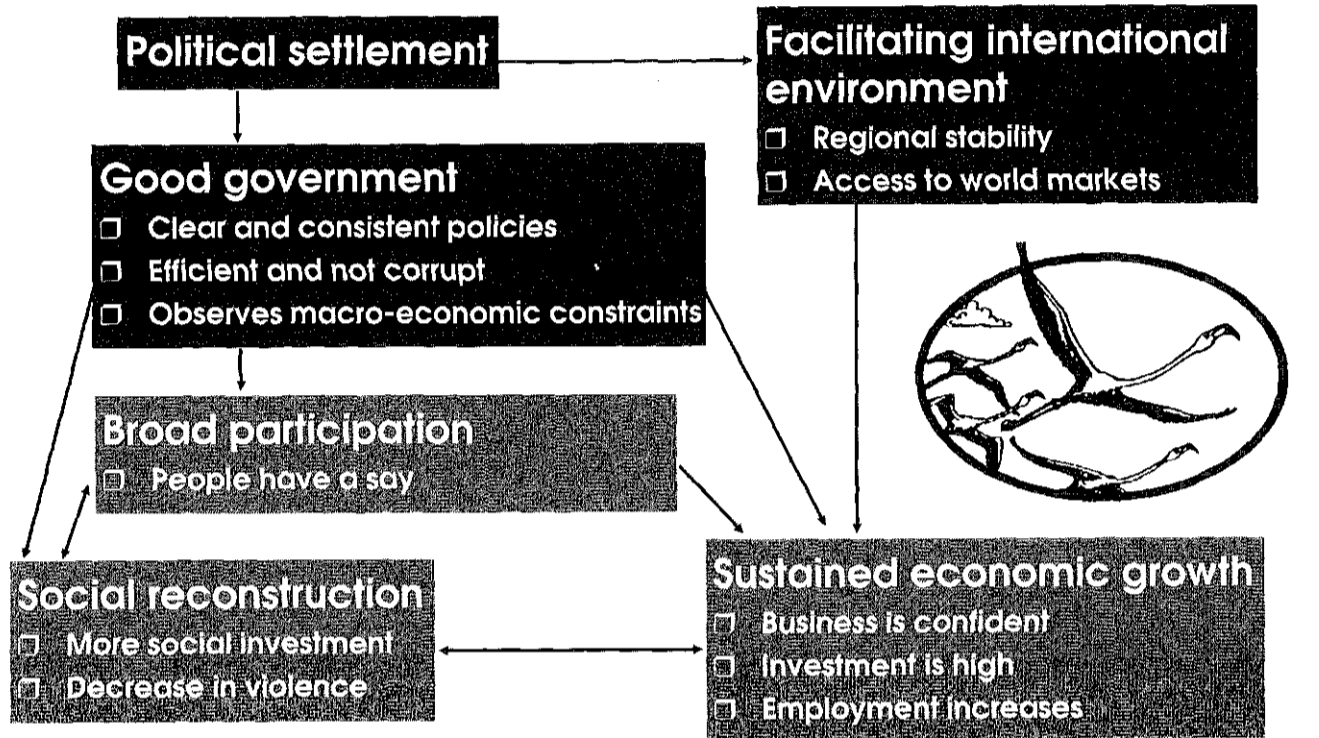
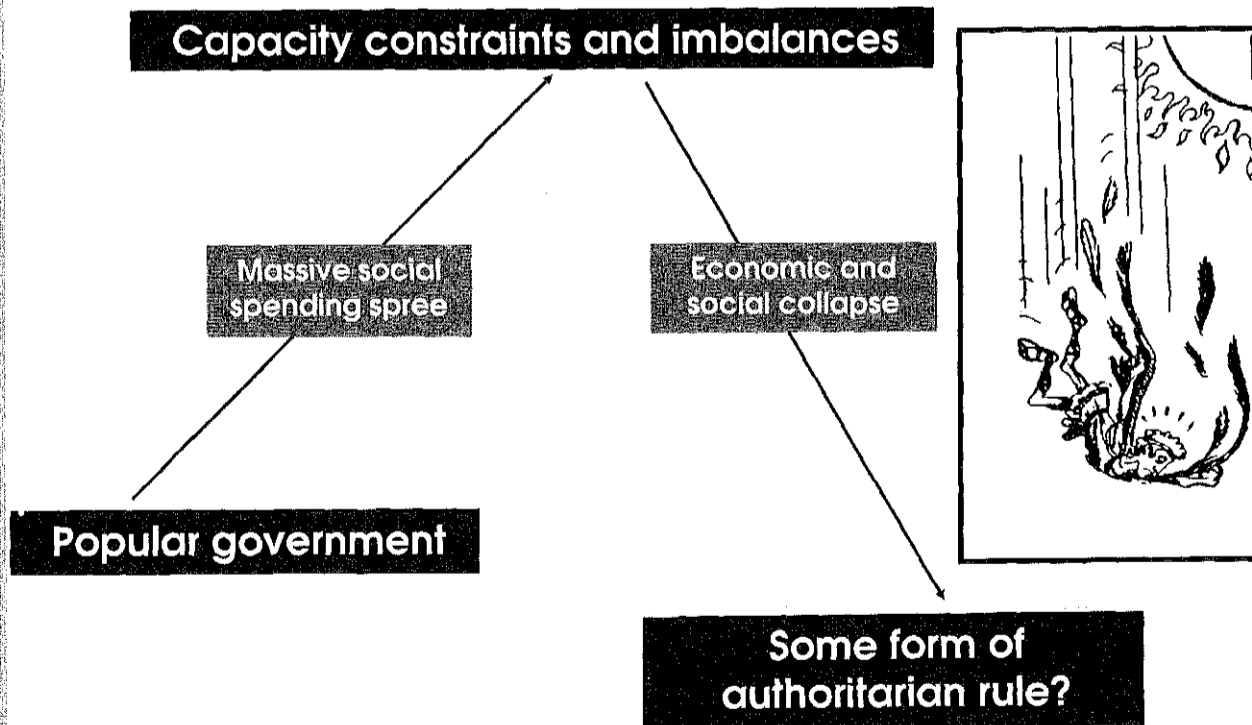


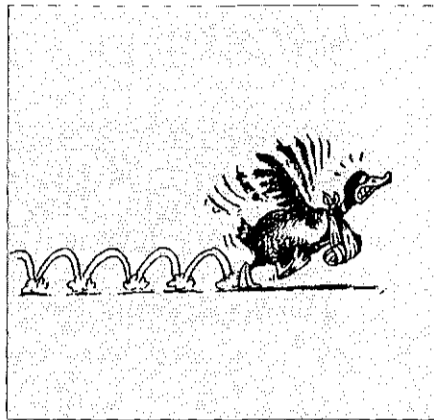
DIAGRAM 3

ICARUS SCENARIO

Macro-Economic Populist Government



In the lame duck scenario, a long transition incapacitates the new democratically elected government



Lame Duck Scenario

In the lame duck scenario (Diagram 2), there is a long transition which incapacitates the new democratically elected government of South Africa. The settlement imposes all sorts of conditions during an extended transitional phase. There are 'sunset' clauses which, for most of the decade, severely restrict the policy options open to the democratic government. All-party coalitions may, for example, be enforced.

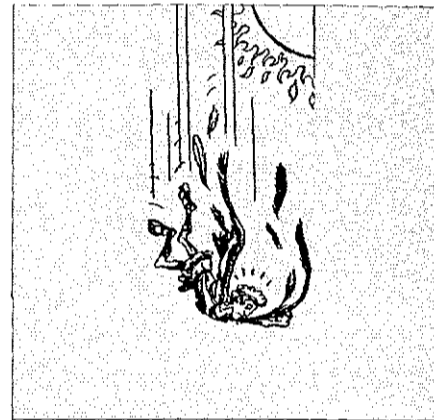
The intention of many of these transitional arrangements are to create conditions under which there will be more certainty for the present economic and political establishment than would be the case if there should be a quick and unfettered transfer of power to the excluded majority. The unintended consequence of this mode of transfer is that it prolongs the uncertainty regarding the nature of the eventual democratic government. It therefore leads to much lower rates of growth than could potentially be realised should there be a quick transfer of power.

There are two reasons why the scenario team argued that a long transition is likely to incapacitate the government. The first has to do with the nature of a government hampered by all sorts of veto rights and enforced coalitions. It is likely to implement indecisive policies because of a process reverting to decision-making on the basis of lowest common denominator policies. It purports to respond to all, but satisfies none. As a consequence, the social and economic crisis will be inadequately addressed.

However, even if the transitional government should in spite of everything succeed in being goal-directed and effective, it will nevertheless be incapacitated because of the logic of a long

transition. Deep uncertainty and mistrust will remain as to the nature of the government which will emerge after the transition. Regardless of how moderate the declarations of the parties that represent the majority may be, the suspicion will remain that once power has been fully transferred to the democratic majority, radical economic policies will be implemented. Hence investors will hold back, and there will be insufficient growth.

If a political settlement is reached which leads to a long transition the future will be very uncertain indeed, for both the economic and social crisis will be inadequately addressed.



Icarus Scenario

In the Icarus scenario (Diagram 3), the popularly elected government falls into the trap which has led to the downfall of many a democratic government which replaced an authoritarian regime. It does not engage in longer term planning, but attempts to address simultaneously all the social and economic backlogs which have been built up during the period of repression. It therefore engages in a massive expenditure spree, disregarding all budget constraints.

Initially this policy of macro-economic populism - or fly now, crash later - seems to be highly successful. As happened in the case of Peron's Argentina in 1946-1947, in Allende's Chile in 1971 and in Garcia's Peru in 1986-1987, economic rates shoot up to between nine and thirteen per cent.

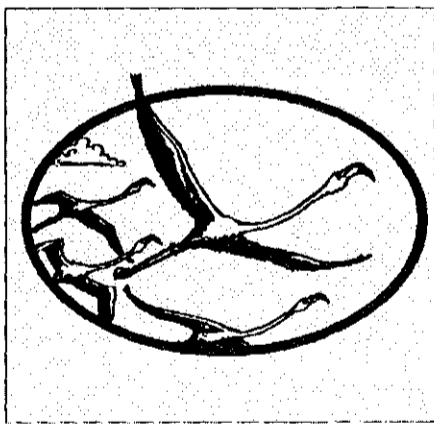
After a year or two of euphoria, the crash comes. Negative rates of growth of anywhere between four and nine per cent are realised. The very high level of deficits - well in excess of ten per cent of the budget, lead to massive inflationary pressures and pressures on the balance of

payments. Initially these are met by price and foreign exchange controls, but soon the pressures become unbearable. The lid is blown off and very high rates of inflation and a rapid devaluation of the currency follow.

As in the case of the lame duck, the Icarus scenario is bedevilled by unintended consequences. The intention is to provide rapidly for all the social and economic needs of the people. However, because macro-economic discipline is not maintained, this strategy leads to the collapse of the economy. Thus the government in the end is able to give far less social support than would have been possible had it not attempted to fly so high.

As in the case of Latin America, it is quite possible that some form of authoritarian regime could emerge in South Africa from this conflict. Right-wing armies often stage a coup under such conditions, claiming that it is needed to restore law and order. It may be that the democratic government itself becomes more authoritarian once its ability to buy support through populist policies is eroded, or it may at the next election be replaced by a more conservative government.

The scenario team did not attempt to predict the nature of the government which might follow in the wake of Icarus policies, except to speculate that it will be more authoritarian.



Flamingo Scenario

In the case of the flamingo scenario (Diagram 4) a decisive political settlement, followed by good government, creates conditions in which an initially slow but sustainable economic and social take-off becomes possible. The key to the success of the government is its ability to combine

strategies which lead to significant improvements in social delivery with policies that create confidence in the economic sphere.

Access to world markets, which would be less problematic once the apartheid state has been dismantled, and relative regional stability would be needed to facilitate the flight of the flamingoes, but there is no assumption that South Africa will receive massive overseas investments or aid on the scale of a Marshall Plan.

The key to the success of the flamingo scenario is a good government which adopts sound social and economic policies and observes macro-economic constraints. It succeeds in curbing corruption in government and raises levels of efficiency. In the social sphere it makes well-targeted investments which lead to a decrease in violence and give people confidence that many of their social needs will be met in the longer run.

Once business is convinced by the actions of the new government that policies will remain consistent in the years ahead, investment grows and employment increases. Initially this growth is slow because confidence does not return overnight, but over the years higher rates of growth are attained, and an average rate of growth of close to five per cent is realised over the period. Although the initial rate of growth is slower than that of Icarus, the flamingoes soon deliver more. (See Figure 3, in which possible future rates of growth for the different scenarios is postulated).

The overall income of the higher income groups grows, in spite of some measure of redistribution, by between one and three per cent per annum, and that of the poorer classes by an average of between six and nine per cent per annum, mainly because of the increases in formal sector employment. Class conflict continues. Whether relatively conservative or radical economic policies will in the end be adopted will depend on a variety of factors. (See le Roux, 1992, for a discussion of the different possible successful scenarios, and how they depend on the nature of the class and group conflicts).

Given the balance of forces, the scenario team agreed that there should be inclusive growth and inclusive democracy, where the latter does not imply that all groups should be represented in the executive. However, as far as the legislative bodies are concerned, the group believed that

In the flamingo scenario, a decisive political settlement, followed by good government, creates conditions for economic and social take-off

The key to success is the ability to combine strategies for improved social delivery with policies that create confidence in the economic sphere

The flamingoes may prepare the way for a more radical left-wing programme or create the conditions for a more radical free market economy

proportional representation, with certain cut-off points, would be a necessary condition for this scenario.

Many different types of blueprints could potentially put South Africa on the *flight of the flamingoes*. They should, however, all contain some essential elements. The necessary conditions for success in the economic sphere would be:

- effective negotiations
- good investment environment
- basic needs provision
- development of experts
- monetary and fiscal discipline.

Although a market-oriented economy (not free market economy) was accepted as a necessary condition during the next decade, more radical members of the scenario team saw this as a means of keeping the socialist project alive in the longer term. Basic needs provision refers to needs such as housing, food and social infrastructure. The necessary conditions for success in the social sphere would be:

- schooling and training
- public health and nutrition
- curbing violence
- empowerment of women.

It was generally agreed that more efficient delivery systems would be the cornerstone of increases in the effective provision of more services. The more conservative members of the scenario team accepted

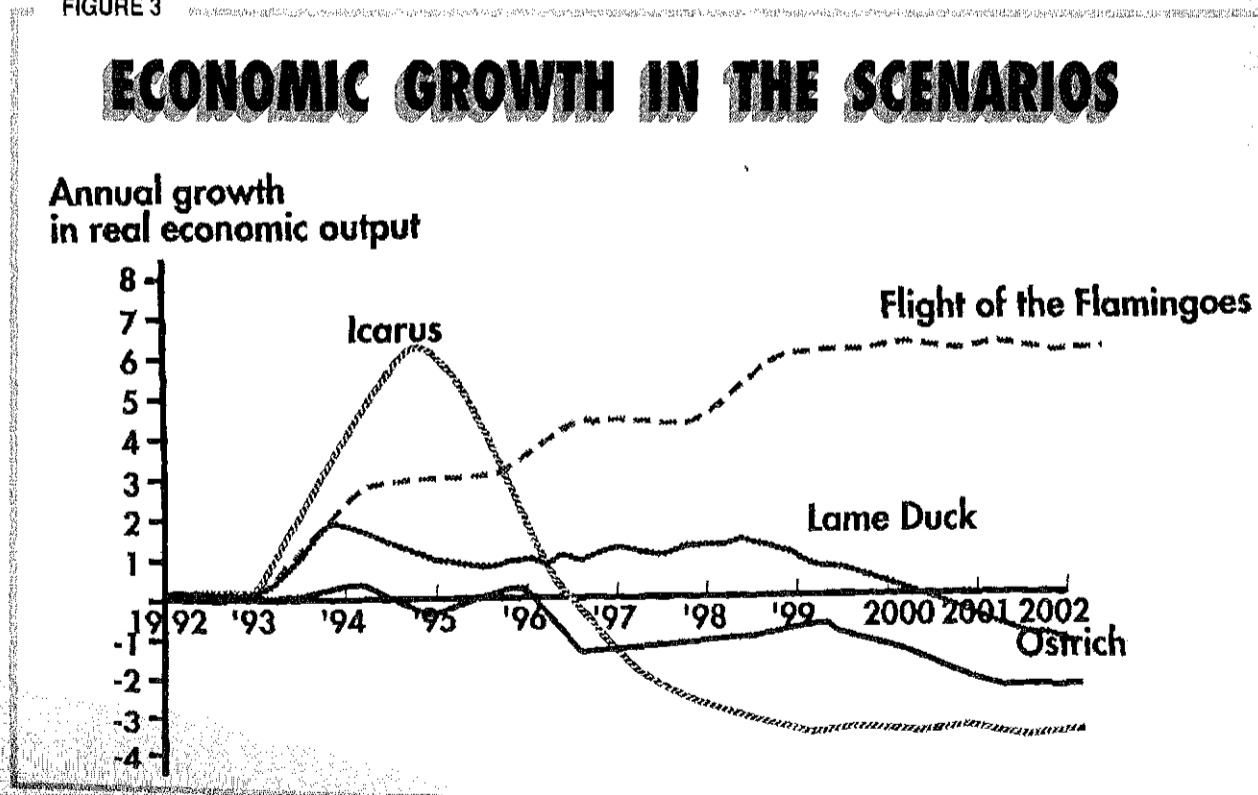
that, given the history of apartheid, some degree of redistribution was also needed, particularly in order to equalise the social expenditures on whites and blacks, but in the longer run they would favour free-market oriented policies. Other members favoured more radical forms of redistribution.

The scenario team clearly agreed to disagree on the ultimate destiny of the flight of flamingoes. Some believed that it will prepare the way for a more radical left-wing programme; for others it creates the conditions for a more radical free market economy. Some believed that the flight of flamingoes, with their pinkish hue, well above the blue waters, but a safe distance from the red sun, could prove to be so exhilarating that South Africans may even in the next decade choose not to deviate from this flight path.

Strategic Questions

What will be the possible outcome of the different scenarios? (see Figure 1) The ostrich, clearly not politically acceptable, will hover between stagnation and collapse. The lame duck straddles the axis, and Icarus starts off with high legitimacy and high rates of growth and development, but soon collapses with the resultant loss of political legitimacy.

FIGURE 3



The crucial question that everyone ought to consider is in which scenario they would ideally like to place themselves.

The lame duck seems to be far more popular in business circles than most business people would care to admit. Partly their fear seems to be that a fully democratic government will opt for the Icarus scenario. This fear may prove to be self-fulfilling. As one of the seasoned politicians in the centre pointed out, the fact that the establishment seems to opt for the lame duck or even the ostrich scenario, leaves the liberation movements with little choice but to use their only weapon - mass mobilisation. This strategy, he argued, creates conditions under which populist policies become very difficult to avoid.

Which type of political compromises are needed to ensure that we secure a political settlement, and which will in fact not lead to a lame duck? Not all sunset clauses or all types of veto rights would necessarily lead to the lame duck scenario. Similarly, it is not clear where the border lies between essential social investments needed for the flamingoes to fly, and undisciplined social expenditure which will lead to the crash of Icarus.

These, and many other strategic questions, are discussed when the scenarios are presented to the different groups, which have, up to now, included members of the National Executive of the PAC, the working committee of the ANC's National Executive, members of the central committee of the National Party, trade unions, community organisation, academics, and a number of business organisations. It is our belief that a significant part of the value of this scenario planning exercise lies in these discussions.

To conclude, although the outcome of the South African problem is uncertain, a successful outcome is still possible. There is, however, no quick fix or panacea and muddling through will be a dangerous option.

Three crucial questions need to be answered. Firstly, is a settlement negotiated? If not, we land up with the ostrich. Secondly, is the transition rapid and decisive? If not, we will be on the path of the lame duck. Finally, are the government's policies sustainable? If not, we will crash with Icarus. On the other hand, if the answers to these three questions are in the affirmative, South Africa will take off on the flight of the flamingoes. **UPQA**

ACKNOWLEDGEMENTS

Funding for this exercise was primarily provided by the Friedrich Ebert Stiftung, with some support from the Swiss Development Agency.

REFERENCES

- Coetzee JK (ed). *Development is for People*. Johannesburg: Southern Books, 1989 (2nd edition).
- Dornbusch R, S Fischer, P Mohr and C Rogers. *Macro-economics*. Johannesburg: Lexicon, 1991 (2nd edition).
- Gouws R. 'The Costs of State Intervention' in G Howe and P le Roux (eds), *Transforming the Economy: Policy Options for South Africa*. Durban: Indicator SA and Cape Town: Institute for Social Development, 1992.
- Howe G and P le Roux (eds). *Transforming the Economy: Policy Options for South Africa*. Durban: Indicator SA and Cape Town: Institute for Social Development, 1992.
- Le Roux P and J du Pré. 'Falsification and Objectivity in Economics', *Journal in Studies in Econometrics*, Special edition, 1983.
- Le Roux P. 'Economic Compromises in a Polarised Society' in G Howe and P le Roux (eds), *Transforming the Economy: Policy Options for South Africa*. Durban: Indicator SA and Cape Town: Institute for Social Development, 1992.
- Ryan A. *Philosophy of Science*. London: McMillan, 1975.
- Sunter C. *The high road and the low road: The world and South Africa in the 1990s*. Cape Town: Human and Rousseau, 1987.
- Wilson F and M Ramphela. *Uprooting Poverty: The South African Challenge*. Cape Town: David Philip, 1989.

CREDITS

The Mont Fleur Scenario Team:

CORE TEAM

- Davies, Rob: Director, Centre for South African Studies, UWC.
- Kaiyan, Koosum: Manager, Shell South Africa.
- Le Roux, Pieter: Director, Institute for Social Development, UWC.
- Manuel, Trevor: Head, Department of Economic Policy, ANC.
- Maphai, Vincent: Chair, Political Science Department, UWC.
- Mboweni, Tito: Department of Economic Planning, ANC.
- Mosenke, Dikgang: Vice-President, PAC.
- Van der Merwe, Sue: Advisor, Black Sash.

MEMBERS

- Gabriels, Howard: Project Coordinator, Friedrich Ebert Stiftung (formerly with National Union of Mineworkers).
- Le Roux, Michiel: Managing Director, Distillers Corporation.
- Liebenberg, Johann: Senior General Manager, Chamber of Mines.
- Macozya, Saki: Department of Information and Publicity, ANC.
- Magomola, Gabby: Chairman, Inter-Africa Group.
- Malatsi, Mosebyane: Economist, PAC and Senior Specialist, Development Bank of SA.
- Mangwana, Thobeka: Lecturer, Institute for Social Development, UWC.
- Mohr, Philip: Head, Department of Economics, UNISA.
- Morgan, Nicky: Dean, Faculty of Economic and Management Sciences, UWC.
- Ncube, Patrick: Lecturer, Economics, UCT and UWC.
- O'Connell, Brian: Director, School of Education, Peninsula Technikon.
- Skosana, Mhlonola: Assistant Secretary General, National Council of Trade Unions.
- Taylor, Vivienne: Social Policy Consultant.
- Nkwintli, Gugile: Director, ECDAFF and Regional Secretary, ANC, Eastern Cape.
- Wiese, Christo: Executive Chairman, Pepkor.

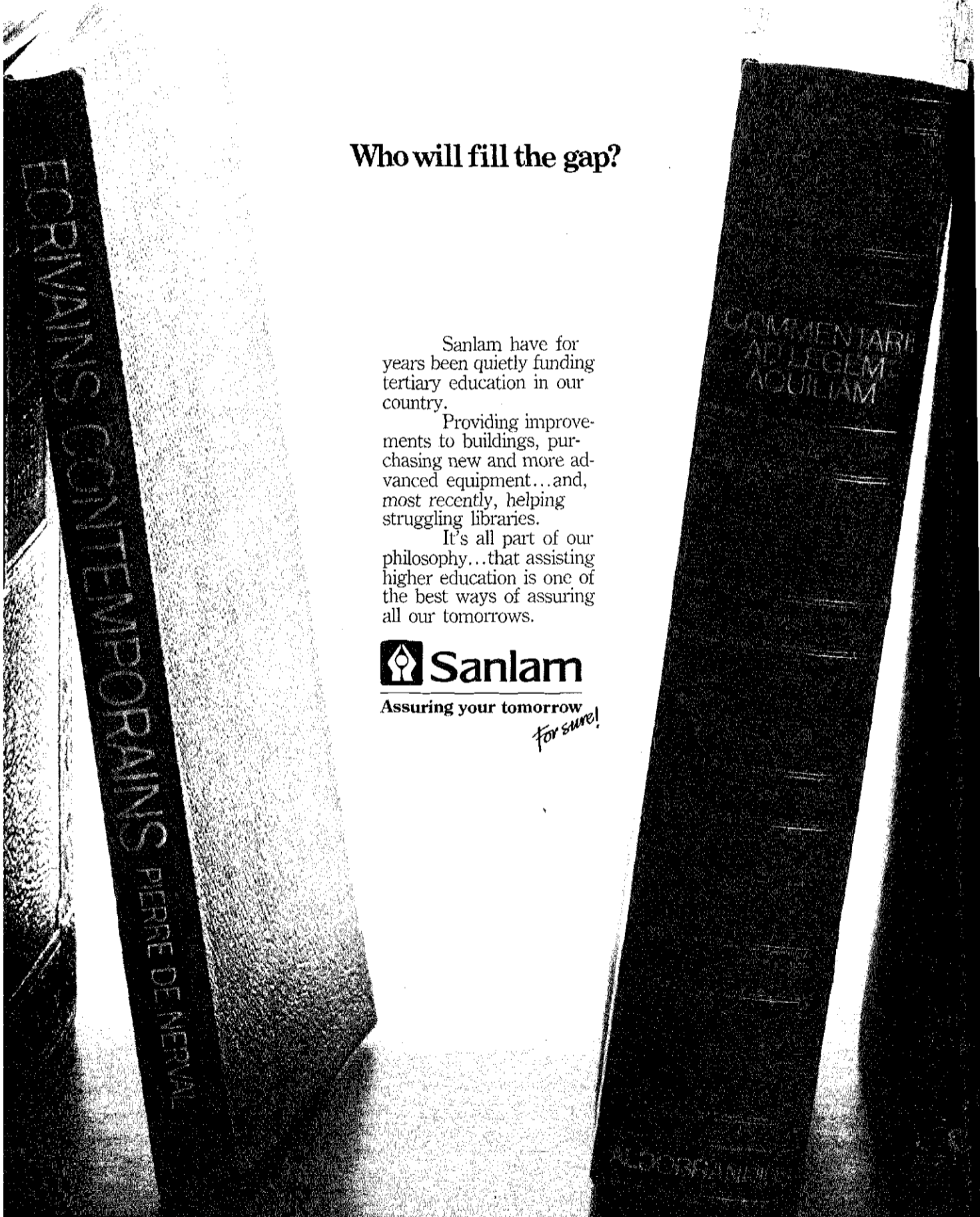
OTHERS

- Boesak, Dorothy: Administrative Project Co-ordinator.
- Fry, Elizabeth: Economist, Swiss Embassy, Project Observer.
- Kahane, Adam: Head of Scenario Planning, Shell International, London, Project Facilitator.
- Veit, Winfried: Director, Friedrich Ebert Stiftung, Project Observer.

GRAPHICS

Jonathan Shapiro

Which type of political compromises are needed to ensure that we secure a political settlement which will not lead to a lame duck?



Who will fill the gap?

Sanlam have for years been quietly funding tertiary education in our country.

Providing improvements to buildings, purchasing new and more advanced equipment...and, most recently, helping struggling libraries.

It's all part of our philosophy...that assisting higher education is one of the best ways of assuring all our tomorrows.



Sanlam

Assuring your tomorrow
For sure!

INDICATOR PROJECT SOUTH AFRICA.
Contributing to informed debate among South African decision makers of all persuasions.
Will you join them?

In this climate of negotiation and change, access to the facts behind the emotive issues is essential. This is the rationale behind *Indicator SA* - to bring the South African debate into the open. To provide a forum where all sides can be heard. To publish informed analysis by prominent commentators. To monitor data trends, current affairs and policy scenarios.

Indicator SA is a quarterly report divided into five monitors: political, economic, rural & regional, urban and industrial.

Indicator SA is available by subscription and from selected bookshops.

By subscription only

As part of our service to subscribers, you will receive two special reports on current national issues in addition to four *Indicator SA* editions per annum.

Over the past decade, our publications have won national and international acclaim for astute, impartial monitoring of a changing South Africa.

Subscription rates

Individual	R165,00 (incl VAT & postage)
Foreign	\$150,00 (incl airmail postage)

For information on corporate/donor subscription rates and advertising facilities, please write to:

Indicator Project SA
Centre for Social and Development Studies
University of Natal
King George V Avenue
Durban 4001 South Africa

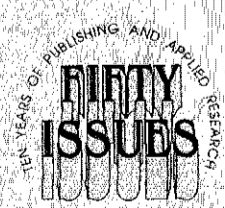
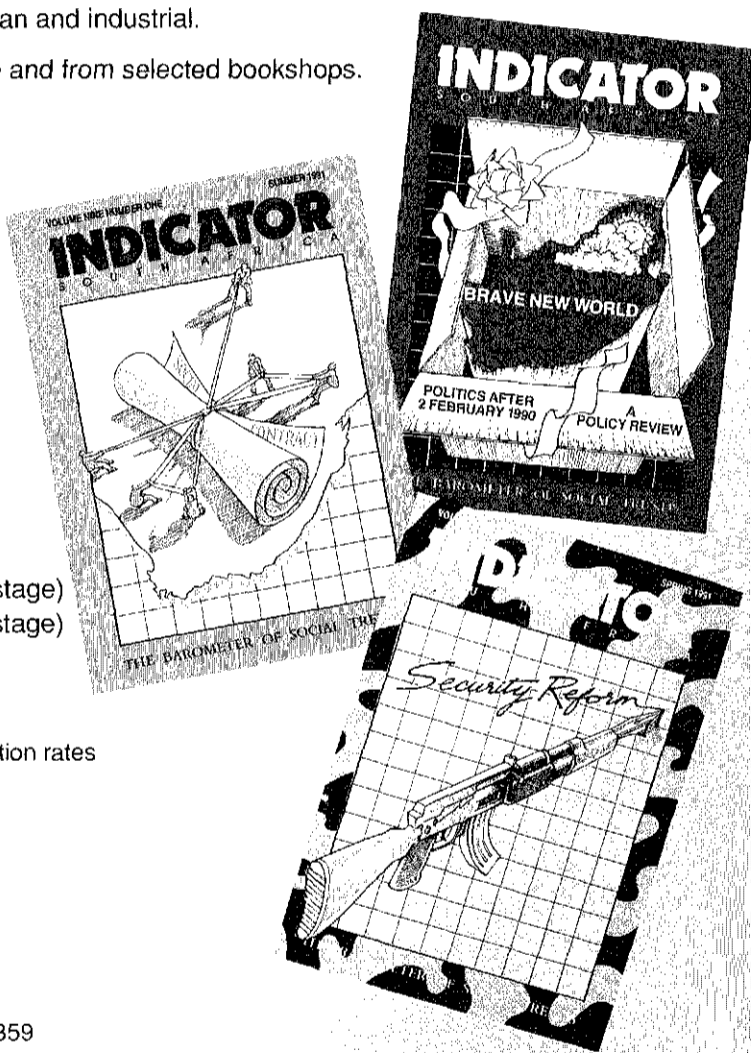
or contact *Indicator SA* Subscriptions at
Tel: (031) 816 2525/2526 Fax: (031) 816 2359

A free catalogue of our publications is available on request.
Back issues of the fifty *Indicator SA* reports published since 1982 are still available.

Make all cheques payable to **University of Natal**

Subscribe now

If you are committed to the new South Africa, as an individual or in a corporate environment, *Indicator SA* makes essential reading.





University of Natal

INDICATOR PROJECT SOUTH AFRICA

Centre for Social and Development Studies
University of Natal • King George V Ave • Durban • 4001 • Tel. 816 2525 or 816 2369

This work is licensed under a
Creative Commons
Attribution – NonCommercial - NoDerivs 3.0 Licence.

To view a copy of the licence please see:
<http://creativecommons.org/licenses/by-nc-nd/3.0/>